

MINUTES FOR THE VIRTUAL ZAMBIA EITI COUNCIL MEETING HELD ON 20 APRIL 2023

PRESENT

- | | | |
|----------------------------|---|---|
| 1. Mr. Edmond Kangamungazi | - | Civil Society(Caritas)Member/V. Chairperson |
| 2. Mr. Edward Lange | - | Civil Society (SARW)Proxy |
| 3. Ms. Edah Chimya | - | Civil Society (ZAW) Member |
| 4. Ms. Isabel Mukelebai | - | Civil Society (NCA) Member |
| 5. Mr. Obert Kangwa | - | Government (ZRA) Member |
| 6. Mr. Emmanuel Chokwe | - | Government (BoZ) Proxy |
| 7. Ms. Pamela Nakombe | - | Government (MMMD)Proxy |
| 8. Mr. Hugh Carruthers | - | Mining Industry (FQML) Member |
| 9. Mr. Evans Kanche | - | Mining Industry (AZMEC) Member |
| 10. Mr. Martford Mumba | - | Mining Industry (FSSMAZ) Proxy |
| 11. Mr. Chikusi Banda | - | Mining Industry (Mopani) Member |
| 12. Mr. Yewa Kumwenda | - | Mining Industry (ZCM) Proxy |

IN ATTENDANCE

- | | | |
|------------------------|---|-------------------------------|
| 1. Mr. Ian Mwiinga | - | Head ZEITI Secretariat |
| 2. Ms. Mutinta Hadunka | - | ZEITI- Communications Officer |
| 3. Mr. Kennedy Sinkala | - | ZEITI- Accountant |
| 4. Ms. Violet Mukanda | - | ZEITI- Secretary |
| 5. Ms. Daisy Mwilima | - | Oxfam Zambia-Observer |
| 6. Mr. Barrack Kalima | - | BDO Zambia- Consultant |
| 7. Mr. Godsave Nhekede | - | BDO Zambia-Consultant |

ABSENT WITH APOLOGY

- | | | |
|--------------------------|---|----------------------------------|
| 1. Mr. Felix Nkulukusa | - | Government(MoF-ZEC Chairperson) |
| 2. Dr. Hapenga M. Kabeta | - | Government (MMMD) Member |
| 3. Mr. Sokwani Chilembo | - | Mining Industry (ZCM)Member |
| 4. Mrs. Pauline Mundia | - | Mining Industry (FSSMAZ) Member |
| 5. Mr. Francis Chilunga | - | Government (MoJ) Member |
| 6. Mr. Kayula Chimfwembe | - | Government (MoF) Member |
| 7. Mr. Peter Zyambo | - | Government (BOZ) Member |
| 8. Ms. Musonda Kapena | - | Civil Society (Namfumu) Member |
| 9. Mr. Musonda Kabinga | - | Civil Society (ActionAid) Member |

1. WELCOME REMARKS

The first quarter Zambia EITI Council (ZEC) meeting was convened on 20 April 2023. The Vice chairperson of the ZEC welcomed members to the meeting. The Chairperson also welcomed BDO who were in attendance to present the draft 2021 ZEITI report for approval.

2. ADOPTION OF AGENDA

The agenda was adopted with a proposal to include *introductions* on the agenda. The agenda was adopted after a proposal from Hugh Carruthers and a secondment from Edward Lange.

3. APOLOGIES

A list of apologies if given on page 1.

4. CONFIRMATION OF MINUTES OF THE PREVIOUS ZEC MEETING

The minutes were confirmed as a true and accurate record of the previous ZEC meeting. The proposal to adopt was made by Mr. Evans Kanche and seconded by Mr. Hugh Carruthers.

5. MATTERS ARISING (ACTION TAKEN REPORT)

a). Funding for ZEITI activities

The meeting was informed that the Ministry of Mines and Minerals Development had written a letter to the Secretary to the Treasury requesting for supplementary funding for ZEITI activities. The request was not approved. However, the ZEITI Secretariat was advised to vary funds and prioritise activities accordingly.

On the funding application to the World Bank, the meeting was informed that a response regarding the funding application is yet to be received on the application. Further updates will be provided at the next ZEC meeting in July.

b). Civil Society Training

The meeting was informed that the Civil Society convened in Chisamba from 14th to 16th March 2023 to undertake an orientation process for MSG members. The support was provide by Oxfam Zambia.

c). Opening Extractives Programme (Beneficial Ownership)

The meeting was informed that the Open Ownership (OO) through the Opening Extractives Programme (OEP) provided technical support to the Patents and Companies Registration Agency (PACRA). The support focused on training staff from PACRA to familiarize themselves on Beneficial Ownership (BO) data collection forms.

The OEP is planning to also provide support to the Cadaster on various BO tools that can be used as part of the Licensing process.

d). Mainstreaming

The meeting was informed that the financial proposal for the implementation of the mainstreamed EITI reporting system was presented to the Chamber of Mines Council for consideration. An update on the status of the proposal will be provided at the next ZEC meeting in July 2023.

At the end of the presentation, the meeting revisited the discussion regarding the request by Trafigura to serve as an observer on the ZEC. The meeting resolved that Trafigura should be admitted as an observer on the ZEC. The motion to approve Trafigura as an observer on the MSG was proposed by Mr. Hugh Carruthers and seconded by Mr. Chikusi Banda.

In concluding the discussion, the chairperson reiterated the need for enhanced capacity building among ZEC members as part of the preparation to effectively implement the new 2023 EITI Standard.

6. Presentation and Approval of the 2021 ZEITI REPORT

The draft 2021 ZEITI report was presented by the BDO team who are the Independent Administrator (IA) contracted to produce both the 2021 and 2022 ZEITI reports. The following below are the key highlights from the 2021 ZEITI report.

a. PAYMENTS MADE BY THE EXTRACTIVE INDUSTRY

Payments`	ZMW Million		
	2021	2020	Variance
Payments to Government Agencies	36,442	25,168	11,270
Tax paid to ZRA (including mineral royalties)	36,373	25,122	11,251
Royalties, fees and charges paid to MMMD	61	41	20
Payments to Petroleum Unit	4	5	(5)
Ground rents and other payments to MoL	4	1	3
Dividends paid to ZCCM-IH	942	129	814
Price participation fees paid	942	87	855

Dividends paid	-	42	(42)
Dividends paid by ZCCM-IH	1,300	41	1,259
Dividends paid to IDC	0.03	32	(31.97)
Dividends paid to MoF	1,300	9	1,291
Social payments	15	252	(237)
Fees and levies paid by Local Councils	281	214	67
Payments to EPF	0.3	51	(50.7)

Results of the variance analysis between 2020 and 2021:

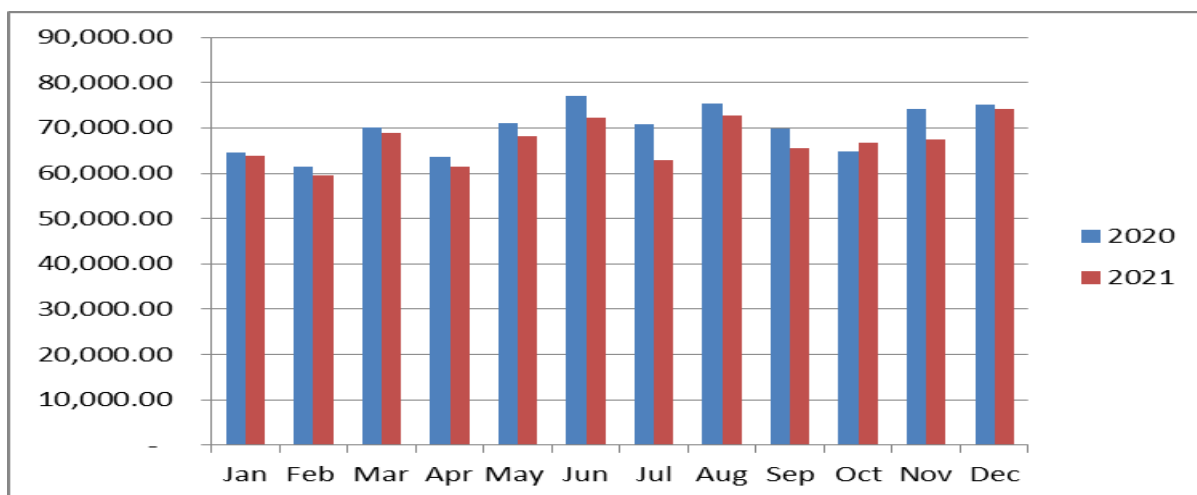
- Mineral royalties increase was due to sustained favourable copper prices during the period, & the depreciation of the Kwacha against the US dollar, which increased royalty payments from the mining sector.
- Company Income Tax increased due to sustained favourable copper prices on the international market? as well as the depreciation of the Kwacha against the US dollar
- PAYE increase was as a result of payment of tax arrears by some mining companies.

b. ECONOMIC CONTRIBUTION OF THE EXTRACTIVE INDUSTRY

Item	2021	2020	Variance
GDP	10%	11%	(1%)
Exports	77%	79%	(2%)
Revenues	39%	31%	8%
Employment	2%	2%	0%

- The contribution of the extractive sector to the Gross Domestic Product (GDP) and Exports reduced by 1% and 2% respectively, whereas domestic revenue increased by 8% on the reported revenues in 2020.
- The extractive sector's contribution to employment remained at 2%.

c. COPPER PRODUCTION SUMMARY



- Copper production decreased by 4% in 2021 compared to production in 2020.
- The reduction was attributed to reduced outputs at Lumwana, Kansanshi, Konkola, Kalumbila and Lubambe mines.

d. **PRODUCTION OF OTHER METALS**

Commodity	Unit	Production quantity	Unit Value US\$ Million	Production Value US\$ Million
Coal	Metric tonne (Mt)	667,307	59.97	40.02
Emerald	Kg	12,871	10,087.53	129.83
Manganese	Metric tonne (Mt)	132,240	1,693	223.88
Cement	Metric tonne (Mt)	2,796,896.35	4.5	12.64

- Coal production – there was an increase of 48.68% in the production of coal in 2021 as compared to 2020 due to increase in demand of the material by manganese processing plants and the energy sector
- Emerald production – increased by 31.6%. The increase is attributed to the Kagem Mine resuming work in April 2021
- Amethyst production – increased by 198% due to increased compliance in submission of returns by the small-scale producers who characterize this sector
- Gypsum production – increased by 97.90% as a result of the increase in production at United Gypsum Investments Limited
- Manganese production – increased by 184 % as a result of new processing plants commencing production in 2021 and improved compliance in the submission of mineral production reports.

e. **EXPORTS**

Commodity	Year	Unit	Volume	Export Value US\$ Million
Copper	2021	Mt	901,634	8,345.3
	2020	Mt	930,969	5,867.7
Cobalt	2021	Mt	161.2	5.0
	2020	Mt	366.9	10.6
Gold	2021	Ounces	120,144	209.2
	2020	Ounces	123,157	220.5

f. **RECONCILIATION RESULTS**

Aggregated payments	Initial reporting (ZMW Million)	Resolved discrepancies (ZMW Million)	Adjusted reporting (ZMW Million)
Companies	35,165	1,115	36,123
Governments	35,866	96	36,442
Discrepancy	(701)	-	319
%	1.9%	-	0.9%

g. **RECOMMENDATIONS**

Below is a summary of recommendations made in the 2021 report:

- Improvements in the Mineral Output Statistical Evaluation System (MOSES) system;
- Improvement of the Environmental Protection Fund management;
- Improvements to the Zambia Revenue Authority Mining Data Management;
- Beneficial Ownership information disclosure improvements;
- Follow up on 2021 validation recommendation –details in the report;
- Follow up on the 2020 ZEITI report recommendation- details in the report;
- Follow up on the OAG 2021 General Parastatal report- details in the report;
- Follow up on the OAG general 2021 report – details in the report.

The 2021 ZEITI report was approved in principle following inclusion of the feedback from the meeting.

7. BRIEF UPDATES ON THE FIRST QUARTER ACTIVITIES

a. Hosting of a round table meeting on Beneficial Ownership Transparency

In the first quarter, the ZEITI in collaboration with the Centre for Private International Enterprise (CIPE), Transparency International Zambia (TI-Z), Open Ownership (OO), and the Patents and Registration Agency (PACRA) convened a high level panel round table meeting to discuss opportunities and challenges of Beneficial Ownership Transparency reforms in Zambia.

The event also included panel discussion that focused on unpacking the challenges and opportunities of engaging the private sector in BO transparency.

The panel discussion built on an earlier engagement with the private sector through the Opening Extractives Programme which conducted a series of closed-door meetings with business representatives. The meeting was convened as part of meeting which preceded the Summit for Democracy.

Zambia co-hosted the Summit for Democracy, jointly with Costa Rica, the Republic of Korea, and the United States of America. In Lusaka, both government and civil society organized a range of conversations diving into important issues such as electoral integrity, the role of youth and women in politics, and freedom of the media in Zambia and across the continent.

b. Refinement to the EITI Standard

In the first quarter, the EITI International Board considered the proposed transitional arrangements from the 2019 EITI Standard to the 2023 EITI Standard.

The International Secretariat recommends transitional arrangements to the 2023 Standard, which ensure that the application of the Standard is at all times clear, consistent and predictable. The proposed transition arrangement also recognise that both the International Secretariat and implementing countries would need time to adjust, as there are new provisions, which will require the development of guidance notes and technical training or support.

Experience from previous changes to the Standard has shown that the implementation of many EITI Requirements requires considerable time, including sometimes changes to legislation and data management systems. Reporting templates and templates to be submitted by implementing countries for the purpose of Validation will need to be updated.

8. BRIEF UPDATE ON THE EITI GLOBAL CONFERENCE

The EITI's flagship Global Conference will gather more than 1,000 stakeholders to take stock of progress in publishing and using open data to inform decision-making, analysis and public debate on accountable natural resource management. Marking the EITI's 20th anniversary, the conference will celebrate achievements in natural resource transparency and multi-stakeholder dialogue, while also looking to the future to consider how the EITI should adapt to a changing energy landscape and growing demand for an open and accountable resource sector.

The conference will be held in Dakar Senegal at the Centre International de Conférences Abdou Diouf, Diamniadio from 13th to 14th June 2023. The conference will be preceded by a stakeholder meeting on 12 June 2023 and a Peer Learning meeting will be held on 15th June 2023.

9. CLOSING REMARKS

In closing the chairperson thanked the members for their active participation in the meeting. The meeting ended at 12.55hrs.

The next meeting will be held on 13 July 2023 in the board room at the First Quantum Minerals Offices in Lusaka.

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CHAIRPERSON

SECRETARY

DATE

DATE

ACTION TAKEN REPORT

S/N	ISSUE	ACTION NEEDED	STATUS	BY WHOM
1	2022 ZEIT Report	Data collection from reporting entities	WIP	ZEITI
2	Mainstreaming support	Update on funding support from FQML and Chamber of Mines	WIP	FQML and Chamber of Mines
3	EITI Global Conference	Back to office report	Done	CSOs, MoF, ZEITI
4	Opening Extractives Programme (OEP)	Third quarter activity plan	Done	ZEITI