



ZAMBIA
EITI

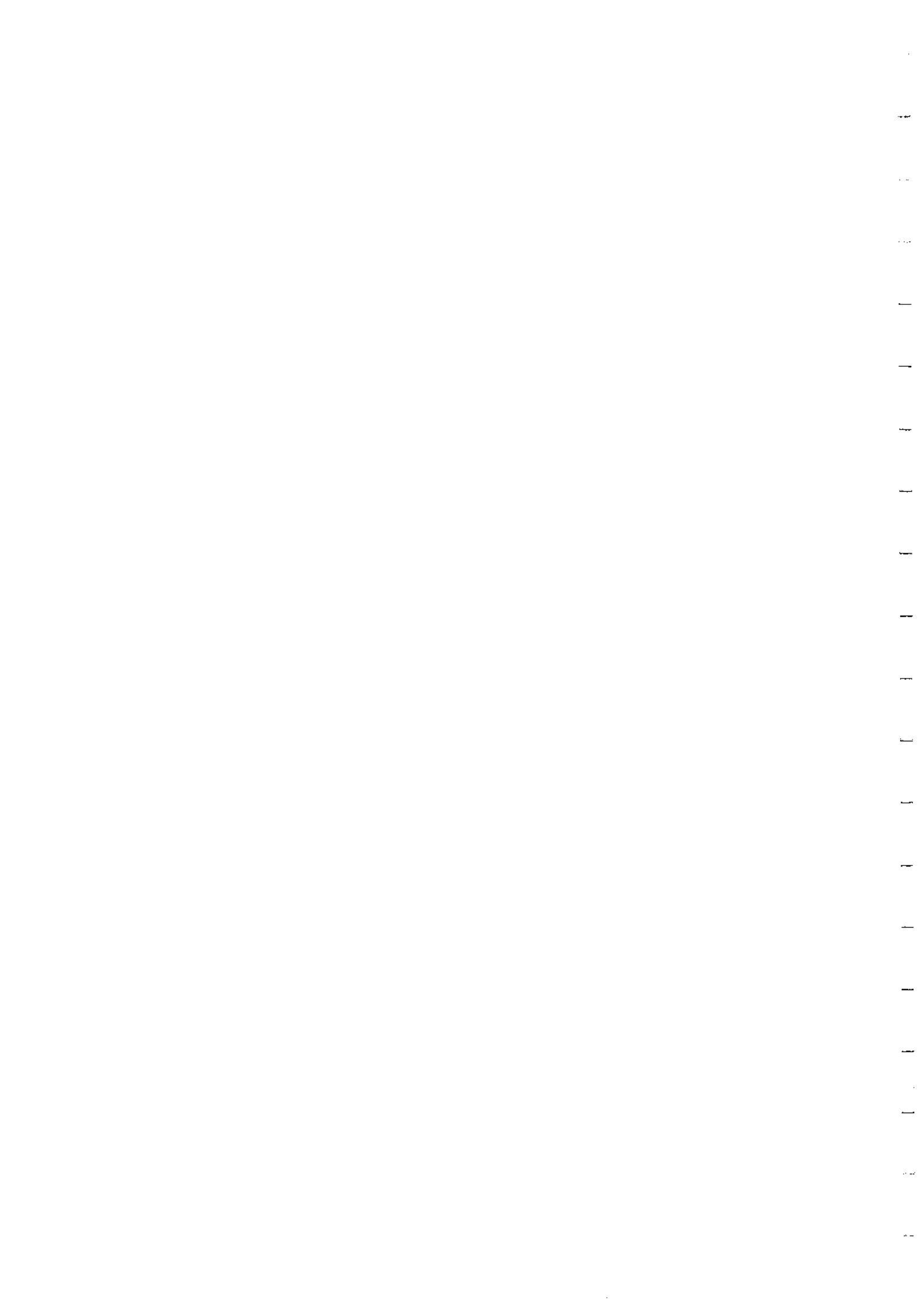
Extractive
Industries
Transparency
Initiative



ZAMBIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (ZEITI) STRATEGIC PLAN 2016 - 2020

Prepared by: Zambia Extractive Industries Transparency Initiative in collaboration
with Management Development Division, Cabinet Office, LUSAKA

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In addition, I would like to thank Zambia EITI Council (ZEC) members for offering valuable guidance and participating in the preparation of the Plan. Finally, I wish to convey my gratitude to the Cooperating Partners and other stakeholders for their valuable contribution in the formulation of the ZEITI Strategic Plan, which will provide an operational framework for the period 2016-2020.

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Permanent Secretary
MINISTRY OF MINES AND MINERALS DEVELOPMENT

EXECUTIVE SUMMARY

The Extractive Industries Transparency Initiative (EITI) is a global coalition of Government, Mining Companies and Civil Society Organisations (CSOs). The objective of EITI is to promote transparency and accountability of both the Extractive Industry and Government through regular disclosure of all payments and receipts and the usage of such revenue by Government to the public. The goal of EITI is to contribute to poverty reduction and sustainable economic development.

Zambia became EITI compliant in September, 2012 after successfully undergoing Validation by the EITI Board. Being compliant means that Zambia had met the requirement of the EITI implementation. To ensure focused operations and guarantee attainment of EITI objectives, the Zambia EITI (ZEITI) has now formulated a Strategic Plan for the period 2016 – 2020. The Plan builds on the successes and challenges recorded by ZEITI from inception. Among the notable achievements are; reaching out to a wide range of stakeholders, disseminating information to the public, reconciling payments of taxes and revenue received by Government from the mining sector, and making EITI reports up to date.

The Plan has also taken into account the challenges ZEITI has encountered since inception in its quest to live up to its goals and objectives. Some of the challenges include, lack of a strategic operational and legal framework to support its objectives, and inadequate operational structure and public knowledge about EITI activities. There is also weak monitoring of the mining companies with respect to payments of taxes and other requirements. In the past EITI Zambia reports have not reflected the utilisation of revenue paid to Government by the extractive industry. Other challenges included lack of follow up action on some of the recommendations made in the reconciliation reports as well as a lack of a well-defined platform to discuss non-revenue issues.

Therefore, this plan intends to address the identified challenges mentioned above.

The 2016- 2020 Strategic Plan is, therefore intended to reposition ZEITI to address the challenges encountered and respond to the concerns of the stakeholders, the needs of clients, and the economy in general.

The Strategic Plan lays out the vision, mission, objectives and strategies that will guide EITI implementation in Zambia during 2016-2020. The ZEITI Secretariat is tasked with implementing this strategic plan and its success in doing so will be measured by the indicators outlined further below.

Strategic Direction

Against this background, ZEITI's strategic direction for the period 2016 – 2020 is illustrated in the following statements:

Box 1- Vision Statement

A well informed, educated and engaged citizenry, prudently utilized mineral resources and equitable socio-economic development.

Box 2 - Mission Statement, Goal and Values

Mission:

To promote transparency and accountability in the governance of the mining sector in order to contribute to sustainable and equitable socio-economic development of Zambia.

Goal:

To achieve 100% disclosure of information on the mineral value chain by 2019

Values:

In promoting transparency and accountability in the Extractive Industry and Government, ZEITI shall uphold the values of Transparency, Accountability, Integrity, Team-spirit, Professionalism, and Commitment.

Objectives:

In the next five years, ZEITI will pursue the following objectives:

- (i) To promote full disclosure of information on the mineral value chain in order to enhance transparency and accountability in the governance of natural resources.;
- (ii) To promote prudent management of revenue from the natural resources in order to ensure that such revenue contributes towards socio-economic development and improved livelihood of citizens.;

- (iii) To disseminate information on the mineral value chain and natural resource governance in order to create awareness and stimulate informed decision making.;
- (iv) To monitor and evaluate the effectiveness of the natural resource governance framework and systems in order to assess their impact on the socio-economic development of the country.; and
- (v) To manage the operations of the ZEITI in order to ensure efficiency and effectiveness in the implementation of programmes.

Key Strategies:

Detailed strategies to achieve these objectives as well as related performance indicators are provided in the matrix. Detailed strategies to achieve these objectives as well as related performance indicators are provided in the matrix on pages 18-20.

1.0 INTRODUCTION

1.1 Background

1.1.1 The Extractive Industries Transparency Initiative (EITI) is a global coalition of Government, Mining Companies and Civil Society Organisations (CSOs). The objective of EITI is to promote transparency and accountability of both the Extractive Industry and Government through regular disclosure of all payments and receipts and the usage of such revenue by Government to the public. The goal of EITI is to contribute to poverty reduction and sustainable economic development.

1.1.2 Zambia joined the EITI in 2009 as a candidate country and became compliant on 19th September 2012 upon meeting the following two (2) requirements:

- Production of reconciliation reports on what mining companies pay to the Government and what government receives from the mining companies; and
- Production of a Validation Report. The Validation Report is a quality assessment mechanism to ensure that EITI principles and standards are adhered to by a specific country.

1.1.3 The Zambia Extractive Industries Transparency Initiative (ZEITI) is being implemented by the Zambia EITI Council (ZEC). The Council is composed of three stakeholders namely; the Government, Mining Companies and Civil Society Organisations (CSOs). ZEC has a total membership of eighteen (18). Each of the three stakeholder group is represented by six (6) members. The Council is chaired by the Secretary to the Treasury, Ministry of Finance. The day-to-day activities are administered by the ZEITI Secretariat.

1.1.4 Since inception, ZEITI has faced a number of challenges, among which are: lack of a Strategic Plan to guide its operations; lack of a legal framework, which has made it difficult for ZEITI to fully execute its mandate; and inadequate operational structure to meet the expanding mandate. Initially, the scope of ZEITI operations only covered revenue transparency from the mining industry. However, it has since been realised that there is need to expand the scope of ZEITI to include other areas of the extractive industry value chain.

1.1.5 Against the foregoing, ZEITI engaged Management Development Division (MDD), Cabinet Office to facilitate the development of a Strategic Plan for the period 2016-2020. The development and implementation of this Strategic Plan is intended to consolidate the gains recorded since inception of ZEITI and strategically reposition ZEITI to respond to Government's development agenda, stakeholders' interests and the needs of the clients and the economy at large. The Plan includes strategies for enhancing transparency and accountability in the Extractive Industry value chain and Government.

1.1.6 The Strategic Plan lays out the vision, mission, objectives and strategies that will guide EITI implementation in Zambia during 2016-2020. The ZEITI Secretariat is tasked with implementing this strategic plan and its success in doing so will be measured by the indicators outlined further below.

1.2 Methodology

1.2.1 The process for developing the ZEITI's 2016 – 2020 Strategic Plan was consultative. Engagement sessions for the various stakeholders, namely; ZEC, ZEITI Secretariat, the EITI International Secretariat based in Oslo, Norway and Clients and other stakeholders were held. The sessions were aimed at securing consensus on the key issues or concerns, needs of the clients and the economy at large as well as on the future outlook of ZEITI so as to realistically inform the development of EITI's Vision, Mission, Goals, Objectives and Strategies for the period 2016 – 2020.

1.2.2 In developing the 2016 -2020 Strategic Plan, a number of documents were also reviewed to establish ZEITI's status including its overall objective, policy framework, governance structure, performance levels since inception, and any challenges encountered and suggestions made for improvement. The documents reviewed included the following:

- (a) Ministry of Mines and Minerals Development Strategic Plan (2014 – 2016);
- (b) ZEITI Annual Progress reports
- (c) Mines and Minerals Development Policy;
- (d) Revised Sixth National Development Plan;
- (e) Mines and Minerals Act. No. 11 of 2015;
- (f) ZEITI Communication Strategy;
- (g) ZEITI Hand Book;
- (h) African Mining Vision (AMV);
- (i) ZEITI Reconciliation reports from 2008 to 2011; and
- (j) EITI standard.

1.2.3 In addition, an Institutional Assessment/Organisational Development (IA/OD) approach was used as part of the internal environmental analysis to identify problem areas in ZEITI and ways of building institutional capacity to address the institutional challenges. The McKinsey-7s Model was used to establish the current and desired future state of ZEITI in terms of Skills, Structure, Staff, Systems, Strategy, Style of Leadership and Management; and Shared Values. In the process, operational gaps were identified. The SWOT analysis was conducted to validate ZEITI's Strengths and Weaknesses as well as Opportunities and Threats.

1.2.4 The Political, Economic, Social, Technological, Legal/Policy and Environmental (PESTLE) analysis was also conducted as part of the external environmental scanning to determine their impact on ZEITI's performance since inception and to

ascertain their significance during the period 2016 - 2020. The stakeholders' and clients' analyses were conducted to obtain feedback on ZEITI's performance and suggest areas of improvement.

1.3 Plan Coverage

1.3.1 The rest of the Plan is laid out as follows: -

(i) Environmental Analysis

This Section analyses the internal and external environment within which ZEITI has been operating since inception. It also provides an outlook in terms of the environment within which ZEITI is expected to operate in the next five (5) years. In addition, the Section gives some highlights on the performance of ZEITI since inception and some of the developments that have taken place in the recent past, which have had some impact on ZEITI's operations and which may be of significance in future.

Further, the Section outlines EITI's Strengths, Weaknesses, Opportunities and Threats (SWOT) as well as the Political, Economic, Social, and Technological Legal/Policy and Environmental (PESTLE) developments. The Section also identifies customers and stakeholders of ZEITI including, their needs and concerns/interests respectively. It also outlines the policy and/or legal challenges that need to be addressed for ZEITI to deliver on its overall objective.

(ii) Vision, Mission, and Value Statements

The Vision, Mission, and Value and Statements of ZEITI are articulated under this Section. The Vision statement illustrates ZEITI's desired future successful state of being, while the Mission statement defines EITI's fundamental purpose for its continued existence in the next five (5) years.

Finally, the Section outlines the Values that ZEITI shall uphold in the execution of its overall objective in order to live up to the expectations of its clients, stakeholders and the nation as a whole.

(iii) Objectives and Performance Indicators

The objectives of ZEITI to be pursued in the next five (5) years are outlined. The objectives have been developed in line with the Vision and Mission Statements of ZEITI and taking into account the outcome of the SWOT, PESTLE, Clients and Stakeholders analyses. The objectives are accompanied

by Performance indicators which are variables by which the achievement of the set objectives will be measured.

(iv) Strategies

Strategies, which are the most feasible courses of action to be taken by ZEITI to achieve the set objectives, and ultimately, the Goals, Mission and Vision, are outlined under this section.

(v) Pre-Conditions and Assumptions

The critical success factors that need to be in place for the Strategic Plan implementation to succeed have been analysed under this Section. These have included the inherent risks.

(vi) Strategic Plan – Budget Linkage

The success of the Strategic Plan depends on how resources will be planned, mobilised and allocated for the implementation of all the activities associated with the identified strategies to contribute to the achievement of the set objectives. Such activities and associated costs will be outlined in ZEITI's Implementation/Operational Plans.

Accordingly, this Section provides general guidelines and underscores the importance of linking the Strategic Plan to the annual budgeting process to ensure that adequate resources are mobilised timely and made available for the implementation of the Strategic Plan.

(vii) Monitoring and Evaluation

Monitoring and Evaluation (M&E) is crucial in assessing whether the set targets (indicators) are being achieved as planned and the desired impact realized. This Section provides general guidelines and underscores the importance of an M&E Mechanism or Framework to the successful implementation of the Strategic Plan and the realization of the desired impact.

(viii) Structural Implications of the Strategic Plan

This Section presents the inevitable structural changes that may arise as a result of the desire to address the challenges affecting ZEITI and achieve the objectives that have been set by the time the Plan expires. The structural implications are in terms of core functions or business of ZEITI arising from the strategic plan developed. The core functions may inform the changes that may be required to the current organisational structure of the ZEITI Secretariat.

2.0 ENVIRONMENTAL ANALYSIS

2.1 Extractive Industry Analysis

- 2.1.1 The Extractive Industry in Zambia is mainly comprised of the mining sector, which has been existing for more than hundred years. The sector has had good and difficult times. For, instance, the country had declining copper output throughout the 1990s. However, a mixture of low taxes, privatisation and high copper prices has seen a substantial boost to investment and output. Zambia's mining sector has been highly amenable to foreign investment since the privatisation of Government controlled Zambia Consolidated Copper Mines (ZCCM) at the end of the 1990s.
- 2.1.2 Copper and cobalt are the key minerals produced in Zambia. The Copperbelt and North-Western provinces have abundant copper and cobalt deposits and are the main focus of mining activities. The mining industry also engages in the production of gold, emerald and lime but on a much smaller scale.
- 2.1.3 Since 1900, when world copper production was less than 500 thousand tonnes, world copper mine production has grown by 3.2% per year to 18.7 million tonnes in 2014. Preliminary figures indicate that global copper mine production in 2014 reached 18.7 million tonnes. The largest producer of mined copper was Chile (almost 5.8 million tonnes). Zambia was ranked 2nd in Africa with the Democratic Republic of Congo (DRC) taking 1st position and 8th largest world copper producer in 2014. Kansanshi Mining Plc, the biggest copper producer in Zambia is ranked 13th among the world top 20 copper producers by capacity in 2015 (Chamber of Mines).
- 2.1.4 In 2014, Zambia's copper production as reported by the major mines was 709k tonnes which represents 4% of the total global production in 2014. Zambia is also a significant producer of semiprecious gemstones. With several expected expansion plans forthcoming, Zambia is viewed as a key growth area for copper production which is likely to rank the country within the top 5 copper producers globally going forward.¹
- 2.1.5 According to the 2014 Ministry of Finance (MoF) Annual Economic Report, Copper export earnings at US\$ 7,618.50 million were 10.2% higher than US\$ 6,911.40 million in 2013 due to increased export volumes. Copper export volumes rose to 1,143,315.4 metric tonnes in 2014 from 976, 305.70 metric tonnes in 2013. The realised average copper price, however declined by 6.1% to US\$ 6,646.09 per tonne from US\$ 7,079.11 per tonne in 2013. The decline in copper prices on the international market, driven by slowdown in global demand accounted for this outturn.

2.1.6 According to the same report, Cobalt export earnings declined to US\$ 123.9 million in 2014 from US\$137.9 million in 2013 and this was attributed to lower export volumes which fell to 4,562.18 metric tonnes in 2014 from 5,880.81 metric tonnes in 2013. In the same vein, gold export earnings declined by 18.0% to US\$ 152.2 million from US\$ 185.6 million in 2013, on account of lower realised prices and export volumes. The realised gold prices at US\$ 1,069. 31 per ounce were 12. 2% lower than US\$ 1,216.22 recorded in 2013. Gold export

2.1.7 The Government retains minority interest in most of the large copper projects through its holding company the Zambia Consolidated Copper Mines Investment Holdings Plc (ZCCM-IH). The mining sector is administered by the Ministry of Mines and Minerals Development

2.1.2 While the ZEITI faces a number of challenges, such as, inadequate financing, lack of EITI legislation, opportunities for growth still abound and they include, the expansion of the scope to cover the entire value chain in the extractive sector, providing a platform for discussing non-revenue issues related to the mining sector i.e. tax evasion, transfer pricing, base erosion, profit shifting etc. Other opportunities include expanding the scope to cover other sectors, such as agriculture, fishing and forestry. It will, however, be imperative to carry out a scoping exercise to ascertain the potential of the new areas. There is a window of opportunity for stakeholders to engage the government to support the enactment of the EITI law.

2.2 External Environmental Analysis

2.2.1 ZEITI like any other organisation is impacted on by developments in the external environment are summarised in the table below and described subsequently in the text. :

Political	Economic	Social	Technology	Legal
Change of Political and Administrative leadership	Commodity price volatility. Local gem sales. Unstable domestic economy.	Improved public awareness	Improved communications technology.	New mining act. Reversal of mine fiscal policy. ZEITI policy

(a) Political Developments

i. Frequent Change of Political and Administrative leadership

There have been frequent changes in the political and administrative leadership of the Ministry of Mines and Minerals Development, resulting in lack of consistency in the direction and focus of the ZEITI as well as delay in the implementation of some programmes.

ZEITI will engage Cabinet Office and the senior management of the Ministry to ensure that clear performance targets on ZEITI are embedded in the Performance Contract of the Controlling Officer responsible for ZEITI.

(b) Economic Developments

i. Fluctuation of commodity prices on the International Market

Zambia's Extractive Sector has not been spared from the impact of fluctuating commodity prices on the international market. Among the effects being experienced are reduced production, investments, revenue and increased job losses. These challenges may lead to a situation where the Extractive Industry would not fully disclose the revenue thereby, compromising transparency.

ZEITI will strengthen its monitoring mechanism to enhance transparency in the Extractive Industry. In addition, ZEC will engage the relevant stakeholders to promote diversification of the Zambian economy in order to mitigate the impact of fluctuating commodity prices.

ii. On-shore auctioning of Gemstones

The on-shore auctioning of Gemstones, which was introduced in 2013, has helped to enhance the transparency and accountability in the reporting of revenue arising from the auctioning of Gemstones in Zambia.

ZEITI will strengthen the documentation of the auctioning process and report on the utilisation of the proceeds, especially by government.

iii. Unstable Domestic Economy

The Zambian economy is currently facing a number of challenges emanating mainly from the developments in the global economy. Among the challenges are; the rapid depreciation of the local currency against major convertible currencies, rising annual inflation rates, which have now hit double digits, rising interest rates and the energy crisis.

These factors are contributing to the unfavourable business environment, resulting in some of the firms, especially in the extractive industry, opting to reduce production and employment levels or put their operations on care and maintenance. These have adversely affected the extractive industry's contribution to government revenue and ultimately government's capacity to implement some of the development programmes and projects as well as provide quality social services, such as health and education.

ZEITI will engage relevant stakeholders to monitor the utilisation of the revenue received from the mining sector.

(c) Social Developments

(i) Enlightened Public

The general public has become more and more enlightened on matters concerning national development, such as, equity in sharing the proceeds from natural resources. ZEITI has, therefore, become more relevant to the public that expects credible reporting on Corporate Social Responsibility (CSR) matters as well as on revenue generated from the extractive industry and paid to Government and how such revenue is utilised for the benefit of the Zambian people and in particular, the local communities in which extractive industries operate.

In this regard, ZEITI will establish and implement a mechanism to track the expenditure of extractive industries on CSR programmes as well as utilisation of payments from the extractive industry by Government. In addition, CSR will be integrated into ZEITI reporting, and stakeholders will be engaged on the possibility of developing and implementing a Common Strategy on CSR and ensuring a common understanding of CSR matters.

(d) Technological Developments

Advancement in Information Communication Technology

Advancement in Information Communication Technology (ICT) has facilitated the development of, among others, the Cadastre on-line transaction portal and on-line Mineral Value Chain Monitoring System involving the Zambia Revenue Authority (ZRA) and Patent and Company Registration Agency (PACRA).

ZEITI will engage PACRA and ZRA for integration of the ZEITI database with the Cadastre on-line transaction portal and on-line Mineral Value Chain Monitoring System. The integration of the Systems is aimed at reducing time for data collection, increasing efficiency for reporting by mining companies and

Government agencies and enhancing linkages with other Government agencies easing processing, storage and retrieval of information.

(e) Legal/Policy Developments

i. Mines and Minerals Development Act No. 11 of 2015

The Ministry of Mines and Minerals Development is responsible for enacting legislations for the mining sector in Zambia. The Mines and Minerals Act (1995) simplified licensing procedures significantly, placed minimum reasonable constraints on prospecting and mining activities and created a favourable investment environment. At the same time, the Act allowed international arbitration to be written into development agreements, if deemed necessary.

In 2008, this Act was repealed and the Mines and Minerals Development Act No. 7 of 2008, enacted. This Act ruled out special agreements to be entered into by the government for the development of large-scale mining licenses and annulled the development agreements concluded under the previous Act.

Mining companies now operate under a common legislative framework regulated primarily by the Mines and Minerals Development Act No.7 of 2008). Uranium exploration and mining are regulated by the Mines and Minerals Development (Prospecting, Mining and Milling of Uranium Ores and Other Radioactive Mineral Ores) Regulations of 2008.

The Mines and Minerals Development Act No. 7 of 2008 was repealed and replaced by one Mines and Minerals development Act No. 11 of 2015 (which was assented to on 14th August, 2015).

The new Act compels companies to submit statistics to the Minister of Mines and Minerals Development. This provision can be used by the EITI in its quest to enhance reporting compliance by all Mining companies.

Investment in most types of mineral operations are covered by the Zambia Development Agency Act of 2006, although minerals produced for the construction industry, such as clay, sand, and most types of stone, are excluded.

ii. Reversal of the Mining Fiscal Policy

The weak global demand for copper in 2015 led to a sudden drop of international copper prices. This resulted into slowdown in production and investment in the mining sector. In responding to the challenge, Government

reversed the Mining Fiscal Policy from single tier to double tier. While a number of stakeholders were involved in the process leading to the reversal. It was, however, noted that the consultations carried out to arrive at the decision to reverse the Mining Fiscal policy were limited. It is desirable that in future wider consultations with key stakeholders, including ZEITI, which is a coalition of Government, Mining Companies and Civil Society Organisations are carried out.

To ensure involvement of ZEITI in future policy dialogues and associated changes affecting the Extractive Industry, ZEC will engage the Ministry of Mines and Minerals Development and other relevant institutions.

iii. ZEITI Policy Formulation

The ZEITI will, engage the Ministry of Mines and Minerals Development to facilitate the formulation of the ZEITI policy and Bill.

2.2.2 Summary of Opportunities and Threats

Arising from the PESTLE Analysis, the following is the summary of ZEITI's Opportunities and Threats (OT):

Opportunities

i. Political will

The Political will to support the activities of ZEITI enables it to play an active role in the implementation of government's development agenda of socio-economic development and poverty reduction.

ii. Technical and financial Support:

There is considerable goodwill in terms of technical and financial support from Government and Cooperating Partners (CPs) to enable ZEITI to execute its mandate. The ZEITI will engage Government and the CPs for continued support and also ensure prudent utilisation of resources once mobilised.

iii. Training Institutions:

The availability of training institutions provides an opportunity for ZEITI to improve staff competencies. The Ministry of Mines and Minerals Development and Public Service Management Division (PSMD) are available to provide technical support in identifying training needs of staff.

The ZEITI will, therefore, engage training institutions for tailor made training programmes and the Ministry and PSMD for technical and financial support to undertake Training Needs Analysis and staff training and development.

iv. Scholarships:

The Government from time to time receives a number of scholarships from cooperating partners that ZEITI can take advantage of. ZEITI will engage relevant institutions to secure scholarships for some of its staff to enhance their competencies and ultimately, organisational performance.

v. Procedures and Systems

The availability of existing Government systems and Procedure Manuals, such as, the Flexi Cadastre and those relating to public financial management, provides an opportunity for the ZEITI to tap from. ZEITI will engage the relevant institutions to develop, adopt, adapt or enhance its management and operational systems and procedures.

Threats

i. Inadequate funding:

The ZEITI operations depend on government and donor funding. The negative developments in the global and domestic economy have the potential to reduce funding to ZEITI operations and programmes.

The ZEITI will, therefore, be proactive in exploring alternative sources of funding. ZEITI will also ensure that whatever financial resources it receives is prudently utilised to attain set objectives and instil confidence in funders.

ii. Delay in the enactment of ZEITI Legislation

The process of enacting legislation has taken longer than expected due to its complexity and the need to secure broad consensus on various issues surrounding EITI.

ZEITI will, therefore, be proactive and engage relevant stakeholders to secure consensus on the draft and the Ministries of Mines and Minerals Development, and Justice to facilitate the enactment of the Bill.

2.3 Internal Environmental Analysis

2.3.1 Performance assessment

As part of an internal environmental analysis, an assessment of ZEITI's performance for the period 2012 to 2014 was conducted. The assessment revealed that ZEITI recorded some successes, which included reaching out to a wide range of stakeholders, disseminating information to the public and reconciling payments of taxes by mining companies to government and revenue received by Government from the mining sector.

The successes highlighted above notwithstanding, ZEITI faced a number of challenges including, lack of a strategic plan to guide its operations, lack of a legal framework to support its overall objective, and inadequate dissemination of information to lower levels of the community and small scale miners. Another challenge that was faced by the ZEITI was the low appreciation of the reconciliation reports by stakeholders due to their bulkiness, complexity and highly technical content.

To address the above challenges, the ZEITI will, among other things, put in place various strategies to address the challenges. Notably, simplify the reconciliation reports to a level that the community will comprehend, The ZEITI will also closely involve the relevant stakeholders including, local communities and traditional leadership in the initiative.

2.2.2 Institutional Capability Assessment

As part of the internal environmental analysis, an assessment of ZEITI's capability was conducted. The assessment revealed the following strengths and weaknesses: -

Strengths

(i) Availability of an organisation structure

The ZEITI has in place an organisation structure (the Secretariat) modelled along a project, which can be used to kick start the implementation of the Strategic Plan. The ZEITI Secretariat is responsible for the day to day running of the Initiative. As part of the governance structure, ZEITI has also a Council, comprising members from stakeholder groups that provide policy direction and oversight on the operations of the ZEITI.

The ZEITI will, review the existing structures to take into account the expanding mandate. The review process will clearly define the roles of ZEC and the Secretariat and clarify the reporting relationships to avoid any overlaps and potential conflicts.

(ii) Availability of qualified and experienced staff

ZEITI has a core team of qualified and experienced staff to undertake its operations and facilitate effective implementation of the Strategic Plan. ZEITI will, therefore, build on this strength by implementing a continuous professional development programmes to improve its staff competences and performance. It will also put in place appropriate incentives to attract and retain the staff.

(iii) Availability of the Layman's Draft

ZEITI is in the process of coming up with legislation that will support its operations. To this effect, a layman's draft is in place. The enactment of the ZEITI Bill is critical to granting ZEITI the required legal status and ensuring that reporting entities are obliged to submit data to ZEITI on time.

The ZEITI will, therefore, engage the Ministries of Mines and Minerals Development and, Justice to facilitate the enactment of ZEITI Bill.

(iv) Availability of Information Technology infrastructure

The ZEITI has an existing functional Local Area Network (LAN) and IT infrastructure in place. However, the lack of an integrated information System has had an impact on the institution's operational efficiency. In this regard, ZEITI will establish an integrated information management system to eliminate delays in executing planned activities and ensure availability of real time data.

ZEITI will also enhance the usage of the existing functional LAN, and secure additional IT infrastructure for the development of the integrated management information system.

Weaknesses

Notwithstanding the strengths highlighted above, ZEITI has also a number of weaknesses that need to be addressed if it is to succeed in its endeavours. These weaknesses include: -

(i) Lack of a legal framework

The ZEITI has been operating without a legal framework since its inception and has, therefore, been using the legislation under the Ministry of Mines and Minerals Development, which is considered inadequate in scope and coverage relating to EITI.

This has, sometimes resulted in failure to meet reporting deadlines as the institution is unable to compel the extractive industry and government to fully disclose the information needed to prepare reports.

The ZEITI will prioritise securing consensus with stakeholders on the Layman's draft and engage the Ministries of Mines and Minerals Development and, Justice on the finalisation and enactment of the ZEITI Bill.

(ii) Autonomy of ZEITI

The ZEITI is currently housed at Geological Survey, a department under the Ministry of Mines and Minerals Development due to lack of its own office space. This situation has, however, not been very well received by some stakeholders as it portrays a picture that ZEITI is a government institution and, therefore, may not be impartial in promoting transparency and accountability particularly as it relates to government's fully disclosing information on payments received and utilisation of such receipts.

Arising from the above, ZEITI will proactively explore other means of entrenching its independence and instilling stakeholder confidence in its operations.

(iii) Inadequate skills

Although EITI has a core team of qualified and competent staff, there is still lack of some appropriate skills, expertise and knowledge in areas such as, statistical analysis, Tax Analysis, Communications and Information Technology, leadership and management.

To address this weakness, ZEITI will develop and implement a capacity building programme and engage the Ministry of Mines and Minerals Development and CPs for additional funding to implement the programme. In addition, ZEITI will develop and implement a training and staff attachment programme with similar institutions to enhance leadership, management and technical skills.

Further, ZEITI will develop and implement a staff mentoring and coaching programme as well as a Knowledge Management system to create a platform for sharing and passing on the skills among staff.

(iv) Inadequate Organisation Structure

Currently, ZEITI's organisation structure is inadequate to cater for the expanded mandate, which includes areas of extractive industry value chain, such as, awarding of licenses and contracts, monitoring production and allocating the revenues. ZEITI will, therefore review the structure in order to provide for an optimal operational framework.

2.4 Clients and their Needs

2.4.1 The major clients of ZEITI and their needs have been identified as follows:

Client	Needs
<ul style="list-style-type: none">• General public,• Journalists,• Investors,• Miners,• Traditional leaders,• Academia,• Students, and• Unions.	<ul style="list-style-type: none">• Credible and full disclosure of all payments (annual business fees, property rates, land rates and social payments).• Dissemination of comprehensive information from the extractive industries to create awareness.• Information on regional aggregation e.g. Copperbelt and North western regions and projects being implemented, and• Reporting by operation/ business Unit.
<ul style="list-style-type: none">• General public,• Journalists, and• Traditional leaders.	<ul style="list-style-type: none">• Provision of information in local languages for rural communities to create awareness.
<ul style="list-style-type: none">• General public,• Journalists,• Traditional leaders, and• Unions.	<ul style="list-style-type: none">• Provision of non-technical summary of the report.

2.5 Stakeholders and their Interests

2.5.1 The major stakeholders of ZEITI have been identified and their interests/concerns have been stated as follows:

Stakeholder	Interests /Concerns
<ul style="list-style-type: none"> • Government, • Mining Companies, • Civil Society, • Media, and • Traditional leaders. 	<ul style="list-style-type: none"> • Strengthened platform for stakeholder collaboration, • Provision of accurate mining revenue information to relevant chiefdoms and the nation at large, • ZEITI operations are skewed more towards mining industries than other extractive industries, and • Engagement of more mining companies in the initiative based on the threshold. • Engagement of all mining companies to provide Beneficial Ownership information

3.0 POLICY AND LEGAL CHALLENGES

- 3.1 The Challenges requiring ZEITI's Policy and Legal interventions have been identified as unwillingness by some stakeholders to provide the necessary information to ZEITI. This is caused mainly by lack of a specific policy and legislation to compel stakeholders to submit the required information and lack of detailed provisions on EITI in the Mines and Minerals Development Policy and Act.
- 3.2 ZEITI will engage the Ministry of Mines and Minerals Development to facilitate the formulation of the ZEITI policy and Act.

4.0 STRATEGIC DIRECTION

To consolidate the gains recorded since inception of ZEITI, address the challenges encountered and effectively respond to Government's development agenda and the needs of the clients, concerns and interests of stakeholders and the economy in general, ZEITI has developed its vision, mission, goals and values as follows:

4.1 Vision

ZEITI's long term vision is:

"A well Informed, educated and engaged citizenry, prudently utilized mineral resources and equitable socio-economic development".

Through this vision statement, ZEITI has committed itself to overcoming its limitations and accordingly, strategically reposition itself to respond to the concerns of its stakeholders, the needs of its customers and the economy in general. In this

		of ZEITI Policy, legislation and Regulations;	<p>Cadaster online portal by 31st January, 2017</p> <p>(iv) Statutory instrument on disclosure issued by 31st May, 2016</p> <p>(v) Interim Report on the Mineral Value Chain produced by 31st August 2018</p> <p>(vi) The Artisanal Mining Rights reported in the EITI Reports by 31st August, 2017</p> <p>(vii) Five Stakeholder sensitisation and engagement workshops held and reports produced annually.</p> <p>(viii) ZEITI reporting template to include tax liabilities and profits reviewed by 31st August, 2017 in collaboration with ZRA;</p>
2	To promote prudent management of revenue from the natural resources in order to ensure that such revenue contributes towards socio-economic development and improved livelihood of citizens.	<p>(i) Engage and sensitize stakeholders regarding Corporate Social Responsibility (CSR) programmes being undertaken by the extractive industry;</p> <p>(ii) Engage Chamber of Mines and other key stakeholders on the development of a Common Strategy for Corporate Social Responsibility (CSR);</p>	<p>(i) Five Stakeholder engagement and sensitization workshops and reports on sustainability and community empowerment (Corporate Social Responsibility) programmes being undertaken by the extractive industry held and produced annually.</p> <p>(ii) Percentage increase in the number of community-responsive Corporate Social Responsibility programmes implemented.</p>
3	To disseminate information on the Mineral Value Chain and mining sector governance in order to create awareness and stimulate informed decision making.	<p>(i) Revise ZEITI report format to make it more accessible and make EITI data publicly available through an online portal.</p> <p>(ii) Develop a work program for preparing topical reports on issues relevant for mining sector governance</p> <p>(iii) Review the Information, Education and Communication Strategy;</p> <p>(iv) Interface with ZCM to recognize excellence in EITI reporting compliance.</p> <p>(v) Develop and implement a targeted stakeholder sensitization programme on the Mineral value Chain and mining sector governance.</p>	<p>(i) EITI reconciliation reports published in a new, more accessible format with the reconciliation report for CY 2015.</p> <p>(ii) Public access to EITI data via an online portal established at the time the CY 2015 EITI reconciliation report is published.</p> <p>(iii) Non-technical summary of the EITI reconciliation report prepared by 31st March of each year</p> <p>(iv) EITI topical report prepared regularly (annually for 2017/18, with frequency of reports increased thereafter.</p> <p>(v) Hits/downloads for ZEITI website monitored on a regular basis with targeted increases of hits/downloads of 2016: +25%; 2017: +50%; 2018: +25%.</p> <p>(vi) Information, Education and Communication Strategy (IEC) reviewed by 31st December 2016 with particular emphasis on (a) wider distribution of EITI reconciliation</p>

			reports and (ii) exploring dissemination synergies with relevant stakeholders (vii) Stakeholder sensitization programmes developed by mid-2017; 100 stakeholders reached annually through the stakeholder sensitization programme.
4	To monitor and evaluate the effectiveness of the Mining sector in order to assess its impact on the socio-economic development of the country.	(i) Develop and implement a monitoring and evaluation framework (ii) Compile and disseminate best practices (iii) Develop and implement capacity building programme for CSOs to monitor and evaluate the effectiveness of mining sector governance	(i) Monitoring and evaluation framework developed and implemented by 31 st January 2019 (ii) Reports on best practices produced and disseminated annually (iii) Thirty representatives of CSOs trained in Monitoring and Evaluation annually
	5. To manage the operations of the ZEITI Secretariat in order to ensure efficiency and effectiveness in the implementation of programmes.	(i) Develop and implement an Integrated Management Information System; and (ii) Develop and implement capacity building programmes on the use of the Integrated Management Information System; (iii) Institutionalize the performance management package; (iv) Develop and implement a staff training plan; (v) Develop an implementation plan for the 2016-2020 Strategic Plan; (vi) Review and implement a resource mobilization plan;	(i) Integrated Management Information System established and operational by 31 st January 2017; (ii) Relevant stakeholders trained in the use of the Integrated Management Information System by 30 th June, 2017; (iii) 100% of staff appraised by 31 st December of each year (iv) Training Needs Analysis conducted and Training Plan developed by 31 st December, 2016; (v) Staff to receive on average 14 days or training/year starting in FY 2017. (vi) Implementation plan for the 2016-2020 Strategic Plan developed by September 15, 2016; (vii) Audited annual financial statements produced by 30 th June of the current year; (viii) Resource mobilization plan developed by 31 st August, 2016 and reviewed annually thereafter; and (ix) 100% of Costed Work Plan activities implemented annually

6.0 GENERAL ASSUMPTIONS

6.1 The successful implementation of this Strategic plan is founded on the following general assumptions: -

- (i) Timely and adequate funding;
- (ii) Continued support from stakeholders;
- (iii) Availability of technical support from stakeholders; and
- (iv) Continued political will for the implementation of ZEITI.

7.0 PRE CONDITIONS

7.1 In addition to the aforementioned general assumptions, certain key conditions must be in place for the successful implementation of the Plan. These include: -

- (i) Timely approval of the Strategic Plan and Structure by ZEC;
- (ii) Full ownership of the Strategic Plan by ZEITI Secretariat and ZEC;
- (iii) Qualified, motivated, skilled and committed staff;
- (iv) Linkage of Strategic Plan to the budget; and
- (v) Supportive ZEC leadership.

8.0 STRATEGIC PLAN – BUDGET LINKAGE

8.1 In order to operationalise the Strategic Plan, it is imperative that it is translated into a five (5) – year Implementation (operational) Plan, broken down into annual institutional and individual work plans and costed.

Accordingly, ZEITI will develop a five-year implementation plan as well as annual institutional and individual work plans linked to the Strategic Plan. Both the five-year implementation plan and annual plans should have long term objectives translated into annual objectives, performance indicators translated into annual targets and strategies translated into a schedule of activities and costed.

9.0 MONITORING AND EVALUATION

9.1 Monitoring and Evaluation (M&E) will be vital for effective implementation of this Plan and ascertaining its impact. The M&E mechanism once instituted will give ZEITI an opportunity to track progress and evaluate its performance against set objectives

and targets as well as institute corrective measures timely. The monitoring and evaluation will be done at individual and institutional levels.

9.2 Accordingly, annual progress reports on the implementation of the Plan will be prepared. A mid-term evaluation will also be undertaken in June 2018 to assess the progress being made towards achieving set objectives. A terminal evaluation will also be conducted in December 2020 to determine the overall impact of the Plan and inform the preparation of the next Plan for the period 2021-2025.

10.0 CORE FUNCTIONAL STRUCTURE

10.1 The Strategic planning process culminated into the development of an indicative core functional structure for ZEITI, underscoring the key areas where results will be expected for ZEITI to succeed in its business endeavours. The indicative core functional structure was arrived at by grouping various objectives into specialized functional areas using the following criteria: -

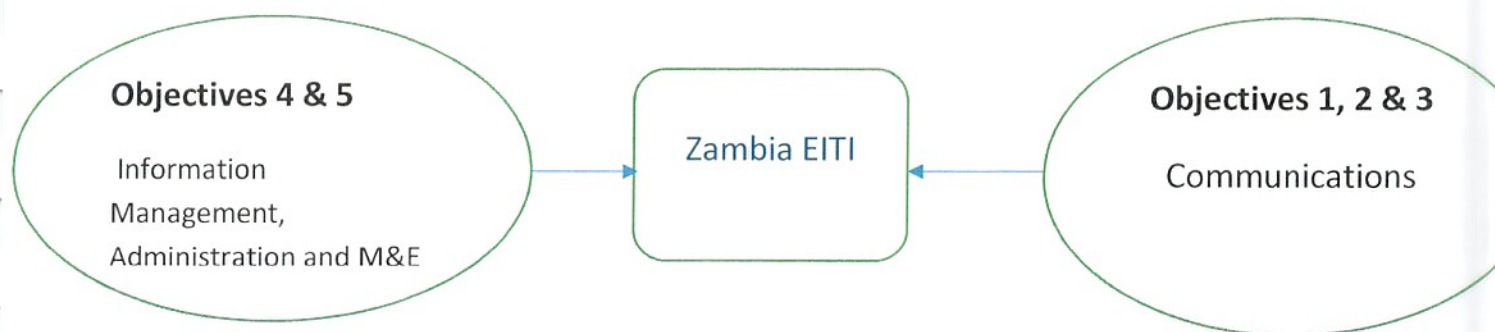
- (i) Similarity of objectives;
- (ii) Uniqueness of the objectives;
- (iii) Accountability for the objectives; and
- (iv) Coordination of the objectives.

10.2 Through the clustering of the objectives, the following core functions were identified and agreed to: -

- (i) **Communication** (Objectives 1, 2, and 3); and
- (ii) **Information Management, Administration and Monitoring & Evaluation** (Objectives 4 & 5).

10.3 For a pictorial presentation of the indicative Core Functional Structure, refer to Appendix I attached.

APPENDIX I: INDICATIVE CORE FUNCTIONAL STRUCTURE FOR ZEITI



APPENDIX II: ZAMBIA EITI ORGANOGRAM

