



REPUBLIC OF ZAMBIA

Zambia Extractive Industries Transparency Initiative

11<sup>th</sup> Zambia EITI Report

June 2020



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## List of Abbreviations

AF	Audit Framework	Mt	Metric tons
BLL	Blood Lead Level	MTEF	Medium Term Expenditure Framework
BoZ	Bank of Zambia	NAPSA	National Pension Scheme Authority
CEP	Copperbelt Environmental Project	OAG	Office of the Auditor General
CIT	Corporate Income Tax	PAC	Public Accounts Committee
DA	Development Agreement	PACRA	Patents and Companies Registration Agency
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization	PFM	Public Financial Management
ECAF	Existing Controls and Audit Framework	SEC	Securities and Exchange Commission
EITI	Extractive Industries Transparency Initiative	SI	Statutory Instrument
EPF	Environmental Protection Fund	SME	Small and Medium Enterprises
FDI	Foreign Direct Investment	SoE	State Owned Enterprise
GDP	Gross Domestic Product	SWF	Sovereign Wealth Fund
GRZ	Government of the Republic of Zambia	TPIN	Tax Payer Identification Number
GSD	Geological Survey Department	US\$	United States dollar
IAA	Initial Assessment of Assurance	VAT	Value Added Tax
ICMM	International Council of Mining and Metals	WHT	Withholding Tax
IDC	Industrial Development Corporation	ZCCM- IH	Zambia Consolidated Copper Mines - Investment Holdings Plc
INTOSAI	International Organization of Supreme Audit Institutions	ZCM	Zambia Chamber of Mines
ISA	International Standard on Auditing	ZEC	Zambia EITI Council
ITA	Income Tax Act	ZEITI	Zambia Extractive Industries Transparency Initiative
KCM	Konkola Copper Mines	ZEMA	Zambia Environmental Management Agency
LuSE	Lusaka Stock Exchange	ZICA	Zambia Institute of Chartered Accountants
MLC	Mining License Committee	ZMERIP	Mining and Environmental Remediation and Improvement Project
MMMD	Ministry of Mines and Minerals Development	ZMW	Zambian Kwacha
MoF	Ministry of Finance	ZRA	Zambia Revenue Authority
MoL	Ministry of Lands	EIA	Environmental Impact Assessment
MoLGH	Ministry of Local Government and Housing		
MSD	Mine Safety Department		
MSG	Multi-Stakeholder Group		



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### Zambia EITI Council (ZEC)

Republic of Zambia

1 June 2020

In accordance with the contract between the Ministry of Mines and Minerals Development (“MMMD”) and the Consortium of BDO Tunisia Consulting and BDO Zambia (together “BDO”) dated 12 November 2019, BDO was appointed to be the Independent Administrator of the 2018 Zambia EITI Report.

Under this process, BDO was engaged as Independent Administrator (“IA”) to support Zambia EITI Council (“ZEC”) to produce 2018 EITI Streamlined Reconciliation Report covering the period from January 2018 to December 2018. Our work was carried out between 12 November 2019 and 9 April 2020 based on the engagement contract and terms of reference dated 20 September 2019 and our findings are summarised in the accompanying report, including appendices.

This engagement has been performed in accordance with International Standard on Related Services 4400 applicable to agreed-upon procedure engagements. The procedures performed do not constitute an audit or a review made in accordance with any generally accepted standards on auditing or any generally accepted standards on review engagements and, consequently, no assurance is being expressed.

Had we performed additional procedures or had we performed an audit or a review of the reporting entities financial statements in accordance with any generally accepted standards on auditing or with any generally accepted standards on review engagements, other matters might have come to our attention that would have been reported to you. It is noteworthy to emphasize that reporting entities were requested to provide quality assurances as agreed with the ZEC and duly stated in Section 2.4.

Our report is solely for the purpose set forth in the first two paragraphs and is therefore for your information and is not to be used for any other purposes. In addition, this report relates only to information disclosed in the Reporting Templates submitted by companies and agencies and does not extend to the financial statements of each taken as a whole.



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Managing Partner

**BDO Tunisia Consulting in Association with BDO Zambia**





# 1 EXECUTIVE SUMMARY

# 1. EXECUTIVE SUMMARY

## 1.1. Introduction

### 1.1.1 Background

The Extractive Industries Transparency Initiative (EITI) is a global coalition of governments, companies and civil society groups working together to improve transparency and accountability in the management of revenues from natural resources. EITI principles are based on the belief that prudent use of natural resources contributes to economic growth, sustainable development and reduction of poverty in resource-rich countries.

#### *Zambia Extractive Industries Transparency Initiative (ZEITI) Overview*

Zambia is richly endowed with mineral resources and is one of the largest producers and exporters of copper in Africa. In an effort to improve transparency and accountability, Zambia joined EITI as candidate country in May 2009 and became fully compliant with the 2011 EITI Standard on 19 September 2012.

As required by the EITI Standard, a Multi-Stakeholder Group (MSG) oversees ZEITI implementation. It consists of 18 members from three sectors: government, industry and civil society.

To date ten (10) annual EITI Reports have been produced covering the period from 1 January 2008 until 31 December 2017. ZEITI Reports can be accessed at <https://eiti.org/zambia#eiti-reports-and-other-key-documents>.

This report is the eleventh EITI report, covering the period from 1 January to 31 December 2018.

#### 1.1.1.1 Objective

The objectives of the assignment are to support the ZEC in preparing a comprehensive EITI Report for the period 1 January 2018 and 31 December 2018 respectively, in accordance with the EITI Standard and section 3 of the Terms of Reference. The report aims at providing an overview of the extractive industries and provide findings and recommendations that can contribute to public debate on governance Zambia's mining sector.

#### 1.1.2 Scope of the report

This report covers payments made by extractive companies and revenues received by Government Agencies and other material payments and benefits to Government Agencies for the calendar year (CY) 2018 (January 1, 2018 through December 31, 2018). The Report also covers mining production, export sales, social payments and transactions between Government Agencies and extractive companies made in 2018.

Reporting companies and government entities reported data for payments made or reported in CY 2018 disaggregated by taxpayer, payments flows and by project where applicable. The amounts in this report are stated in Zambian Kwacha (ZMW) unless otherwise stated.

The report includes information received up to 31 March 2020. Any information received after this date has not, therefore been included in this Report.

#### 1.1.3 Nature and extent of our work

The Independent Administrator's role is principally to:

- Carry out the procedures agreed with the ZEC;
- Obtain reporting from licensees and government departments to the extent possible;
- Gather the data which is reported by the licensees and government entities;
- Compile the reconciliation and seek to resolve discrepancies to the extent possible;
- Prepare a report comprising the reconciled payments and revenues, any differences, and other issues of relevance to understanding the payments and revenues from the activities of the Extractive Industries in Zambia; and
- Prepare a report comprising contextual information using sources that are publicly available together with information requested and reported by government agencies and extractive companies.

Results overview of reconciliation procedures are set out in the succeeding sections while the covered companies and government agencies are discussed in Executive Summary of this Report.

## 1.2. Key figures of the ZEITI Report 2018

This report summarises information about the reconciliation of fiscal and non-fiscal revenues from the extractive sector in Zambia as part of the implementation of the EITI. In this context, extractive companies and Government Agencies report payments and revenues respectively. In addition; this report includes a reconciliation of revenues collected by the State-Owned Company "ZCCM-IH" from companies and the cash flows contributed by ZCCM-IH to the state budget.

During 2018, the mining sector remained the country's major productive industry with very high contribution to Zambia exports and Government revenues.

### 1.2.1 Revenues generated from the Extractive Industry

The receipts reported by the Government Agencies, the extractive companies and ZCCM-IH in 2018, after reconciliation, are as follows:

#### Payments made by the extractive companies and ZCCM-IH in 2018

According to the data collected from the Government Agencies, the extractive companies and ZCCM-IH, the payments generated by the extractive sector totalled ZMW 17,978.12 million in 2018 against ZMW 13,217.32 million in 2017.

Payments to Government Agencies amount to ZMW 16,551.87 million representing 92.07% of the total payments made by the extractive companies and ZCCM-IH in 2018.

Table 1: Payments made by the extractive companies and ZCCM-IH in 2018 and 2017

Payments	2018 (ZMW million)	2017 (ZMW million)	Var (%)
<b>Payments to Government Agencies</b>	<b>16,551.87</b>	<b>12,339.62</b>	<b>34.14%</b>
<i>Taxes paid to ZRA (including Mineral Royalty)</i>	<i>16,501.88</i>	<i>12,332.75</i>	<i>33.81%</i>
<i>Royalties, fees and charges paid to MMMD</i>	<i>43.44</i>	<i>5.02</i>	<i>764.53%</i>
<i>Payments to Petroleum Unit</i>	<i>4.79</i>	<i>1.35</i>	<i>255.27%</i>
<i>Ground Rents and other payments to MoL</i>	<i>1.76</i>	<i>0.50</i>	<i>253.19%</i>
<b>Dividends paid to ZCCM-IH</b>	<b>758.33</b>	<b>662.20</b>	<b>14.52%</b>
<i>Price Participation Fees paid by KCM</i>	<i>553.04</i>	<i>662.20</i>	<i>-16.48%</i>
<i>Dividends paid by KMP</i>	<i>205.29</i>	<i>-</i>	<i>N/A</i>
<b>Dividends paid by ZCCM-IH</b>	<b>92.38</b>	<b>-</b>	<b>N/A</b>
<i>Dividends paid to IDC</i>	<i>69.21</i>	<i>-</i>	<i>N/A</i>
<i>Dividends paid to MoF</i>	<i>23.18</i>	<i>-</i>	<i>N/A</i>
<b>Social payments</b>	<b>327.16</b>	<b>112.72</b>	<b>190.25%</b>
<b>Fees and levies paid to Local Councils</b>	<b>225.05</b>	<b>100.51</b>	<b>123.90%</b>
<b>Payments to EPF</b>	<b>23.33</b>	<b>2.28</b>	<b>924.81%</b>
<b>Total</b>	<b>17,978.12</b>	<b>13,217.32</b>	<b>36.02%</b>

#### Government revenues from the extractive sector in 2018

The extractive revenues collected by the Government in 2018 amounts to ZMW 16,575.05 million. These revenues include the tax and non-tax payments received by the Government Agencies and the dividends received by the Ministry of Finance (MoF).

Table 2: Government revenues from the extractive sector in 2018 and 2017

Extractive Revenues	2018 (ZMW million)	2017 (ZMW million)	Var (%)
<b>Tax Revenue</b>	<b>12,623.68</b>	<b>9,873.22</b>	<b>27.86%</b>
<i>Import VAT (*)</i>	<i>3,040.76</i>	<i>1,884.89</i>	<i>61.32%</i>
<i>VAT (**)</i>	<i>3,059.65</i>	<i>3,577.73</i>	<i>-14.48%</i>
<i>Pay as You Earn</i>	<i>2,611.46</i>	<i>1,939.04</i>	<i>34.68%</i>
<i>Company Income Tax</i>	<i>2,466.98</i>	<i>1,243.33</i>	<i>98.42%</i>
<i>Other taxes</i>	<i>1,444.84</i>	<i>1,228.23</i>	<i>17.64%</i>
<b>Non-tax Revenue</b>	<b>3,951.36</b>	<b>2,466.40</b>	<b>60.21%</b>
<b>Fees and Charges</b>	<b>49.99</b>	<b>6.87</b>	<b>627.54%</b>
<i>Of which revenues collected by MMMD</i>	<i>43.44</i>	<i>5.02</i>	<i>764.53%</i>
<i>Of which revenues collected by Petroleum Unit</i>	<i>4.79</i>	<i>1.35</i>	<i>255.27%</i>
<i>Of which collected by MoL</i>	<i>1.76</i>	<i>0.50</i>	<i>253.19%</i>
<b>Dividends (collected by MoF)</b>	<b>23.18</b>	<b>-</b>	<b>N/A</b>
<b>Mineral Royalty (collected by ZRA)</b>	<b>3,878.20</b>	<b>2,459.53</b>	<b>57.68%</b>
<b>Total Domestic Revenue</b>	<b>16,575.05</b>	<b>12,339.62</b>	<b>34.32%</b>

(\*) Import VAT is paid to the customs at the moment of entrance of the goods into Zambia. Import VAT and the VAT paid by the mining companies on their local supplies are claimable in accordance and under the conditions of the VAT Act.

We note that according to Article 19 (2) of the VAT Act, “Where, in respect of a particular prescribed accounting period, a registered supplier’s allowable credits exceed what would have been his tax liabilities, if any, for the period, the Commissioner-General shall, within twenty-one days after-

- The end of the quarter that includes the last day of that period; or
- Receipt of the last outstanding tax return due for any prescribed accounting period falling within the quarter;

Whichever is later, remit to him the amount to which he stands in credit by reason of the excess

(\*\*) VAT includes the VAT paid by the companies at the moment of submitting the monthly VAT returns and the VAT withheld by the mining companies from their suppliers and reversed to ZRA in application of the VAT Act amendment of January 2017<sup>1</sup>. VAT is not claimable.

In-scope extractive companies have been requested to report the amount of VAT claimed in 2018 and the VAT refunds received from ZRA in the same period. Vat refunds are the refunds actually payed back by ZRA in 2018 whether in cash or offsets against other taxes.

It is worth noting that VAT Claimed and VAT refunds have been declared only by the in-scope companies and have not been reconciled or confirmed by ZRA. Furthermore, VAT Claimed declared does not represent a cumulative amount up to December 2018.

<sup>1</sup> See Section 3.3.2 for further details about the amendment of the VAT dated January 2017

The VAT claimed and the VAT refunds reported by the in-scope companies for 2018 amount to ZMW 8,194.01 million and ZMW 902.48 million respectively:

**Table 3: VAT Claimed by and VAT refunds to in-scope companies in 2018<sup>2</sup>**

N°	Companies	VAT Claimed in 2018 (ZMW million)	VAT Refunded in 2018 (Cash and/or Offsets) (ZMW million)
1	Kansanshi Mining Plc (KMP)	1,157.58	-
2	Konkola Copper Mines Plc (KCM)	1,521.50	217.77
3	Lumwana Mining Company Limited (LMC)	-	-
4	Mopani Copper Mines Plc (MCM)	1,369.34	608.24
5	Kalumbila Minerals Limited (KML)	1,304.69	74.35
6	First Quantum Mining and Operations Ltd (FQMO)	215.23	-
7	Chambishi Copper Smelter Limited (CCS)	2,339.09	-
8	ZCCM Investments Holdings Plc (ZCCM-IH)	-	-
9	Maamba Collieries Limited (MCL)	286.58	2.13
<b>Total</b>		<b>8,194.01</b>	<b>902.48</b>

### Payments received and transfers made by ZCCM-IH in 2018

According to the data provided by the Government Agencies and ZCCM-IH, the dividends and interests received by the SOE amounted to ZMW 812.79 million in 2018 while the transfers of tax and non-tax payments and dividends amounted to ZMW 127.65 million.

**Table 4: Receipts and transfers made by ZCCM-IH in 2018 and 2017**

	2018 (ZMW million)	2017 (ZMW million)	Var (%)
<b>Payments received by ZCCM-IH</b>	<b>812.79</b>	<b>696.17</b>	<b>16.75%</b>
Dividends and interests received from extractive companies	758.33	662.20	14.52%
<i>Price Participation Fees received from KCM</i>	553.04	662.20	-16.48%
<i>Dividends received from KMP</i>	205.29	-	N/A
Dividends received from non-extractive companies	54.46	33.98	60.29%
<i>Dividends paid by Copperbelt Energy Corporation (CEC)</i>	54.46	33.98	60.29%
<b>Transfers made by ZCCM-IH</b>	<b>127.65</b>	<b>17.35</b>	<b>635.90%</b>
Dividends Transferred	92.38	-	N/A
<i>Dividends paid to IDC</i>	69.21	-	N/A
<i>Dividends paid to MoF</i>	23.18	-	N/A
<b>Tax and Non-Tax payments</b>	<b>35.27</b>	<b>17.35</b>	<b>103.32%</b>
<i>Taxes paid to ZRA</i>	33.63	17.34	93.89%
<i>Royalties, fees and charges paid to MMMD</i>	1.61	0.003	53507.28%
<i>Ground Rents and other payments to Local Councils</i>	0.03	-	N/A

<sup>2</sup> Source: EITI data

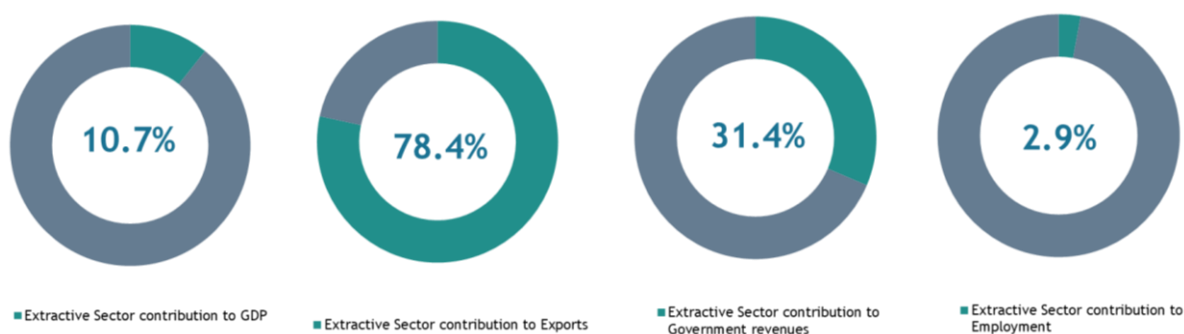
## 1.2.2 Contribution to the Economy

The contribution of the extractive sector in overall increased compared to 2017 except for exports which recorded a decrease by 2%. This growth is mainly explained by the increase of the copper exports while the decrease of the contribution to exports is explained by the increase of non-mining exports:

**Table 5: Contribution of the extractive sector to Zambia economy**

	2018	2017	Var (%)
GDP <sup>3</sup>	10.7%	10.4%	2.88%
Exports <sup>4</sup>	78.4%	80.4%	-2.49%
Revenues <sup>5</sup>	31.4%	29.1%	7.90%
Employment <sup>6</sup>	2.9%	2.0%	45.00%

The detailed calculation of the contributions is presented in Section 3.6.



## 1.2.3 Production and Exports

### Production

#### Base and precious metals

The production volume and value for the base and precious metals as reported by MMMD are set out on the following table:

**Table 6: Production of base and precious metals in 2018**

Commodity	Unit	Production Quantity	Unit Value (US \$) (*)	Production Value (US \$ million)
Copper	Metric tonne (mt)	868,707	6,522.85	5,666.45
Gold	Kg	3,899	35,988.52	140.32
<b>Total</b>				<b>5,806.76</b>

(\*) The value of production has been calculated by MMMD on the basis of the average LME monthly prices as provided by MMMD

<sup>3</sup> Source: 2018-Economic-Report

<sup>4</sup> EITI data

<sup>5</sup> EITI data

<sup>6</sup> <https://www.zamstats.gov.zm/phocodownload/Labour/2018%20Labour%20Force%20Survey%20Report.pdf>



## Industrial minerals & metals and gemstones

The production volume for the industrial metals and precious stones are set out on the following table:

**Table 7: Production of industrial metals and precious stones in 2018**

Commodity	Unit	Production Quantity	Unit Value (US \$)	Production Value (US \$ million)
Coal (*)	Metric tonne (mt)	388,231	65.84	25.56
Emerald and Beryl (**)	Kg	18,869	N/A	N/A
Limestone (*)	Metric tonne (mt)	2,395	394.34	0.94
Quicklime (*)	Metric tonne (mt)	33,623	157.18	5.28
Hydrated Lime (*)	Metric tonne (mt)	27,172	150.07	4.08
Manganese Ore (*)	Metric tonne (mt)	77,277	101.96	7.88
Cement (*)	Metric tonne (mt)	2,574,428	139.30	358.62
<b>Total</b>				<b>402.36</b>

(\*) The value of production of these minerals has been estimated on the basis of the exports volume and value provided by ZRA.

(\*\*) That MMMD does not assign a value to the production of the industrial minerals and precious stones. Gemstones have very volatile values and they are often sold through auctions. Therefore, we were unable to estimate the value of Emerald and Beryl production.

More details about the minerals production in 2018 are presented in Sections 3.7.1.

## Exports

Exports data for 2018 has been collected from the BoZ Annual report 2018 and from the Customs Department in ZRA.

The table below summarizes the base and precious metals exports according to BOZ Annual Report 2018:

**Table 8: Exports of base and precious metals in 2018**

Commodity	Unit	Volume	Exports Value (US \$ million)
Copper	Metric tonne (mt)	1,050,336	6,658.40
Gold	Kg	1,237	148.00
<b>Total</b>			<b>6,806.40</b>

Source: BoZ annual report 2018, p.15-16

Copper exports are US\$ 991.95 million (value of 181,629 mt) higher than the copper production as reported by MMMD for 2018. We understand that this difference is attributed to copper concentrate imported from DRC and processed in Zambia. According to the data provided by ZRA, copper concentrates imports from DRC amount to US\$ 1,128.23 million in 2018.

The table below summarizes the industrial metals and precious stones exports in 2018 according to ZRA data and BOZ Annual Report 2018:

**Table 9: Exports of industrial metals and precious stones in 2018**

Commodity	Unit	Volume	Exports Value (US \$ million)
Coal (*)	Metric tonne (mt)	3,115	0.48
Rubies, sapphires and emeralds (*)	Kg	186	0.65
Gemstones(**)	Kg	n/a	10.70
Limestone (*)	Metric tonne (mt)	2,008	0.79
Quicklime (*)	Metric tonne (mt)	120,615	18.96
Hydrated Lime (*)	Metric tonne (mt)	27,932	4.19
Manganese Ores/Concentrates (***)	Metric tonne (mt)	273,068	27.00
Cement & Lime(***)	Metric tonne (mt)	69,063	113.60
Cobalt(**)	Metric tonne (mt)	1,663	116.70
<b>Total</b>			<b>293.06</b>

(\*) ZRA exports data.

(\*\*) BoZ Annual Report 2018.

(\*\*\*) Export value according to BoZ annual report 2018. Volume estimated on the basis of ZRA data

Furthermore, according to the data provided by ZRA, the exports of minerals in Zambia amounted to ZMW 74,791.63 million in 2018 (equivalent of US\$ 7,140.76). The volume and value for each commodity is presented in the Annex 12.

Although the export volumes for some commodities are not available in the online BoZ Annual Report 2018, the information can be found in the data provided by ZRA. We note that exports data provided by ZRA is broken down by Harmonized Commodity Description and Coding Systems (HS) Code and provides the export volume and value for each commodity<sup>7</sup>. We note also that the disaggregation by HS Code provides many subgroups of the commodities listed in the table above making the compilation and the reconciliation between BoZ data and ZRA data not feasible.

More details about the minerals exports in 2018 are presented in Sections 3.7.2 and Annex 12.

### 1.3. Reporting and reconciliation results

#### 1.3.1 In-Scope reporting entities and payments flow

The MSG agreed to select the same in scope companies as the 2017 ZEITI Report. Accordingly, the reconciliation scope allows a coverage of more than 76% of the total revenues collected by ZRA from mining companies. Based on the list of companies and revenue streams included in the scope, all Government Agencies involved in revenue collection were required to report under the EITI Standard. The reporting entities and payments flows selected in the scope are listed in Section 4 of this report.

#### 1.3.2 Data collection

All companies and Government Agencies included in the reconciliation scope submitted their reporting templates. Details of submission of the reporting templates by reporting entity are set out in Annex 3 of this report.

#### 1.3.3 Data assurance

Extractive companies were requested to have their reporting templates signed by a senior official. All selected companies have complied with this requirement except Lumwana Mining Company Ltd. The payments made by this company represent 9% of the total revenues as reported by the Government Agencies. It is worth noting that Lumwana Mining Company Ltd confirmed that its Financial Statements 2018 were certified by an external auditor.

With regards to Government agencies (except local councils) and ZCCM-IH, they were requested to submit reporting templates signed by authorised officers and certified by the Office of the Auditor General.

All Government Agencies submitted Reporting Templates signed by authorised officers.

<sup>7</sup> The Harmonized System is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes.

The OAG confirmed that the office received and checked the EITI Reporting Templates relating to the revenues received by the institutions indicated below:

- Zambia Revenue Authority (ZRA);
- Ministry of Mines and Minerals Development (MMMD);
- ZCCM-IH;
- Industrial Development Corporation (IDC); and
- Ministry of Lands and Natural Resources (MoL).

Furthermore, OAG confirmed that the total amount received by these institutions is ZMW 16,272.85 million as at 13 December 2018. We note that the total amount according the EITI Reporting Templates submitted by these institutions to the IA amount to ZMW 16,283.47 million (before reconciliation adjustments). The difference between the total revenues confirmed by OAG and the total revenues as reported by these institutions amount therefore to ZMW 10.62 million representing 0.07%. The analysis of these difference is further detailed in Section 2.4.

The OAG confirmation letter is in Annex 15 to the report.

With regards to the local councils, they were requested to submit reporting templates signed by authorised officers. All Local Councils have complied with this requirement.

Details of submission of the certified reporting templates are set out in Annex 3 to this Report.

On the basis of the matter described above, we conclude that the overall compliance of the reporting entities with the data assurance procedures agreed by ZEC is satisfactory.

#### 1.3.4 Data reconciliation

The coverage of the reconciliation exercise can be presented as follows:

**Table 10: Coverage of the reconciliation exercise 2018**

	Total payments (in ZMW million)	%
In scope companies	12,775.83	76%
Other companies (Unilateral disclosure by the Government)	4,001.09	24%
<b>Total revenues collected by Government Agencies and Local Councils</b>	<b>16,776.91</b>	<b>100%</b>

At the date of this report, we reconciled 92.44% of total cash flows reported by the Government.

**Table 11: Reconciliation results 2018**

Aggregated payments	Initial reporting (ZMW million)	Resolved discrepancies (ZMW million)		Adjusted reporting (ZMW million)
		Companies	Government	
Companies	14,504.836	152.302	-	14,657.138
Government	12,505.879	-	1,120.662	13,626.541
<b>Discrepancy</b>	<b>1,998.957</b>	<b>152.302</b>	<b>1,120.662</b>	<b>1,030.598</b>
<b>%</b>	<b>15.98%</b>			<b>7.56%</b>

The detailed results of the reconciliation exercise per company are presented in the following table with post-reconciliation differences noted between amounts reported as paid by in-scope extractive companies and amounts reported as received by government agencies.

**Table 12: Reconciliation results by company 2018**

No.	Company	Extractive companies (ZMW million)	Government (ZMW million)	Differences (ZMW million)
1	Kansanshi Mining Plc (KMP)	4,676.53	4,477.45	199.078
2	Konkola Copper Mines Plc (KCM)	3,294.78	2,160.55	1,134.222
3	Lumwana Mining Company Limited (LMC)	1,529.92	1,572.84	(42.915)
4	Mopani Copper Mines Plc (MCM)	1,162.25	1,199.79	(37.545)
5	Kalumbila Minerals Limited (KML)	1,953.86	2,013.39	(59.533)
6	First Quantum Mining and Operations Ltd (FQMO)	713.47	657.60	55.865
7	Chambishi Copper Smelter Limited (CCS)	1,013.63	1,207.33	(193.698)
8	ZCCM Investments Holdings Plc (ZCCM-IH)	129.78	127.65	2.129
9	Maamba Collieries Limited (MCL)	182.92	209.93	(27.004)
	<b>Total payments</b>	<b>14,657.14</b>	<b>13,626.54</b>	<b>1,030.60</b>

The detailed results of the reconciliation exercise per revenue stream are presented in the following table with post-reconciliation differences noted between amounts reported as paid by in-scope extractive companies and amounts reported as received by government agencies.

**Table 13: Reconciliation results by payment flow 2018**

No.	Revenue stream	Extractive companies (ZMW million)	Government (ZMW million)	Differences (ZMW million)
	<b>MMMD</b>	<b>23.96</b>	<b>10.19</b>	<b>13.77</b>
1	Licence Fees	2.88	1.61	1.27
2	Area Charges	5.05	5.49	(0.43)
3	Environmental Protection Fund	12.94	-	12.94
4	Other fees & charges	3.10	3.10	-
	<b>ZRA</b>	<b>13,671.98</b>	<b>12,666.97</b>	<b>1,005.01</b>
5	Pay- As-You-Earn	1,968.82	1,989.83	(21.01)
6	Import VAT	2,681.97	2,440.61	241.35
7	Mineral Royalty	3,238.47	3,267.08	(28.61)
8	Company Income Tax (including Provisional Tax)	1,709.42	1,832.14	(122.72)
9	VAT (including Withholding VAT)	2,912.55	2,056.53	856.02
10	Import/Customs Duty	588.44	546.56	41.88
11	Withholding Taxes	446.25	452.75	(6.49)
12	Excise Duty - Electrical Energy	78.86	78.40	0.46
13	Property Transfer Tax	0.01	0.02	(0.01)
14	Other taxes (ZRA)	47.18	3.06	44.12
	<b>Local Councils</b>	<b>107.82</b>	<b>76.32</b>	<b>10.89</b>
15	Annual Business Fees	0.10	3.77	(3.67)
16	Property Rates	107.72	93.16	14.56
	<b>MoL</b>	<b>2.67</b>	<b>1.73</b>	<b>0.93</b>
17	Ground Rent	1.43	0.66	0.76
18	Registration Fees	0.17	-	0.17
19	Others-Invitation to Treat / Title Deeds	1.07	1.07	0.00
	<b>MoF</b>	<b>23.18</b>	<b>23.18</b>	<b>-</b>
20	Dividends from Government Shares	23.18	23.18	-

No.	Revenue stream	Extractive companies (ZMW million)	Government (ZMW million)	Differences (ZMW million)
	<b>ZCCM-IH</b>	<b>758.33</b>	<b>758.33</b>	<b>-</b>
21	Dividends from ZCCM-IH Shares	205.29	205.29	-
22	Price participation fees	553.04	553.04	-
	<b>IDC</b>	<b>69.21</b>	<b>69.21</b>	<b>-</b>
23	Dividends and other revenues from IDC-Shares	69.21	69.21	-
	<b>Total payments</b>	<b>14,657.14</b>	<b>13,605.93</b>	<b>1,030.60</b>

Full reporting and reconciliation results for 2018 can be found at Section 5 and Annex 2.

More details about the reconciliation results are presented in Section 5.

The remaining unsolved discrepancies amounting to ZMW 1,030.59 million represents 7.73% of the revenues reported by the Government. The reconciled amount reported by the government was lower by ZMW 1,030.59 million than the reconciled amount reported by companies. This is above the acceptable final reconciliation difference set by the ZEC at 1%.

As shown in the above tables the remaining unsolved discrepancy is mainly explained by a difference of ZMW 1,134.222 million between the payments reported by KCM and the revenues declared by the Government Agencies. In fact, the payments declared by KCM were ZMW 990.521 million and ZMW 137.961 million higher than the payments reported by the Government Agencies for VAT and Import VAT respectively. It is worth noting that KCM did not provide the breakdown by receipt for the VAT reported which made its reconciliation non-feasible.

We note also that the unresolved discrepancies on KMP and CCS are relating to VAT payments.

On the basis of the reconciliation results as described above and the matter described in Section 1.3.3 “Data Assurance”, we conclude that the overall comprehensiveness and reliability of the payments reported by government agencies is satisfactory except for VAT payments which were concluded with a material unresolved discrepancy.

## 1.4. Recommendations

### 1.4.1 2018 IA Recommendations

For the 2017 ZEITI report, the ZEC built on the foundation of transparent reporting of extractive industry revenue. Per the EITI Standard, the IA made recommendations to the MSG for future improvements in transparency and accountability:

	Recommendations	Proposed action	Priority	Structure involved
1	Reconciliation scope and coverage of ZEITI report 2018	We recommend that ZEC determine a new reconciliation scope for the 2019 ZEITI Report in order to capture all companies making material payments to Government Agencies and to increase the coverage of the reconciliation exercise. We recommend also to update the Reporting Templates for the future ZEITI Reports in order to align it to the new Requirements of the EITI Standard 2019, take into account any possible changes in the fiscal regime and clarify the issues faced in the previous reconciliation exercises.	High	ZEC
2	Including identification of Politically Exposed Persons (PEPs) in the required BO disclosure	We recommend that ZEC takes the necessary measures for the identification and disclosure of PEPs by considering the options of amending the Companies Act, 2017 or by formally requesting from the extractive companies to disclose their PEPs. ZEC might consider the definition and the disclosure requirements stipulated in the Financial Intelligence Centre Act and guidance note.	High	ZEC
3	Disaggregation of production and export data by individual project	We recommend to ZEC considering the inclusion of a disaggregation of production and export data by individual project in the future EITI reports. This should be in line with the definition of the term “project” in Zambia as presented in Section 4.4.	High	ZEC
4	Contract transparency	We recommend that ZEC establishes its plan for disclosing contracts for the future EITI exercises. This plan should be included in the published work plan. Furthermore, we recommend to disclose a complete list of the actual contracts indicating which are publicly available and which are not. It should include a reference or link to the location where the	Medium	ZEC

Recommendations	Proposed action	Priority	Structure involved
	contract or license is published.		
5	Lack of breakdown by company of the payments reported by the local councils	Medium	Local Councils
	We recommend that ZEC raise awareness among local councils about the necessity of disaggregating all the payments received by paying company. The local councils should participate in the future EITI workshops relating to the presentation of the EITI reporting templates and instructions. All the payments reported by the local councils must be disaggregated by company and by payment flow in the future EITI exercises.		
6	Including the subsidiaries of ZCCM-IH engaged in the extractive sector in the scope of the future ZEITI Reports	High	ZEC
	In order to comply with requirements of the 2019 EITI Standard relating the financial relationship of the SOEs subsidiaries and their participation in the extractive companies, we recommend to include Ndola Lime Company Limited (NLC) and Nkandabwe Coal Mines Limited (NCM) in the scope of the future ZEITI reports.		
7	Lack of disaggregation of payments by individual project	High	ZEC
	We recommend to ZEC to undertake a feasibility study on the EITI reporting by project in order to determine the ability of the Government Agencies to disaggregate their reported payments by project, the barriers that could present such disaggregation and the actions plan to achieve it. This should include the determination of the payments flows that could be reported by project and the payments levied at entity level. All the reporting entities must be informed about the necessity of disaggregating their payments by project		
8	Improving the mining licences grant process	High	MMMD
	We recommend to MMMD to ensure a close follow up of the findings and recommendations raised in the OAG compliance report and to carry out a more rigorous monitoring of the award of mining licences. We also recommend that MMMD to considers establishing a limit with regards to the number of mining licences granted to the same mining licence holder		

These findings and the associated recommendations are detailed in Section 7 of this Report.

#### 1.4.2 Follow up of the latest validation results and the latest EITI report recommendation

In the 2017 report, the IA made 7 recommendations to enhance ZEITI, which can be read in full in last year's Executive Summary: <https://eiti.org/document/20etrol-2017-eiti-report>.

In addition, Zambia's second validation against the 2016 Standard commenced in April 2019. The Validation Committee found that Zambia has made meaningful progress with considerable improvements in implementing the 2016 EITI Standard. Corrective actions are agreed addressing license allocation (#2.2) and data reliability (#4.9).

The follow up of the latest validation results and the latest EITI report recommendation is presented o Section 7.2.





## 2 APPROACH AND METHODOLOGY

## 2. APPROACH AND METHODOLOGY

The reconciliation of revenues from the extractive sector consisted of the following steps:

- analysis of the scope of the reconciliation exercise as agreed by the ZEC;
- collection of payment and other data from Government Agencies and extractive companies which provide the basis for reconciliation;
- comparison of payments and other data reported by Government Agencies and extractive companies to determine if there are discrepancies between the amounts reported as being received by the authorities and the reported as being paid by taxpayers; and
- contacting Government Agencies and extractive companies to investigate and resolve identified discrepancies.

### 2.1 Preliminary analyses of the scope

The financial flows to be included in the reconciliation, the Government Agencies and companies which were required to report were determined by ZEC based on the 2016 ZEITI Report.

Under the TOR for the Engagement, we were required to review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary scoping work, and the conclusions and recommendations from previous EITI Reports and Validations and support ZEITI and the Office of the Auditor General to review the scope with a focus on the following:

- Reviewing the comprehensiveness of the payments and revenues to be covered in the EITI Report as proposed by ZEC and in accordance with EITI Requirement 4;
- Reviewing the comprehensiveness of the companies and government entities that are required to report as defined by ZEC and in accordance with EITI Requirement 4.1; and
- Supporting ZEC with examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process.

The scope of the EITI report as decided by ZEC is described in Section 4 of the report.

### 2.2 Data collection

A standard reporting template and instructions were designed to facilitate the process for the reporting entities. The template was designed to include the revenue streams paid to each Government Entity and was formatted in such a way that companies could easily identify and determine the appropriate amounts to be disclosed. The reporting templates were sent electronically to the reporting entities.

Companies and Government Agencies were requested to submit a breakdown of payments by date and by receipt number in the supporting schedules.

### 2.3 Reconciliation and investigation of discrepancies

The data reconciliation exercise was carried out between 15 January and 17 March 2019. In carrying out the reconciliation, we performed the following procedures:

**Initial Reconciliation Procedures:** Figures reported by extractive companies were compiled item by item and compared with figures reported by Government Agencies. As a result, all discrepancies identified have been listed by item in relation to each Government Agency and company.

In cases where the reported revenue data from Governmental Agencies agreed with a company's reported payment data, with deviation within the allowable variance as described in section below, the government figures were considered to be confirmed and no further action was undertaken.

In cases where the reported revenue data from Governmental Agencies did not agree with a company's reported payment data and the difference was not within the allowable variance, discrepancies were identified for each company and Government Entity and the discrepancies were subject to further investigations before completing the initial reconciliation report.

**Reconciliation Variance and Level of Effort:** As part of the reporting template finalisation, a variance threshold of ZMW 10,000 was set to help determine an acceptable level of effort to be spent in attempting to resolve discrepancies.

In cases where the reported revenue data from Government Agencies did not agree with the company's reported payment data, and the discrepancies were at or below the variance threshold, the Reconciler concluded that the discrepancies were not material to the ZEITI Report.

**Follow-Up Procedures to Investigate Differences:** In cases where the reported revenue data from Governmental Agencies did not agree with the company's reported payments and the discrepancies were outside the variance, the IA considered the discrepancies to be material and further investigations were performed in a bid to resolve these discrepancies. In such instances, the Government Agencies and companies were requested to provide supporting documents and/or confirmations in respect of any adjustments to the data provided in the original reporting templates.

We contacted the reporting entities and arranged meetings with relevant officials. We also reviewed additional supporting documentation evidencing the payments reported. In instances where we were unable to identify the reason for the discrepancies following the review of additional supporting evidence, we concluded that the discrepancies were "undetermined / unexplained". The results of our work are presented in Section 5 of this report. Adjustments made to reporting templates are presented in Section 5.2.

## 2.4 Reliability and credibility of data reported

### Initial assessment of assurance procedure

The EITI Standard requires that a credible assurance process applying international standards should be in place. The approach adopted for the 2018 ZEITI Report incorporated constraints existing in Zambia and insufficiencies noticed during the previous reconciliation.

BDO applied its professional judgement to assess the extent to which reliance can be placed on the Existing Controls and Audit Framework (ECAAF) of the companies, SOEs and government entities. This step helps in determining the Initial Assessment of Assurance (IAA) for each of the reporting entities. In short, when the AF is rated low, the IAA is rated low (i.e. low assurance).

The assessment is based on the key factors such as accounting standards applied (international standards, local reliable standards, other standards), existing governance and internal controls, audit standards applied where the entities are audited, and the reliability of the auditor where an auditor exists.

In order to comply with EITI Requirement 4.9 of the EITI Standard (2019) which aims to guarantee the credibility of the data submitted by reporting entities, the ZEC agreed the following approach for the preparation of the 2018 ZEITI report.

### Extractive companies

The classification was made based on the accounting standards applied (see Section 3.10), audit standards applied where the companies are audited. The ECAF and the IAA for the extractive companies were considered medium for extractive companies and high for listed companies.

The companies selected in the scope where requested to submit their reporting templates:

- signed by a senior company official from attesting that the completed reporting form is a complete and accurate record; and
- supported by details of payments reported.

### Government Agencies

Usually, in most developing countries central government agencies and SOEs are in a low range of the rating for the ECAF and thus for the IAA. BDO considered the reconciliation findings as well as the identified weaknesses raised in past ZEITI Reports and concluded that this would be consistent with medium ECAF.

Based on the above, BDO and the ZEC agreed that for the 2018 ZEITI report, all Government Agencies selected in the scope should submit a reporting template signed by a person authorized to represent the Government Agency and accompanied by payment details reported.

All Government Agencies were also requested to submit a reporting template certified by the Office of the Auditor General, except for local councils.

### Final assessment of assurance procedure

BDO analysed the data received from government agencies and from companies as described in the section above and applied the following criteria for assurance:

- Non-submission of a reporting template signed by a person authorized to represent the Government Agency, the SOE or the company reduced the level of assurance;
- Non-submission of payment details for the amounts reported also reduced the level of assurance; and
- Absence of audit reports or reporting reduced the level of assurance.

Thus, the level of assurance for each selected entity was graded:

- Low level of assurance - entities that are not audited and did not provide signed hard copy of the reporting template.
- Medium level of assurance - entities that are not audited and did provide signed hard copy of the audit report or companies that provided audit report but no signed hard copy of the Reporting Template
- High level of assurance - entities that provided hard copy of the reporting template signed by the respective representatives as stated above and provided audit reports/certified reporting template.

The assessment of assurance is presented in the table below:

Companies	Number of companies	Total payments (in million) ZMW	% based on revenue stream	Assessment
No signed hard copy of RT	1	1,572.84	9.38%	Low
No audited FS	3	3,878.33	23.12%	Medium
Provided signed hard copy of	5	11,325.75	67.51%	High
<b>Total</b>	<b>9</b>	<b>16,776.91</b>	<b>100%</b>	

Gov Agencies and SOEs	Number entities	Total payments (in ZMW million)	% based on revenue stream	Assessment
No audit report and hard copy of RT				Low
Provided certified RT, but no signature of authorized officer				Medium
Provided hard copy of RT and audit report/certified RT	7	16,776.91	100%	High
<b>Total</b>	<b>7</b>	<b>16,776.91</b>		

### Conclusion - Assessment of the overall comprehensiveness and reliability of reconciled data

Based on the ZEC agreed assurance procedures, we conducted the Final Assessment of Assurance after the reconciliation of the financial data. For companies, 67.51% of the total revenues reconciled was assessed within high range while 23.12% and 9.25% were assessed within medium range and high range respectively.

The OAG confirmed that the office received and checked the EITI Reporting Templates relating to the revenues received by the institutions indicated below:

- Zambia Revenue Authority (ZRA);
- Ministry of Mines and Minerals Development (MMMD);
- ZCCM-IH;
- Industrial Development Corporation (IDC); and
- Ministry of Lands and Natural Resources (MoL).

Furthermore, OAG confirmed that the total amount receipted by these institutions is ZMW 16,272.85 million as at 13 December 2018. We note that the total amount according the EITI Reporting Templates submitted by these institutions to the IA amount to ZMW 16,283.47 million. The breakdown by entity of this difference is as follows:

S/N	MINISTRY/AGENCY	IA (ZMW million)	Verified by OAG (ZMW million)	Difference (ZMW million)	Difference %
1	MMMD	38.67	41.98	(3.31)	-8.56%
2	ZRA	15,393.49	15,393.49	-	0.00%
3	Ministry of Lands and Natural Resources	0.60	1.17	(0.57)	-95.11%
4	Ministry of Finance	23.18	23.18	-	0.00%
5	Industrial Development Corporation	69.21	69.21	-	0.00%
6	ZCCM-IH	758.33	743.83	14.50	1.91%
	<b>Total</b>	<b>16,283.47</b>	<b>16,272.85</b>	<b>10.62</b>	<b>0.07%</b>

The difference between the total revenues confirmed by OAG and the total revenues as reported by these institutions amount therefore to ZMW 10.62 million representing 0.07%. This difference is assessed by the IA as not material.

The OAG confirmation letter is in Annex 15 to the report. The tracking table of the submitted signed and/or certified reporting templates is in Annex 3 to the Report.

For Government Agencies, the total revenues are assessed within low assurance range.

Therefore, the IA concluded that the final assessment of the overall comprehensiveness and reliability of reconciled financial data government entities to be satisfactory.

## 2.5 Basis and period of reporting

In order to comply with Requirement 2 of the EITI Standard 2019, ZEC agreed that the 2018 ZEITI Report will be based on data for the fiscal year 2018, which is from 1 January 2018 to 31 December 2018.

The revenue streams included in the reconciliation scope relate only to the payments made by companies and revenues received by Government Agencies during FY 2018. The period in which the taxes are incurred by companies is not relevant; only the period in which the taxes were paid and reported is relevant.

The reporting currency is ZMW. For payments made in foreign currency, the reporting entities were required to report in the currency of payment. Payments made in foreign currency (US\$) have been converted to ZMW at the actual rate used by the Government Agency to record the amount received.

Where actual rates were not available or not disclosed by the reporting entities, we applied the average rate for the period as published by the Bank of Zambia (BoZ). The average rate used was US\$ 1 = ZMW 10.4739

## 2.6 Procedures for the management and protection of the collected data

In order to protect the confidentiality of the data collected from the reporting entities, the following measures have been applied:

- only the data required by the EITI Standard, Terms of Reference and reconciliation exercise has been requested. Any irrelevant information inadvertently communicated has been deleted and/or destroyed;
- data collected is processed on password-protected laptops and e-mail communications are performed via secure messaging servers;
- reporting entities were requested to address the completed reporting template and any information considered sensitive or confidential directly to the IA's generic email address: (zeiti@bdo.tn)
- all requests for additional information from Government Agencies or extractive companies for the reconciliation purposes were processed in accordance with the above protocol.



### 3 CONTEXTUAL INFORMATION ON THE EXTRACTIVE INDUSTRY



## 3. CONTEXTUAL INFORMATION ON THE EXTRACTIVE INDUSTRY

### 3.1 Key Features of the Extractive Industry

#### 3.1.1 Oil and Gas

Zambia is richly endowed with mineral resources and is one of the largest producers and exporters of copper in Africa. However, it has also been increasingly engaged in a quest for its petroleum reserves. Zambia started embracing this vision in the early 1970's as a result of the rise in price of crude oil on the international markets and the dwindling revenues from the country's copper exports.

Historically, the country has had two major exploration programs by Mobil and Placid Oil undertaken between 1986 and 1991 within the Luangwa Rift Valley, one was terminated before intersecting the most favourable reservoir horizons. Considerable thicknesses of littoral and continental sediments underlain by carbonaceous rocks with oil generating potential are present within the Karoo-age graben of both the Luangwa and Mid-Zambezi Valleys.

Oil and gas exploration resumed in 2004 following the discovery of oil and gas in Uganda and Kenya in the Great East African Rift Valley, which rift is believed to extend to Zambia. The discovery of oil and gas in East Africa rekindled interest by oil exploration companies to explore in the basins of Zambia. The interest shown by exploration companies coupled with reports of oil seepages in North-Western Province prompted Government to resume oil and gas exploration. The Geological Survey Department embarked on preliminary oil exploration from 2005 to 2008. These activities started in North Western Province and involved collection of soil samples and testing using a technique called "Microbial Prospecting for Oil and Gas (MPOG)". This technique is based on the understanding that oil and gas fields emit hydrocarbon gases at the surface of the earth which micro-organisms known as Hydrocarbon Oxidizing Bacteria (HOB) depend on as their source of energy. Therefore, the presence of this bacteria is an indication of the presence of the hydrocarbons in the ground. The laboratory results from the collected samples tested positive for the bacteria.

The positive results encouraged Government to extend prospecting activities to other Provinces and to revise the legal framework. Prospecting activities were extended to Western, Eastern, Southern, Northern, and Luapula Provinces. The Petroleum (Exploration and Production) Act of 1985 was repealed and replaced with the Petroleum (Exploration and Production) Act of 2008.

Prospective areas were demarcated into blocks in preparation for the participation of the private sector. In accordance with the law, the blocks are licensed through competitive bidding. Three licensing rounds have so far been held, in 2011, 2013 and 2016 and accordingly seventeen licenses were issued in 2011, nine in 2013, and two in 2016. Currently, there are eight (8) granted active petroleum exploration licences with two (2) licences under litigation and two (2) pending applications. The detail of the active licenses is shown in Section 3.5.4.

Zambia has a total of thirty-eight (38) demarcated petroleum blocks of which twenty-six (26) blocks still available for licensing.

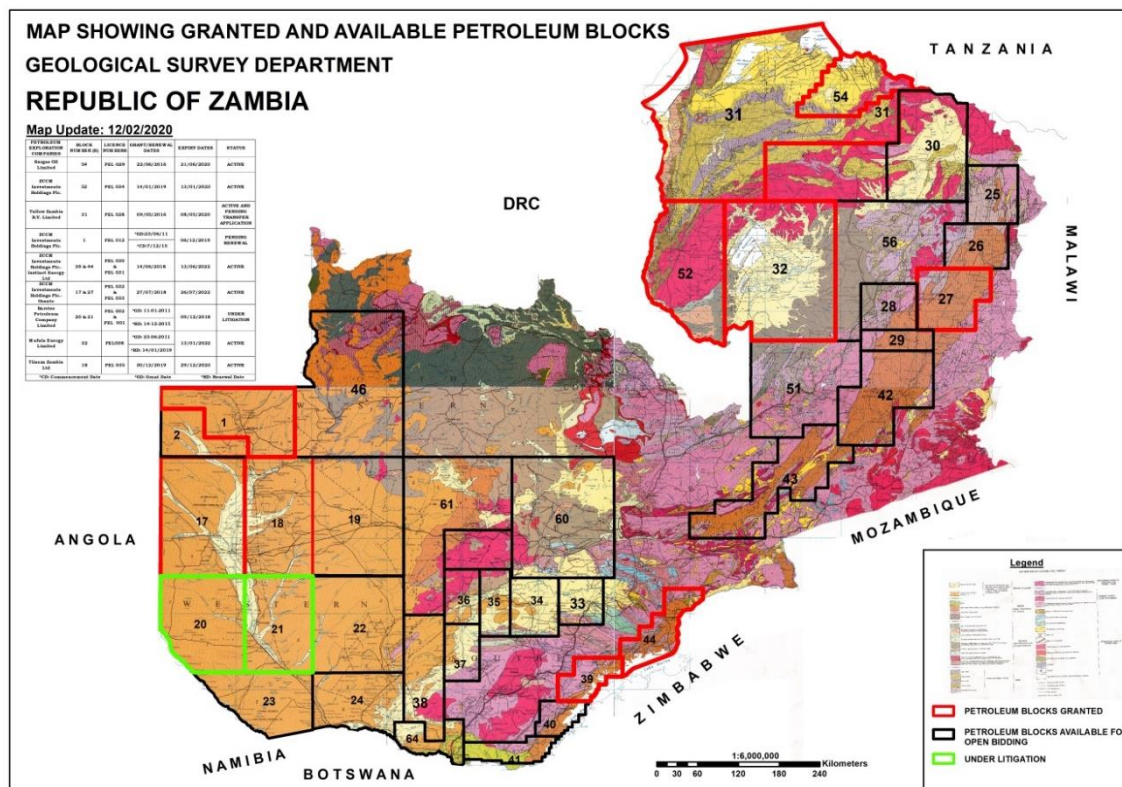
In August 2017, the British company Tullow Oil announced the start of exploring for oil and gas in Zambia. Tullow Executive Vice President said in a speech during the launch in northern Zambia that exploration would take between 2 and 10 years, development 3 to 10 years and production 20-50 years<sup>8</sup>.

In June 2018, Oranto Petroleum announced that it started farming into two exploration blocks located onshore in Zambia. The two oil Blocks 17 and 27 represent Oranto's first investment in the country. The two blocks are located in Western and Eastern Provinces respectively. The company will be required to conduct geological and geophysical studies for first two 2-year sub-periods<sup>9</sup>.

<sup>8</sup> <https://www.reuters.com/article/zambia-oil-gas/britains-tullow-launches-oil-gas-exploration-in-zambia-idUSL5N1KX3A0>

<sup>9</sup> <https://pgzambia.com/news/nigerian-firm-ventures-into-zambia-for-oil-and-gas-prospects>

The graphic below shows the various companies granted petroleum exploration licences in Zambia:



### 3.1.2 Mining

The country had declining copper output throughout the 1990s, but a mixture of privatisation and high copper prices has seen a substantial boost to investment and output.

Zambia is the eighth largest copper producer in the world. USGS assessments estimated that the potential for undiscovered copper deposits in Zambia is larger than once thought<sup>10</sup>. The country also produced cement and lime products, crude steel from scrap, precious and semiprecious gemstones and gold.

Concentration of mining activity in Zambia has recently diversified out of the Copperbelt Province into virtually all the other nine provinces but mainly the North-Western Province (largely viewed as ‘the new Copperbelt’), Southern Province, Luapula Province, Central Province and Eastern Province. For a more detailed view of the spread of mining activity around Zambia, refer to the Zambia Mining Cadastre Portal at <http://portals.flexicadastre.com/zambia/>.

Following the completion of the privatisation of the mining sector in Zambia in 2000, mining in the country is predominantly private sector driven. The state transformed the parastatal agency that owned virtually all the productive mines and tenements before 2000 into an investment company known as Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH), which retains minority interests in most large-scale mining projects.

However, all the large-scale mines in Zambia, as well as most prospective tenements, are in private hands with constitutionally protected title to minerals discovered or won. The state deliberately promotes a policy of a private sector-driven mining industry.

#### Artisanal and Small-scale Mining & Quarrying

The artisanal and small-scale mining are facing many challenges. A recent census of development minerals in Zambia, conducted by the ministry of mines and ACP\_EU development minerals programme, revealed that of the 109 mining plots visited in 10 provinces of the country, approximately 75% held legal licenses. A vast majority of the ASM were unaware that their activities required a licence. According to the Planning department within the MMMD the main challenges of the ASM sector in Zambia are:

- Limited access to financial resources. The majority of ASM workers cannot afford to buy the required equipment;
- ASM is conducted in the unsafe and uncoordinated way;
- Only a few ASM pay taxes since most are illiterate and do not maintain proper records;
- There is no compliance on reporting production returns and annual licence fee renewal; and

<sup>10</sup> USGS (<https://www.usgs.gov/centers/nmic/copper-statistics-and-information>)

- The sector lacks appropriate management and technical skills.

In this context, Zambia hosted the International Conference on Artisanal and Small-scale Mining and Quarrying (ASM18) during September 2018.

Artisanal and small-scale mining (ASM) is an important livelihood activity for millions of people in the developing world representing as many as 90% of the global mining workforce, however, environmental, social, business and labour challenges have hindered the potential of ASM to contribute to sustainable development.

A wide spectrum of commodities were discussed at ASM18 ranging from the well-known, such as gold, diamonds, tin, tungsten, tantalum, and coloured stones, to those that have yet to receive significant attention, such as Development Minerals, like gravel, and clay that are mined and used locally.<sup>11</sup>

ASM18 aimed to foster a global dialogue about the development opportunities and challenges of ASM. It was space for the voices of ASM to share visions of the future. The conference programme consisted of a mix of plenary sessions, consisting of Davos-style panels; parallel sessions consisting of workshops, dialogues and demonstrations; as well as cultural events. The final chart of the conference used the traditional name of Victoria Falls, located adjacent to the conference venue “Mosi-oa-Tunya Declaration”. The declaration emphasised the importance of Development Minerals mined and used domestically, such as industrial minerals and construction materials.<sup>12</sup> More information is available on ASM18’s website at: <http://www.asmconference.org/>.

## 3.2 Legal and institutional Framework

### 3.2.1 Oil and Gas

The legal framework governing the upstream petroleum industry is the Petroleum (Exploration and Production) Act, 2008 and Petroleum (Exploration and Production) (General) Regulations 2011 and Petroleum (Exploration and Production) (National Petroleum Company) Regulations, 2011.

In order to make investment in the petroleum upstream sector attractive, the Petroleum (Exploration and Production) Act, 2008 and its subsidiary legislation is currently undergoing review. Stakeholder inputs have been incorporated in the Act under review and the draft has been submitted to the Ministry of Justice for legislative drafting. The enactment of the Act is expected to commence after legislative drafting by the Ministry of Justice.

The key regulators include the Minister for Mines and Minerals Development, the Petroleum Committee, the Petroleum Technical Committee and the Hydrocarbon Unit. The main regulator is the Ministry of Mines and Minerals Development, who is also the issuing authority of all petroleum rights under the Act. Despite wielding considerable power, MMMD cannot act without coordinated input from other regulators. For instance, the Minister may not approve the grant or renewal of petroleum rights without first referring the matter to the Petroleum Technical Committee for scrutiny. Similarly, the Petroleum Technical Committee is tasked with making recommendations to the Petroleum Committee. Without the approval of the Petroleum Committee, the Minister may not act.

The key responsibilities of each agency in managing the petroleum sector can be summarized as follow:

Entity/Department	Prerogatives
MMMD	The Ministry divides the territory into blocks with the approval of the Petroleum Committee and issue invitations for bids for the grant of the petroleum exploration licences
The Hydrocarbon Unit	The unit is an establishment within the Geological Survey Department of the MMMD who principally ensures carrying out preliminary seismic and geo-physical surveys for hydrocarbons, compiling available seismic, aeromagnetic and geo-physical data into packages that would encourage detailed exploration activities. Additionally, the Unit monitors geological, geophysical and geochemical exploration activities including ensuring adherence to approved environmental management plans during petroleum exploration. Finally, the Unit receives and processes bids and applications for the grant of petroleum exploration licences.
The Petroleum Technical Committee (PTC)	The Committee ensures evaluation of the bids and applications and makes recommendation to the PC.
The Petroleum Committee (PC)	The Committee grants the licences based on the recommendation made by the PTC.

<sup>11</sup> [http://www.undp.org/content/undp/en/home/news-centre/news/2018/Global\\_gathering\\_of\\_artisanal\\_and\\_small-scale\\_miners\\_charts\\_new\\_vision\\_for\\_sustainable\\_development.html](http://www.undp.org/content/undp/en/home/news-centre/news/2018/Global_gathering_of_artisanal_and_small-scale_miners_charts_new_vision_for_sustainable_development.html)

<sup>12</sup> [http://www.asmconference.org/pdf/Mosi-oa-Tunya\\_Declaration\\_EN.pdf](http://www.asmconference.org/pdf/Mosi-oa-Tunya_Declaration_EN.pdf)

### 3.2.2 Mining

In 2018, the primary law governing the mining sector is the Mines and Minerals Development Act [No.11 of 2015] of the Laws of Zambia (MMDA) <sup>13</sup> as read together with the Mines and Minerals Development (Amendment) Act [No. 14 of 2016]. The MMDA became effective on 1<sup>st</sup> July 2015 although the date of assent is 14<sup>th</sup> August 2015. It repealed and replaced the Mines and Minerals Development Act No.7 of 2008. Administration is regulated under the Mines and Minerals Development (General) Regulations, SI 7 of 2016<sup>14</sup>.

The government policy is to not participate in exploration or other mining activities, or in any shareholding activity other than in a regulatory and promotional role. The right to explore or produce minerals is authorized by a license granted under the Mines and Minerals Development Act No.11 of 2015.

The MMDA deals with mining rights, licenses, large scale mining in Zambia, gemstones mining, health and safety, environmental protection, and geologic services on analyses, royalties and charges. The sector is administered by the Geological Survey Department, the Mines Development Department, the Mining Cadastre Department and the Mines Safety Department of the MMMD.

The key responsibilities of each agency in managing the mining sector can be summarized as follow:

Entity/Department	Prerogatives
<b>MMMD</b>	The MMMD is responsible for the development and management of mineral resources in a sustainable manner for the benefit of the people of Zambia. The MMMD is responsible for enacting legislations for the mining sector in Zambia and its mission includes among others, supervision mining activities, negotiation with mining companies with respect to environmental and social provisions contained in subsidiary agreements to the development agreements and prescribing royalty rates
<b>Mining Licensing Committee</b>	The Committee: <ul style="list-style-type: none"> <li>• Consider applications for mining rights and non-mining rights and grant, renew or refuse to grant or renew mining rights and non-mining rights;</li> <li>• terminate, suspend or cancel mining rights and non-mining rights; amend the terms and conditions of mining rights and non-mining rights; and</li> <li>• advise the Minister on matters relating to its functions under this Act.</li> </ul>
<b>Department of Geological Survey</b>	The department is mandated to compile and provide geoscience data and information aimed at encouraging primarily the mineral sector and non-mining sector investment and undertake regional geoscience and geological resource mapping, and compile resulting quality products ready for publication in form of maps. The department also archives statutory reports submitted by mineral tenement holders and be the State repository of all geoscience data and further provide sound professional technical advice and services to the State and all other stakeholders
<b>Mining Cadastre Department</b>	The department is charged with the responsibility of cadastral surveys or cadastral maps, and holds a comprehensive register of the mining rights or real property's metes-and-bounds of a country
<b>Mines Development Department</b>	The department is responsible for the issuance and administration of mining and non-mining rights, gemstones sales certificates, import and export permits and monitoring of the mining operations to ensure that mine development is in line with approved programs of operations and in accordance with the Mines and Minerals Development Act. The Department is also responsible for collection, compilation and dissemination of mineral production statistics, undertaking reconnaissance surveys and demarcation of mining rights/plots
<b>Mines Safety Department</b>	The MSD is responsible for all matters pertaining to safety and health of persons employed in Exploration, Mining and Mineral processing operations throughout the Republic of Zambia in line with the provisions of the Mines Minerals Development Act number 7 of 2008.

<sup>13</sup><http://www.parliament.gov.zm/sites/default/files/documents/acts/The%20Mines%20and%20Minerals%20Act%2C%202015.pdf>

<sup>14</sup><https://www.azmec.co.zm/downloads/acts/Mines%20and%20Minerals%20Development%20Act%20SI%20No%207%20of%202016.pdf>

Entity/Department	Prerogatives
Mineral Production Monitoring Support Project (MPMSP) <sup>15</sup>	<p>The project is funded by the European Union (EU) and is housed under the Ministry of Mines and Minerals Development at the Government Complex. Forming part of a broader EU programme of interventions under the 10th European Development Fund. This project was officially launched on 13th January 2015 and will have duration of three (3) years. The project has an approved total budget of EUR 4.7 million.</p> <p>The project aims to assist Zambia with improved economic governance, specifically within the Ministry of Mines and Minerals Development (MMMD). The specific objective is to strengthen the ability of MMMD to fulfil its mandate as a mining authority to effectively monitor mining activities and mineral production in Zambia, and to share this information with other relevant GRZ agencies, so as to contribute to increased domestic revenue mobilisation. This will be achieved by:</p> <ul style="list-style-type: none"> <li>- Building capacity within MMMD including training of MMMD officers;</li> <li>- Procuring sampling and analytical equipment for the Geological Survey Department and the Regional Mining Bureaus;</li> <li>- Helping to set up a mineral production related data capture system in addition to online application and processing of Mineral Import and Export permits;</li> <li>- Assist MMMD and ZRA with integration of mineral production data for appropriate calculation of royalties.</li> </ul>

### 3.2.3 Updates to Relevant Laws and Regulations

At the end of 2017, the Government of Zambia repealed and replaced the Companies Act Cap 388 with the Companies Act No. 10 of November 2017. The new Act includes, amongst other things, beneficial ownership (BO) disclosure. The New Companies Act provides for the disclosure of beneficial owners and the creation of a register of beneficial owners that will be kept at the Patents and Companies Registration Agency (PACRA). More details on BO definition and requirements are included in Section 3.11.

## 3.3 Fiscal Regime

### 3.3.1 Oil and Gas

The Zambian Petroleum sector is structured as a licence system rather than as a contract regime and production sharing system. The rights and obligations of licensees are governed principally by the terms and conditions of the licence and the general law listed below. All companies are using conditions attached to exploration licenses since the Petroleum (Exploration and Production) legislation of 2008. is drafted.

The Zambian Government generates revenues from exploration companies operating in the gas and oil industry through taxation. Taxation in Zambia is governed by the Income Tax Act, Customs and Excise Duty Act, the Property Transfer Tax Act and the Value Added Tax Act and other related legislations. Under the Income Tax Act, corporate tax applicable on taxable income of companies holding petroleum development and production licences is 35%. In addition, 10% withholding tax is charged on rentals, and 15% on bank interest, dividends, management and consultancy fees.

Fees and rentals for the oil and gas sector are also collected and include:

- fees for inspection of the register;
- application fees for the petroleum exploration licence and its renewal;
- application fee for a development and production licence;
- annual licence fee (production);
- annual licence fee (exploration); and
- surface rentals.

<sup>15</sup> Source: [https://www.mmmd.gov.zm/?page\\_id=5241](https://www.mmmd.gov.zm/?page_id=5241)



### 3.3.2 Mining

#### Fiscal regime

The Zambian mining sector is structured as a licence system rather than as a contract regime and production sharing system. The rights and obligations of licensees are governed principally by the terms and conditions of the licence and the general law.

The fiscal regime of the mining sector in Zambia is guided by:

- The MMD Act, 2015
- The MMD Regulations, 2016
- The general law (Income Tax Act, Customs and Excise Act, the Property Transfer Tax Act and the Value Added Tax Act and other related legislations).

Zambia's mineral fiscal regime in 2018 is summarised below:

<b>Royalty rate</b>	
Base Metals	5% NORM
Copper	4 - 6% NORM
Precious Metals	6% NORM
Gemstones	6% GROSS
Energy Minerals	5% GROSS
Industrial Minerals	5% GROSS
Tax deductible	Yes
<b>Corporate Income Tax</b>	30%
Tax on income from mineral processing	35%
<b>Withholding tax</b>	
Services rendered by affiliated entities	20%
Services rendered by other entities	20%
Interest on loan for mining operations	15%
Hedging activity as part of mining	No
Tax on hedges (treated as separate source)	35%
Capital expenditure allowance	25%
Loss carry forward - years	10
Loss deduction cap -percentage of income	50%
Transfer pricing rules on interest payments	Yes
<b>Value Added Tax</b>	Exports are zero-rated
VAT rebate on fuel	90%
VAT rebate on electricity	100%
VAT on imported capital equipment & machinery	Yes, 100% claimable
Input VAT claims on consumables	Yes, except motor spares
Export duty (Concs & other semi processed material)	10%
Custom duties on capital equipment & machinery	Exempt

#### Royalty Rate parameters

4% when LME average Cu for month is below US\$4,500/MT Cu

5% when Cu = US\$4,500 - <6,000/MT

6% when Cu is = or >US\$6,000/MT

ZRA to calculate average copper price to be used in determining MRT rate



### Withholding VAT

In December 2016, the VAT Act was amended with effective date January 2017. According to this amendment, the Commissioner-General may appoint a taxpayer as an agent to withhold tax on payments made to taxable suppliers of goods and services.

The Withholding VAT agents in 2018 include the following mining companies

Company
CHAMBISHI METALS Plc
CHAMBISHI COPPER SMELTER LIMITED
CHIBULUMA MINES Plc
CNMC LUANSHYA COPPER MINES Plc
FIRST QUANTUM MINING AND OPERATIONS LTD
FQM EXPLORATION LTD
KAGEM MINING LTD
KANSANSHI MINING PLC
KONKOLA COPPER MINES PLC
LUBAMBE COPPER MINES
LUMWANA MINING COMPANY LIMITED
MAAMBA COLLIERIES LIMITED
MOPANI COPPER MINES PLC
NFC AFRICA MINING Plc
SINO-METALS LEACH ZAMBIA LTD

Therefore, all the mining companies appointed as tax agents are obliged to withhold the VAT from their suppliers and pay it to ZRA.

### Fiscal regime history

The tax regimes applied since the privatisation of Zambia's mining sector are detailed as follow:

Fiscal regimes	Key contributions
The Development Agreements (Das) negotiated with individual mines during privatisation (1997 to March 2008).	Soon after the privatisation process was complete in the early 2000s, global demand for base metals, including copper, rose sharply. Even after the impact of the economic slowdown induced by the global financial and economic crisis in 2008, the price of copper increased between 2003 and 2011 to above US\$ 8,000 per tonne. Investments also increased: gross capital formation averaged 23% of GDP between 2003 and 2009. <sup>16</sup> In the same period, Foreign Direct Investment (FDI) in the mining sector increased to more than 60% (US\$4.5 billion) of total FDI (GRZ, 2010).
The "2008 regime" (April 2008 to March 2009)	The 2008 reforms stipulated that no special agreements should be entered into by the Government for the development of large-scale mining licences and stated that the development agreements would be void. A new tax regime with higher tax rates was introduced by this reform.
The "2009 regime" (April 2009 to March 2012)	In response to the concerns of mining companies, some of the 2008 tax measures were reversed in the 2009 Budget. Details are shown in the table below.
The "2012 regime" (from April 2012)	Further reforms were made to the mining tax regime in the 2012 budget. The two main changes for the mining industry were: (i) the increase of the mineral royalty rates for copper and cobalt and (ii) hedging and operating income were again to be treated separately for income tax purposes.
The "2015 regime" (from January 2015)	The 2015 budget introduced major changes to the mining fiscal regime. It moved away from a system comprising a flat royalty rate (6%), corporate income tax and a variable income tax, to a royalty-only system with differentiated rates for underground mining (8%) and open cast mines (20%). While Corporate Income Tax (CIT) was abolished on mining operations, it was retained for income earned from tolling (processing raw materials owned by another party) and from processing of purchased ores, concentrates and other semi-processed minerals. <sup>17</sup>

<sup>16</sup> <http://www.zccm-ih.com.zm/>

<sup>17</sup> As per the original 2015 budget: an 8 percent royalty for underground and 20 percent for open-cast mining operations as final tax; 30 percent CIT on income earned from tolling, and 30 percent CIT on income earned from the processing of purchased

Fiscal regimes	Key contributions
The “2015 regime” (from July 2015)	Royalties were set at 9% for open-cast mining, with underground operations remaining at 6%. CIT on profits earned from tolling was again introduced at 30%.
The 2016 regime (from April 2016 until December 2018)	<p>On 13 April 2016, the Zambian Government tabled the Mines and Minerals Development (Amendment) Bill, 2016 to amend the Mines and Minerals Development Act, 2015 and reduce the mineral royalty payable by mining operators (with retroactive effect to 1 April 2016).</p> <p>The Bill made significant changes to the mineral royalty regime related to copper, setting levies in the range of 4% to 6% depending on copper prices. The previous rates were 6% for underground mining and 9% for open-cast mining.</p> <p>In addition, with effect from 1 June 2016, the 2016 Income Tax (amendment) Bill removed the variable profit tax on income from mining operations.</p> <p>Companies conducting mining operations became subject to corporation tax at the 30% rate. Prior to this amendment income from mining operations was taxed at a flat rate of 30% where the income from mining operations did not exceed 8% of the gross turnover. Where it exceeded 8% it was taxed using the variable profit tax formula. Income earned solely from mineral processing is subject to CIT at a rate of 35%.</p>

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mineral ores, concentrates and any other semi-processed minerals, previously taxed as income from mining operations. Income from industrial mineral is taxed at the variable tax rate (30 percent to 45 percent). A mineral royalty of 20 percent is charged on a person possessing minerals where the supplier to that person has not paid mineral royalty tax.

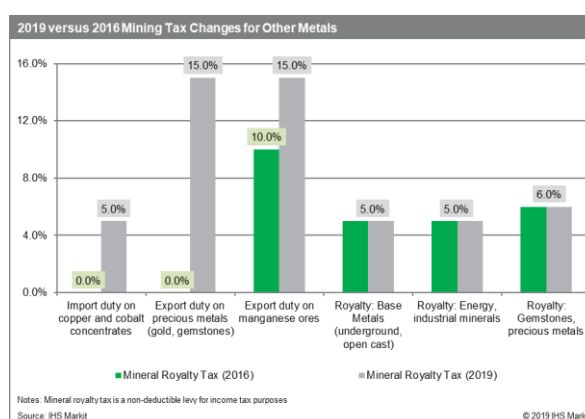
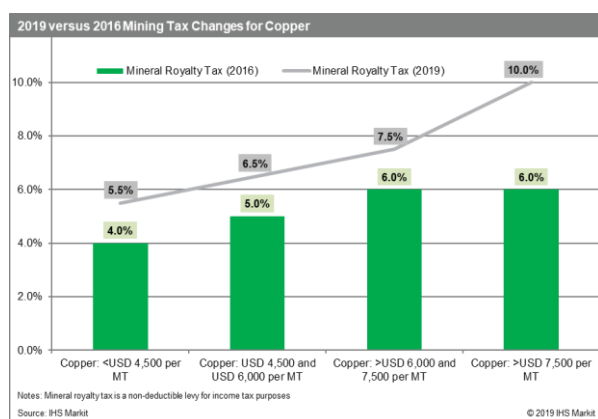
### 3.3.3 Updates to Relevant Laws and Regulations

#### *The Mines and Minerals Development (Amendment) Act, 2018*

An act to amend the Mines and Minerals Development Act 2015 has been enacted by the Parliament of Zambia on 26 December 2018 with effective date 1<sup>st</sup> January 2019. By this act, Mineral royalty rates for copper increased by 1.5 percentage points at all levels of the previous price ranges. In addition the amendment Act has introduced a fourth level of the sliding scale at 8.5% applicable when the copper price per tonne is US\$7,500 but less than US\$9,000 and a fifth level of the scale at 10% which should apply when copper prices rise to US\$9,000 and above

The table and graphics below show the changes made by The Mines and Minerals Development Act (Amendment) on Mining Royalties between 2018 and 2019:

	Base	2019	2018
<b>Copper</b>			
below US\$4,500	norm value	5.5%	4%
between US\$4,500 and 5,999	norm value	6.5%	5%
between US\$6,000 and 7,499	norm value	7.5%	6%
between US\$7,500 and 8,999	norm value	8.5%	6%
over (inclusive) US\$9,000	norm value	10%	6%
<b>Cobalt and Vanadium</b>			
All prices	norm value	8%	5%
<b>Other base metals</b>			
All prices	norm value	5%	5%



#### Applicable fiscal regime in 2018

Fiscal regimes	Key incentives
CIT	<ul style="list-style-type: none"> <li>Company tax rate on income from Mining Operations - 30%</li> <li>Company tax rate on income from mineral processing (exclusive) - 35%</li> </ul>

##### (1) Mineral Rates for All Minerals except Copper:

Type of Mineral	Mineral Royalty Rate
Base Metals (Other than Copper)	5% of norm value <sup>18</sup>
Energy and Industrial Minerals	5% of gross value <sup>19</sup>
Gemstones	6% of gross value
Precious Metals (gold, silver, selenium etc.)	6% of norm value

Mineral Royalty

##### (b) Mineral Royalty Rates for Copper

Norm Price Range	Mineral Royalty Rate
Less than US\$4,500	4%
US\$4,500 but less than US\$6,000	5%
US\$6,000 and above	6%

<sup>18</sup> Norm Value - this is the quantity of the metal sold multiplied by the monthly average cash price per metric tonne of the metal as published by London Metal Exchange (LME) or London Metal Bulletin (LMB) or any exchange approved by Commissioner General where the metal is not published by LME and LMB.

<sup>19</sup> Gross Value - this is the realised price free on board at the point of delivery within Zambia or at point of export from Zambia.

**Applicable fiscal incentives in 2018**

Tax advantages available for mining operators can be summarised as follows:

Fiscal regimes	Key incentives
CIT	the normal CIT rate is 35 per cent, mining companies carrying out mining operations (for both base metals and Industrial minerals) are taxed for CIT purposes at 30 per cent
WHT	Withholding tax on dividends paid by mining companies is zero per cent whereas it is generally 15 per cent or 20 per cent for other companies depending on whether the recipient is a resident or non-resident
Royalty deferment	This option is available under the Mines Act, in that the Commissioner-General may, on application by the holder of the mining right, defer payment of royalty due from the holder if, during any period for which a payment of royalty is due the cash operating margin of the holder in respect of mining operations in the mining area falls below zero.
US dollar accounting	Mining companies may be allowed to maintain account books in US dollars in accordance with generally accepted accounting principles if the Commissioner-General is satisfied that not less than 75 per cent of the gross income is earned in the form of foreign exchange from outside Zambia.
Prospecting expenditure deductions	All prospecting expenditure incurred in a charge year is allowed as a deduction.
Mining expenditure	A deduction is allowed in respect of the capital expenditure incurred on a mine that is in regular production in the charge year.
Capital allowances	<ul style="list-style-type: none"> <li>• Capital expenditure deduction at 25% for mining operations.</li> <li>• Capital expenditure deduction of 50% on implements, plant and machinery on business exclusively carryout mineral processing.</li> <li>• Capital expenditure deduction at 100% for companies carrying out mineral exploration and prospecting operations.</li> </ul>
Carry-forward loss	<ul style="list-style-type: none"> <li>• Tax loss carry forward period of 10 years for businesses carrying out mining operations.</li> <li>• Utilisation of brought forward losses limited to 50% of the taxable profit where a company carrying mining operations has posted a profit in a year. The 50% taxable profits are subject to tax in that year.</li> <li>• Tax loss carry forward period of 5 years for; (a) prospecting and exploration operations and (b) exclusive mineral processing.</li> </ul>

**Income Tax - Amendment Act No. 17 of 2018**

An act to amend the Income Tax Act has been enacted by the Parliament of Zambia on 26 December 2018 with effective date 1<sup>st</sup> January 2019

The main Income Tax amendments as pertains to the Mining sector are as follows:

- Removal of the interest deduction limitation (thin capitalisation rule) based on debt equity ratio of 3:1. The thin capitalisation rule provided for non- deductibility of any excess interest arising from debt above the debt equity ratio of 3:1.  
The thin capitalisation rule has been replaced with a new rule, the fixed ratio rule that is applicable to all sectors except the insurance and finance sectors. This fixed ratio rule limits the amount of gross interest expense that can be deducted when computing the tax computation to 30% of the tax earnings before interest, tax, depreciation and amortisation (EBITDA); and
- Removal of the provision which allowed for the deduction of mineral royalty in ascertaining the gains or profits of a business carrying out mining operations.

**The Customs and Excise (amendment) act No. 19 of 2018 - effective 1<sup>st</sup> January 2019**

The main Customs and Excise amendments as pertains to the Mining sector are as follows:

- Introduction of Import duty on Copper and Cobalt concentrates at the rate of 5%;
- Introduction of export duty on Precious metals and Gemstones at the rate of 15%; and
- Lifting of the Statutory Instrument that suspended the export duty on the export of Manganese ores and concentrates by the use of the Additional Procedure Code 104 and introduction of export duty at the rate of 15%.

### 3.4 Environmental regulation

The principal environmental health and safety laws applicable to the mining industry are:

- the Environmental Act Management Act No. 12 of 2011;
- the Forest Act No. 4 of 2015;
- the Occupational Health and Safety Act No. 36 of 2010;
- the Mines and Minerals (Environmental) Regulations No. 29 of 1997;
- Petroleum (Exploration and Production) Act 2008; and
- the Environmental Protection and Pollution Control (Environmental Impact Assessment) Regulations SI No. 28 of 1997 (EIA Regulations);
- the Water Resources Management Act No. 21 of 2011.

The principal regulatory bodies responsible for administration of the environmental, health and safety protection regulatory framework are:

- ZEMA;
- the Ministry (Mines Safety Department); and
- the Occupational Health and Safety Institute.

#### *Environmental review and permitting process*

The EIA Regulations specify that any person who, or entity that, proposes to undertake a new project which under the EIA Regulations requires an environmental impact assessment (EIA) to be undertaken must have an EIA conducted before the commencement of the project. The EIA regulations specify that the holder of a mining right is required to have approved environmental authorisation from Zambia Environmental Management Agency (ZEMA).

ZEMA, formerly known as the Environmental Council of Zambia (ECZ), is an independent environmental regulator charged with ensuring the sustainable use of the country's natural resources. ZEMA's mandate is outlined in the Environmental Management Act of 2011 that covers "all matters affecting the environment from pollution to waste disposal." The ZEMA was established in 2011 to address concerns around there being multiple regulators for environmental resources and low penalties that did not discourage breaches. ZEMA assess the Environmental Impact Studies (EIS) submitted by mining companies in accordance with the procedures in the EIA Regulations and eventually issue a decision stating that the project is approved, rejected or approved subject to the developer meeting certain conditions.

The process of obtaining the approval of the mining project can take between six weeks and several months owing to the time required for public hearings and the relevant notifications and waiting periods related to it.

#### *Closure and remediation process for a mining project*

The closure procedure of a mining project is fully set out in the Mines and Minerals (Environmental) Regulations (the Regulations). Under the Regulations, closure of a mine can only occur where the applicant has applied to the Director of Mines safety for a partial or complete closure of a mine. The application must include an audit report on the environment surrounding the mine site prepared by an independent person.

A mine site should stand closed within 60 days of an application. Once all the conditions of closure under the Regulations have been met, the Director of Mines safety is required to issue a closure certificate for any mine closed and the mining right or permit or part thereof is to be cancelled by the Minister.

The Mines and Minerals (Environmental Protection Fund) Regulations provide for refunds to holders of licences, on application, when a mine site is closed. In accordance with the Regulations, this amount would be less any moneys owing. The Director of Mines Safety may use any part of the contribution to the fund of a licence holder for the purposes of rehabilitating the site.

#### *Environmental Protection Fund*

The Government enacted the Mines and Minerals Development Act 2008, which stipulates that an Environmental Protection Fund (EPF) should be set up. This legislation provides for contributions to EPF by mine operators in form of cash as well as other forms of security. The new MMDA 2015 has renewed the same provisions for this fund in its Section 86.

According to MMDA Section, the EPF is, among others, intended for the conservation and protection of the land subject to the right or licence and for the rehabilitation, levelling, re grassing reforestation or contouring of such part of the land over which the right or licence has effect as may have been damaged or adversely affected by exploration operations, mining operations and mineral processing operations.

The EPF is administered and managed by the EPF committee. EPF has been set up with the appointment of EPF committee members by the Minister of Mines. It aims to:

- provide assurance to the Director of the Mines Safety Department (MSD) that the developer shall execute environmental and social impact statements in accordance with the Mines and Minerals (Environmental) Regulations 1997; and
- provide protection to the Government against the risk of having the obligation to undertake the rehabilitation of mining areas where the mining licence holder fails to do so.

The contributions to the fund are dependent on the environmental audits on the mining firms that are enforced by the Director of Mine Safety. The audits are conducted to ascertain the extent of the environmental liability caused by each individual mining firm.

The payment obligations to the fund have two (2) components. The first component consists of the following categories: five percent (5%), ten percent (10%), or twenty percent (20%), which depend on the classification of each mine and represents the component of the liability that needs to be paid as cash directly into the fund. The second component consists of the balance which is allocated as 95%, 90% or 80% of the environmental liability which needs to be secured in form of a bank guarantee.

EPF is supervised by MMD through Statutory Instruments, (SIs) in particular SI No. 102 of 1998. EPF operates under the following fundamental guidelines: - cash payment into EPF to be in hard currency; - the developer's contributions to EPF shall be made in hard currencies (Cap. 213, S.76 (2) (b) and S.I 102 of 1998 (Regulation 8 (2)); - the balance on deposits lodged under S.1. 29 of 1997, Regulation 66 (1), (2) and (3) shall be secured with the Fund by the developer by way of lodgement of a Bond or Bank Guarantee to be determined by the Minister (Cap. 213, S. 76 (1) (b)); - funds to be Index-Linked, no interest earned; - the developer's contribution shall retain its time-value with respect to inflation as calculated relative to hard currency (S.I. 102 of 1998 Regulation (8) (3)). At the expiry of a licence or permit, the developer shall be refunded the amount deposited to the extent that such amounts were not appropriated by government for payment of any progressive rehabilitation costs (Cap. 213, S. 82 (3) (a) and (b)). The refund shall not accumulate interest; and - only the Fund Committee can approve withdrawals from EPF.

In the event that a developer is directed by the Director of MSD to take specific remedial action, and fails to do so, the Director shall execute the remedial action using the developer's contributions to the Fund which becomes recoverable (Cap 213, S/78 (1)). The developer's fund so used shall not exceed the amount of cash deposit lodged by him to the Fund (Cap 213, S. 82 (3) (b)). This therefore means that each developer can use only his contribution and will only get his contribution back.

Administrative expenses of operating the fund shall not exceed 1% of the total income of the Fund except during the commissioning of the office of the EPF Manager (S.I. 29, 1997 Regulation (5)).

Payments are made to the Fund in US Dollars and are retained in a USD bank account outside the state budget.

According to the Report of the committee on lands, environment and tourism on the Auditor General's report on environmental degradation caused by mining activities for the fourth session of the eleventh National Assembly appointed on 25th September, 2014<sup>20</sup>, the EPF, put in place by the Government, had not worked effectively. Mining companies were not complying with the EPF's regulations in that the majority were not paying the stipulated contributions. For those that had issued bank guarantees and bonds, the bank guarantees, or bonds were not validated by BoZ.

The MSD had failed to enforce sanctions on defaulters to the Fund. The operation account was not functional, and the hedging strategy put in place to ensure time value of money for the Fund was maintained was also poor. Only bank interests had been used as a hedging strategy thus not taking advantage of the full array of options the Fund's investment policy provides for. The MSD had also failed to appoint a competent External Fund Manager<sup>21</sup>. However, we understand that MSD started the process of recruiting a fund manager in March 2020.

Recently, the MSD has revealed that an investment policy for the management of the Environmental Protection Fund (EPF) has been drafted to guide the investment decisions of the Fund. The policy is yet to be signed by the Minister of Finance. It is hoped that the policy will energise the fund administrators to explore more investment

<sup>20</sup> Report of the committee on lands, environment and tourism on the auditor general's report on environmental degradation caused by mining activities for the fourth session of the eleventh national assembly appointed on 25th September, 2014 [http://www.parliament.gov.zm/sites/default/files/documents/committee\\_reports/Report%20-%20Auditor%20General's%20Report%20-%20Environmental%20degradation.pdf](http://www.parliament.gov.zm/sites/default/files/documents/committee_reports/Report%20-%20Auditor%20General's%20Report%20-%20Environmental%20degradation.pdf)

<sup>21</sup> Report of the committee on lands, environment and tourism on the auditor general's report on environmental degradation caused by mining activities for the fourth session of the eleventh national assembly appointed on 25th September, 2014 [http://www.parliament.gov.zm/sites/default/files/documents/committee\\_reports/Report%20-%20Auditor%20General's%20Report%20-%20Environmental%20degradation.pdf](http://www.parliament.gov.zm/sites/default/files/documents/committee_reports/Report%20-%20Auditor%20General's%20Report%20-%20Environmental%20degradation.pdf)

opportunities beyond the current practice of placing of investments on fixed term deposits with various financial institutions.

According to the data provided by the ZEITI Secretariat, the payments to the EPF amount to USD 2,227,499 (equivalent to ZMW 23,330,602 in 2018).

With regards to the companies in the reconciliation scope, only Kalumbila Minerals Ltd reported payments to EPF amounting USD 1,235,137 (equivalent to ZMW 12,936,708).

### Mining and Environmental Remediation and Improvement Project

The Government of the Republic of Zambia has commenced implementing a project on mining and environmental remediation. The objective of the Zambia Mining and Environmental Remediation and Improvement project (ZMERIP) is to reduce environmental health risks to the local population. The project is being implemented through various government agencies such as municipal authorities in critically polluted mining areas of Chingola, Kitwe, Mufulira and the lead exposed areas of Kabwe.

The intervention in Kabwe will involve Blood Lead Level (BLL) testing of affected children and subsequent treatment and provision of food supplements. To support this intervention, rehabilitation and development of environmental infrastructure in the affected areas will be undertaken. This includes the Kabwe Canal and the proposed Engineered Sanitary Landfill as well as clean-up of contaminated hotspots in the area.

To achieve this objective and sustain the interventions, the Project has an in-built Livelihood and Income Generation plan which is targeted at vulnerable members of affected communities. This is a unique initiative which is planned to complement interventions in the four municipalities.

The Project will also focus on improvement of the regulatory framework which relates to mining and the environment and will capacity build the Mines Safety Department and the Zambia Environmental Management Agency (ZEMA).

The project has three major components which focus on remediation of contaminated hotspots and improvement of environmental infrastructure, enhancing institutional capacity for environmental governance and compliance, and reducing environmental health risks through localised interventions.

The Government has in the past implemented interventions to remedy the impact of mining on the environment. One such example is the Copperbelt Environmental Project (CEP) which closed in 2011.

The ZMERIP is a five-year World Bank funded project with a total sum of USD 65.6 million<sup>22</sup>.

## 3.5 Licenses

### 3.5.1 Types of mining rights

The right to explore or produce minerals is authorized by a mining right or a lining license granted under the Mines and Minerals Act.

The following are the types of licenses that are available for small scale and large-scale mining operators:

Table 14: Type of mining rights

Mining right	Area in cadastre units*	Area in ha	Duration	Rights conferred
Large Exploration Licence	Min 301 Max 59 880	200,000ha (2,000km <sup>2</sup> )	4 years renewable for two periods of 3 years*	The exclusive rights to carry on exploration in the exploration area for the minerals specified in the licence and to do all such other acts and things as are necessary for, or incidental to, the carrying on of those operations.
Small Scale Exploration Licence	Min 3 Max 300	10,000ha	4 years renewable for two periods of 3 years**	
Artisanal Mining Right	Min 1 Max 2	6.68ha	2	The exclusive rights to carry on mining, processing and exploration in the mining area and to do all such other acts and things as are necessary for, or incidental to, the carrying on of those operations.
Small Scale Mining Licence	Min 3 Max 120	400ha (4km <sup>2</sup> )	10	
Large Scale Mining Licence	Min 121 Max 7 485	25,000ha (250km <sup>2</sup> )	25	

<sup>22</sup> <http://www.worldbank.org/en/news/press-release/2016/12/16/zambia-world-bank-approves-1056-million-for-environmental-remediation-and-agribusiness-development> / <http://www.worldbank.org/en/news/loans-credits/2016/12/16/zambia-mining-and-environmental-remediation-and-improvement-project>



\*A holder of an exploration licence shall relinquish fifty percent of the exploration area at each renewal

\*\*Exploration licence for small-scale exploration and gemstones, other than diamonds, is not renewable.

In addition, the following non-mining rights can be granted under the Mines and Minerals Development Act in Zambia:

**Table 15: Type of non-mining rights**

Non-Mining right	Area in cadastre units	Area in ha	Duration in years	Rights conferred
Mineral Processing License	Max 7 485	25,000ha (250km <sup>2</sup> )	25 years	The exclusive rights to carry out mineral processing in the mineral processing area of the minerals specified in the licence and to do all such other acts and things as are necessary for, or reasonably incidental to, the carrying on of those operations.
Mineral trading permit			3 years renewable	The exclusive rights to trade in minerals
Mineral import & Mineral export permits	N/A	N/A	1 year limited to the quantities specified on the permit.	The exclusive rights to import or export any mineral, ore or mineral product.
Gold panning certificate	N/A	N/A	2 years renewable for 1 further period	The exclusive rights to pan for gold and shall be issued only over areas specified by geographical coordinates along water courses and bodies.

According to the Mining Cadastre data, there were 2,395 active mining rights in 2018 compared to 1,501 in 2017. The types of rights are set out in the table below:

**Table 16: Active licences 2018**

Type	Description	Active License	
		2018	2017
AMR	Artisanal Mining Right	155	42
LEL	Large Scale Exploration Licence	869	500
LML	Large Scale Mining Licence	101	97
LPL	Large Scale Prospecting Licence (*)	24	13
PL	Prospecting Licence (*)	2	2
SEL	Small Scale Exploration Licence	809	433
SML	Small Scale Mining Licence	426	405
LGL	Large Scale Gemstone Licence	7	7
SGL	Small Scale Gemstone Licence	1	1
PP	Prospecting Permit	1	1
<b>Total</b>		<b>2,395</b>	<b>1,501</b>

Source: MMMD

(\*) "Prospecting" licences are those which were issued under the 2008 Mines & Minerals Development Act and which have not yet been converted to the requirements of the 2015 Mines Act

The register of mining licenses is publicly available on: <http://portals.flexicadastre.com/zambia/>. These licenses are detailed in Annex 5 of this report.



### 3.5.2 Mining rights allocation process

All mining rights are acquired in accordance with the provisions of the Mines Act. Mining rights under the Mines Act consist of a mining licence or an exploration licence. A person may therefore only prospect for minerals or carry on mining operations under the authority of a mining right granted under the Mines Act.

All mining rights are acquired by application to the director of mines cadastre by submitting a prescribed form and paying the prescribed fee by either an individual or a company.

Mining rights are granted on a first-come, first-served basis by either the director of mines or the director of geological survey, where the application meets the requirements of the Mines Act or through a competitive bidding<sup>23</sup>.

#### a. First-come, first-served process

The act sets up two cadastre offices - one at the central level (to process applications for mining rights) and one at the provincial level (to forward applications to the central office).

The Mining Cadastre Office receives, processes and administers applications for mining rights and mineral processing licenses; and maintains public cadastral maps and cadastre registers.

The following procedure is followed for each application:

##### (i) Application

- client submits application forms, duly filled in with coordinates in prescribed format with application fee;
- client countersigns against an assigned number in the appropriate Register;
- a physical file is opened by an officer; and
- the application is recorded electronically.

##### (ii) Evaluation and validation

The application should go through a validation process which checks whether:

- the shape complies with the grid prescribed;
- the area falls within the prescribed limit;
- the area applied for is free; and
- the applicant has priority over the area applied for.

Once the application has been validated, it is submitted to the Mining License Committee (MLC)<sup>24</sup>, which is responsible for grant, renewal, termination, suspension, cancellation and amendment of mining and non-mining rights.

MLC comprises the following persons:

- (a) the Director of Mines;
  - (b) the Director of Geological Survey;
  - (c) the Director of Mines Safety;
  - (d) the Director of Mining Cadastre who shall be secretary;
- One representative each of the Ministries responsible for:
- the environment;
  - land;
  - finance; and
  - labour; and
- (f) a representative from:
    - the Attorney-General Office;
    - the Zambia Development Agency; and
    - the Engineering Institution of Zambia.

The criteria considered when assessing the application for a mining exploration and exploitation permit are described respectively in Sections 22 and 31 of the MMDA 2015 and are presented in Annex 8. We understand that those criteria have the same weight in the assessment process.

<sup>23</sup> MMDA 2015 - Section 19

<sup>24</sup> MMDA 2015 - Section 6

## (iii) Licence Grant

Committee shall, within 90 days of the receipt of an application, grant the applicant a mining licence if the application meets the requirements.

When the allocation of mining titles is governed by the principle of “first in time, first in right” and in the case where more than one person apply for a mining right over the same area of land, the Committee shall dispose of the applications in the order in which they are received<sup>25</sup>.

The Director of Mining Cadastre shall, where an application is rejected, inform the applicant of the rejection and give the reasons for the rejection in writing.

During 2018, 894 licenses were granted. The types of rights granted are set out as follows:

**Table 17: Mining rights granted in 2018**

Type	Description	2018	
		Granted Licences	Number of Holders (*)
AMR	Artisanal Mining Right	113	89
LEL	Large Scale Exploration Licence	369	229
LML	Large Scale Mining Licence	4	3
LPL	Large Scale Prospecting Licence	11	11
SEL	Small Scale Exploration Licence	376	251
SML	Small Scale Mining Licence	21	18
<b>Total</b>		<b>894</b>	<b>601</b>

Source: MMMD

(\*) The same entity may hold two types of rights.

These licenses are detailed in Annex 5 to this Report.

According to the letter issued by the Mining Cadastre Department and dated 12 December 2019, the awarding of mining licences in 2018 was done on first-come, first-served basis and according to the criteria set out in section 22 and 31 of the MMDA 2015. The letter confirms also that there were no deviations from the applicable legal and regulatory framework governing licence awards for the period concerned. The letter is presented in Annex 11 to this Report.

The Office of the Auditor General carried out a compliance audit on the awarding and monitoring of mining rights for 2017. The objective of the audit was to ascertain whether MMMD carried out its responsibilities in the awarding and monitoring of mining rights in accordance with the provisions of the Mines and Minerals Development Act No. 11 of 2015. The audit also included an examination, on a test basis, of evidence supporting compliance and adherence in all material respects with the relevant laws and regulations.

The main findings of the OAG compliance audit report are as follows:

Finding	Description
1	The Mining Licensing Committee (MLC) is the formal body that awards mining licenses. It should comprise of all representatives as stipulated in Section 6(2) (a - f) of the Mines and Minerals Development Act No. 11 of 2015. There was no representative from the Ministry of Water Development, Sanitation and Environmental Protection on the committee in 2017 contrary to the provisions of Section 6(2) (a-f) of the Mines and Minerals Development Act No 11 of 2015. Document analysis on all the appointment letters and Minutes for the Mining Licensing Committee (MLC) was done for the year under review.
2	Neither appointed representatives nor alternate members from Mine Safety, Ministry of Finance, and Ministry of Lands attended the meetings for three consecutive sittings contrary to provisions of the Section 6, 2, 3 c of the Mines and Minerals Development Act No 11 of 2015.
3	Lack of adequate assessment of applications before the awarding of mining rights evidenced by the non-commencement of operations by most mining right holders due to the facts that the applicants should have fulfilled before the awarding of the rights, e.g. financial constraints, lack of clearance by ZEMA and consent issues. A review of a sample of fifty (50) successful applicants' files for 2017 using risk based systematic sampling to check whether the applications had been duly and properly processed by the Cadastre office as well as the committee. There was also carried out a document analysis of the MLC minutes for the year 2017 to check whether the recommendations made by Cadastre were properly evaluated.
4	During the year 2017, only 12% of the awarded exploration mining right holders submitted quarterly reports to the Geological Survey Department (GSD). The rest of the exploration mining right holders were non-compliant to the provisions of the Act.

<sup>25</sup> MMDA 2015 - Section 15

Finding	Description
	The audit team requested for quarterly returns from mining right holders to establish levels of compliance with obligations attached to issuance of licenses. Consequently, evidence was collected in form of GSD summary analysis reports on mining right holders who were submitting and those who were not submitting the quarterly returns.
5	From the GSD data base consisting of seven hundred and nine (709) exploration right holders, nine (9) exploration mining right holders exported minerals before obtaining mining licenses. This was Contrary to the provisions of Section 25,1(c) of the Mines and Minerals Development Act No 11 of 2015.
6	Some mining right holders were discovered to be exporting mineral elements not included on the Mineral Valuation Certificate and Mineral Export Permit. Verifications were carried out in five (5) exit borders to establish whether the exports were being done in accordance with the criteria. In this regard, evidence was obtained in form of the XFR (A machine used to detect mineral elements contained in a consignment) analysis reports. Documentation on export permit details accompanying sampled mineral exports was also obtained.

We understand also that the Office of the Auditor General carried out a compliance audit on the awarding and monitoring of mining rights for 2018. However, the related report is not yet published.

Furthermore, the Committee on National Economy, Trade and Labour matters within the National Assembly of Zambia issued a follow up report on the compliance audit report described above. The Committee provided the following recommendations:

Finding	General Assembly recommendation
1	The Committee urges MMMD to strengthen collaboration with all relevant stakeholders and ensure that all Members of the MLC attend meetings all times. The Committee also urges the Minister to send correspondences relating to appointment of members of the MLC from Ministries to the Permanent Secretary and not directly to the officers.
2	The Committee urges the Government to ensure that disciplinary action is instituted against officers who stay away from meetings without permission. In addition, the Committee recommends that MMMD should generate a standard consent form which should be signed by all chiefs when giving consent for any mining activities in their respective chiefdoms. This consent form should be attached to the ZEMA report to avoid impediment in awarding mining rights.
3	The Committee recommends that PACRA should be included as a member of the MLC in order to provide the Committee with up to date company registration details. The Committee further recommends that the pre-screening of mining licence applications should be decentralised to provincial administration offices in order to reduce the workload of the Mining Cadastre Office. The Committee recommends that the Government should provide a platform that will facilitate joint ventures between local mining rights and foreign investors in mining operations and ensure that local people are not disadvantaged in the partnership.
4	The Committee strongly recommends that the existing penalties for non-compliance must be revised upwards in order to deter non-compliance. The Committee further recommends that the Government should adequately fund the MMMD to enable it efficiently to conduct its mandate without compromise.
5	<ul style="list-style-type: none"> <li>i. The Government should urgently provide for regulation on the limit in terms of quantity and frequency of sample exports to ensure that the country does not continue to lose mineral resources through exports of large volumes of samples purportedly for mineral analysis</li> <li>ii. The Government should, as matter of urgency, institute preventive measures to curb the recurrence of illegal exports of minerals without an export licence.</li> <li>iii. The Government must invest and set up laboratory equipment and facilities in the country to determine mineral content in order to limit export of samples for analysis</li> <li>iv. The Government should revoke exploration licenses for entities found illegally exporting minerals without an appropriate licence.</li> <li>v. In the short term, the Government should adequately fund and provide the necessary support to MMMD to enable it adequately to execute its mandate</li> <li>vi. In the long term, the Committee recommends that the Government should establish an independent body to govern mineral resources and regulate the mining sector in a sustainable way in order for the nation to obtain maximum benefit from the mineral resources.</li> </ul>
6	<ul style="list-style-type: none"> <li>i. MMMD should, as a matter of urgency, deploy officers and the necessary equipment to identify mineral content at all loading and exist points in order to prevent revenue leakages.</li> <li>ii. ZRA should strike a balance trade facilitation and efficiency in ensuring that only correct minerals are exported by mining licence holders and correct valuations for tax purposes are undertaken</li> <li>iii. The Government should strengthen collaborative mechanisms between MMMD and ZRA and other relevant stakeholders in line with the multisectoral approach as espoused in the Seventh National Development Plan. This will help to combat under declaration of mineral content in exports and ultimately tax evasion</li> <li>iv. The mineral analysis for all consignments must be submitted to ZRA for confirmation with reports generated from XRF machine at exit points</li> <li>v. The Government should invest in XRF machines in order to increase the verification of mineral exports at exit points and</li> <li>vi. The Government should provide a conducive environment that promotes local and foreign investment for mineral processing to deter export of unrefined mineral products and in order for the nation to maximise returns from the mining sector</li> <li>vii. In addition to placing officers from MMMD at exit point, the Committee recommends that the minerals analysis by GSD department should be decentralised to exit points in order to curb smuggling of minerals.</li> </ul>

## b. Competitive bidding process

In accordance with the new MMDA, auctioning shall be undertaken in areas where known mineral resources exist. The Minister shall issue invitations for bids for mining rights over identified areas or mineral resources which are not subject to mining rights or non-mining rights<sup>26</sup>. In this case, the following procedure is followed:

Stages	Procedure
1. Notice publication	The notice is published in a newspaper of general circulation in Zambia
2. Bids Invitation Notice	The notice is issued by the Minister of Mines and shall include : <ul style="list-style-type: none"> <li>- a description of the areas with map and geographical coordinates for which the bids are to be solicited;</li> <li>- the procedures and rules relating to the submission of the bids;</li> <li>- the period within which the bids shall be submitted.</li> </ul>
3. Bids submission for evaluation	The Minister shall set up a technical committee to evaluate bids The Minister shall, within fourteen days from the date of the expiry period, refer the bids for evaluation by the technical committee set up.
4. Bids Evaluation	The technical committee shall consider the following in evaluating the bids: <ul style="list-style-type: none"> <li>- the bidder's investment and financial plans;</li> <li>- in the case of a holder of a mining right, whether the holder has been compliant with the provisions of this Act and the terms and conditions of the mining right;</li> <li>- the bid price; and</li> <li>- any other relevant matters for purposes of this Act.</li> </ul> The technical committee shall provide a detailed analysis of all the bids, ranked in accordance with pre-determined parameters, and recommend to the Committee the bidder with the highest score to be granted the relevant mining right in accordance with the provisions of this Act.
5. Granting of Licences	The MLC shall, upon receipt of the recommendation by the technical committee, grant a mining right to the recommended bidder in accordance with the provisions of this Act.

According to the Cadastre Department no bidding has taken place to date since the enactment of the MMDA 2015.

### 3.5.3 Mining rights transfers and renewal

The renewal and transfer of rights relating to exploration, and mining licences is governed by the provisions of the Mines Act and the Mines Regulations. The Mines Regulations provide guidelines for the renewal of a mining right and mineral processing licence, which is a non-mining right under the Mines Act.

#### *Process of renewal*

An application for renewal of a mining right or mineral processing licence is made as follows:

- in the case of an exploration licence, six months before expiry of the existing licence;
- in the case of a mining licence, three months for an artisanal licence, six months before expiry for a small-scale mining licence and one year before expiry in the case of a large-scale mining licence; and
- renewal of a mineral processing licence must be made one year before the expiry of the licence.

Applications for a renewal of a mining right or mineral processing licence must be made in the prescribed form and submitted to the mining cadastre office.

#### *Process of transfer*

The process for transferring or assigning a mining right or mineral processing licence is also provided for in the Mines Act and Mine Regulations. The statute considers three means of transfer or assignment.

- the transfer of a mining right or mineral processing licence; or
- the transfer or assignment of a share or shares in a company that holds a mining right or mineral processing licence; or
- the transfer of control of a company that holds a mining right or mineral processing licence.

#### Transfer of mining or mineral processing licence

The transfer, assignment, encumbrance or otherwise deal with a mining right or a mineral processing licence, or an interest in a mining right or a mineral processing licence, is subject to the prior approval of the Minister and the presentation of a tax clearance certificate.

<sup>26</sup> MMDA 2015 - Section 19

A holder of a mining right or mineral processing licence or a person with an interest in a mining right or mineral processing licence who intends such operations shall apply for approval by the Minister and give such details of the transferee as would be required in an application for a mining right or mineral processing licence upon payment of the prescribed fee<sup>27</sup>.

Transfer of a mining right without first obtaining the consent of the Minister as required by the Mines Act renders such transfer void.

An assignment or transfer can be made at any time during the tenure of the right, but not less than 120 days before the expiry of the licence, and must be accompanied by an application for a mining right (or mineral processing licence) for the prospective assignee or transferee.

The MMDA 2015 states that a holder of a mining right or mineral processing licence or interest in the mining right or mineral processing licence shall, in the transfer application give to the Minister such details of the transferee as would be required in an application for a mining right or mineral processing licence. This implies that the same criteria considered when assessing the application for a mining exploration and exploitation permit as described respectively in Sections 22 and 31 of the MMDA 2015 are applicable for transfers. These criteria are detailed in Annex 8.

During 2018, 33 licenses were transferred. The types of rights transferred are set out as follows:

**Table 18: Mining licences transferred in 2018**

Type	Description	2018	
		Transferred Licences	Number of Holders*
LEL	Large Scale Exploration Licence	6	4
LML	Large Scale Mining Licence	1	1
PL	Prospecting Licence	1	1
SEL	Small Scale Exploration Licence	6	4
SML	Small Scale Mining Licence	19	17
<b>Total</b>		<b>33</b>	<b>27</b>

Source: MMDM

\* the same entity may hold two types of rights.

These licenses are detailed in Annex 6 to this Report.

According to the letter issued by the Mining Cadastre Department and dated 12 December 2019, the transfers of mining licences was done according to the provisions of section 66 of the Ministry of Mines and Minerals Development Act (MMDA) 2016. The letter confirms also that there were no deviations from the applicable legal and regulatory framework governing licence transfers for the period concerned. The letter is presented in Annex 11 to this Report.

<sup>27</sup> MMDA 2015 - Section 66

### Transfer of control of company

Furthermore, a holder of a mining right or mineral processing licence shall not, after the date of the grant of the right or licence, without the prior written approval of the Minister:

- register the transfer of any share or shares in the company to any person or that person's nominee if the effect of doing so would give that person control of the company; or
- enter into an agreement with any person, if the effect of doing so would be to give that person control of the company.

Section 67 of the MMDA 2015 stipulates that a person is deemed to have control of a company:

- if the person or that person's nominee holds, or the person and that person's nominee together hold, a total of 50% or more of the equity shares of the company; or
- if the person is entitled to appoint, or to prevent the appointment of, half or more than half of the number of Directors of the company.

According to the cadastre department, there is no record on transfers of control of companies during 2018. Furthermore, we did not note any changes in the shareholdings of the in-scope companies that reported their share capital structure.

A summary table of the technical and financial criteria used for awarding and transferring mining licences in 2018 is presented in Annex 14 to the Report.

## 3.5.4 Petroleum rights

### 3.5.4.1 Type of oil and gas rights

The Petroleum (Exploration and Production) Act, 2008 (the "Petroleum Act") provides that all property and control over petroleum and accompanying substances, in whatever physical state, located in Zambia is vested in the President on behalf of the State.

In order to acquire exploration rights, a person qualified to hold exploration rights prescribed by the Petroleum Act is required to respond to a Gazette notice issued by the Minister of Mines, and Minerals Development (the "Minister") in two newspapers of general circulation in Zambia inviting bids for the grant of petroleum exploration licences in respect of any block or blocks specified in such notice.

The table below shows the various companies granted petroleum exploration licences in Zambia:

**Table 19: List of Petroleum companies 2018**

Petroleum Exploration companies	Block number(s)	Licence Numbers	Grant/ Renewal dates	Expiry Dates	Status
Tullow Zambia B.V. Limited	31	PEL 028	09/05/16	08/05/20	Pending Transfer Application
Sargas Oil Limited	54	PEL O29	22/06/16	21/06/20	Active
Mafula Energy Limited	32	PEL008	*GD: 23/06/11 *RD: 14/01/19	13/01/22	Active
ZCCM Investments Holdings Plc.	1	PEL 012	*GD: 23/06/11 *CD: 7/12/15	06/12/19	Active
ZCCM Investments Holdings Plc.-Instinct Energy Limited	39 & 44	PEL 030 & PEL 031	14/06/18	13/06/22	Active
ZCCM Investments Holdings Plc.- Oranto Oil Block	17 & 27	PEL 032 & PEL 033	27/07/18	26/07/22	Active
Barotse Petroleum Company Limited	20 & 21	PEL 002 & PEL 001	*GD: 11/01/11 *RD: 14/12/15	09/12/18	Under Litigation
Tiiseza Zambia Limited	18	-	-	-	Pending Application for Licence Grant

Source: MMMD

\*CD: Commencement Date

\*GD: Grant Date

\*RD: Renewal Date

The register of oil and gas licenses is publicly available on: <http://portals.flexicadastre.com/zambia/>.

### 3.5.4.2 Contract and Licence allocations process

In accordance with the Petroleum Act 2008, the blocks are licenced in Zambia through a competitive bidding process. The main stages of granting a petroleum exploration licence involve the constitution of blocks, advertisement and application, evaluation and recommendation, licence offer and licence grant.

#### (i) Constitution of Blocks

Prior to licensing, the Minister of Mines and Minerals Development, with the approval of the Petroleum Committee, shall divide the territory of the Republic of Zambia into blocks for the purpose of granting petroleum exploration licences according to the grid system. This is in accordance with Section 8 (1), Part II of the Petroleum (Exploration and Production) Act, 2008.

In line with Section 88, Part XIII of the Petroleum Act (Exploration and Production), 2008, the granting authority of petroleum exploration licences is the Petroleum Committee which is composed of the following:

- The Minister of Mines and Minerals Development (The Chairperson);
- Four (4) ministers appointed by the President; and
- The Governor of the Bank of Zambia.

#### (ii) Advertisement and Application

Thereafter, by notice in the Gazette and in two (2) newspapers of general circulation in the Republic of Zambia, the Minister of Mines and Minerals Development may issue invitations for bids for the grant of a petroleum exploration licence in respect of any constituted block or blocks specified in the notice in accordance with Section 9 (1), Part II of the Petroleum (Exploration and Production) Act, 2008. The blocks are then advertised in the local press for a period specified by the Petroleum Committee and bids are received in a tender box. After closing the tender, the tender box is immediately opened in the presence of applicants.

#### (iii) Evaluation and Recommendation

After closing the tender, the tender box is immediately opened in the presence of applicants.

Within five days after the opening of the tender box, the application should be forwarded to the Petroleum Technical Committee (PTC) for consideration. The Technical Committee shall within thirty days of receiving an application forwarded, consider such application and may, within that period, cause such investigations to be made or such consultations to be carried out as the Technical Committee may consider necessary to assess whether or not the criteria have been met.

The Petroleum Technical Committee evaluates the submitted bids based on information requested from bids. Specifically, the information requested, among others, includes financial status, technical competence and experience. The Petroleum Technical Committee evaluates the bids and recommends the highest scoring bidder to the Petroleum Committee (PC) for an offer. The Minister, within five (5) days then notifies the successful and unsuccessful bidders of the outcome of their bids.

#### (iv) Licence Offer and Grant

The highest scoring bidder is invited to apply for the block(s). When the application (s) is received it is referred to the Petroleum Technical Committee for an evaluation and thereafter a recommendation is made to the Petroleum Committee for the granting or non-granting of the petroleum exploration licence. The Petroleum Committee finally grants the licence based on the recommendation. The petroleum exploration licence is valid for four (4) years and is renewable for two (2) three (3)-year terms.

Therefore, the letter of grant of a petroleum exploration licence is written by the Ministry to the successful applicant and signed by the Minister indicating the final decision made by the Petroleum Committee at its sitting to consider the recommendation of grant. This applies to both cases of the open bidding process as well as the grant of reserved blocks.

We understand that there are no petroleum licences granted in 2018 except the blocks 17, 27, 39 and 44 granted to ZCCM-IH and detailed in the below section.

#### (v) Government Reserved Petroleum Blocks

Government of Zambia may participate in petroleum exploration and production by acquiring reserved block. Specifically, the Minister of Mines and Minerals Development may reserve blocks to be exploited by the Government in accordance with Section 8(2), Part II of the Petroleum (Exploration and Production) Act, 2008. Currently, ZCCM Investments Holdings Plc. (ZCCM-IH), is a Government investment vehicle in the upstream petroleum sector over the Government petroleum blocks. ZCCM-IH partners with investors for the purpose of spearheading petroleum exploration and development in Government blocks.

The procedure for grant of Government reserved blocks also requires that ZCCM-IH, the Government Purpose Investment Vehicle in the upstream petroleum sector over the Government petroleum blocks, applies for the Government reserved blocks without being subjected to competitive bidding. When the application (s) is received by the Minister of Mines and Minerals Development (Chairman of the Petroleum Committee), it is referred to the



Petroleum Technical Committee for an evaluation and thereafter a recommendation is made to the Petroleum Committee for the granting or non-granting of the petroleum exploration licence. The application submitted by the applicant (ZCCM-IH) will be scrutinised on the basis of financial and technical ability to carry out the proposed programme of exploration. The technical and financial criteria are presented in Section 3.5.5.4.

The Petroleum Committee finally grants the licence based on the recommendation. The petroleum exploration licence is valid for four (4) years and is renewable for two-three-year terms.

There is always need for the two companies, ZCCM-IH and its identified partner to form a Joint Venture (JV) or Special Purpose Vehicle (SPV). At the time the shareholding structure is agreed upon by the partnering companies, ZCCM-IH is then required to make an application to the Minister of Mines and Minerals Development for consent to assign/transfer the petroleum exploration licence to the partner or the SPV in accordance with Section 51, Part VIII of the Petroleum Act (Exploration and Production), 2008.

In short, the identified partner is approved by the Petroleum Committee (as per recommendation by the Petroleum Technical Committee) at two stages: at application for grant of licence and application for transfer of interest of licence

We understand that four (4) government reserved blocks (n° 17, 27, 39 44) were awarded to ZCCM-IH in 2018.

According to the letter issued by the Geological Survey Department and dated 6 April 2020, the Petroleum Committee granted petroleum exploration licenses over the four (4) Government reserved blocks to ZCCM-IH and no transfers were made in 2018. The letter stipulates that these blocks were granted in accordance with technical and financial criteria provided in Section 12(2) of the Petroleum (Exploration and Production) Act, 2008.

The letter confirms also that there were no deviations from the applicable legal and regulatory framework governing the grant of petroleum exploration licenses over the Government Reserved Petroleum Blocks for the period concerned. The letter is presented in Annex 13 to this Report.

#### 3.5.4.3 Licence Transfers process

Applications for transfers of petroleum exploration licences are made in accordance with Section 51, Part VIII of the Petroleum (Exploration and Production) Act, 2008. With the approval of the Minister of Mines and Minerals Development, any holder of a petroleum exploration licence can at any time transfer the licence.

#### 3.5.4.4 The technical and financial criteria used

According to Section 12(2) of the Petroleum (Exploration and Production) Act, 2008, the Technical Committee shall, in considering an application made, take the following into account:

- The applicant has, or has secured access to, adequate financial resources, technical committee and experience to carry on effective exploration operations;
- That the proposed programme of exploration operations is adequate and makes proper provision for environmental protection;
- That the proposed exploration area is not the same as, nor does it overlap an existing exploration area; and
- If the applicant is a holder of another petroleum exploration licence, the applicant has not contravened any condition of the licence or any provision of the Act.

As part of the application procedure, it is a requirement that the prospective petroleum exploration licence holder, bidder, submits in a bid of the company's technical and financial competence. During bid evaluation, the bid with the highest score is offered to apply for a petroleum exploration licence. In addition, the financial commitment made by a prospective petroleum exploration licence holder becomes an obligation in accordance with Section 17 (1) c, Part VIII of the Petroleum (Exploration and Production) Act, 2008. The petroleum exploration licence holder is obliged to expend on exploration operations not less than the amount prescribed or required by the terms and conditions of the exploration licence to be so expended.

The information required from bidders and that are subject to evaluation are detailed as follow:

- full information regarding the bidder's financial status, technical competence and experience;
- a description of the area constituted by the blocks in respect of which the bid is being made;
- the proposed programme and the estimated cost of exploration operations including:
  - a) Desktop study;
  - b) Aerial/ground survey;
  - c) Exploratory drilling;
  - d) Evaluation and appraisal; and
  - e) Feasibility study.
- the bidder's proposals with respect to the employment and training of citizens of Zambia;



- the bidder's proposals for the promotion of local business development;
- an environmental commitment plan including:
  - a) Identification of anticipated impacts
  - b) Proposed mitigation measures; and
  - c) Timeline for submission of the Strategic Environmental Assessment report to the ZEMA (Within twelve months from date of grant of license).
- a tax clearance certificate issued under the Income Tax Act.

The Petroleum Technical Committee (PTC) evaluates the submitted bids based on information above and taking the following into account:

- that the applicant has, or has secured access to, adequate financial resources, technical competence and experience to carry on effective exploration operations;
- that the proposed programme of exploration operations is adequate and makes proper provision for environmental protection;
- that the proposed exploration area is not the same as, nor does it overlap an existing exploration area; and
- if the applicant is a holder of another petroleum exploration licence, the applicant has not contravened any condition of the licence or any provision of this Act.
- The Technical Committee shall, after considering an application, recommends to the Petroleum Committee:
  - the grant of a petroleum exploration licence where the application meets the requirements above; or
  - the refusal to grant a petroleum exploration licence where the application does not meet the requirements.

The standard Evaluation Criteria for Bids for Petroleum Exploration Licence are detailed in Annex 7.

Three licencing rounds have so far been held in 2011, 2013 and 2016. Accordingly, seventeen licences were issued in 2011, nine in 2013 and two in 2016. We understand that no bidding round has been held during 2018. Further details on the bidding round held in 2016 and in previous years can be found in 2016 ZEITI Report<sup>28</sup>.

### 3.5.5 Disclosure of licences, contracts and data

Under the MMDA 2015; mining companies operate under a common legislative framework. The terms for mining license holders are outlined in the MMDA 2015 and information on mining licenses can be obtained from the online mining cadastre.

According to the MMDA 2015 provisions, information furnished or information in a report submitted to the Minister, Committee, Director of Mines, Director of Mines Safety, Director of Mining Cadastre or Director of Geological Survey or any authorised officer under or for the purposes of this Act by a holder of a mining or non-mining right shall not, for so long as the mining or non-mining right has effect over the land to which the information relates, be disclosed, except with the consent of the holder of the mining or non-mining right. In practise, some concessions agreement (as required by Req 2.4 of the EITI Standard 2019), environmental impact assessment are dated before the coming into force of the MMDA 2015 and are available on line: <https://www.resourcecontracts.org/countries/zm>.

<sup>28</sup> <https://eiti.org/document/zambia-2016-eiti-report>

The following documents are available for the in-scope companies:

Company	Description	Year	Type of Document	RESOURCE	Link
KCM	Konkola Copper Mines PLC, Konkola Division-Nchanga Division-Nampundwe Division, Concession, 2004	2004	Concession Agreement	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-5742489934/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-5742489934/view#/</a>
KCM	Konkola Copper Mines PLC, Konkola Division-Nchanga Division-Nampundwe Division, Concession, 2000	2000	Concession Agreement	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-6429175624/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-6429175624/view#/</a>
KCM	Konkola Copper Mines, 7075-HQ-LML, License Certificate, 2000	2000	License Certificate	Cobalt Copper Gold Silver	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4945060982/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4945060982/view#/</a>
MCM	Mopani Copper Mines, Mufulira-Nkana, Concession, 2000	2000	Concession Agreement	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-0639959550/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-0639959550/view#/</a>
MCM	Mopani Copper Mines, 7073-HQ-LML, License Certificate, 2000	2000	License Certificate	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-0564434683/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-0564434683/view#/</a>
MCL	Maamba Coleries Limited, 7058-HQ-LML, License Certificate, 1997	1997	License Certificate	Coal	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8529375934/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8529375934/view#/</a>

The MMMD is both the repository and depository of information and data for the mining sector. All mining and exploration activities are required to be collected and lodged by mining right holders with the Ministry. The MMMD and Trimble Land Administration have developed an online Mining Cadastre Portal to improve transparency and promote investment in the Zambia mining sector. Basic information and data on mining activities and mineralisation are available at <http://portals.flexicadastre.com/zambia/>. This interface provides information such as details of mining licences that are active in Zambia. It allows to see the licensed areas, all assigned mining titles, beneficiaries and the type of product, the date of the license application, the date of attribution and the validity of the license.

The Zambian Petroleum sector is structured as a licence system rather than as a contract regime and production sharing system. The rights and obligations of licensees are governed principally by the terms and conditions of the licence, and the legislation listed above. All companies are using conditions attached to exploration licenses since the Petroleum legislation 2010 is drafted. The petroleum licenses are listed in the online cadastre.

## 3.6 Production and Exports

### 3.6.1 Production data

#### a. Oil and Gas

Oil and Gas sector in Zambia is still in the exploration phase. There was no production in the period under review.

#### b. Mining<sup>29</sup>

The Zambian mining production can be captured from different sources. The different sources may have minor differences in production volume for some commodities. However, the value of production is not presented exhaustively for all types of minerals. We note also that production data disaggregated by mining rights is not gathered or monitored by MMMD.

According to the Mines Development Department, there is a challenge in obtaining complete and accurate data from the small-scale mines due to the fact that some small-scale mines were not reporting monthly mineral production returns to the ministry.

However, new online reporting system and other measures being put in place as part of the implementation of the Mineral Production Monitoring Support Project to address these problems. The objective of the MPMS is “to strengthen the ability of the Ministry of Mines and Minerals Development (‘MMMD’) to fulfil its mandate as mining authority to monitor effectively mining activities and mineral production in Zambia, and to share this information with other relevant Government of Zambia agencies to increase domestic revenue mobilisation.”<sup>30</sup>

The project works closely with Mineral Value Chain Monitoring Project (MVCMP) whose aim is to design and implement a multi-institutional, multi-purpose and multi-stakeholder system for monitoring of the country’s mineral value chain from exploration to export.

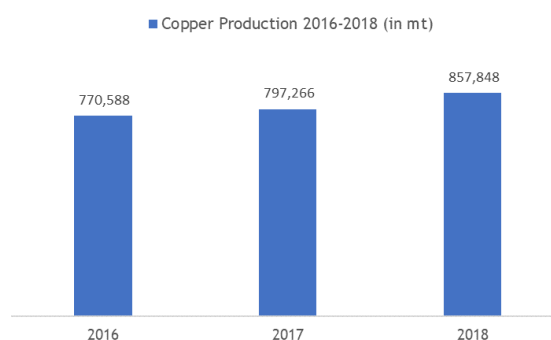
The MVCMP also serves as a tool in development of Zambia’s National Statistical System in that it aims to improve the quality and availability of administrative registers that can be used in production of official statistics pertaining to the mining sector.<sup>31</sup>

We present below the values from the annual report of the Ministry of Finance and those provided by the MMMD.

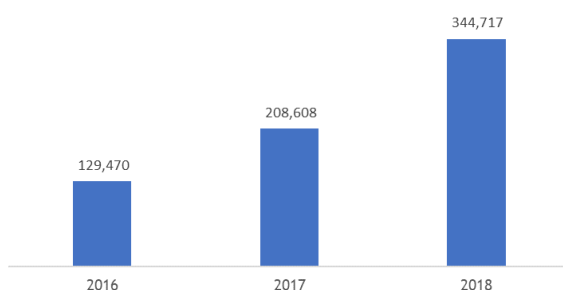
#### (i) Production Data extracted from the Annual report of the Ministry of Finance<sup>32</sup>:

##### Copper Production

Copper output increased by 7.6% to 857,848 mt in 2018 from 797,266 mt in 2017. This was as a result of the ramping up of production at most of the large mines. Production by small scale mines increased significantly by 84% to 10,859 mt from 5,900 mt in 2017.



■ Coal Production 2016-2018 (in mt)



##### Coal Production

In 2018, coal output increased by 65.2% to 344,717 mt from 208,608 mt in 2017. The increase was due to the continued rise in demand for the commodity for electricity generation and industrial activities.

<sup>29</sup> Source: Press release by the Permanent Secretary, Ministry of Mines and Minerals Development on the 2016 Mineral production & Annual Economic Report for 2016 - Ministry of Finance

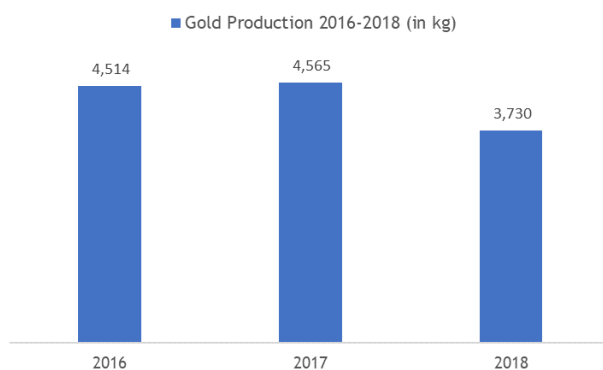
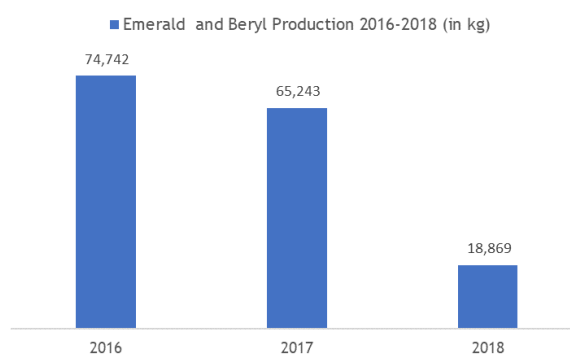
<sup>30</sup> For more information about the MPMS, please visit: <http://mineralproductionmonitoring.co.zm/about-the-project/>

<sup>31</sup> [http://www.mvc.org.zm/?page\\_id=72](http://www.mvc.org.zm/?page_id=72)

<sup>32</sup> Source: Annual Economic Report 2018, MoF (p.9)

### Gemstone Production

Emerald and Beryl Production declined by 71.1% to 18,868.56 kg in 2018 from 65,242.83 kg in 2017. Amethyst, Quartz, Garnet, and Aquamarine production accounted for a combined total 547,158.16 kg in 2018 compared 1,446,488.22 kg in 2017. The lower numbers reported reflect poor compliance in submission of mineral returns by small scale miners.



### Gold Production

Gold output in 2018 declined by 18.3% to 3,730 kg from 4,565 kg in 2017. This was largely on account of a lower content of gold in the copper ore.

### (ii) Production Data provided by the Ministry of Mines and Minerals Development:

#### Base and precious metals

The production volume and value for the base and precious metals are set out on the following table:

**Table 20: Production of base and precious metals 2018**

Commodity	Unit	2018		
		Production Quantity	Unit Value (US \$) (*)	Production Value (US \$ million)
Copper	Metric tonne (mt)	868,707	6,522.85	5,666.45
Gold	Kg	3,899	35,988.52	140.32
<b>Total</b>				<b>5,806.76</b>

(\*) The value of production has been calculated on the basis of the average LME monthly prices as provided by MAMD

The breakdown by company of the production presented in the above table is as follows:

**Table 21: Breakdown by company of the production of base and precious metals 2018**

Commodity	Company	Unit	2018	
			Production Quantity	Production Value (US \$ million)
Copper	KANSANSHI MINING PLC	Metric tonne (mt)	251,517	1,640.61
	KALUMBILA MINERALS LIMITED	Metric tonne (mt)	223,649	1,458.83
	LUMWANA MINING COMPANY LIMITED	Metric tonne (mt)	101,890	664.61
	KONKOLA COPPER MINES PLC	Metric tonne (mt)	97,946	638.89
	MOPANI COPPER MINES PLC	Metric tonne (mt)	62,191	405.66
	LUANSHYA COPPER MINE	Metric tonne (mt)	50,363	328.51
	NFC AFRICA MINING PLC	Metric tonne (mt)	27,644	180.32
	LUBAMBE COPPER MINE LTD	Metric tonne (mt)	22,074	143.99
	CHIBULUMA MINES PLC	Metric tonne (mt)	11,259	73.44
	SINO METALS	Metric tonne (mt)	9,315	60.76
	Small scale	Metric tonne (mt)	10,859	70.83
Gold	KANSANSHI MINING PLC	Kg	3,899	140.32
<b>Total</b>				<b>5,806.76</b>

#### Industrial metals

The production volume for the industrial metals are set out on the following table:

**Table 22: Production of industrial metals and precious stones 2018**

Commodity	Unit	2018		
		Production Quantity	Unit Value (US \$)	Production Value (US \$ million)
Coal (*)	Metric tonne (MT)	388,231	65.84	25.56
Emerald and Beryl (**)	Kg	18,869		
Limestone (*)	Metric tonne (mt)	2,395	394.34	0.94
Quicklime (*)	Metric tonne (mt)	33,623	157.18	5.28
Hydrated Lime (*)	Metric tonne (mt)	27,172	150.07	4.08
Manganese Ore (*)	Metric tonne (mt)	77,277	101.96	7.88
Cement (*)	Metric tonne (mt)	2,574,428	139.30	358.62
<b>Total</b>				<b>402.36</b>

(\*) The value of production of these minerals has been estimated on the basis of the exports volume and value provided by ZRA.

(\*\*) That MMMD does not assign a value to the production of the industrial minerals and precious stones. Gemstones have very volatile values and they are often sold through auctions. Therefore, we were unable to estimate the value of Emerald and Beryl production.

The breakdown by company of the production presented in the above table is as follows:

**Table 23: Breakdown by company of the production of industrial metals 2018**

Commodity	Company	Unit	2018
			Production Quantity
Coal	COLLUM COAL MINING INDUSTRIES LTD	Metric tonne (mt)	305,232
	MAAMBA COLLIERIES LIMITED	Metric tonne (mt)	82,999

Commodity	Company	2018	
		Unit	Production Quantity
Emerald and Beryl	Grizzly Mining	Kg	10,609
	Kagem Mining Limited	Kg	8,259
Limestone	Ndola Lime	Metric tonne (mt)	13
	Lafarge Cement	Metric tonne (mt)	1,297
	Neelkhanth	Metric tonne (mt)	330
	Oriental	Metric tonne (mt)	34
	Calcite Limited	Metric tonne (mt)	6
	Zambezi Portland	Metric tonne (mt)	597
	Quicklime	Ndola Lime	Metric tonne (mt)
Hydrated Lime	Ndola Lime	Metric tonne (mt)	27,172
Manganese Ore	BLUE OCEAN MINERAL AND METALS	Metric tonne (mt)	5,133
	Bwamu Mining Company Limited (100%)	Metric tonne (mt)	2,165
	BWEMBYA LUO	Metric tonne (mt)	2,400
	Danny Chewe Mwila	Metric tonne (mt)	2,577
	Dhara Manganese Limited (0%)	Metric tonne (mt)	1,229
	Martin Azere Tembo	Metric tonne (mt)	1,455
	PENIEL MINES LIMITED	Metric tonne (mt)	1,300
	SAN HE (ZAMBIA) LIMITED	Metric tonne (mt)	19,406
	Taurian Copper Limited (100%)	Metric tonne (mt)	401
	Evaristo K Mutambo	Metric tonne (mt)	760
	Alice Chabuka M	Metric tonne (mt)	9,476
	Cassius Mwape Kaimano	Metric tonne (mt)	205
	Itcol Mining	Metric tonne (mt)	970
	Temwa	Metric tonne (mt)	950
	Ta-yu mining	Metric tonne (mt)	2,000
	Scaw	Metric tonne (mt)	600
	Beengemor	Metric tonne (mt)	50
	Datong Industry Co. Limited	Metric tonne (mt)	800
	PLR Projects	Metric tonne (mt)	10,169
	Yusuf Jasat	Metric tonne (mt)	150
Simpemba	Metric tonne (mt)	1,400	
Wise Focus	Metric tonne (mt)	4,580	
Kampoko Resources	Metric tonne (mt)	9,101	
Cement	Zambezi Portland Cement	Metric tonne (mt)	546,957
	Lafarge Cement	Metric tonne (mt)	936,841
	Baudot	Metric tonne (mt)	30,662
	Oriental	Metric tonne (mt)	31,679
	Dangote Quarries Zambia Limited	Metric tonne (mt)	1,028,289

### 3.6.2 Export data

#### a. Oil and Gas

Oil and Gas sector in Zambia is still in the exploration phase. There were no exports in the period under review.

#### b. Mining

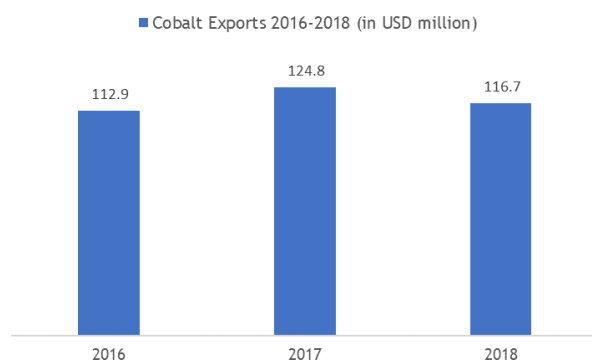
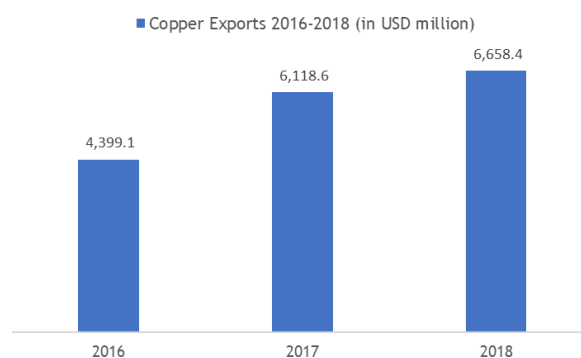
The Zambian mining export can be captured from different sources. The different sources may have minor differences in production volume for some commodities. We present below the export data as mentioned in the BoZ Annual Report 2018 and the export data as reported to us by ZRA.

##### (i) Export extracted from the BoZ Annual report 2018

#### Copper<sup>33</sup>

Copper export earnings rose by 8.8% to US\$ 6,658.4 million due to an increase on both export volumes and realised prices. Copper export volume grew by 2.6% to 1,050,336 mt from 1,023,859.1 mt in 2017 and the average realised price for copper at US\$ 6,339.3 mt was 6.1% higher than US\$ 5,976.1 per mt in 2017.

Copper exports are US\$ 991.95 million (value of 181,629 mt) higher than the copper production as reported by MMMD for 2018. We understand that this difference is attributed to copper concentrate imported from DRC and processed in Zambia. According to the data provided by ZRA, copper concentrates imports from DRC amount to US\$ 1,128.23 million in 2018.



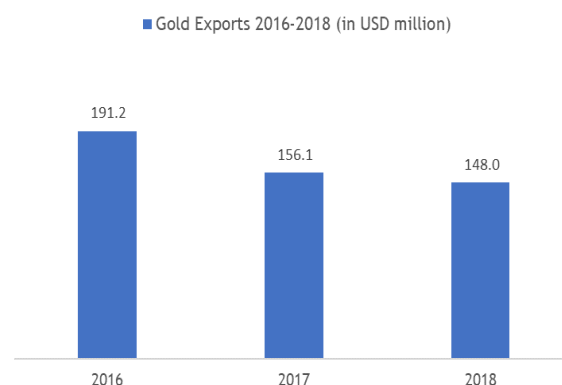
#### Cobalt<sup>34</sup>

We understand that cobalt production was being carried out using ores and concentrates imported from Democratic Republic of Congo.

Cobalt earnings at US\$ 116.7 million in 2018 were lower than US\$ 124.8 million in 2017 on account of a reduction in export volumes to 1,663.3 mt from 2,676.4 mt. Nevertheless, average realised prices increased to US\$ 70,162.2 per mt in 2018 from US\$ 46,616.3 per mt in 2017, thereby moderating the fall in cobalt export earnings.

#### Gold<sup>35</sup>

Gold earnings fell by 5.2% to US\$ 148.0 million, on account of a reduction in export volumes.



<sup>33</sup> BoZ annual report 2018, Page 15-16

<sup>34</sup> Ibid

<sup>35</sup> Ibid

Exports data for 2018 has been collected from the BoZ Annual report 2018 and from the Customs Department in ZRA.

The table below summarizes the base and precious metals exports according to BOZ Annual Report 2018:

**Table 24: Exports of base and precious metals in 2018**

Commodity	Unit	Volume	Exports Value (US \$ million)
Copper	Metric tonne (MT)	1,050,336	6,658.40
Gold	Kg	1,237	148.00
<b>Total</b>			<b>6,806.40</b>

Source: BoZ annual report 2018, p.15-16

The table below summarizes the industrial metals and precious stones exports in 2018 according to ZRA data and BOZ Annual Report 2018:

**Table 25: Exports of industrial metals and precious stones in 2018**

Commodity	Unit	Volume	Exports Value (US \$ million)
Coal (*)	Metric tonne (MT)	3,115	0.48
Rubies, sapphires and emeralds (**)	Kg	186	0.65
Gemstones (**)	Kg	n/a	10.70
Limestone (*)	Metric tonne (MT)	2,008	0.79
Quicklime (*)	Metric tonne (MT)	120,615	18.96
Hydrated Lime (*)	Metric tonne (MT)	27,932	4.19
Manganese Ores/Concentrates (***)	Metric tonne (MT)	273,068	27.00
Cement & Lime (***)	Metric tonne (MT)	69,063	113.60
Cobalt (**)	Metric tonne (MT)	1,663	116.70
<b>Total</b>			<b>293.06</b>

(\*) ZRA exports data.

(\*\*) BoZ Annual Report 2018.

(\*\*\*) Export value according to BoZ annual report 2018. Volume estimated on the basis of ZRA data

The table below summarises the evolution of the average realised price per commodity between 2017 and 2018:

	2018	2017	Var	
	(US \$)	(US \$)	Value	%
Copper (US\$/mt)	6,339.30	5,976.10	363.20	6%
Cobalt (US\$/mt)	70,161.73	46,616.30	23,545.43	51%

### **Emerald Auctions 2018<sup>36</sup>**

A total of seven auctions of Zambian emeralds were held in 2018 in both the domestic and international markets. Low grade auctions raised revenue of US\$ 21.69 million while mixed grade auctions raised US\$ 33.8 million. High grade auctions resulted in sales amounting to US\$ 42.9 million. This translated into sales of US\$ 98.39 million in 2018.

**Table 26: Emerald Auctions 2017 and 2018**

	2018	2017	% Change
Volume (Grams)	910,515	3,058,703	(70.23%)
Sales (USD Million)	98.39	98.3	(0.1)

<sup>36</sup> Source: Annual Economic Report 2018, MoF (p.10)



**(ii) Export Data reported by ZRA**

According to the data provided by ZRA, the exports of minerals in Zambia amounted to ZMW 74,791.63 million in 2018 (equivalent of US\$ 7,140.76 million). The volume and value for each commodity is presented in the Annex 12.

**3.7 Contribution of the Extractive Industry to the Economy****3.7.1 Foreign Direct Investment (FDI)**

Since the early 2000s, the mining sector has attracted investment in excess of USD 8 billion. It is projected that investments in the mining sector will reach approximately USD 15 billion on account of new projects under implementation and/or exploration by the year 2020 if the international average metal prices hold above those recorded in the year 2014.<sup>37</sup>

For 2018, the total investment pledges had increased to US\$4.823 billion and the investment pledges on the mining sector increased only by US\$ 0.064 billion (29.22%) compared to 2017.

The mining sector investments pledges over the past three years are detailed as follow:

	2018 (US \$ million)	2017 (US \$ million)	2016 (US \$ million)
<i>Investment pledges from mining sector</i>	283	219	189
<b>Total of Sectors</b>	<b>4,823</b>	<b>4,378</b>	<b>3,112</b>
<b>% contribution of mining sector to the investment</b>	<b>5.87%</b>	<b>5.00%</b>	<b>6.07%</b>

(Source: Bank of Zambia, Financial-and-Other-Statistics-2018 Table 27<sup>38</sup>)

**3.7.2 Government revenues and GDP**

Total government revenue and grants in 2018, at ZMW 53.3 billion, were 24.0% higher than 2017. This was largely attributed to higher collections in income tax, international trade taxes and non-tax revenue. Domestic revenue accounted for 98.9% of the total revenue i.e. ZMW 52.8 billion.

The total revenues collected from the mining companies increased by ZMW 4.1 million compared to 2017. The contribution to the total domestic revenues (Tax and non-tax revenues) increased also to more than 31%.

Payments	Extractive Revenues (ZMW million) <sup>39</sup>	Total Government Revenues (ZMW million) <sup>40</sup>	% of extractive sector
<b>Tax Revenue</b>	<b>12,623.68</b>	<b>44,200</b>	<b>28.6%</b>
<i>Import VAT</i>	<i>3,040.76</i>	<i>10,900</i>	<i>27.9%</i>
<i>VAT</i>	<i>3,059.65</i>	<i>6,500</i>	<i>47.1%</i>
<i>Pay as You Earn</i>	<i>2,611.46</i>	<i>10,400</i>	<i>25.1%</i>
<i>Company Income Tax</i>	<i>2,466.98</i>	<i>6,000</i>	<i>41.1%</i>
<i>Other taxes</i>	<i>1,444.84</i>	<i>3,800</i>	<i>38.0%</i>
<b>Non-tax Revenue</b>	<b>3,951.36</b>	<b>8,600</b>	<b>45.9%</b>
<i>Fees and Charges</i>	<i>49.99</i>	<i>3,900</i>	<i>1.3%</i>
<i>Of which revenues collected by MMMD</i>	<i>43.44</i>		
<i>Of which revenues collected by Petroleum Unit</i>	<i>4.79</i>		
<i>Of which collected by MoL</i>	<i>1.76</i>		
<i>Dividends (collected by MoF)</i>	<i>23.18</i>	<i>100</i>	<i>23.2%</i>
<i>Mineral Royalty (collected by ZRA)</i>	<i>3,878.20</i>	<i>3,900</i>	<i>99.4%</i>
<b>Total Domestic Revenue</b>	<b>16,575.05</b>	<b>52,800</b>	<b>31.4%</b>

<sup>37</sup> Zambia Development Agency, Zambia Mining Sector Profile, July 2015

<sup>38</sup> <https://www.boz.zm/Financial-and-Other-Statistics-2018.pdf>

<sup>39</sup> Source : EITI Data

<sup>40</sup> Source : BoZ Annual Report 2018, Table 2.9

The Zambian GDP (at constant prices) grew by 3.7% between 2017 and 2018. In the meantime, the mining and quarrying GDP's grew by 6.3%. The contribution of the sector to the overall GDP's increased by 0.3%.

	2018 (ZMW billion)	2017 (ZMW billion)	2016 (ZMW billion)
Mining and quarrying GDP at constant prices	14.9	14.0	13.6
<b>GDP constant prices</b>	<b>139.2</b>	<b>134.3</b>	<b>129.3</b>
% contribution of mining sector to the GDP	10.7%	10.4%	10.5%

Source: 2018-Economic-Report

### 3.7.3 Exports

The extractive sector accounts on average for 78.4% of exports earning 2018 with a large contribution of Copper which accounts for over 94% of the total sector exports as shown in the table below:

	2018 (US \$ million)	2017 (US \$ million)
Mining and quarrying Exports (*)	7,074.40	6,511.90
<b>Zambia Exports (fobs) (*)</b>	<b>9,029.40</b>	<b>8,215.50</b>
% contribution of mining sector to Exports	78.4%	79.3%

(\*) Source: BoZ annual report 2018, p.14

### 3.7.4 Employment

According to the Labour Force Survey published by the Central Statistical Office<sup>41</sup>, the mining companies employs directly about 84,536 individuals representing 2.9% of total Country's 2018 employed persons of 2,948,971.

The table below summarizes the number and percentage distribution of employed persons (15 years or older) by Gender, Area and Type of employment in the mining and quarrying sector:

Male		Female	
74,515	88.1%	10,021	11.9%
Rural		Urban	
13,083	15.48%	71,452	84.52%
Formal		Informal	
67,852	80.26%	16,683	19.73%

<sup>41</sup> <https://www.zamstats.gov.zm/phocadownload/Labour/2018%20Labour%20Force%20Survey%20Report.pdf>

## 3.8 State participation

Following the completion of the privatisation of the mining sector in Zambia in 2000, mining in the country is predominantly private sector driven. The state transformed the parastatal agency that owned virtually all the productive mines and tenements before 2000 into an investment company known as Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH), which retains minority interests in most large-scale mining projects.

However, all the large-scale mines in Zambia, as well as most prospective tenements, are in private hands with constitutionally protected title to minerals discovered or won. The state deliberately promotes a policy of a private sector-driven mining industry.

### 3.8.1 State Owned Enterprises

For the purpose of EITI implementation, a SOE is a wholly or majority government-owned company that is engaged in extractive activities on behalf of the government. We understand that ZEC did adopt a definition of SOEs. We have identified the following SOEs and subsidiaries of SOE):

#### 3.8.1.1 ZCCM-IH

Previously run as a state owned, operational mining company, the Zambia Consolidated Copper Mines (ZCCM) company has been transformed into an investment company. The country has privatised its mineral resources but has retained a share of equity in the mines and manages these investments through the reconstituted ZCCM-IH.

##### *Structure<sup>42</sup>*

ZCCM Investments Holdings PLC is an investments holdings company with diversified interests in mining, energy and other sectors of the Zambian economy. The Company has a primary listing under ISIN number ZM0000000037 on the Lusaka Stock Exchange and secondary listings on the London Stock Exchange and the Euronext Stock Exchange in Paris.

The Company's shareholders are the Industrial Development Corporation Ltd (IDC), an investment company wholly owned by the Zambian Government, with 60.28%, the Government of the Republic of Zambia (GRZ) with 17.25%, NAPSA with 15% and minority shareholders with 7.47%.

##### *Governance*

ZCCM-IH is led by a Board of Directors whose membership comprises leading figures from private commerce and Government institutions, namely:

- The Chairman and at least one Director who are nominated from the Private Sector;
- Permanent Secretaries (Chief Executive Officers) in the Ministry of Finance & in the Ministry of Mines and Minerals Development;
- Representative of the Minority Shareholders; and
- The Chief Executive Officer of ZCCM-IH.

##### *ZCCM-IH mandate*

ZCCM-IH's portfolio consists mostly of shareholdings in some of the largest mines in Zambia. It also has shareholdings in energy companies (CEC & Maamba Collieries Ltd), Financial Services (Investrust Bank Plc) and in Gemstones (Kariba Minerals Ltd).

With its Strategic Partners, ZCCM-IH aims to improve operational efficiencies and drive profitability in its investee companies with the goal of increasing the dividend stream into ZCCM-IH.

Furthermore, ZCCM-IH mandate includes

- Monitoring investee companies to ensure they consistently declare reasonable dividends and achieve company growth;
- Ensuring effective representation on the boards of the investee companies;
- Establishing and securing joint venture partnerships for projects assessed to be viable;
- Establishing metal streaming arrangements;
- Establishing a royalty model to maximize shareholder value; and
- Supply chain participation (including management contracts).

##### *ZCCM-IH Portfolio in extractive sector*

<sup>42</sup> <https://zccm-ih.com.zm/structure/>

Through its shareholding in mining associate companies, ZCCM-IH serves as an entity holding the government's minority interests in the privatised mining companies. The investment portfolio for ZCCM-IH comprises primarily investments in Zambian mining companies detailed as follows:

**Table 27: ZCCM-IH Portfolio in extractive sector**

Mining company	Shares held on 31 March 2018	Shares held on 31 March 2017	Shares held on 31 March 2016
<b>Extractive sector (Mining)</b>			
Ndola Lime Limited	100%	100%	100%
Mawe Exploration and Technical Services Ltd (i)	-	100%	100%
Kariba Minerals Limited	50%	50%	50%
Maamba Collieries Ltd	35%	35%	35%
Konkola Copper Mines Plc	20.6%	20.6%	20.6%
Kansanshi Mining Plc	20%	20%	20%
Lubambe Copper Mine Ltd	20%	20%	20%
CNMC Luanshya Copper Mines Plc	20%	20%	20%
NFC Africa Mining Plc	15%	15%	15%
Chibuluma Mines Plc	15%	15%	15%
Chambishi Metals Plc	10%	10%	10%
Mopani Copper Mines Plc	10%	10%	10%
Nkandabwe Coal Mine Limited	100%	100%	100%
<b>Other sectors</b>			
Misenge Environmental and Technical Services Limited	100%	100%	100%
Investrust Bank Plc	45.4%	45.4%	10.6%
CEC Africa Investments Limited	20%	20%	20%
Copperbelt Energy Corporation Plc	20%	20%	20%
Nkana Alloy Smelting Company Limited	10%	10%	10%

Source: ZCCM-IH Annual reports <http://www.zccm-ih.com.zm/investor-center/annual-reports/>

(i) Mawe Exploration and Technical Services Ltd was a wholly owned subsidiary of ZCCM - IH and was initially the former technical department of the Company. Mawe's principal activity was exploration in mineral oil and gas. The Company commenced trading on 13 February 2014, following incorporation on 2 April 2013. On 24<sup>th</sup> March 2015, the Board resolved to dissolve Mawe as its expenses had grown significantly and ZCCM- IH's income could not sustain funding of Mawe. Mawe's operations were discontinued and it was formally dissolved in April 2017.

The complete information about the participation of ZCCM-IH in the mining sector can be found in ZCCM-IH annual report<sup>43</sup>.

Currently ZCCM-IH appoints directors in line with its percentage holding on all the boards of its associates, and as such its exercise's significant influence over them. For Kariba Minerals, despite ZCCM-IH owning 50% of the mine, it only appoints two of the five Directors that sit on the Kariba Minerals board and as these are not charged with the responsibility of setting strategies to achieve objectives, ZCCM-IH is not deemed to have control of the entity.

The dividends received by ZCCM-IH from shares held are deployed into Investments with above average risk adjusted returns thus continuing to extract more value for its shareholders. In 2018, ZCCM-IH received the following dividends:

- USD 5,955,292 from CEC; and
- USD 19,600,000 from KMP

#### **Other interest in extractive sector**

ZCCM-IH is also a holder of various mining licenses as follows:

Sn	Code	Parties	Type	Commodities
1094	21597-HQ-LEL	ZCCM IH Plc	LEL	Ag, AQM, Au, Be <sub>3</sub> Al <sub>2</sub> (SiO <sub>3</sub> ) <sub>6</sub> , Cu, GRT, LST, Mn, QTZ
2103	23137-HQ-LEL	ZCCM IH Plc	LEL	Co, Cu, LST, SDG, Zn
2117	23543-HQ-SEL	ZCCM IH Plc	SEL	QTZ, SDG, SIL

Moreover, ZCCM-IH is also a holder of Petroleum licenses ad detailed in Section 3.5.5.

<sup>43</sup> <http://www.zccm-ih.com.zm/investor-center/annual-reports/>

### Transactions with the GRZ

According to ZCCM-IH Annual Report 2018<sup>44</sup>, the Government receivables amount to ZMW 3.141 million as at 31 December 2018. Furthermore, the statutory liabilities (PAYE, Mineral Royalty, VAT, ...) amount to ZMW 383.714 million as at 31 December 2018 while Payables to the Government amount to ZMW 14.023 million as the same date.

We understand from the ZCCM-IH annual report that there were no other transactions with the GRZ during 2018. No material sales or purchases of goods or services occurred with the GRZ during the relevant period<sup>45</sup>.

### Loans granted to extractive companies

ZCCM-IH contributes to the direct financing of mining projects. According the company financial reports, funding was granted to its subsidiaries operating in the mining sector; and the terms of the transactions can be summarised as follows:<sup>46</sup>

**Table 28: Loans granted by ZCCM-IH to extractive companies**

Beneficiary	Terms of the transaction
1. Maamba Collieries Limited	On 17 June 2015, ZCCM -IH entered into an intercompany loan agreement for a cash advance of K254.45 million (US\$26.345 million) as part of its contribution towards the implementation of the Integrated Mining Project and the establishment of the 300MW Thermal Power plant project. The loan attracts an interest rate of 6 % per annum. The principal and interest accrued is repayable in 5 annual instalments commencing in one year after the commercial operational date of 31 December 2016.
2. Lubambe Copper Mines Limited	On 15 September 2012, ZCCM - IH entered into an intercompany loan agreement with Lubambe Copper Mines Limited, for cash call loan amounting to K850 million (US\$76 million). The loans attract an interest rate of Libor plus 5% and is not secured. The loan was to be repaid in twelve equal quarterly instalments, none of which was made. This loan is fully impaired.
3. Ndola Lime Company Limited	The total loans and advances due from Ndola Lime, including interests was K29 million (2015: K516 million) which is fully impaired. During 2017, ZCCM-IH resolved to convert a total of K659 million of the outstanding loans to equity. The advances are not secured over any Ndola Lime Company assets and ZCCM-IH has indicated that it will not demand immediate repayment of these advances.
4. Kariba Minerals Limited.	On 10 December 2012, ZCCM-IH and Kariba Minerals Limited entered into an intercompany loan agreement for a cash advance of K16.43 (US\$1.47) million. Repayment was to commence at the end of the 12 months from the date of disbursement and payable annually. The loan attracts an interest rate of 6 % per annum. As at 31 March 2016, no repayments had commenced. This loan is fully impaired
5. Nkandabwe Coal Mines	During the year, ZCCM-IH advanced a loan to Nkandabwe Coal Mine of K32 million. There are no repayment terms and it is interest free and is not secured. This loan is fully impaired. No additional information has been communicated by ZCCM-IH (i.e. purpose of the loan, etc.)
6. Misenge Environmental and Technical Services Limited	Loans totalling K3 million have no repayment terms and are interest free and are not secured. The loan is not impaired. No additional information has been communicated by ZCCM-IH (i.e. purpose of the loan, etc.)
7. Mawe Exploration and Technical Services Limited	Loans totalling K27 million have no repayment terms and are interest free and are not secured. The loan is fully impaired. On 24 <sup>th</sup> March 2015, the Board resolved to dissolve Mawe as its expenses had grown significantly and ZCCM-IH's income could not sustain funding of Mawe. Mawe's operations were discontinued and it was formally dissolved in April 2017.
8. KONKOLA Copper Mines (KCM)	In 2016, the English High Court granted default judgment in favour of ZCCM-IH in its claim against KCM, brought pursuant to a settlement agreement entered by the parties in 2013, for a sum of US\$103 million. The claim relates to outstanding payments under a 2013 copper price participation settlement agreement between ZCCM-IH and KCM. <sup>47</sup>

<sup>44</sup> ZCCM-IH 2018 Annual Report, p.88

<sup>45</sup> ZCCM-IH 2018 Annual Report, p.101

<sup>46</sup> ZCCM-IH 2018 Annual report, p.102

<sup>47</sup> <http://www.zccm-ih.com.zm/kcm-pays-zccm-ih-70-million/>

Beneficiary	Terms of the transaction
	<p>According to Reuters, a London court has later ordered Zambia Vedanta (VED.L) unit KCM to pay a state mining company \$139 million (£102.6 million), raising by \$36 million the amount it was originally ordered to pay.<sup>48</sup></p> <p>KCM has paid out about US\$70 million to ZCCM-Investment Holdings (IH) in claims as at December 2017.</p> <p>As at March 2018, the price KCM participation debt amount of K543.31 million (2017: K566.3 million).</p> <p>The balance of K543.31 million dues from Konkola Copper Mine Plc includes K267 million and K277 million payable to ZCCM-IH in 11 and 17 equal monthly instalments respectively at an annual interest rate of 3%.</p>

#### Guarantees granted to extractive companies<sup>49</sup>

Beneficiary	Terms of the transaction
Ndola Lime Company Limited - SBSA loans	<p>The loan of US\$14.1 million (K134 million) due to Standard Bank of South Africa (SBSA) by the subsidiary Ndola Lime Company Limited is guaranteed by ZCCM-IH. The loan has a carrying interest of 3.5% margin plus 3 months Libor per annum and is repayable in 30 months with interest and principal payable quarterly. In case of loan recall by SBSA or failure by Ndola Lime Company Limited to meet the obligation, ZCCM-IH will be obligated to settle the loan.</p>
Maamba Collieries Limited (MCL)	<p>ZCCM-IH has US\$8.5 million letter of credit placed with Standard Chartered Bank on behalf of Maamba Collieries Limited (MCL) as collateral for the obligations of ZCCM-IH under the Sponsor Support Agreement (SSA) in case of MCL Project Cost overrun or MCL is unable to meet operational costs prior to the Financial Completion Date, then ZCCM-IH will be obligated to meet these costs subject to the cap of US\$25 million in the ratio of the shareholding</p>

#### Profit distribution policy

During its 78<sup>th</sup> Meeting held on 29 March 2018, the ZCCM-IH Board amended the Company Dividend Policy. The ZCCM-IH Policy now states that the Company may pay a minimum of 35%, instead on 20%, of the unconsolidated Net Profit after Tax (NPAT) for any financial year in which a positive unconsolidated NPAT was recorded. We understand that the following dividends were paid by ZCCM-IH in 2018:

Shareholder	Amount (In ZMW)
Ministry of Finance	23,178,861.72
NAPSA	20,260,836.12
IDC	69,205,641.67
<b>Total</b>	<b>112,645,339.51</b>

#### Financial reporting and audit

As a listed company, ZCCM-IH is required to prepare annual financial statements in terms of IFRS and subject them to statutory audit, which should be conducted in terms of ISA (the Securities Act 2016 and listing requirements of 2016).

ZCCM-IH's annual audited financial reports are publicly available and include information on reserves, the names of operating companies, royalties, and dividends. ZCCM-IH also publishes information on its board of directors and decision-making rules.<sup>50</sup>

#### Procurement policy

The Company's shareholders are the Government of the Republic of Zambia (GRZ) with 77%. This makes ZCCM-IH a parastatal company and therefore its procurements are governed by the Public Procurement Act (PPA) of 2008 No. 12 and the Public Procurement Regulations of 2011 (SI 63).

#### Fiscal payments

ZCCM-IH operates under the provisions of the Companies Act and it is neither a Government Agency nor a statutory body. Like any other company, ZCCM-IH pays taxes to tax authorities. In total, ZCCM-IH paid ZMW 35,268,261 to the GRZ in 2018, excluding dividends. The detail by payment flows is set out in Annex 2.

<sup>48</sup> <https://uk.reuters.com/Section/uk-zambia-mining/court-orders-zambia-vedanta-unit-to-pay-state-firm-139-million-idUKKBN1ER0TM>

<sup>49</sup> ZCCM-IH 2018 Annual report, p.106

<sup>50</sup> [www.zccm-ih.com.zm/](http://www.zccm-ih.com.zm/)

### Social payments

ZCCM- IH policy includes meeting its social obligations by supporting health and education programs among others.

During 2018, the Company spent ZMW 341,068 in supporting various corporate social responsibility activities. The details of the expenditures are set out in Annex 9.

### Environmental Review

The Company's environmental related activities continued to be managed through Misenge Environmental and Technical Services Company Limited (METS), a wholly owned subsidiary of ZCCM-IH. Some of the major activities undertaken included the following:

- Safety and security at the Radiation Waste Storage Building was improved during the year with the installation of solar panels to provide power supply to the security system during outage of power supply from ZESCO. In addition, a security guard house for surveillance and monitoring was constructed at the facility as a way of upgrading the security system;
- Routine monitoring of environmental liabilities in Mufulira and Kitwe districts on the Copperbelt Province continued throughout the year; and
- Monitoring and treatment of children affected by lead poisoning continued through Integrated Case Management (ICM) activities in Kabwe district. This included conducting clinics in Makululu, Kasanda and Chowa Health Centres for medical reviews and where necessary for clinical assessment and treatment. Other activities involved home visitations, distribution of nutrition food supplements and environmental assessments at homes in the lead affected areas to investigate the causes of persistently high lead levels in blood in some children.

### Environmental Expenses in 2018

According to ZCCM-IH Annual Report 2018, the company recorded Environmental Expenses of (ZMW 21.801 million) broken down as follows.

	Amount (In ZMW million)
Provision charge for the year	(26.967)
Environmental Consultancy expenses	5.166
<b>Total</b>	<b>(21.801)</b>

Environmental expenses represent expenditures incurred in respect of meeting environmental remedial obligations arising from the operations of the old ZCCM Ltd.

The balance of Provisions for environmental rehabilitation amount to ZMW 86.556 million as at 31 December 2018.

#### 3.8.1.2 Ndola Lime Company (Subsidiary of ZCCM-IH)

Ndola Lime Company Limited (NLC) is a wholly owned subsidiary of ZCCM-IH. Its mission is to supply Limestone products that satisfy customer requirements to the benefit of all stakeholders. The Company was originally founded on 10<sup>th</sup> January 1931 as the Northern Rhodesia Lime Company Limited, pursuant to an agreement between the Rhokana Corporation Limited and Mr. John Owen Wallen, and Ndola Engineer to supply lime to the mines.

Ndola Lime Company Limited (NLC) reported total revenues for the financial year ended 31<sup>st</sup> March 2018 of K60.1 million (2017: K89.6 million) and a loss after tax of K190 million (2017: K1.1 billion loss). There were no dividends distributed by NLC during 2018.<sup>51</sup> We understand that NLC has no interest in extractive company.

According to the data provided by the Government Agencies, NLC made the following payments to the Government in 2018:

N°	Description of payment	Revenues in ZMW
	<b>ZRA</b>	<b>7,251,140</b>
1	VAT	4,364,086
2	Domestic Excise	2,728,320
3	Withholding Taxes	72,800

<sup>51</sup> Source : ZCCM-IH 2018 Annual Report



N°	Description of payment	Revenues in ZMW
4	Import VAT	42,967
5	Import/Customs Duty	42,967
	<b>MMMMD</b>	<b>11,370</b>
6	Area Charges	11,370
	<b>Local Councils</b>	<b>100,000</b>
7	Property Rates	100,000
	<b>Total payments</b>	<b>7,362,510</b>

NLC has not been included in the scope of this report neither its financial statements are available online. Therefore, we have not been able to collect complete data about the transfers, retained earnings, reinvestment and third-party financing. Related to NLC.

### 3.8.1.3 Nkandabwe Coal Mines Limited<sup>52</sup> (Subsidiary of ZCCM-IH)

In February 2015, the Government of the Republic of Zambia (GRZ) requested ZCCM - IH to assume the ownership and operation of the Collum Coal Mine in Southern Province of Zambia, through setting up a new legal vehicle to run the mine. This was done by means of handing over the mining license to ZCCM-IH. ZCCM - IH then completed the legal formalities and took ownership of the Coal Mine under the name Nkandabwe Coal Mines Limited.

Nkandabwe Coal Mines Limited (NCM) was incorporated on 03 May 2015, as a 100% subsidiary. Its principal activity was the production of coal.

In March 2015, GRZ withdrew the mining licenses from ZCCM-IH and handed them back to Collum Coal Mine. As at 31 March 2018, the company was in the process of being wound up.

NCM has not been included in the scope of this report neither its financial statements are available online. Therefore, we have not been able to collect complete data about the transfers, retained earnings, reinvestment and third-party financing. Related to NCM.

### 3.8.1.4 IDC

#### *Structure & governance*

The Industrial Development Corporation (IDC) of Zambia is an investment company wholly owned by the Zambian government. In February 2014, IDC was incorporated as a company limited by shares under the Companies Act. It is 100% owned by the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia, for the President on behalf of the Government of the Republic of Zambia (GRZ). IDC commenced operations in March 2014.

After the establishment of IDC, it was agreed that all SOEs incorporated under the Companies Act and the Banking and Financial Services Act from the ministry of Finance to the IDC. The corporation was going to hold shares on behalf of Government, supervise and manage all GRZ's shares in the SOEs.

IDC operates under the provisions of the Companies Act and it is neither a Government Agency nor a statutory body. Like any other company, IDC pays taxes to tax authorities, distributes dividends to its shareholders and has its own board of directors and a professional management team. Its sole shareholder is Zambia's Minister of Finance.

#### *IDC Mandate*

IDC has been given direct mandate and authorisation by the Government of Zambia to oversee performance and accountability of all the Government Owned Enterprises (SOE'S). IDC is mandated to work towards maximising the value of government shareholding and ensure that SOEs contribute to the Sovereign Wealth Fund (SWF) which will focus on stimulating investment in strategic non-mining industries to increase exports.

Among the objectives of the IDC, through its Basic Metals and Mining Strategic Business Unit is to ensure a globally and domestically competitive downstream manufacturing in the metals value chains. The aim is to ultimately contribute towards the creation of a globally competitive and diversified local basic metal and mineral resource industry that produces a significant amount of the metals products and minerals for the local market and the rest of Africa. This should ultimately lead to increased exports of value-added minerals. Accordingly, the Basic Metals and Mining SBU, offers financial assistance, to a range of entities in the basic metals and mining space.

<sup>52</sup> Source : ZCCM-IH 2018 Annual Report

### IDC portfolio in extractive sector

IDC owns 100% of KARIBA Minerals, 25% shares in KAGEM Mining limited and 60.3% in ZCCM-IH<sup>53</sup>. The IDC portfolio includes also entities operating in energy, education, agricultures, financial services, technology and logistics. The detail of the portfolio is available on IDC (<https://www.idc.co.zm/industry-sectors/>).

According to Reporting Template received from IDC, the latter received dividends for ZCCM-IH amounting ZMW 69,205,641 in 2018.

### 3.8.2 Quasi-fiscal expenditures

ZCCM-IH and IDC have confirmed that there were no quasi-fiscal expenditures during the year 2018. Ndola Lime Company and Nkandabwe Coal Mines Limited were not included in the scope of this report. Therefore, we were not able to confirm whether they have made any quasi-fiscal expenditures in 2018.

### 3.8.3 Barter arrangements

After reviewing the previous EITI reports and legislations in force, we understand that there are no infrastructure provisions and barter arrangements in extractive sector.

It should be noted that no payment flows related to barter arrangements involving infrastructure works have been identified nor confirmed by MoF.

## 3.9 Collection and Distribution of the Extractive Revenues

### 3.9.1 Budget process

The Zambian budget process has four main stages involving drafting, legislating, execution, auditing and publishing.

Stages	Description
Drafting	This is the first phase in the budget process. In the Medium-Term Expenditure Framework (MTEF) arrangement, the government is required to engage in consultations with various stakeholders.
Legislative	Budgets are allocated taking into account the relevant provisions in the constitution. Budgetary allocations are enshrined in Section 117 (1) of the Constitution of Zambia. At this stage, the final result still lies heavily with legislature.
Execution	At the implementation stage, Parliament questions the effectiveness and efficiency with which funds are utilised. Members of Parliament look out for issues of service delivery, overspending, misuse and misapplication - to areas other than those authorised or planned for. At the implementation stage, Parliament questions the effectiveness and efficiency with which funds are utilised. Members of Parliament look out for issues of service delivery, overspending, misuse and misapplication - to areas other than those authorised or planned for.
Auditing	The budgeting system in Zambia is audited by the office of the Auditor General which verifies whether funds have been spent on the authorised items. It also checks for any under or overspending, misappropriation, theft and whether resources have been utilised efficiently or not. The Report of the Auditor General on the accounts are available on the OAG website <sup>54</sup> . The Auditor General follows the standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Post-budget period audits are the responsibility of the Public Accounts Committee (PAC). PAC examines historical records for disbursements and budget performance. A substantial part of the supplementary expenditure is often incurred on items and areas other than those which were originally envisaged. PAC has a specific mandate under the standing orders of Parliament and as such cannot initiate an investigation into any matter of public interest. PAC only makes recommendations to the Executive which is expected to enforce them.
Publishing	Part X of Section 118 of the Republican Constitution requires that the National Treasury prepares and tables the State's consolidated Annual Financial Report, which includes information on revenues and other funds received and spent by the Government during the financial year. Besides being mandated by legislation, the Annual Financial Report is meant to provide a summary on National Government financial resources and their application for the benefit of the people of Zambia and other interest groups. The 2016 Annual Financial Report is available on the MoF website. <sup>55</sup>

<sup>53</sup> Source : IDC website ( <https://www.idc.co.zm/industry-sectors/mining-2/>)

<sup>54</sup> <http://www.ago.gov.zm>

<sup>55</sup> <http://www.mof.gov.zm/>

### 3.9.2 Revenues Collection

Once minerals are monetised, the revenues due to the State have to be collected through the revenue collection framework. Under the current regime, all the payments are made in cash.

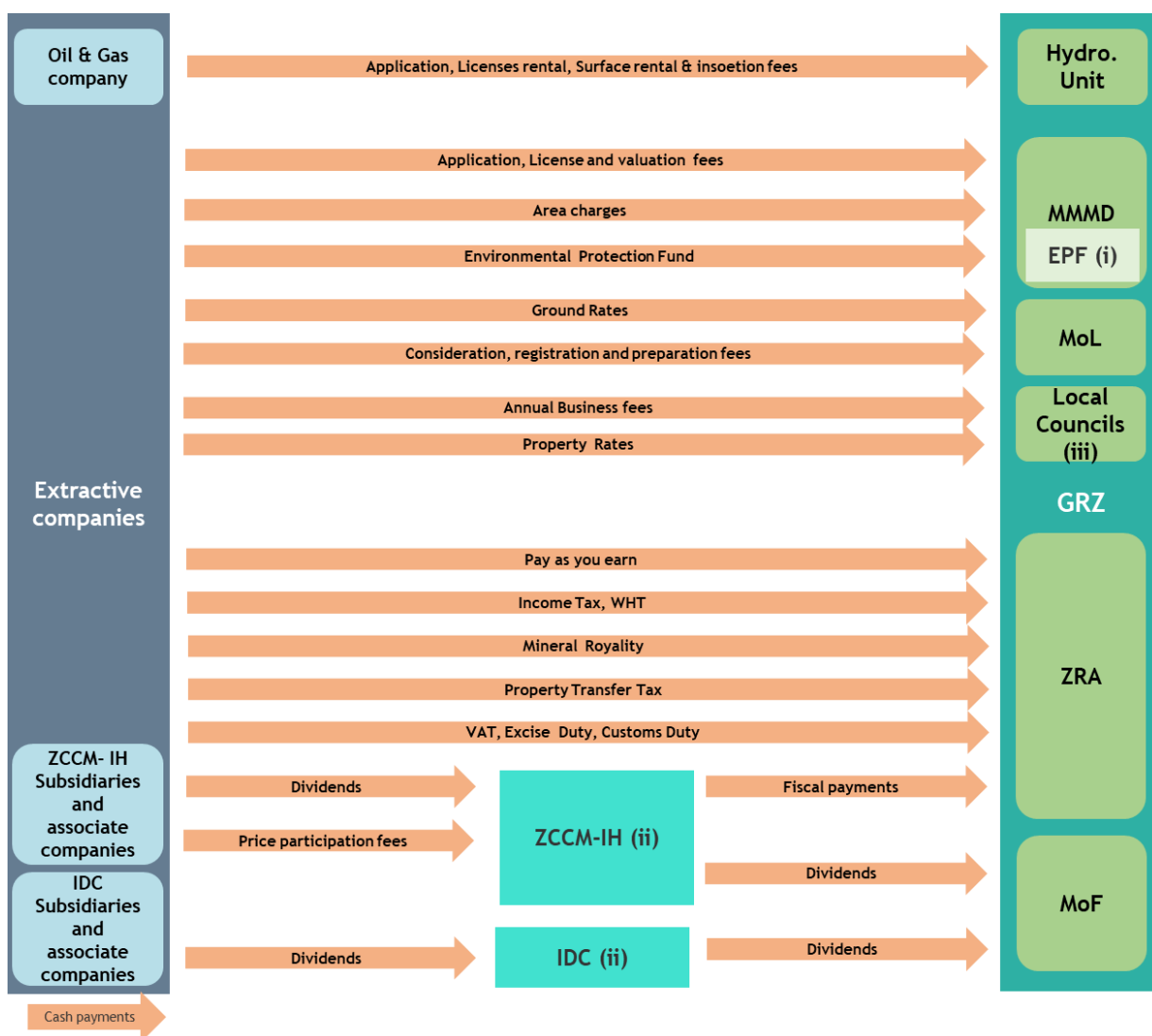
Payments are made by the companies to various Government Agencies. ZRA receives most of its funds from mining companies. ZRA has two operating divisions which are Customs Services Division and Domestic Taxes Division with both collecting over 94% of all Zambia’s taxes from the mining sector.

The other payments from the mining sector are made to local councils, where mining companies are based, to MoL and to the Ministry of Mines and Mineral Development.

The Ministry of Finance is also part of the revenues collection framework through investments held in some Zambian mining companies (see Section 4.1.5 of this Report).

The extractive revenue collections framework can be represented diagrammatically as follows:

**Figure 2: Flow chart of extractive revenue collection**



**(i) Environmental Protection Fund**

Payments to the Environmental Protection Fund (EPF) amounted to USD 2,227,499 in 2018.

The payment obligations to the fund has two components. The first component consists of the following categories: five percent (5%), ten percent (10%), or twenty percent (20%), which depend on the classification of each mine and represents the component of the liability that needs to be paid as cash directly into the fund. The second component consists of the balance which is allocated as 95%, 90% or 80% of the environmental liability which needs to be secured in form of a bank guarantee.

EPF is supervised by MMMD through Statutory Instruments, (Sis) in particular SI No. 102 of 1998. EPF operates under the following fundamental guidelines:

- cash payment into EPF to be in hard currency;
- the developer's contributions to EPF shall be made in hard currencies (Cap. 213, S.76 (2) (b) and S.I 102 of 1998 (Regulation 8 (2));
- the balance on deposits lodged under S.1. 29 of 1997, Regulation 66 (1), (2) and (3) shall be secured with the Fund by the developer by way of lodgement of a Bond or Bank Guarantee to be determined by the Minister (Cap. 213, S. 76 (1) (b));
- funds to be Index-Linked, no interest earned;
- the developer's contribution shall retain its time-value with respect to inflation as calculated relative to hard currency (S.I. 102 of 1998 Regulation (8) (3)). At the expiry of a licence or permit, the developer shall be refunded the amount deposited to the extent that such amounts were not appropriated by government for payment of any progressive rehabilitation costs (Cap. 213, S. 82 (3) (a) and (b)). The refund shall not accumulate interest; and
- only the Fund Committee can approve withdrawals from EPF.

In the event that a developer is directed by the Director of MSD to take specific remedial action, and fails to do so, the Director shall execute the remedial action using the developer's contributions to the Fund which becomes recoverable (Cap 213, S/78 (1)). The developer's fund so used shall not exceed the amount of cash deposit lodged by him to the Fund (Cap 213, S. 82 (3) (b)). This therefore means that each developer can use only his contribution and will only get his contribution back.

Administrative expenses of operating the fund shall not exceed 1% of the total income of the Fund except during the commissioning of the office of the EPF Manager (S.I. 29, 1997 Regulation (5)).

Payments are made to the Fund in US Dollars and are retained in a USD bank account outside the state budget. As at 30 September 2018, a total of USD 27.5 million was held in the fund<sup>56</sup>. The cumulative balance in EPF as at October 29, 2019 is USD 30.1million.

#### **(ii) ZCCM-IH/IDC**

ZCCM-IH and IDC are part of the revenues collection framework through investments held by both SOEs in mining companies (detailed in Section 4.6.1 of this report).

Both ZCCM-IH and IDC pay taxes to several Government Agencies in accordance with prevalent laws and pays dividends to the government (as shareholder). In addition, both companies are entitled to dividends from the mining companies in which it holds shares. Under arrangements dating back to the privatisation of the industry ZCCM-IH is also collecting price participation fees.

#### **(iii) Subnational payments to local councils**

These payments include fees paid by extractive companies to the Ministry of Local Government and Housing (MoLGH), and specifically the Local Council. These payments consist mainly of property rates and annual business fees. These payments reconciled in Section 5 of this report.

### **3.9.3 Subnational transfers**

The government's 2002 National Decentralisation Policy (officially launched in 2004) sets out greater responsibilities for local government in the delivery of public goods and services. However, in practice, the delivery of public goods and services in Zambia remains highly centralised. The budget does not show expenditure by urban or rural areas, but rather by line ministry, which means it is difficult to track where money is actually spent.

During 2010, the Zambian Government introduced a formula-based grant system, with the dual aim of making local government funding more predictable and transparent, and allowing government to better track the use of grants by councils. Data was not available to assess whether this reform initiative has operated as intended.

In accordance with Section 136 of the MMDA 2008, the Minister of Finance shall, in consultation with the Minister responsible for Mines, establish a mineral royalty sharing mechanism for distributing royalty revenues. This provision was repealed after the promulgation of the new MMDA 2015. The new code does not provide provision for the sharing of royalties. Therefore, subnational transfers are not applicable in Zambia.

<sup>56</sup> ZEITI newsletter on 22 October 2018

### 3.9.4 Mining Revenues Management

The Effective PFM and expenditure management are critical to transforming revenue from natural resources into broad-based sustainable economic and social development. The areas of spending that have broader external benefits for the economy as a whole include, infrastructure and education.

However, as stated under Part III (13) of the Public Finance Act of 2004 of the Republic of Zambia, “There shall be established a Consolidated Fund into which all general revenues and other public funds accruing to the Treasury shall be credited. The amounts payable to the Consolidated Fund under sub-section (1) shall be deposited into the Treasury Account which shall be maintained at the Bank of Zambia.”

The contributions by mining companies therefore lose their identities once they are deposited into the consolidated fund. Their use cannot therefore be tracked to public investment/expenditure or to expenditure unit/cost centers or project.

## 3.10 Audit and Assurance Practices and Controls in Zambia

### 3.10.1 Extractive Companies

#### *Private and listed companies*

The Companies Act of 2017 prescribes the financial reporting requirements for private and public limited companies. All companies are required to prepare annual financial statements in compliance with the standards prescribed by ZICA. Zambia uses a three-tier Financial Reporting Framework. Entities are required to use one of the three frameworks depending on the type the entity. Under the three-tier financial reporting framework, Entities are categorized as follows<sup>57</sup>:

No	Type of Entity	Financial Reporting Framework
1	Listed Companies, Public Interest Entities and Government Owned Enterprises	Full IFRS
2	Economically Significant Companies - companies that are not public companies or quoted on the stock exchange with turnover of K20 million and above	IFRS for SMEs or Full IFRS if the Company opts to use it
3	Micro and Small Entities - entities with Turnover of less than K20 million.	Zambian Financial Reporting Standard for Micro and Small Entities

Companies Act Section 252 states that The statement of financial position of a company’s annual financial statements, to be laid before the company in a general meeting or delivered to the Registrar, shall be signed on behalf of the company by not less than two directors or, where the company has only one director, by that director.

Similarly, the Companies Act requires all companies except small private companies to appoint an auditor of the company. An auditing firm may be appointed to be the auditor of the company if:

- (a) at least one partner of the firm is ordinarily resident in Zambia;
- (b) all or some of the partners, including the partner who is ordinarily resident in Zambia, are qualified for appointment as auditors;
- (c) the firm is not indebted to the company; or
- (d) a partner of the firm is not a member, director or employee of the company or a related company.

Companies Act Section 256 states that a person shall not be appointed as auditor of a company unless that person is qualified and is registered to practice as an auditor by a body regulating the audit practice in Zambia.

The Annual financial statements of extractive companies are not systematically available to the public except for listed companies.

The Zambia Institute of Chartered Accountants (ZICA) is legally mandated to set auditing standards for application in Zambia. Zambia adopted the use of International Standards on Auditing as the standards to be used by all auditors in the Country. The Standards are to be applied in the audit of historical financial information.

<sup>57</sup> Source: <https://www.zica.co.zm/financial-reporting/>

### **State owned enterprises (SOEs)**

SOEs in mining sector are established under the Companies Act and are therefore required to comply with the financial reporting requirements applicable to public limited companies. Specifically, they are required to prepare annual financial statements in terms of IFRS, subject them to an audit, and file an annual return with the registrar of companies.

Furthermore, the Public Finance Act 2004 mandates the AG to undertake the audit of SOEs in line with the International Standards of Supreme Audit Institutions (ISSAIs). The AG can secure services of private auditors to carry out such audits on his/her behalf.

### **3.10.2 Government Agencies**

The annual Financial Statements of Government are prepared by the respective Ministries, Provinces and Spending Agencies (MPSAs). Within three months after the end of each financial year, the Ministry of Finance should consolidate the Financial Statements and prepare the annual Financial Report of the Republic. The information that should be included in the Financial Report are as follows:

- Revenue received by the Republic during that financial year;
- The expenditure of the Republic during that financial year;
- Gifts, donations and aid-in-kind received on behalf of the Republic in that financial year, their value and how they were disposed of;
- Debt repayments;
- Payments made in that financial year for purposes other than expenditure;
- The financial position of the Republic at the end of that financial year; and
- Other information as prescribed.

The financial statements are prepared according to the International Public Sector Accounting Standards (IPSAS) cash standard. The Government of the Republic of Zambia is in process of migrating move from the cash-based accounting to accrual based International Public Sector Accounting Standards (IPSAS) by the year 2020. This effectively entails that all Government Ministries, Provinces and Spending Agencies will be required to prepare financial statements under accruals IPSAS framework<sup>58</sup>.

The Auditor-General of Zambia has a constitutional mandate to audit all public resources in the republic. The Office of the Auditor General (OAG) is the only Supreme Audit institution in Zambia mandated to audit all Government institutions, parastatal organizations, statutory boards, donor funded agencies and any other organisation in which public resources have been invested.

The OAG produce an annual audit report called the “Report of the auditor general on the audit of the accounts of the republic” not later than nine months after the end of the next financial year. The annually reports produced since 2003 are publicly available through are available on the OAG website.<sup>59</sup>

The OAG conducts audits using International Standards of Supreme Audit Institutions (ISSAIs) and collaborates with other professions to conduct performance audits, for example, engineers.

The audit cover revenue and expenditure on the accounts for the Financial Year well as physical inspections of projects. The Report contains:

- Audit scope;
- Limitation of Scope;
- Audit Methodology;
- Audit Opinion;
- Key Audit Matters; and
- findings and recommendations identified during the audit process.

<sup>58</sup> Source : <https://www.zica.co.zm/public-sector/>

<sup>59</sup> <http://www.ago.gov.zm/report.html>

### 3.10.3 MMMDA - Mineral export verification checks

In 2018 and 2019, MMMDA carried out verification checks in different border posts. We present a summary of the main controls and findings of the verification checks reports that we obtained from MMMDA.

#### ***Mineral Export Verification Checks at Nakonde Border Post***

The approach to the mineral export verification exercise was as follows;

- Spot check analysis of mineral consignments on transporting trucks using XRF machines to obtain indicative qualities for the mineral consignments being exports.
- Collecting samples from the mineral consignments for laboratory analysis at the Geological Survey Department. The GSD lab analytical results are more accurate because the collected samples are made homogeneous and are official for the purposes mineral valuation.

Spot check analysis on mineral consignments and investigative laboratory analysis of samples collected from mineral consignments at the border exposed three exporting companies for undervaluation; an offence committed by submitting misrepresentative mineral samples to Geological Survey Department which conceals the true value of the mineral consignment deemed for export with implication of defrauding government of the correct revenue in form of mineral royalties and other applicable taxes.

The ministry finds the companies involved with an offense in contradiction with the provisions of the mines and minerals development act of no. 11 of 2015. The offense committed places a fine of K K 60,000. Furthermore, the ministry has advised ZRA to apply the assay results of the investigative analysis to all mineral consignments exported under the involved export permits. It should be noted the assays results should apply to lots already exported and future lots of the export permits.

The ministry advised that it should not issue export permits to the offenders until they settle the penalty fines. Similarly, ZRA should not give tax clearance until they settle royalties and other taxes from under declared lots already exported under these permits.

#### ***Mineral Export Verification Checks at Katima Mulilo border - August 2019***

The main objectives of the statutory verification exercise carried out at Kalima Mulilo border post were to:

- Strengthen the enforcement of Part III, Division 7 Section 47 and Part VII, Sections 88 and 89 of the Mines and Minerals Development Act;
- Verify the declared mineral contents by mining and mineral processing licenses holders against the content of the actual quality and quantity of the minerals being exports outside the country;
- To curb the illegal smuggling of minerals and illegal processing of Mineral Export Permits;
- Verify the actual Mineral Export Permits, Mineral Analysis Certificate and Mineral Valuation Certificate issued by the Ministry of Mines and Minerals Development;
- Verify the actual tax clearance certificate issued by Zambia Revenue Authority in accordance with Part VII of the Mines and Minerals Development Act No 11 of 2015.

The team conducted verifications of 34 trucks carrying Copper anodes and blisters using an XRF Machine and the main results are as follows:

- It was noted and observed that the mineral exports passing through Katima Mulilo border post during verification operations at the border were mainly copper anodes and blisters;
- It was also observed that no single truck was inspected carrying concentrates out of the border
- The transporters carrying minerals out of the border were not given all the documentations by the exports to support what they are carrying instead the documentations were retrieved from the clearing agencies for further verification/inspections.
- The results of minerals analysed/investigated from XRF machine at the border had shown less mineral content against the results from Mineral Analysis Certificate issued by the Director of Geological Survey.

#### ***Mineral Export Verification Checks at Chirundu border -2019***

The objectives of the exercise were:

- Verify the declared mineral content verses the content of the actual quality and quantity of the exports;
- Conduct verification of Mineral Export Permits and Mineral Analysis Certificates issued by the Ministry of Mines and Mineral Royalty Tax Clearance issued by ZRA.



The following observations were made:

- Trucks carrying the consignments were not always carrying the relevant documents issued by the Ministry (Mineral Permit and Mineral Analysis Certificate), officers have to retrieve the documents from the Clearing agent;
- No exports of concentrates were recorded during the inspection period;
- During the inspection period most of the exports were copper anodes, copper blister, manganese ores, silico-manganese and ferro-silicon;
- High exports of copper anodes and copper blisters exported by CCS;
- Huge quantities of manganese ore exported by a number of companies.

Two (2) exports of zinc ore were charged and fined once evaluation of the samples collected from its export bound container confirmed that the grade of the ore to be exported was higher than what was declared on the Mineral Analysis Certificate. Tests on the XRF showed a huge difference in mineral content, the same was true once a bench top XRF was used.



## 3.11 Beneficial ownership

### 3.11.1 Legal framework

#### Beneficial Ownership

The new Companies Act 2017 passed in November 2017 includes, amongst other things, beneficial ownership disclosure. The New Act provides for the disclosure of beneficial owners and the creation of a register of beneficial owners that will be kept at the Patents and Companies Registration Agency (PACRA)<sup>60</sup>.

“Ownership” is defined in section 3 of Companies Act 2017 and means a natural person who: (a) directly or indirectly, through any contract, arrangement, understanding, relationship or any other means ultimately owns, controls, exercises substantial interest in, or receives substantial economic benefit from a corporate; or (b) exercises ultimate and effective control over a legal person or legal arrangement; and the terms “beneficially own” and “beneficial ownership” shall be construed accordingly.

On the other hand, and under the same section, “Control” means the control of a company by a person who: (a) beneficially owns more than twenty-five percent (25%) of the issued share capital of the company; (b) is entitled to vote a majority of the votes that may be cast at a general meeting of the company, or has the ability to control the voting of a majority of those votes, either directly or through a controlled entity of that person; (c) is able to appoint or to veto the appointment of a majority of the directors of the company; (d) is a holding company and the company is a subsidiary of that company as provided for in this Act; (e) in the case of a company that is a trust, has the ability to control the majority of the votes of the trustees, to appoint the majority of the trustees or to appoint or change the majority of the beneficiaries of the trust; or (f) has the ability to materially influence the management policy or affairs of the company in a manner comparable to a person who, in ordinary commercial practice, can exercise an element of control referred to in paragraphs (a) to (e).

In view of the above, the ZEC agreed to adopt the following definition:

“The beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls more than twenty-five percent of the issued share capital of the company.

The “ultimate beneficial ownership” shall mean a natural person, and not another company or a trust. For companies with complicated ownership structures, involving many different corporate vehicles or private agreements over ownership and/or control, the ultimate beneficial owners are the natural persons who are right at the very top of the chain.

Publicly listed companies, including wholly owned subsidiaries, are not required to disclose information on their beneficial owner(s). They have to provide only guidance on how to access this information.

In the case of joint ventures, each entity within the venture should disclose its beneficial owner(s), unless it is publicly listed or is a wholly owned subsidiary as per above. Each entity is responsible for the accuracy of the information provided.”

The new Companies Act, the declaration of beneficial ownership shall state, in respect of each beneficial owner:

- (i) the full names;
- (ii) the date of birth;
- (iii) the nationality or nationalities;
- (iv) the country of residence;
- (v) the residential address; and
- (vi) any other particulars as maybe prescribed.

<sup>60</sup> <https://www.pacra.org.zm/#/>

### Politically Exposed Persons (PEP)

The new Companies Act 2017 passed in November 2017 does not include a definition of Politically Exposed Persons (PEP) neither requires identifying PEPs among the beneficial owners nor specifies reporting obligations for PEPs.

We understand that in Zambia, the sole regulation relating to PEPs is specified in Financial Intelligence Centre Act, No, 46 of 2010 (as amended by Act No.4 of 2016)<sup>61</sup>. According to this Act, a “Politically Exposed Person” means:

- a) an individual who holds, or has held public office, and includes:
  - (i) a Head of State or Government;
  - (ii) a Minister;
  - (iii) a Deputy Minister;
  - (iv) a politician;
  - (v) a political party official;
  - (vi) a judicial official or other senior official of a quasi-judicial body;
  - (vii) a military official;
  - (viii) a member of an administrative management or supervisory body;
  - (ix) of a State-owned enterprise;
- b) an individual who is, or has been, entrusted with a public function by a State, public body or a local or international organisation;
- c) an immediate family member of a person referred to in paragraph (a); or
- d) a close associate of a person referred to in paragraph (a).

Moreover, a revised guidance note issued by the Financial Intelligence Center in December 2017, provides the reporting entities with an overview of individuals that are considered PEPs in Zambia and the Anti-Money Laundering and Combating the Financing of Terrorism measures that apply to them<sup>62</sup>.

Furthermore, for EITI reporting purpose, ZEC agreed to adopt the following definition of PEPs:

- **Foreign PEPs** are individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials;
- **Domestic PEPs** are individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials;
- Persons who are or have been entrusted with a prominent function by an international organisation refers to members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions.

The companies selected the scope were asked to identify whether their BO are considered PEPs according to the definition provided above. The data collected is detailed in Annex 4 to this report.

#### 3.11.2 BO Data collected through the EITI process

With the enactment of the Companies Act No. 10 of 2017 and the passing of Companies (General) Regulations, Statutory Instrument No.14 of 2019, the Agency undertook some activities with respect to BO provisions. Some of the activities undertaken are as follows:

- the Agency conducted in-house training for members of staff with emphasis on BO owing to the fact that BO provisions have been incorporated in the Companies Act for the first time;
- the e-PACRA System has been developed in such a way that the BO data are captured in a separate electronic registry in the e-PACRA system. The hard copies are also retained;
- other than a register of shareholders, an electronic register of BO has been established, which could be accessed by members of the public if need be;
- for companies incorporated under the repealed Law, Bos are being captured using other post incorporation lodgements such as annual returns, allotment of shares and transfer of shares;

<sup>61</sup> <https://zambialaws.com/principal-legislation/financial-intelligence-centre-act>

<sup>62</sup> <file:///C:/Users/BDO/Downloads/PEPs%20Guidance%20Note%202017.pdf>

- The Agency sensitized and created awareness on BO to some members of the community in over 30 rural districts. This was done through corroboration with RUFEP;
- The Agency also sensitized and created awareness on BO to extractive industry. This was done with corroboration ZEITI in October 2019. The workshop was held at Sarova Hotel in Lusaka;
- The Agency will soon be corroborating with Zambia Mining Cadastre in so far as mining company information is concerned. This will also include BO information. The corroboration will be to ensure that data is shared so as to keep accurate records by both PACRA and the Mining Cadastre.

We understand that the register of beneficial owners is not yet set up and the only data available on the PACRA website (<https://www.pacra.org.zm/#/>) are the registration number, the date of registration and the annual return status.

The companies selected the scope were asked to report BO data according to the definition provided in the Companies Act 2017 and described above. The data collected is detailed in Annex 4 to this report.



## 4 DETERMINATION OF THE RECONCILIATION SCOPE

## 4. DETERMINATION OF THE RECONCILIATION SCOPE

The EITI Standard defines materiality as follows: “Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI Report”

Different ways could be used to define materiality for the 2018 EITI Report. The most common way consists of defining materiality in terms of a minimum value of payment to government; the other could be based on the size of the company (for example, a minimum annual size) or the type of permit held (large scale, production).

### 4.1 Revenue Streams

The financial flows to be included in the reconciliation were determined by the ZEC based on the 2017 ZEITI Report. We have also considered the relevant legislations in force and previous EITI Reports.

#### 4.1.1 Ministry of Mines and Minerals Development

After reviewing the previous EITI reports and legislations in force, particularly the 2015 MMDA, we have identified 12 categories of fees and charges payable by mining companies to MMMD. These fees and charges are set out in the table below:

No.	Payment flow
1	Application Fees
2	Licence Fees
3	Area Charges
4	Alteration - Application Fee
5	Transfer Application Fee
6	Transfer Licence Fees
7	Search and Other Fees
8	Environmental Protection Fund

According to the table above we can regroup the fees and charges payable to MMMD in six (6) categories:

No.	Payment flow
1	Application Fees
2	Licence Fees
3	Area Charges
4	Valuation Fees
5	Environmental Protection Fund

These fees and charges payable by mining companies to MMMD were included in the scope of reconciliation for the exercise 2018.

#### 4.1.2 Zambia Revenue Authority

The MSG agreed:

- i. to maintain the list of payment flows selected for the 2017 reconciliation;
- ii. deferral VAT refunded to mining companies by ZRA should be included in order to reflect a better net contribution of mining companies to the budget during the period covered by the EITI Report;
- iii. wind fall and variable profit taxes should be excluded as they have now been repealed; and
- iv. Motor Vehicle Fees, Motor Vehicle Surtax, Carbon Emission Surtax, Turnover Tax and Fuel Levy do not present material flows of the total payments to ZRA, and as such should be excluded from the scope.

#### 4.1.3 Ministry of Local Government and Housing (Sub National Payments)

The contribution to the Ministry of Local Government and Housing (MoLGH), and specifically the Local Councils, will be restricted to two fees as per the last 4 Reconciliation exercises:

- Property rates; and
- Annual Business Fees.

These payments were included because they are important to the areas served by local councils and based on information set out in the previous reconciliation reports.

#### 4.1.4 Ministry of Lands

Five types of fees are payable to the Ministry of Lands by mining companies:

No.	Payment flow
1	Ground Rent
2	Consideration Fees
3	Registration Fees
4	Preparation fees
5	Others-Invitation to Treat / Title Deeds

It was agreed that all the above 5 types of fees will be included in order to ensure completeness of income.

#### 4.1.5 Ministry of Finance

The dividends received from State Owned Enterprises in the 2018 reconciliation exercise as well as the revenues received from the sale of GRZ shareholding in these companies, were included in the scope of the reconciliation.

#### 4.1.6 ZCCM-IH

As per the previous reconciliation exercises, the 2018 reconciliation exercise included the following revenue streams:

No.	Payment flow
1	Dividends from ZCCM-IH Shares
2	Price participation fees
3	Revenues from ZCCM-IH shareholding sale
4	Revenues from ZCCM-IH mining rights transfer

#### 4.1.7 Industrial Development Corporation

IDC is a state-owned asset management company and does not fall under the scope of Requirement 4.5. However, the 2018 reconciliation exercise included IDC for reporting on dividends and other significant payments received from mining companies.

#### 4.1.8 Social Payments

These consist of all contributions made by extractive companies to promote local development and to finance social projects in line with EITI Requirement 6.1. This Standard encourages MSG to apply a high standard of transparency to social payments and transfers, the parties involved in the transactions and the materiality of these payments and transfers to other benefit streams, including the recognition that these payments may be reported even though it is not possible to reconcile them.

These contributions can be made in cash or in kind. This category includes, inter alia: health infrastructure, school infrastructure, road infrastructure, market gardening infrastructure, projects related to the promotion of the agriculture and the grants provided to the population.

We understand that there are no legal or contractual provisions for mandatory social payments in Zambia. However, the voluntary social payments were included in the 2018 EITI scope through unilateral disclosure of mining companies. These payments can be summarised as follows:

No.	Payment flow
1	Corporate Social Responsibility In kind payments
2	Corporate Social Responsibility cash payments

#### 4.1.9 Sub National Transfer

In accordance with Section 136 of the Mines and Minerals Development Act 2008, the Minister of Finance shall, in consultation with the Minister responsible for Mines, set up a mineral royalty sharing mechanism for distributing royalty revenues.

However, after the promulgation of the new MMDA 2015, the provisions of former Section 136 were repealed. The new code does not provide provision for royalty sharing.

#### 4.1.10 State's share of production and other in-kind revenues

##### a) Oil and Gas

All Oil and Gas companies are in the exploration phase. Therefore, there are no in-kind revenues in the oil and gas sector. Furthermore, the current Petroleum regulations does not provide provisions for production sharing. In the event of a discovery and commencement of oil production, the company would be subject to pay royalties at a rate of 12.5% of the wellhead value for the crude oil and 5% of the wellhead value for the natural gas<sup>63</sup>.

##### b) Mining

After reviewing the previous EITI reports and legislation in force we understand that there are no in-kind revenues in the mining sector.

#### 4.1.11 Infrastructure provisions and barter arrangements

We understand that there are no infrastructure provisions and barter arrangements in mining and petroleum sectors in Zambia. Furthermore, we did not receive any declaration of infrastructure provisions and barter arrangements in the Reporting Templates collected from the mining companies and government agencies.

#### 4.1.12 Other Significant Payments

The reporting template included an additional heading in order to report any other significant payments made/collected during 2018 and not included in the previous revenue streams like Litigations and others (> ZMW 20 million).

## 4.2 Extractive Companies

### 4.2.1 Oil and Gas

According to the information made available by MMMD, there were no activities carried out by extractive companies during 2018 in the Oil and Gas sector.

The Geological Survey Department (GSD) of MMMD has confirmed that ten (10) petroleum exploration licenses were active during 2018. GSD has also confirmed that there were no contracts signed between the Government and oil and gas companies

The fees and surface rentals related to Exploration licences are due in USD or Kwacha equivalent and are as follows:

FEES AND SURFACE RENTALS (Regulations 40 and 41)	Fee Units	Kwacha (K0.3/unit)
1 Fees for inspection of the Register		
<i>For general search and examination of the Register</i>	3,000	900
<i>For the supply of a copy of, and entry on, the Register</i>	5,278	1,583
2 Application fee for petroleum exploration licence and its renewal	26,389	7,917
3 Application fee for a development and production licence	52,778	15,833
4 Annual licence fee (exploration)	300,000	90,000
5 Annual licence fee (production)	1,019,444	305,833
6 Surface rentals		
<i>Initial exploration period per square kilometre or kwacha equivalent</i>	53	16
<i>first renewal period per square kilometre or kwacha equivalent</i>	106	32
<i>second renewal period per square kilometre or kwacha equivalent</i>	158	47
<i>annual surface rentals for a licence area during the production period (per square kilometre or part thereof)</i>	26,389	7,917

As a result, it was agreed to include the Oil and Gas companies in the 2018 EITI report through a unilateral disclosure by the government agencies of the combined benefit stream from Oil and Gas operator listed in Annex 1 to this Report

### 4.2.2 Mining

The MSG agreed to select the same in scope companies as in ZEITI Report 2017. Accordingly, the reconciliation scope allows a coverage of more than 76% of the total revenues collected by ZRA from mining companies.

<sup>63</sup> First Schedule, Part 2 of the Petroleum Exploration and Production General Regulations 2010.



### 4.3 Reconciliation Scope

According to the above, the agreed perimeter includes 36 revenue streams, 9 extractive companies and 24 Government Agencies.

These revenue streams are listed in the table below:

N°	Description of payment	
<b>MMMD</b>		
1	Application Fees	Fees paid when applying for a prospecting license or mining license.
2	Area Charges	Annual rental for mining and non-mining rights.
3	Valuation Fees	Fees paid for laboratory analysis of mineralogical samples.
4	Environmental Protection Fund	Fee charged to Extractive Companies for environmental rehabilitation purposes.
5	Other fees & charges	To be used by Government Agencies and mining companies in case there were any material receipts or payments not listed elsewhere on the ZEITI template (> ZMW 20 million).
<b>ZRA</b>		
6	Pay- As-You-Earn	Tax paid by employees on all their emoluments. The employer acts as an agent for the Government and deducts the tax from the employee emoluments which it remits to ZRA.
7	Import VAT	Value Added Tax paid by Extractive Companies on the import of goods into Zambia including imports of minerals and concentrate from other jurisdictions.
8	Mineral Royalty	Royalty payable is calculated at % of the market value of minerals FOB less the cost of smelting, refining and insurance, handling and transport from the mining area to the point of export or delivery within Zambia. Royalty payments may be deferred if the cash operating margin of a holder of a Large-Scale Mining falls below zero. The applicable % for each commodity is presented in Section 3.3.2
9	Company Income Tax (including Provisional Tax)	All Extractive Companies are taxed on their taxable income which is determined in line with the Zambian Income Tax Act. Income in this case relates to revenue less all tax allowable expenditure. The company tax rates are 30% for mining incomes and 35% for hedging incomes. This also includes the compulsory instalments paid during the year as a provisional tax.
10	VAT (including Withholding VAT)	This payment type refers to the net Output VAT payable by the Extractive Companies, after taking into account Input VAT incurred on business purchases and/or business expenditure.
11	Import/Customs Duty	Customs/Import duty is a tax levied on ZRA specified goods imported into Zambia.
12	Withholding Taxes	This is a tax where any person or company making certain payments is required to deduct from such payments and remit to ZRA. The payments that attract WHT include management and consultant fees, commissions, rent dividends and payments to non-resident contractors. The WHT rate is 15%.
13	Excise Duty - Electrical Energy	Excise duty is a tax levied on ZRA specified goods imported into Zambia.
14	Property Transfer Tax	This is a tax paid upon the sale or transfer of property by the person selling or transferring the property based on the value of the property. Property in our case refers to land, buildings, shares and mining rights (effective 1 January 2013).
15	Advance Income Tax	A 6% advance income tax is levied on commercial imports, subject ministerial remission. Where paid, this tax may be deducted from the taxpayer's final income tax for the fiscal year.
16	Export Levy	This tax is levied at 10% on concentrate minerals (Except manganese and nickel under SI 53 of 2016).
17	Other taxes (ZRA)	To be used by Government Agencies and mining companies in case there are any material receipts or payments not listed elsewhere on the ZEITI template (> ZMW 20 million).
18	VAT claimed	Amount of VAT paid by mining companies on purchases of goods and services, excluding import VAT and VAT collected and paid directly to ZRA, and which is not yet refunded to the company. This line should be filled by mining companies only.
<b>Local Councils</b>		
19	Annual Business Fees	Operating fees paid to the local councils in which the Extractive Companies operate.
20	Property Rates	Property taxes payable to the local authority by all Extractive Companies who own properties.
<b>MoL</b>		

N°	Description of payment	
21	Ground Rent	Annual lease payments made to the Ministry of Lands in respect of leasehold properties owned by the Extractive Companies.
22	Consideration Fees	These are fees paid to show that the offered to land has accepted the offer. They are only paid once at the beginning when the land has been offered. In short, payment of these fees symbolises acceptance of offer to buy land.
23	Registration Fees	These are service charges that go towards the process of registration and formulation of the certificate of title at the Lands Deeds Department.
24	Preparation fees	These are service charges towards the preparation of the lease document by the office of the Commissioner of Lands before it goes to the Lands and Deeds Department for final registration and formulation.
25	Others-Invitation to Treat / Title Deeds	
<b>MoF</b>		
26	Dividends from Government Shares	This is the distribution of profits in proportion to the shares held directly in the Extractive Company and ZCCM-IH by GRZ.
27	Revenues from GRZ shareholding sale	This relates to revenues received by GRZ from the transfer of the shares held in State owned companies operating in the mining sector.
<b>ZCCM-IH</b>		
28	Dividends from ZCCM-IH Shares	This is the distribution of profits in proportion to the shares directly held in the Extractive Company by ZCCM-IH.
29	Price participation fees	Price participation fees received from the companies in which it has shareholding.
30	Revenues from ZCCM-IH shareholding sale	This relates to revenues received by ZCCM-IH from the transfer of the shares held in Extractive Companies operating in Zambia including in their parent companies.
<b>Social Payments</b>		
31	Corporate Social Responsibility In kind payments	These flows affect all contributions made by extractive companies in the local development area including expenditure incurred by extractive companies to finance infrastructure projects, health, education, roads, and market gardening for individuals.
32	Corporate Social Responsibility cash payments	These flows relate to contributions made by extractive companies in the local development. Flows covered in this section include cash payments made by extractive companies to support actions of local communities including compensation others that those granted directly for the individuals.
<b>Other Significant Payments</b>		
33	Other Significant Payments	To be used by Government Agencies and mining companies in case there were any material receipts or payments not listed elsewhere on the ZEITI template (> ZMW 20 million).

These companies are listed in the table below:

No.	Company
1	KANSANSHI MINING PLC
2	KONKOLA COPPER MINES PLC
3	LUMWANA MINING COMPANY LIMITED
4	KALUMBILA MINERALS LIMITED
5	FIRST QUANTUM MINING AND OPERATIONS LTD
6	MOPANI COPPER MINES PLC
7	CHAMBISHI COPPER SMELTER LIMITED
8	MAAMBA COLLIERIES LIMITED
9	ZCCM INVESTMENTS HOLDINGS PLC

These Government Agencies are listed in the table below:

Ministries			
1	Zambian Revenue Authority (ZRA)	3	Ministry of Lands
2	Ministry of Mines and Minerals Development	4	Ministry of Finance
Stated Owned Enterprises			
5	ZCCM-IH	6	Industrial Development Corporation (IDC)
District Councils			
7	Mufulira Municipal Council	16	Ndola City Council
8	Kalulushi Municipal Council	17	Lufwanyama District Council
9	Zimba District Council	18	Lusaka City Council
10	Kitwe City Council	19	Mumbwa District Council
11	Chililabombwe District Council	20	Sinazongwe District Council
12	Luanshya District Council	21	Solwezi Municipal Council
13	Chingola Municipal Council	22	Kafue District Council
14	Kabwe District Council	23	Choma Municipal Council
15	Mazabuka District Council	24	Chilanga District Council
25	Kalumbila municipal council		

Additionally, the State-Owned Enterprise ZCCM-IH, will also report on payments made to other Government Agencies.

#### 4.4 Reporting by Project Level

The EITI Board decision of 8 March 2017 stipulates that project level reporting is required. The national multi-stakeholder group should devise and apply a definition of the term project that is consistent with relevant national laws and systems as well as international.

According to Guidance Note 29 on project level reporting, the global practice in defining project shows that one of the key take-aways is that what constitutes a project is linked to the forms of legal agreement(s) governing extractive activities between the government and companies. In other words, in a production-sharing regime, a project is typically the contract that gives rise to payment liabilities. In a tax/royalty regime, a project is typically the license that gives rise to payments.

Therefore, the following definition for projects was adopted by ZEC.

“In Zambia, a project is defined as the operational activities that are governed by a single licence and forms the basis for payment liabilities with a government”.

The table below summarizes which payment flows are levied at project level and therefore can be disclosed at this level:

N°	Description of payment	Disclosed by company	Disclosed by project
<b>MMMD</b>			
1	Application Fees		✓
2	Licence Fees		✓
3	Area Charges		✓
4	Valuation Fees		✓
5	Environmental Protection Fund		✓
6	Other fees & charges		✓
<b>ZRA</b>			
7	Pay- As-You-Earn	✓	
8	Import VAT	✓	
9	Mineral Royalty		✓
10	Company Income Tax (including Provisional Tax)	✓	
11	VAT (including Withholding VAT)	✓	
12	Import/Customs Duty	✓	
13	Withholding Taxes	✓	

N°	Description of payment	Disclosed by company	Disclosed by project
14	Excise Duty - Electrical Energy	√	
15	Property Transfer Tax	√	
16	Advance Income Tax	√	
17	Export Levy	√	
18	Other taxes (ZRA)	√	
19	VAT claimed	√	
<b>Local Councils</b>			
20	Annual Business Fees		√
21	Property Rates		√
<b>MoL</b>			
22	Ground Rent		√
23	Consideration Fees		√
24	Registration Fees		√
25	Preparation fees		√
26	Others-Invitation to Treat / Title Deeds		√
<b>MoF</b>			
27	Dividends from Government Shares	√	
28	Revenues from GRZ shareholding sale	√	
<b>ZCCM-IH</b>			
29	Dividends from ZCCM-IH Shares	√	
30	Price participation fees	√	
31	Revenues from ZCCM-IH shareholding sale	√	
32	Revenues from ZCCM-IH mining rights transfer	√	
<b>Social Payments</b>			
33	Corporate Social Responsibility In kind payments		√
34	Corporate Social Responsibility cash payments		√
<b>Other Significant Payments</b>			
35	Other Significant Payments	√	

Where payments are attributed to a specific project, then the total amounts per type of payments shall be disaggregated by project. Where payments are levied at an entity level rather than at a project level, the payments will be disclosed at an entity level rather than at a project level.

Furthermore, reporting entities were requested to disclose their payments by project where applicable

#### 4.5 Level of Disaggregation

The Reporting Templates and the data are submitted:

- by extractive company;
- by Government Agency; or SoE for each company/taxpayer selected in the reconciliation scope;
- by tax and by type of payment flow as detailed in the Reporting Template; and
- by project for each payment flow where applicable.

For each payment flow reported, extractive companies and Government Agencies were requested to produce details by receipt / payment, by date and by beneficiary.

The companies were requested to provide:

- information on their beneficial ownership; and
- the audited financial statements for 2018.

#### 4.6 Materiality Deviation and acceptable reconciliation difference

The materiality deviation is the threshold of immaterial differences per revenue stream for which the IA will not carry out investigation. The materiality deviation is set at ZMW 10,000

It was agreed to set the final reconciliation difference at 1% as a maximum which is fairly acceptable.



## 5 RECONCILIATION RESULTS

## 5. RECONCILIATION RESULTS

### 5.1 Payment Reconciliation between Extractive Companies and Government Agencies

We received reporting from 8 companies and 4 government agencies, 12 local councils and the State Company ZCCM-IH. The table below presents aggregated cash flows as reported:

- The companies initially reported payments of ZMW 14,504,836,086 to the Government. The payments reported by the companies were ZMW 1,998,957,138 higher than the payments reported by the Government.
- Out of these discrepancies, ZMW 152,302,284 is explained discrepancies from companies, while ZMW 1,120,661,892 is explained discrepancies from the Government.

The remaining unsolved discrepancies amounting ZMW 1,030,597,529 represents 7.56% of the revenues reported by the Government. This is above the acceptable final reconciliation difference set by the MSG at 1%.

Aggregated payments	Initial reporting (ZMW)	Resolved discrepancies (ZMW)		Adjusted reporting (ZMW)
		Companies	Government	
Companies	14,504,836,086	152,302,284		14,657,138,370
Government	12,505,878,948		1,120,661,892	13,626,540,841
Discrepancy	1,998,957,138	152,302,284	1,120,661,892	1,030,597,529
%	15.98%			7.56%

All resolved discrepancies have been discussed and approved by the concerned reporting entities.

#### 5.1.1 Cash flows per company

The detailed results of the reconciliation exercise per company are presented in the following table with post-reconciliation differences noted between amounts reported as paid by in-scope extractive companies and amounts reported as received by government agencies:



In ZMW

No.	Company	Templates originally lodged			Adjustments			Final amounts		
		Company (a)	Govt (b)	Difference (a-b)	Company (d)	Govt (e)	Difference (d-e)	Company (f) (a+d)	Govt (g) (b+e)	Difference (f-g)
1	KANSANSHI MINING PLC	4,676,525,454	3,619,995,684	1,056,529,769	-	857,452,039	(857,452,039)	4,676,525,454	4,477,447,723	199,077,730
2	KONKOLA COPPER MINES PLC	3,294,869,194	2,161,066,445	1,133,802,749	(93,315)	(512,267)	418,952	3,294,775,879	2,160,554,177	1,134,221,702
3	LUMWANA MINING COMPANY LIMITED	1,529,923,599	1,354,353,674	175,569,925	-	218,484,855	(218,484,855)	1,529,923,599	1,572,838,529	(42,914,930)
4	MOPANI COPPER MINES PLC	1,193,706,188	1,242,066,470	(48,360,282)	(31,459,910)	(42,274,874)	10,814,964	1,162,246,278	1,199,791,596	(37,545,318)
5	KALUMBILA MINERALS LIMITED	1,795,903,531	2,003,549,666	(207,646,135)	157,956,905	9,844,162	148,112,743	1,953,860,435	2,013,393,827	(59,533,392)
6	FIRST QUANTUM MINING AND OPERATIONS LTD	776,380,192	659,343,582	117,036,610	(62,911,982)	(1,739,877)	(61,172,105)	713,468,210	657,603,705	55,864,505
7	CHAMBISHI COPPER SMELTER LIMITED	1,013,632,903	1,207,330,742	(193,697,839)	-	-	-	1,013,632,903	1,207,330,742	(193,697,839)
8	ZCCM INVESTMENTS HOLDINGS PLC	59,978,130	119,503,512	(59,525,383)	69,804,087	8,149,251	61,654,835	129,782,217	127,652,764	2,129,453
9	MAAMBA COLLIERIES LIMITED	163,916,895	138,669,173	25,247,722	19,006,500	71,258,604	(52,252,104)	182,923,395	209,927,777	(27,004,381)
	<b>Total</b>	<b>14,504,836,086</b>	<b>12,505,878,948</b>	<b>1,998,957,138</b>	<b>152,302,284</b>	<b>1,120,661,892</b>	<b>(968,359,608)</b>	<b>14,657,138,370</b>	<b>13,626,540,841</b>	<b>1,030,597,529</b>

### 5.1.2 Cash flows per revenue stream

The detailed results of the reconciliation exercise per revenue stream are presented in the following table with post-reconciliation differences noted between amounts reported as paid by in-scope extractive companies and amounts reported as received by government agencies:

In ZMW

N°	Description of payment	Templates originally lodged			Adjustments			Final amounts		
		Company (a)	Govt (b)	Difference (a-b)	Company (d)	Govt (e)	Difference (d-e)	Company (f) (a+d)	Govt (g) (b+e)	Difference (f-g)
	<b>MMMD</b>	<b>24,058,229</b>	<b>5,426,525</b>	<b>18,631,704</b>	<b>(93,315)</b>	<b>4,764,656</b>	<b>(4,857,972)</b>	<b>23,964,914</b>	<b>10,191,182</b>	<b>13,773,732</b>
1	Application Fees	-	17,700	(17,700)	-	(17,700)	17,700	-	-	-
2	Licence Fees	2,901,384	-	2,901,384	(22,462)	1,608,218	(1,630,681)	2,878,922	1,608,218	1,270,703
3	Area Charges	5,122,705	5,381,148	(258,443)	(70,078)	105,158	(175,236)	5,052,627	5,486,306	(433,679)
4	Valuation Fees	-	27,677	(27,677)	-	(27,677)	27,677	-	-	-
5	Environmental Protection Fund	12,936,708	-	12,936,708	-	-	-	12,936,708	-	12,936,708
6	Other fees & charges	3,096,657	-	3,096,657	-	3,096,657	(3,096,657)	3,096,657	3,096,657	-
	<b>ZRA</b>	<b>13,588,787,748</b>	<b>11,558,576,576</b>	<b>2,030,211,172</b>	<b>83,189,958</b>	<b>1,108,394,350</b>	<b>(1,025,204,392)</b>	<b>13,671,977,706</b>	<b>12,666,970,925</b>	<b>1,005,006,780</b>
7	Pay- As-You-Earn	2,000,892,678	2,021,095,352	(20,202,674)	(32,068,655)	(31,263,769)	(804,886)	1,968,824,023	1,989,831,584	(21,007,561)
8	Import VAT	2,674,696,895	2,433,045,263	241,651,632	7,272,802	7,569,626	(296,824)	2,681,969,696	2,440,614,889	241,354,807
9	Mineral Royalty	3,080,692,521	3,289,974,905	(209,282,384)	157,775,685	(22,897,010)	180,672,694	3,238,468,206	3,267,077,895	(28,609,689)
10	Company Income Tax (including Provisional Tax)	1,708,103,681	1,831,988,023	(123,884,343)	1,318,284	152,041	1,166,243	1,709,421,965	1,832,140,064	(122,718,099)

N°	Description of payment	Templates originally lodged			Adjustments			Final amounts		
		Company (a)	Govt (b)	Difference (a-b)	Company (d)	Govt (e)	Difference (d-e)	Company (f) (a+d)	Govt (g) (b+e)	Difference (f-g)
11	VAT (including Withholding VAT)	2,701,567,158	958,053,174	1,743,513,984	210,983,659	1,098,476,320	(887,492,661)	2,912,550,816	2,056,529,494	856,021,323
12	Import/Customs Duty	589,628,869	543,644,235	45,984,635	(1,189,186)	2,913,731	(4,102,917)	588,439,683	546,557,966	41,881,718
13	Withholding Taxes	446,811,514	469,053,741	(22,242,227)	(557,650)	(16,306,389)	15,748,739	446,253,864	452,747,352	(6,493,488)
14	Excise Duty - Electrical Energy	78,679,567	11,451,383	67,228,184	181,220	66,946,201	(66,764,981)	78,860,787	78,397,584	463,203
15	Property Transfer Tax	7,500	270,500	(263,000)	-	(255,500)	255,500	7,500	15,000	(7,500)
16	Other taxes (ZRA)	307,707,366	-	307,707,366	(260,526,201)	3,059,098	(263,585,299)	47,181,165	3,059,098	44,122,067
	<b>Local Councils</b>	<b>107,818,567</b>	<b>96,936,118</b>	<b>10,882,449</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,818,567</b>	<b>96,936,118</b>	<b>10,882,449</b>
17	Annual Business Fees	99,879	3,773,020	(3,673,141)	-	-	-	99,879	3,773,020	(3,673,141)
18	Property Rates	107,718,688	93,163,098	14,555,590	-	-	-	107,718,688	93,163,098	14,555,590
	<b>MoL</b>	<b>2,665,432</b>	<b>574,570</b>	<b>2,090,862</b>	<b>-</b>	<b>1,156,293</b>	<b>(1,156,293)</b>	<b>2,665,432</b>	<b>1,730,864</b>	<b>934,569</b>
19	Ground Rent	1,425,207	574,570	850,637	-	86,562	(86,562)	1,425,207	661,132	764,075
20	Registration Fees	170,194	-	170,194	-	-	-	170,194	-	170,194
21	Others-Invitation to Treat / Title Deeds	1,070,032	-	1,070,032	-	1,069,732	(1,069,732)	1,070,032	1,069,732	300
	<b>MoF</b>	<b>23,178,862</b>	<b>16,832,269</b>	<b>6,346,593</b>	<b>-</b>	<b>6,346,593</b>	<b>(6,346,593)</b>	<b>23,178,862</b>	<b>23,178,862</b>	<b>-</b>
22	Dividends from Government Shares	23,178,862	16,832,269	6,346,593	-	6,346,593	(6,346,593)	23,178,862	23,178,862	-
	<b>ZCCM-IH</b>	<b>758,327,248</b>	<b>758,327,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>758,327,248</b>	<b>758,327,248</b>	<b>-</b>
23	Dividends from ZCCM-IH Shares	205,288,440	205,288,440	-	-	-	-	205,288,440	205,288,440	-
24	Price participation fees	553,038,808	553,038,808	-	-	-	-	553,038,808	553,038,808	-
	<b>IDC</b>	<b>-</b>	<b>69,205,642</b>	<b>(69,205,642)</b>	<b>69,205,642</b>	<b>-</b>	<b>69,205,642</b>	<b>69,205,642</b>	<b>69,205,642</b>	<b>-</b>
25	Dividends and other revenues from IDC-Shares	-	69,205,642	(69,205,642)	69,205,642	-	69,205,642	69,205,642	69,205,642	-
	<b>Total payments</b>	<b>14,504,836,086</b>	<b>12,505,878,948</b>	<b>1,998,957,138</b>	<b>152,302,284</b>	<b>1,120,661,892</b>	<b>(968,359,608)</b>	<b>14,657,138,370</b>	<b>13,626,540,841</b>	<b>1,030,597,529</b>

## 5.2 Adjustments

### 5.2.1 Extractive Companies Adjustments

The adjustments were carried out on the basis of confirmations from extractive companies and Government Agencies and were supported by adequate evidence wherever deemed appropriate. The adjustments made are detailed as follows:

Adjustments to extractive company payments	Total amount ZMW
Tax paid not reported	250,567,948
Tax amount incorrectly reported	(1,712,927)
Tax paid reported but outside the period covered	(2,180,845)
Tax reported but not paid	(31,459,910)
Tax paid reported but outside the reconciliation scope	(62,911,982)
<b>Total added/deducted to amounts originally reported</b>	<b>152,302,284</b>

#### (a) Tax paid not reported

These are payments reported by Government Agencies but were not reported by extractive companies. We set out in the table below a summary of the adjustments made to company payments:

Company	Tax paid not reported (ZMW)
KALUMBILA MINERALS LIMITED	157,956,905
ZCCM INVESTMENTS HOLDINGS PLC	71,891,616
MAAMBA COLLIERIES LIMITED	20,719,427
<b>Total adjustments</b>	<b>250,567,948</b>

After receiving and examining details of payments sent by extractive companies, we noted that the amounts originally recorded in the reporting templates were incorrect. Several taxes were underreported including VAT, Income Tax, Pay- As-You-Earn, Withholding Taxes and others. We therefore adjusted reported payments based on confirmations from the companies and/or a review of the supporting documents. For instance, KALUMBILA MINERALS LIMITED underreported Mineral Royalty for an amount of ZMW 157,956,905. Moreover, ZCCM-IH did not report the dividends paid to IDC in 2018 amounting ZMW 69,205,642.

#### (a) Tax reported but not paid

These are amounts declared by the following companies but were not actually paid in 2018. ZRA made offsets for these payments with other refunds due to these companies:

Company	Tax reported but not paid (ZMW)
MOPANI COPPER MINES PLC	(31,459,910)
<b>Total adjustments</b>	<b>(31,459,910)</b>

#### (b) Tax paid but outside the reconciliation scope

These are adjustments made to amounts reported but not foreseen in the reporting templates:

Company	Tax paid reported but outside the reconciliation scope (ZMW)
FIRST QUANTUM MINING AND OPERATIONS LTD	(62,911,982)
<b>Total adjustments</b>	<b>(62,911,982)</b>

## 5.2.2 Adjustments to Government Agencies templates

The adjustments were carried out on the basis of confirmations received from extractive companies or from Government Entities and supported by payment receipts wherever deemed appropriate. These adjustments are detailed as follows:

Adjustments to Government payments	Total amount ZMW
Tax received not reported (a)	1,224,031,945
Tax amount incorrectly reported	108,528
Tax reported but not received (b)	(103,478,581)
<b>Total added/deducted to amounts originally reported</b>	<b>1,120,661,892</b>

### (a) Tax received not reported

These are payments not reported by Government Agencies although they were received from extractive companies in 2017. We set out in the table below a summary of the adjustments made to Government agencies payments:

Company	Tax received not reported (ZMW)
KANSANSHI MINING PLC	869,576,658
LUMWANA MINING COMPANY LIMITED	239,480,437
MAAMBA COLLIERIES LIMITED	71,258,604
KALUMBILA MINERALS LIMITED	34,721,827
ZCCM INVESTMENTS HOLDINGS PLC	8,040,724
MOPANI COPPER MINES PLC	509,290
KONKOLA COPPER MINES PLC	444,406
<b>Total adjustments</b>	<b>1,224,031,945</b>

After receiving and examining details of payments sent by ZRA, we noted that the amounts originally recorded in the reporting templates were incorrect. Several taxes were underreported including VAT, Pay- As-You-Earn, Withholding Taxes and others. We therefore adjusted reported payments based on confirmations from the companies and/or a review of the supporting documents. For instance, ZRA did not report the VAT received from Kansanshi Mining Plc (KMP) in 2018 and amounting ZMW 869,576,658.

### (b) Tax reported but not received

These are amounts declared for the following companies but were not actually received in 2017. ZRA made offsets for these payments with other refunds due to these companies:

Company	Tax reported but not received (ZMW)
MOPANI COPPER MINES PLC	(42,784,164)
KALUMBILA MINERALS LIMITED	(24,877,665)
LUMWANA MINING COMPANY LIMITED	(20,995,582)
KANSANSHI MINING PLC	(12,124,619)
FIRST QUANTUM MINING AND OPERATIONS LTD	(1,739,877)
KONKOLA COPPER MINES PLC	(956,673)
<b>Total adjustments</b>	<b>(103,478,581)</b>

### 5.3 Unreconciled Differences

Following the reconciliation adjustments made, the unresolved differences amount to (ZMW 1,030,597,529) and are broken down by extractive company in the table below:

In ZMW

No.	Company	Unreconciled difference	Tax not reported by the extractive company	Tax not reported by the Govt Body	Not material difference < ZMW 10,000
1	KANSANSHI MINING PLC	199,077,730	(5,324,000)	204,401,399	332
2	KONKOLA COPPER MINES PLC	1,134,221,702	(1,116,537)	1,135,338,239	(0)
3	LUMWANA MINING COMPANY LIMITED	(42,914,930)	(72,698,006)	29,783,077	(0)
4	MOPANI COPPER MINES PLC	(37,545,318)	(68,260,461)	30,717,363	(2,220)
5	KALUMBILA MINERALS LIMITED	(59,533,392)	(121,202,811)	61,671,555	(2,136)
6	FIRST QUANTUM MINING AND OPERATIONS LTD	55,864,505	(89,598,425)	145,462,930	-
7	CHAMBISHI COPPER SMELTER LIMITED	(193,697,839)	(215,089,539)	21,400,600	(8,900)
8	ZCCM INVESTMENTS HOLDINGS PLC	2,129,453	(307,075)	2,444,026	(7,499)
9	MAAMBA COLLIERIES LIMITED	(27,004,381)	(27,041,395)	34,975	2,038
	<b>Total unreconciled differences</b>	<b>1,030,597,529</b>	<b>(600,638,249)</b>	<b>1,631,254,163</b>	<b>(18,385)</b>

The remaining unsolved discrepancy is mainly explained by a difference of ZMW 1,134.222 million between the payments reported by KCM and the revenues declared by the Government Agencies. In fact, the payments declared by KCM were ZMW 990.521 million and ZMW 137.961 million higher than the payments reported by the Government Agencies for VAT and Import VAT respectively. It is worth noting that KCM did not provide the breakdown by receipt for the VAT reported which made its reconciliation non-feasible.

We note also that the unresolved discrepancies on KMP and CCS are relating to VAT payments.

The unresolved differences are broken down by payment flow in the table below:

No.	Revenue stream	Unreconciled difference	Reasons for differences		
			Tax not reported by the extractive company	Tax not reported by the Govt Body	Not material difference < ZMW 10,000
	<b>MMMD</b>	<b>13,773,732</b>	<b>(425,101)</b>	<b>14,207,411</b>	<b>(8,578)</b>
1	Licence Fees	1,270,703	-	1,270,703	-
2	Environmental Protection Fund	12,936,708	-	12,936,708	-
	<b>ZRA</b>	<b>1,005,006,780</b>	<b>(591,141,127)</b>	<b>1,596,161,014</b>	<b>(13,107)</b>
3	Pay- As-You-Earn	(21,007,561)	(30,300,414)	9,292,870	(16)
4	Import VAT	241,354,807	-	241,354,784	24
5	Mineral Royalty	(28,609,689)	(41,128,397)	12,518,710	(3)
6	Company Income Tax (including Provisional Tax)	(122,718,099)	(123,705,434)	988,713	(1,378)
7	VAT	856,021,323	(382,319,302)	1,238,340,624	-
8	Import/Customs Duty	41,881,718	(5,737,010)	47,618,728	-
9	Withholding Taxes	(6,493,488)	(7,491,728)	998,240	(0)
10	Excise Duty - Electrical Energy	463,203	(458,843)	926,279	(4,233)
11	Property Transfer Tax	(7,500)	-	-	(7,500)
12	Other taxes (ZRA)	44,122,067	-	44,122,067	-
	<b>Local Councils</b>	<b>10,882,449</b>	<b>(9,072,020)</b>	<b>19,952,622</b>	<b>1,846</b>
13	Annual Business Fees	(3,673,141)	(3,748,020)	74,879	-
14	Property Rates	14,555,590	(5,324,000)	19,877,743	1,846
	<b>MoL</b>	<b>934,569</b>	<b>-</b>	<b>933,116</b>	<b>1,453</b>
15	Ground Rent	764,075	-	762,922	1,153
16	Registration Fees	170,194	-	170,194	-
17	Others-Invitation to Treat / Title Deeds	300	-	-	300
	<b>Total Unreconciled difference</b>	<b>1,030,597,529</b>	<b>(600,638,249)</b>	<b>1,631,254,163</b>	<b>(18,385)</b>

In ZMW

## 5.4 Unilateral Disclosure of Revenues by Government Agencies

Government Agencies were requested to disclose unilaterally revenue streams collected from companies but not included within the reconciliation scope in accordance with EITI Requirement 4.1.d. Details of revenues by Payment Flow are set out in the table below:

N°	Description of payment	Revenues in ZMW
<b>ZRA</b>		<b>3,834,910,487</b>
1	VAT	1,003,117,225
2	Company Income Tax (including Provisional Tax)	634,838,455
3	Pay- As-You-Earn	621,633,273
4	Mineral Royalty	611,121,043
5	Excise Duty - Electrical Energy	3,140,494
6	Import VAT	600,141,633
7	Withholding Taxes	164,603,318
8	Import/Customs Duty	109,697,714
9	Domestic Excise	82,706,233
10	Property Transfer Tax	3,694,333
11	Turnover Tax	214,103
12	Presumptive Tax	2,662
<b>MMMD</b>		<b>33,246,762</b>
13	Area Charges	27,486,680
14	Application Fees	5,081,507
15	Other fees & charges	678,575
<b>MoL</b>		<b>25,825</b>
16	Ground Rent	25,825
<b>Local Councils</b>		<b>128,110,577</b>
17	Property Rates	126,384,610
18	Stone Levy	1,046,904
19	Manganese Levy	547,561
20	Annual Business Fees	131,501
<b>Petroleum Unit</b>		<b>4,791,896</b>
<b>Total payments</b>		<b>4,001,085,547</b>

The breakdown by company is in Annex 10 to this Report.





## 6 ANALYSIS OF REPORTED DATA

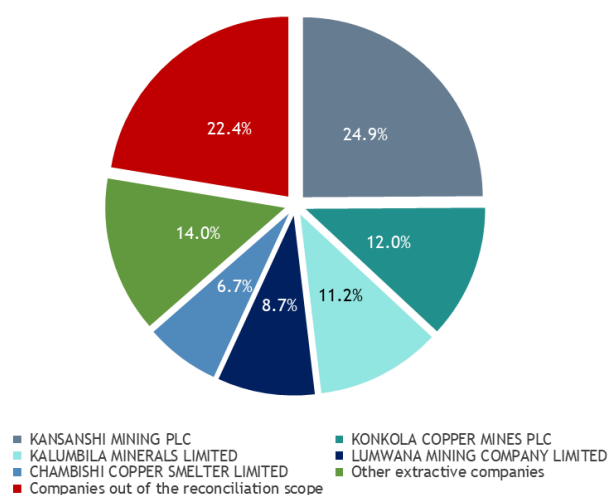
## 6. ANALYSIS OF REPORTED DATA

### 6.1 Analysis of Government Revenues

#### 6.1.1 Analysis of payments by companies' contribution

The analysis of payments by companies' contribution indicates that 5 companies contributed approximately 63.6% to the total payments in 2018 and that Kansanshi Mining Plc accounts for almost 25% of the country's extractive receipts for that period.

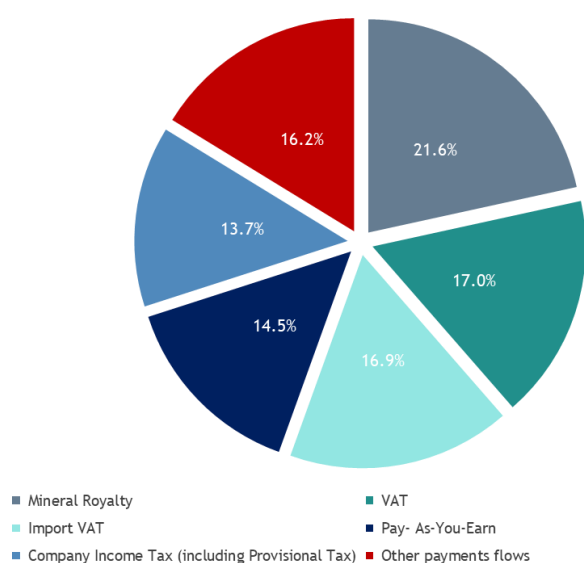
No.	Company	Total payments to Government (ZMW million)	% of total Government revenues
1	KANSANSHI MINING PLC	4,477.45	24.9%
2	KONKOLA COPPER MINES PLC	2,160.55	12.0%
3	KALUMBILA MINERALS LIMITED	2,013.39	11.2%
4	LUMWANA MINING COMPANY LIMITED	1,572.84	8.7%
5	CHAMBISHI COPPER SMELTER LIMITED	1,207.33	6.7%
6	MOPANI COPPER MINES PLC	1,199.79	6.7%
7	FIRST QUANTUM MINING AND OPERATIONS LTD	657.60	3.7%
8	MAAMBA COLLIERIES LIMITED	209.93	1.2%
9	ZCCM INVESTMENTS HOLDINGS PLC	127.65	0.7%
	Social payments unilaterally declared by extractive companies	327.16	1.8%
	Receipts from companies out of the reconciliation scope unilaterally declared by Government Agencies	4,024.42	22.4%
	<b>Total</b>	<b>17,978.12</b>	<b>100%</b>



The breakdown of unilateral disclosure by company is set out in the Annex 10.

#### 6.1.2 Analysis of payments by contribution flows

The analysis of the payments by flow shows that the top 5 taxes contributed 83.8% of the total payments collected from the extractive companies. We also note that Mineral Royalty accounts for the highest proportion of total receipts (21.6%).



No.	Company	Total payments to Government (ZMW)	% of total Government revenues
1	Mineral Royalty	3,878.20	21.6%
2	VAT	3,059.65	17.0%
3	Import VAT	3,040.76	16.9%
4	Pay- As-You-Earn	2,611.46	14.5%
5	Company Income Tax	2,466.98	13.7%
6	Other payments flow	2,921.08	16.2%
	<b>Total</b>	<b>17,978.12</b>	<b>100%</b>

### 6.1.3 Analysis of payments by Government Agencies

During 2018, ZRA collected the largest value of taxes included in the reconciliation followed by ZCCM-IH as shown in the table below:

No.	Company	Total payments to Government (ZMW million)	% of total Government revenues
1	Zambian Revenue Authority (ZRA)	16,501.88	91.8%
2	ZCCM- IH	758.33	4.2%
3	Social Payments	327.16	1.8%
4	Local Councils	225.05	1.3%
5	IDC	69.21	0.4%
6	Ministry of Mines and Minerals Development	43.44	0.2%
7	Environmental Protection Fund	23.33	0.1%
8	Ministry of Finance	23.18	0.1%
9	Petroleum Unit	4.79	0.0%
10	Ministry of Lands	1.76	0.0%
<b>Total extractive sector</b>		<b>17,978.12</b>	<b>100%</b>

### 6.1.4 Analyses of revenues declared by Local Councils

According to the above table, the contribution of the Local Councils through the Property Rates and Annual Business Fees collected from the extractive companies to the total extractive revenue is immaterial. However, these payments were included in the reconciliation scope because they are important to the areas served by Local Council.

We present in the table below details of these receipts by Local Councils:

Local Council	Business Fees (ZMW million)	Property Rates (ZMW million)	Stone Levy (ZMW million)	Manganese Levy (ZMW million)	Total (ZMW million)
Chilanga Council	0.02	95.12	-	-	95.13
Chililabombwe Council	0.04	12.17	-	-	12.21
Chingola Council	-	11.70	-	-	11.70
Kabwe council	-	0.08	-	-	0.08
Kafue Council	0.09	0.12	1.05	0.55	1.81
Kalulushi Council	-	18.05	-	-	18.05
Kalumbila Council	-	20.62	-	-	20.62
Kitwe Council	-	9.13	-	-	9.13
Lufwanyama Council	-	0.94	-	-	0.94
Lusaka Council	0.00	-	-	-	0.00
Lusanshya Council	-	11.28	-	-	11.28
Mansa Council	-	-	-	-	-
Mazabuka Council	0.00	0.15	-	-	0.15
Mufulira Council	3.42	7.50	-	-	10.92
Mumbwa Council	-	0.60	-	-	0.60
Ndola Council	-	5.57	-	-	5.57
Siavonga Council	0.01	0.00	-	-	0.01
Sinazongwe Council	0.31	1.20	-	-	1.51
Solwezi Council	-	25.32	-	-	25.32
Zimba Council	0.01	0.00	-	-	0.01
<b>Grand Total</b>	<b>3.90</b>	<b>219.55</b>	<b>1.05</b>	<b>0.55</b>	<b>225.05</b>

## 6.2 Analysis of Social Payments

Companies were requested to report social payments and transfers made during 2018 unilaterally. We set out in the tables below the amounts reported by extractive companies:

No.	Company	In Cash (ZMW million)	In Kind (ZMW million)	Total (ZMW million)
1	KANSANSHI MINING PLC	-	50.22	50.22
2	KONKOLA COPPER MINES PLC	0.64	-	0.64
3	LUMWANA MINING COMPANY LIMITED	0.94	-	0.94
4	MOPANI COPPER MINES PLC	-	204.87	204.87
5	KALUMBILA MINERALS LIMITED	6.34	52.45	58.79
6	FIRST QUANTUM MINING AND OPERATIONS LTD	-	-	-
7	CHAMBISHI COPPER SMELTER LIMITED	-	-	-
8	ZCCM INVESTMENTS HOLDINGS PLC	0.34	-	0.34
9	MAAMBA COLLIERIES LIMITED	11.36	-	11.36
	<b>Total</b>	<b>19.62</b>	<b>307.54</b>	<b>327.16</b>

All these payments are voluntary social payments. The breakdown by beneficiary is set out in the Annexe 9.

## 6.3 Analysis of Payments by Project

Companies and Government Agencies were requested to report, where possible, the payment flows made during 2018 by project. The following definition for projects was adopted:

In Zambia, a project is defined by ZEC as “the operational activities that are governed by a single licence and forms the basis for payment liabilities with a government”.

### 6.3.1 Payments by project reported by Government Agencies

#### 6.3.1.1 Payments by project reported by Government Agencies for mining companies

MMMD, ZRA, the local councils and MoL were requested to disclose the following payments by project. Only the payments relating to area charges were detailed by project by MMMD representing 0.12% of the total payments required to be detailed by project:

N°	Description of payment	Required to be disclosed by project	Payments reported by Government Agencies in 2018 (ZMW)	Payments disclosed by project (ZMW)	%
<b>MMMD</b>					
1	Application Fees	✓	17,700		
2	Licence Fees	✓	5,081,507		
3	Area Charges	✓	32,867,828	5,068,643	15.42%
4	Valuation Fees	✓	27,677		
5	Environmental Protection Fund	✓			
6	Other fees & charges	✓	678,575		
<b>ZRA</b>					
7	Mineral Royalty	✓	3,901,095,947		
<b>Local Councils</b>					
8	Annual Business Fees	✓			
9	Property Rates	✓	219,547,708		
<b>MoL</b>					
10	Ground Rent	✓	600,395		
<b>Total</b>			<b>4,159,917,338</b>	<b>5,068,643</b>	<b>0.12%</b>

The payments by project as reported by MMMD are as follows:

No.	Company	License n°	Area Charges (ZMW)	%
1	KANSANSHI MINING PLC	7057-HQ-LML	421,032	1.24%
		17019-HQ-LEL	22,462	0.07%
		7074-HQ-LML	16,170	0.05%
2	KONKOLA COPPER MINES PLC	7075 - HQ - LML	192,715	0.57%
		7076 - HQ - LML	120,678	0.36%
		102099 - HQ - MPL	4,150	0.01%
		19168 - HQ - LPL	110,692	0.33%
3	LUMWANA MINING COMPANY LIMITED	8089-HQ-LML	410,791	1.21%
		9000-HQ-LML	402,817	1.19%
		9001-HQ-LML	279,903	0.83%
		9002-HQ-LML	357,665	1.06%
		9003-HQ-LML	144,236	0.43%
4	MOPANI COPPER MINES PLC	7625 HQ - LML	169,357	0.50%
		7073 HQ - LML	339,933	1.00%
5	KALUMBILA MINERALS LIMITED	15868 HQ LML	416,759	1.23%
		15869 HQ LML	409,396	1.21%
		15870 HQ LML	403,032	1.19%
		15871 HQ LML	125,291	0.37%
6	FIRST QUANTUM MINING AND OPERATIONS LTD	8480	39,450	0.12%
		21957	27,440	0.08%
7	CHAMBISHI COPPER SMELTER LIMITED	8403-HQ-LML	8,577	0.03%
Sub-total			5,068,643	14.98%
Total Area Charges reported by MMMD			32,867,828	

### 6.3.1.2 Payments by project reported by the Petroleum Unit

All the payments reported by the Petroleum Unit were disaggregated by project as follows:

COMPANIES	LICENCE NO.	AREA CHARGES (ZMW)	ANNUAL LICENCE FEES (ZMW)	DATA PACKAGE	APPLICATION FEES	TOTAL (ZMW)
ZCCM-IH	PEL 032	334,803	90,000	214,620	120,000	759,423
SARGAS	PEL029	156,537	90,000			246,537
ZCCM-IH	PEL033	137,738	90,000	214,620	120,000	562,358
MAFULA	PEL008	1,108,367	90,000			1,198,367
ZCCM-IH	PEL032	97,658	90,000	214,620	120,000	522,278
ZCCM-IH	PEL031	63,918	90,000	214,620	120,000	488,538
ZCCM-IH	PEL012	209,440	90,000			299,440
TULLOW	PEL028	654,955	60,000			714,955
Total		2,763,416.34	690,000.00	858,480.00	480,000.00	4,791,896.34

ZRA, MoL and the local councils did not report the payments by project.

### 6.3.2 Payments by project reported by the extractive companies

In-scope companies were requested to disclose the following payments by project. The payments detailed by project by represent 33.47% of the total payments required to be detailed by project:

N°	Description of payment	Required to be disclosed by project	Payments reported by in-scope companies in 2018 (ZMW)	Payments disclosed by project (ZMW)	%
<b>MMMD</b>					
1	Application Fees	√			
2	Licence Fees	√	2,878,922		
3	Area Charges	√	5,052,627	4,993,175	99%
4	Valuation Fees	√			
5	Environmental Protection Fund	√	12,936,708		
6	Other fees & charges	√	3,096,657		
<b>ZRA</b>					
7	Mineral Royalty	√	3,238,468,206	1,100,722,515	34%
<b>Local Councils</b>					
8	Annual Business Fees	√	99,879		
9	Property Rates	√	107,718,688	23,169,950	22%
<b>MoL</b>					
10	Ground Rent	√	1,425,207		
11	Registration Fees	√	170,194		
12	Others-Invitation to Treat / Title Deeds	√	1,070,032		
<b>Total</b>			<b>3,372,917,118</b>	<b>1,128,885,640</b>	<b>33.47%</b>

The table below set out the amounts reported by extractive companies by project and payment flows:

No.	Company	License n°	Area Charges paid to MMMD (ZMW)	Mineral Royalties paid to ZRA (ZMW)	Property rates to local councils (ZMW)
1	KANSANSHI MINING PLC	7057 HQ LML	421,032	1,100,722,515	
		17019-HQ-LEL	22,462		
		7074-HQ-LML	16,170		
2	KONKOLA COPPER MINES PLC	7075 - HQ - LML	192,715		
		7076 - HQ - LML	120,678		
		102099 - HQ - MPL	4,150		
		19168 - HQ - LPL	110,692		
3	LUMWANA MINING COMPANY LIMITED	8089-HQ-LML	410,791		
		9000-HQ-LML	402,817		
		9001-HQ-LML	279,903		
		9002-HQ-LML	357,665		
		9003-HQ-LML	144,236		
		9004-HQ-LML	409,186		
4	MOPANI COPPER MINES PLC	7625 HQ - LML	169,357		6,898,651
		7073 HQ - LML	339,933		7,430,119
5	KALUMBILA MINERALS LIMITED	15868 HQ LML	416,759		
		15869 HQ LML	409,396		
		15870 HQ LML	403,032		
		15871 HQ LML	125,291		
		15872 HQ LML	236,910		
6	FIRST QUANTUM MINING AND OPERATIONS LTD	NC			
7	CHAMBISHI COPPER SMELTER LIMITED	8403-HQ-LML			8,841,180
8	ZCCM INVESTMENTS HOLDINGS PLC	NC			
9	MAAMBA COLLIERIES LIMITED	NC			
<b>Sub-total</b>			<b>4,993,175</b>	<b>1,100,722,515</b>	<b>23,169,950</b>
<b>Total reported by extractive companies</b>			<b>5,052,627</b>	<b>3,238,468,206</b>	<b>107,718,688</b>
<b>%</b>			<b>99%</b>	<b>34%</b>	<b>22%</b>

NC: Not Communicated

## 6.4 Analysis of Employment Data

Companies were requested their foreign and domestic employees' number during 2018. We set out in the tables below the number of direct employees reported by in-scope extractive companies:

No.	Company	Direct domestic employees	Direct foreign employees	Total
1	KANSANSHI MINING PLC	2,878	140	3,018
2	KONKOLA COPPER MINES PLC	6,439	52	6,491
3	LUMWANA MINING COMPANY LIMITED	1,721	56	1,777
4	MOPANI COPPER MINES PLC	6,084	106	6,190
5	KALUMBILA MINERALS LIMITED	2,648	157	2,805
6	FIRST QUANTUM MINING AND OPERATIONS LTD	3,536	117	3,653
7	CHAMBISHI COPPER SMELTER LIMITED	NC	NC	-
8	ZCCM INVESTMENTS HOLDINGS PLC	NC	NC	-
9	MAAMBA COLLIERIES LIMITED	220	20	240
	<b>Total</b>	<b>23,526</b>	<b>648</b>	<b>24,174</b>

NC: Not communicated





## 7 RECOMMENDATIONS

## 7. RECOMMENDATIONS

### 7.1 2018 IA Recommendations

#### 7.1.1 Reconciliation scope and coverage of ZEITI Report 2018

As mentioned in Section 4.2.2, the MSG agreed to select the same in scope companies as in ZEITI Report 2017. Accordingly, the reconciliation scope allows a coverage of more than 76% of the total revenues collected by ZRA from mining companies. Moreover, some companies out of the reconciliation scope (i.e. Chambishi Metals, Lafarge Cement, NFC Africa Mining) made material payments in 2018 as detailed in Annex 10.

We note also that ZEC decided to use the same Reporting Templates as for ZEITI Report 2017 and 2016.

*We recommend that ZEC determine a new reconciliation scope for the 2019 ZEITI Report in order to capture all companies making material payments to Government Agencies and to increase the coverage of the reconciliation exercise. We recommend also to update the Reporting Templates for the future ZEITI Reports in order to align it to the new Requirements of the EITI Standard 2019, take into account any possible changes in the fiscal regime and clarify the issues faced in the previous reconciliation exercises.*

#### 7.1.2 Including identification of Politically Exposed Persons (PEPs) in the required BO disclosure

Requirement 2.5 (d) of the EITI Standard 2019 states that “Information about the identity of the beneficial owner should include the name of the BO, their nationality, and their country of residence, as well as identifying any politically exposed persons ...”. Moreover, Req 2.5 (f) stipulates that “the MSG should agree appropriate definition of the term “beneficial owner” and that the definition should also specify reporting obligations for PEPs”.

In Zambia, the BO disclosure is regulated by the new Companies Act 2017 passed in November 2017. It provides for the disclosure of beneficial owners and the creation of a register of beneficial owners that will be kept at the Patents and Companies Registration Agency (PACRA). However, this Act does not include a definition of Politically Exposed Persons (PEP) neither requires identifying PEPs among the beneficial owners nor specifies reporting obligations for PEPs.

We understand that in Zambia, the sole regulation relating to PEPs is specified in Financial Intelligence Centre Act, No, 46 of 2010 (as amended by Act No.4 of 2016)<sup>64</sup>. This Act includes the definitions of PEPs (please refer to Section 3.11). Moreover, a revised guidance note issued by the Financial Intelligence Center in December 2017, provides the reporting entities with an overview of individuals that are considered PEPs in Zambia and the Anti-Money Laundering and Combating the Financing of Terrorism measures that apply to them

*We recommend that ZEC takes the necessary measures to include the identification and disclosure of PEPs within the required BO disclosure. Discussions with the relevant stakeholders shall start at the soonest to consider the possible options to collect PEPs disclosure. This could be done preferably by amending the Companies Act, 2017 or by formally requesting from the extractive companies to disclose their PEPs.*

*ZEC might consider the definition and the disclosure requirements stipulated in the Financial Intelligence Centre Act and guidance note.*

#### 7.1.3 Disaggregation of production and export data by individual project

Requirement 4.7 of the EITI Standard 2019 states that “It is required that EITI data is disaggregated by each individual project, company, government entity and revenue stream. Moreover, Requirements 3.2 and 3.3 of EITI Standard 2019 stipulate that the production and export data could be further disaggregated by project.

Actually, the production and export data publicly available or obtained from MMD and ZRA through the EITI reporting process includes the value and volume of minerals and a disaggregation by company but not a disaggregation by project (please refer to Sections 3.7.1 and 3.7.2).

*We recommend to ZEC considering the inclusion of a disaggregation of production and export data by individual project in the future EITI reports. This should be in line with the definition of the term “project” in Zambia as presented in Section 4.4.*

<sup>64</sup> <https://zambialaws.com/principal-legislation/financial-intelligence-centre-act>

#### 7.1.4 Contract transparency

According to Requirement 4.7 of the EITI Standard:

- Implementing countries are required to disclose any contracts and licenses that are granted, entered into or amended from 1 January 2021. Implementing countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals;
- The MSG is expected to agree and publish a plan for disclosing contracts with a clear time frame for implementation and addressing any barriers to comprehensive disclosure. This plan will be integrated into work plans covering 2020 onwards;
- It is a requirement to document the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include an overview of which contracts and licenses are publicly available. Implementing countries should provide a list of all active contracts and licenses, indicating which are publicly available and which are not. For published contracts and licenses, it should include a reference or link to the location where the contract or license is published.

We understand that MMD Act 2015 includes confidentiality provisions (please refer to Section 3.5.5) and that few license certificates signed before this Act are publicly available in Zambia. We note also the lack of complete list of contracts indicating which are publicly available and which are not.

*We recommend that ZEC establishes its plan for disclosing contracts for the future EITI exercises. This plan should be included in the published work plan. Furthermore, we recommend to disclose a complete list of the actual contracts indicating which are publicly available and which are not. It should include a reference or link to the location where the contract or license is published.*

#### 7.1.5 Lack of breakdown by company of the payments reported by the local councils

The local councils have requested to report the payments received from the extractive companies. These payments must be disaggregated by payment flow and by paying company. We noted that some payments reported by the local councils were not broken down by paying companies.

We were therefore obliged in many cases to contact the relevant local councils to find out about the identity of company which made the payment. However, we have not been able to obtain the name of the paying companies with regards to the payments declared by Chilanga Council amounting ZMW 95,131,406. The payments reported by the local councils are detailed in Section 6.1.4 and Annex 10 to the Report.

*We recommend that ZEC raise awareness among local councils about the necessity of disaggregating all the payments received by paying company. The local councils should participate to the future EITI workshops relating to the presentation of the EITI reporting templates and instructions. All the payments reported by the local councils must be disaggregated by company and by payment flow in the future EITI exercises.*

#### 7.1.6 Including the subsidiaries of ZCCM-IH engaged in the extractive sector in the scope of the future ZEITI Reports

According to Req 2.6(a) of the 2019 EITI Standard, implementing countries are required to disclose the transfers, retained earnings, reinvestment and third-party financing related to SOE JVs and subsidiaries. Furthermore, SOE JVs and subsidiaries are required to disclose their level of ownership in the extractive companies in Zambia.

Moreover, according to Req 6.2 of the 2019 EITI Standard, implementing countries must disclose the quasi fiscal expenditures made by the SOE JVs and subsidiaries.

We identified two (2) companies totally owned by ZCCM-IH and engaged in the extractive companies: Ndola Lime Company Limited (NLC) and Nkandabwe Coal Mines Limited (NCM). We note that these two (2) companies were not included in the scope of this report and that their financial statements are not available online. Therefore, we have not been able to obtain a complete information about their financial relationships with the Government and their participation in the extractive companies in Zambia.

*In order to comply with requirements of the 2019 EITI Standard relating the financial relationship of the SOEs subsidiaries and their participation in the extractive companies, we recommend to include Ndola Lime Company Limited (NLC) and Nkandabwe Coal Mines Limited (NCM) in the scope of the future ZEITI reports.*

### 7.1.7 Lack of disaggregation of payments by individual project

According to Req 4.7 of the 2019 EITI Standard, it is required that EITI data is disaggregated by each individual project.

In Zambia, a project is defined by ZEC as “the operational activities that are governed by a single licence and forms the basis for payment liabilities with a government”.

Companies and Government Agencies were requested to report, where possible, the payment flows made during 2018 by project.

We noted that for the Government Agencies, only MMMD and Petroleum Unit complied with this requirement. MMMD provided the detail by project only for the payments relating to area charges where it has been requested to disaggregate all the payments received as well. With regards, to the in-scope extractive companies, all of them disaggregated the payments by project except FQMO, CCS, ZCCM-IH and MCL. The detail of the payments by project is presented in Section 6.3. We note also that the payments disclosed by the Government Agencies by project represent 0.12% of what must be declared at project level as agreed by ZEC.

*We recommend to ZEC to undertake a feasibility study on the EITI reporting by project in order to determine the ability of the Government Agencies to disaggregate their reported payments by project, the barriers that could present such disaggregation and the actions plan to achieve it. This should include the determination of the payments flows that could be reported by project and the payments levied at entity level. All the reporting entities must be informed about the necessity of disaggregating their payments by project.*

### 7.1.8 Improving the mining licences grant process

The Office of the Auditor General carried out a compliance audit on the awarding and monitoring of mining rights for 2017. The objective of the audit was to ascertain whether MMMD carried out its responsibilities in the awarding and monitoring of mining rights in accordance with the provisions of the Mines and Minerals Development Act No. 11 of 2015. The audit also included an examination, on a test basis, of evidence supporting compliance and adherence in all material respects with the relevant laws and regulations. This audit raised, among others, the main following observations:

- Lack of adequate assessment of applications before the awarding of mining rights evidenced by the non-commencement of operations by most mining right holders due to the facts that the applicants should have fulfilled before the awarding of the rights, e.g. financial constraints, lack of clearance by ZEMA and consent issues;
- During the year 2017, only 12% of the awarded exploration mining right holders submitted quarterly reports to the Geological Survey Department (GSD). The rest of the exploration mining right holders were non-compliant to the provisions of the Act; and
- From the GSD data base consisting of seven hundred and nine (709) exploration right holders, nine (9) exploration mining right holders exported minerals before obtaining mining licenses.

The complete description of the findings of this report is presented in Section 3.5.2.

We note also that 2,395 mining licences were active in 2018 belonging to 1,484 licence holders. 894 mining licences were granted in 2018 to 557 mining holders (please refer to Annex 5). It is worth noting that the legal framework does not include a ceiling for the number of mining licences that could be held by the same licenses' holder. This situation increases the risk of companies obtaining many mining rights without having the sufficient technical and financial capacities to implement the agreed work plan and presents more difficulties to monitor and follow up the granted mining rights.

*In addition to the recommendations of the Committee on National Economy, Trade and Labour matters presented in Section 3.5.2, we recommend to MMMD to ensure a close follow up of the findings and recommendations raised in the OAG compliance report and to carry out a more rigorous monitoring of the award of mining licences. We recommend also to MMMD to follow international best practises and consider establishing a limit with regards to the number of mining licences granted to the same mining licence holder.*

## 7.2 Follow up of recommendations of previous EITI Processes

Recommendation	Implementation	Comments
<b>Follow up of the latest validation results</b>		
1 License allocations (2.2)	Yes	The report includes the process of licences transfer, licences transferred during 2018 and a reference to Sections 22 and 31 of the MMDA which set the criteria to be considered when assessing application. Please refer to Section 3.5. The Mining Cadastre Department issued a letter on 12 December 2019 to confirm that there were no deviations from the applicable legal and regulatory framework governing licence transfers and awards for the period concerned. The letter is presented in Annex 11.
2 Data reliability (4.9)	On going	The report includes the assurance procedures agreed by the MSG as well as the results and the assessment of the data reliability. Please refer to Section 2.4.
<b>EITI Implementation (Previous Report)</b>		
3 Gender parity in the ZEC members	On going	In its previous meeting .MSG resolved that each stakeholder sitting on the MSG should consider gender parity.
4 Disclosure of the production values	On going	MMMD disclosed the value of the base metals. It is estimated on the basis of the LME monthly average prices. However, we have not been able to obtain the value of the industrial minerals and precious stones. (Please refer to Section 3.7.1).
5 Assessment of deviations from the licensing procedure	No	We recommend to make the OAG reports on the awarding and monitoring of mining rights for 2017 and 2018 available to the public.
6 Lack of feedback on reconciliation queries	On going	
7 Disclosure of the Beneficial Ownership data	On going	The implementation of the BO register has been started by PACRA. Please refer to Section 7.1.2. For the EITI data, we note that not all in scope companies complied with the disclosure of beneficial ownership. The companies disclosed only the direct shareholders and their capital structures.
8 Implementation of systematic online disclosure	On going	The systematic online disclosure has not been implemented for the EITI data 2017. However, we understand that a feasibility study for mainstreaming the EITI data is on-going.
9 Lack of database for contact details	Yes	
10 Reporting deadlines not met by Government Agencies and Extractive Companies	Yes	
11 Reporting templates not correctly prepared	On going	The Reporting Templates submitted by the companies are not comprehensive and some required information were missing (See Recommendation 7.1.3). Furthermore, we note that some specific templates i.e. disclosure of BO and Barter Arrangements were not filled in by the reporting entities.
12 Implementation of MSG sub-groups	Yes	We note that the following MSG subgroups have been created: <ul style="list-style-type: none"> <li>- Mainstreaming technical working group</li> <li>- Data quality assurance technical working group</li> <li>- Policy and data analysis working group</li> </ul>
13 Implementation of a reporting system for Employment data	Yes	Employment data is collected by the Mine Safety Department.

Recommendation	Implementation	Comments	
14	Enactment of EITI reporting regulations	On going	We understand that a legal framework to strengthen transparency and accountability in Zambia's extractive sector is being drafted.
<b>Governance of the Mining Sector (Previous EITI Report)</b>			
15	Completeness of the data reported on license register	No	The online portal does not include information on the tax identification number and the BO of the licence holders. This situation does not enable the resulting data to be interoperable and more easily reused.
16	Management of the Environmental Protection Fund	On going	MSD started the process of recruiting a fund manager in March 2020.
17	Lack of an up to date follow-up of VAT credits	No	
18	Lack of revenues sharing system	No	No revenues sharing system implemented to date.
19	Strengthening and empowerment of the ASM sector	On going	Capacity building to the ministry staff has been implemented. However, there is still room for improvements with regards to the capacity of ASM workers.
20	Improvement of the environmental remediation	On going	The Government of Zambia has commenced implementing a project on mining and environmental remediation. Please see Section 3.4.
21	Review of the ZDA investment Act	No	The ZDA investment Act has not been reviewed.
22	Improvement of Tax assessment	No	ZRA did not consider setting up a thresholds system to require audited accounts from the taxpayers.
24	Completeness of the data reported on license register	No	The license register still does not include the Tax Identification Number.

## Annexes

## Annex 1 - Payments from the Oil and Gas companies (Unilateral Disclosure by the Petroleum Unit)

COMPANIES	BLOCK NO.	LICENCE NO.	GRANT DATE	EXPIRY DATE	AREA CHARGES (ZMW)	ANNUAL LICENCE FEES (ZMW)	DATA PACKAGE	APPLICATION FEES	TOTAL
ZCCM-IH		PEL 032	27/07/2018	26/07/2022	334,803	90,000	214,620	120,000	759,423
SARGAS		PEL029	22/06/2016	21/06/2020	156,537	90,000			246,537
ZCCM-IH		PEL033	27/07/2018	26/07/2022	137,738	90,000	214,620	120,000	562,358
MAFULA		PEL008	14/01/2019	13/01/2023	1,108,367	90,000			1,198,367
ZCCM-IH		PEL032	14/06/2018	13/06/2022	97,658	90,000	214,620	120,000	522,278
ZCCM-IH		PEL031	14/06/2018	13/06/2022	63,918	90,000	214,620	120,000	488,538
ZCCM-IH		PEL012	RD 7/12/15	06/12/2019	209,440	90,000			299,440
TULLOW		PEL028	09/05/2016	08/05/2020	654,955	60,000			714,955
<b>Total</b>					<b>2,763,416.34</b>	<b>690,000.00</b>	<b>858,480.00</b>	<b>480,000.00</b>	<b>4,791,896.34</b>



## Annex 2 - Company by company reconciliation sheets

Company name:		KANSANSHI MINING PLC			Reporting period:			2018
N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMM D</b>	<b>443,494</b>	-	<b>443,494</b>	<b>440,188</b>	<b>3,306</b>	<b>443,494</b>	-
1	Application Fees		-	-		-	-	-
2	Licence Fees	22,462	(22,462)	-		-	-	-
3	Area Charges	421,032	22,462	443,494	440,188	3,306	443,494	-
4	Valuation Fees		-	-		-	-	-
5	Annual Operating Permit		-	-		-	-	-
6	Environmental Protection Fund		-	-		-	-	-
7	Other fees & charges - ERB		-	-		-	-	-
	<b>ZRA</b>	<b>4,450,074,520</b>	-	<b>4,450,074,520</b>	<b>3,388,369,952</b>	<b>857,448,733</b>	<b>4,245,818,685</b>	<b>204,255,835</b>
8	Pay- As-You-Earn	291,568,191	-	291,568,191	291,474,095	94,112	291,568,208	(17)
9	Import VAT	309,195,045	-	309,195,045	265,164,023	7,569,626	272,733,649	36,461,396
10	Mineral Royalty	1,100,722,515	-	1,100,722,515	1,112,847,137	(12,124,619)	1,100,722,518	(3)
11	Company Income Tax (including Provisional Tax)	1,405,249,474	-	1,405,249,474	1,405,249,515	-	1,405,249,515	(41)
12	VAT	1,165,524,665	-	1,165,524,665	173,424,471	858,995,883	1,032,420,354	133,104,311
13	Import/Customs Duty	111,407,769	-	111,407,769	91,595,380	2,913,731	94,509,111	16,898,658
14	Withholding Taxes	38,798,410	-	38,798,410	38,798,410	-	38,798,410	(0)
15	Excise Duty - Electrical Energy	9,817,315	-	9,817,315	9,816,921	-	9,816,921	393
16	Property Transfer Tax		-	-		-	-	-
21	Other taxes (ZRA)	17,791,138	-	17,791,138			-	17,791,138
22	VAT claimed	1,157,584,961	-	1,157,584,961		-	-	
	<b>Local Councils</b>	<b>20,074,879</b>	-	<b>20,074,879</b>	<b>25,324,000</b>	-	<b>25,324,000</b>	<b>(5,249,121)</b>
23	Annual Business Fees	74,879	-	74,879	-	-	-	74,879
24	Property Rates	20,000,000	-	20,000,000	25,324,000	-	25,324,000	(5,324,000)
	<b>MoL</b>	<b>644,120</b>	-	<b>644,120</b>	<b>573,104</b>	-	<b>573,104</b>	<b>71,016</b>
25	Ground Rent	644,120	-	644,120	573,104	-	573,104	71,016
26	Consideration Fees		-	-		-	-	-
27	Registration Fees		-	-		-	-	-
28	Preparation fees		-	-		-	-	-
29	Others-Invitation to Treat / Title Deeds		-	-		-	-	-
	<b>MoF</b>	-	-	-	-	-	-	-
30	Dividends from Government Shares		-	-		-	-	-
31	Revenues from GRZ shareholding sale		-	-		-	-	-
	<b>ZCCM-IH</b>	<b>205,288,440</b>	-	<b>205,288,440</b>	<b>205,288,440</b>	-	<b>205,288,440</b>	-
32	Dividends from ZCCM-IH Shares	205,288,440	-	205,288,440	205,288,440	-	205,288,440	-
33	Price participation fees		-	-		-	-	-
	<b>IDC</b>	-	-	-	-	-	-	-
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-
	<b>Total payments</b>	<b>4,676,525,454</b>	-	<b>4,676,525,454</b>	<b>3,619,995,684</b>	<b>857,452,039</b>	<b>4,477,447,723</b>	<b>199,077,730</b>

Company name:		KONKOLA COPPER MINES PLC			Reporting period:			2018	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMMD</b>	537,721	(93,315)	444,406	956,673	(512,267)	444,406	-	
1	Application Fees		-	-	17,700	(17,700)	-	-	
2	Licence Fees		-	-		-	-	-	
3	Area Charges	537,721	(93,315)	444,406	911,296	(466,890)	444,406	-	
4	Valuation Fees		-	-	27,677	(27,677)	-	-	
5	Annual Operating Permit		-	-		-	-	-	
6	Environmental Protection Fund		-	-		-	-	-	
7	Other fees & charges - ERB		-	-		-	-	-	
	<b>ZRA</b>	2,716,846,646	-	2,716,846,646	1,584,675,589	-	1,584,675,589	1,132,171,057	
8	Pay- As-You-Earn	411,348,039	-	411,348,039	411,348,039	-	411,348,039	-	
9	Import VAT	736,667,180	-	736,667,180	598,705,619	-	598,705,619	137,961,561	
10	Mineral Royalty	370,803,622	-	370,803,622	371,843,607	-	371,843,607	(1,039,985)	
11	Company Income Tax (including Provisional Tax)	46,350	-	46,350	81,762	-	81,762	(35,412)	
12	VAT	991,504,163	-	991,504,163	982,328	-	982,328	990,521,835	
13	Import/Customs Duty	15,789,910	-	15,789,910	13,204,278	-	13,204,278	2,585,632	
14	Withholding Taxes	187,523,893	-	187,523,893	187,523,893	-	187,523,893	(0)	
15	Excise Duty - Electrical Energy	1,155,838	-	1,155,838	986,063	-	986,063	169,775	
16	Property Transfer Tax		-	-		-	-	-	
21	Other taxes (ZRA)	2,007,651	-	2,007,651		-	-	2,007,651	
22	VAT claimed	1,521,499,610	-	1,521,499,610		-	-		
	<b>Local Councils</b>	24,082,350	-	24,082,350	22,395,374	-	22,395,374	1,686,976	
23	Annual Business Fees		-	-	41,140	-	41,140	(41,140)	
24	Property Rates	24,082,350	-	24,082,350	22,354,234	-	22,354,234	1,728,116	
	<b>MoL</b>	363,668	-	363,668	-	-	-	363,668	
25	Ground Rent	363,668	-	363,668	-	-	-	363,668	
26	Consideration Fees		-	-		-	-	-	
27	Registration Fees		-	-		-	-	-	
28	Preparation fees		-	-		-	-	-	
29	Others-Invitation to Treat / Title Deeds		-	-		-	-	-	
	<b>MoF</b>	-	-	-	-	-	-	-	
30	Dividends from Government Shares		-	-		-	-	-	
31	Revenues from GRZ shareholding sale		-	-		-	-	-	
	<b>ZCCM-IH</b>	553,038,808	-	553,038,808	553,038,808	-	553,038,808	-	
32	Dividends from ZCCM-IH Shares		-	-		-	-	-	
33	Price participation fees	553,038,808	-	553,038,808	553,038,808	-	553,038,808	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-	
	<b>Total payments</b>	3,294,869,194	(93,315)	3,294,775,879	2,161,066,445	(512,267)	2,160,554,177	1,134,221,702	

Company name:		LUMWANA MINING COMPANY LIMITED			Reporting period:			2018	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMM</b>	<b>2,004,598</b>	-	<b>2,004,598</b>	<b>2,004,598</b>	-	<b>2,004,598</b>	<b>(0)</b>	
1	Application Fees		-	-		-	-	-	
2	Licence Fees		-	-		-	-	-	
3	Area Charges	2,004,598	-	2,004,598	2,004,598	-	2,004,598	(0)	
4	Valuation Fees		-	-		-	-	-	
5	Annual Operating Permit		-	-		-	-	-	
6	Environmental Protection Fund		-	-		-	-	-	
7	Other fees & charges - ERB		-	-		-	-	-	
	<b>ZRA</b>	<b>1,491,732,388</b>	-	<b>1,491,732,388</b>	<b>1,331,733,410</b>	<b>218,484,855</b>	<b>1,550,218,265</b>	<b>(58,485,877)</b>	
8	Pay- As-You-Earn	218,069,195	-	218,069,195	227,475,169	(9,096,684)	218,378,485	(309,290)	
9	Import VAT	157,716,768	-	157,716,768	146,361,515	-	146,361,515	11,355,253	
10	Mineral Royalty	440,368,623	-	440,368,623	440,368,623	-	440,368,623	-	
11	Company Income Tax (including Provisional Tax)	-	-	-	56,810,307	-	56,810,307	(56,810,307)	
12	VAT	544,125,510	-	544,125,510	315,517,630	239,480,437	554,998,067	(10,872,557)	
13	Import/Customs Duty	79,408,164	-	79,408,164	77,352,344	-	77,352,344	2,055,820	
14	Withholding Taxes	48,180,265	-	48,180,265	67,844,113	(14,957,996)	52,886,117	(4,705,852)	
15	Excise Duty - Electrical Energy	760,213	-	760,213	3,709	-	3,709	756,504	
16	Property Transfer Tax		-	-		-	-	-	
21	Other taxes (ZRA)	3,103,651	-	3,103,651		3,059,098	3,059,098	44,553	
22	VAT claimed		-	-		-	-	-	
	<b>Local Councils</b>	<b>36,008,000</b>	-	<b>36,008,000</b>	<b>20,615,666</b>	-	<b>20,615,666</b>	<b>15,392,334</b>	
23	Annual Business Fees		-	-		-	-	-	
24	Property Rates	36,008,000	-	36,008,000	20,615,666	-	20,615,666	15,392,334	
	<b>MoL</b>	<b>178,613</b>	-	<b>178,613</b>	-	-	-	<b>178,613</b>	
25	Ground Rent	178,613	-	178,613		-	-	178,613	
26	Consideration Fees		-	-		-	-	-	
27	Registration Fees		-	-		-	-	-	
28	Preparation fees		-	-		-	-	-	
29	Others-Invitation to Treat / Title Deeds		-	-		-	-	-	
	<b>MoF</b>	-	-	-	-	-	-	-	
30	Dividends from Government Shares		-	-		-	-	-	
31	Revenues from GRZ shareholding sale		-	-		-	-	-	
	<b>ZCCM-IH</b>	-	-	-	-	-	-	-	
32	Dividends from ZCCM-IH Shares		-	-		-	-	-	
33	Price participation fees		-	-		-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-	
	<b>Total payments</b>	<b>1,529,923,599</b>	-	<b>1,529,923,599</b>	<b>1,354,353,674</b>	<b>218,484,855</b>	<b>1,572,838,529</b>	<b>(42,914,930)</b>	

Company name:		MOPANI COPPER MINES PLC			Reporting period:			2018	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMM D</b>	<b>509,290</b>	-	<b>509,290</b>	-	<b>509,290</b>	<b>509,290</b>	-	
1	Application Fees		-	-		-	-	-	
2	Licence Fees		-	-		-	-	-	
3	Area Charges	509,290	-	509,290		509,290	509,290	-	
4	Valuation Fees		-	-		-	-	-	
5	Annual Operating Permit		-	-		-	-	-	
6	Environmental Protection Fund		-	-		-	-	-	
7	Other fees & charges - ERB		-	-		-	-	-	
	<b>ZRA</b>	<b>1,176,988,128</b>	<b>(31,459,910)</b>	<b>1,145,528,218</b>	<b>1,223,809,178</b>	<b>(42,784,164)</b>	<b>1,181,025,015</b>	<b>(35,496,796)</b>	
8	Pay- As-You-Earn	499,144,230	(31,459,910)	467,684,320	490,403,223	(32,011,773)	458,391,450	9,292,870	
9	Import VAT	346,016,446	-	346,016,446	339,481,992	-	339,481,992	6,534,454	
10	Mineral Royalty	233,491,942	-	233,491,942	262,206,015	(10,772,391)	251,433,625	(17,941,682)	
11	Company Income Tax (including Provisional Tax)		-	-	1,336	-	1,336	(1,336)	
12	VAT		-	-	46,855,083	-	46,855,083	(46,855,083)	
13	Import/Customs Duty	43,914,241	-	43,914,241	30,396,754	-	30,396,754	13,517,488	
14	Withholding Taxes	54,421,268	-	54,421,268	54,421,269	-	54,421,269	(0)	
15	Excise Duty - Electrical Energy		-	-	43,506	-	43,506	(43,506)	
16	Property Transfer Tax		-	-		-	-	-	
21	Other taxes (ZRA)		-	-		-	-	-	
22	VAT claimed	1,369,340,381	-	1,369,340,381		-	-		
	<b>Local Councils</b>	<b>16,208,770</b>	-	<b>16,208,770</b>	<b>18,256,408</b>	-	<b>18,256,408</b>	<b>(2,047,638)</b>	
23	Annual Business Fees	-	-	-	3,420,190	-	3,420,190	(3,420,190)	
24	Property Rates	16,208,770	-	16,208,770	14,836,218	-	14,836,218	1,372,552	
	<b>MoL</b>	-	-	-	<b>884</b>	-	<b>884</b>	<b>(884)</b>	
25	Ground Rent	-	-	-	884	-	884	(884)	
26	Consideration Fees		-	-		-	-	-	
27	Registration Fees		-	-		-	-	-	
28	Preparation fees		-	-		-	-	-	
29	Others-Invitation to Treat / Title Deeds		-	-		-	-	-	
	<b>MoF</b>	-	-	-	-	-	-	-	
30	Dividends from Government Shares		-	-		-	-	-	
31	Revenues from GRZ shareholding sale		-	-		-	-	-	
	<b>ZCCM-IH</b>	-	-	-	-	-	-	-	
32	Dividends from ZCCM-IH Shares		-	-		-	-	-	
33	Price participation fees		-	-		-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-	
	<b>Total payments</b>	<b>1,193,706,188</b>	<b>(31,459,910)</b>	<b>1,162,246,278</b>	<b>1,242,066,470</b>	<b>(42,274,874)</b>	<b>1,199,791,596</b>	<b>(37,545,318)</b>	

Company name:		KALUMBILA MINERALS LIMITED			Reporting period:			2018	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMM D</b>	14,528,095	-	14,528,095	1,591,388	-	1,591,388	12,936,707	
1	Application Fees	-	-	-	-	-	-	-	
2	Licence Fees	-	-	-	-	-	-	-	
3	Area Charges	1,591,387	-	1,591,387	1,591,388	-	1,591,388	(1)	
4	Valuation Fees	-	-	-	-	-	-	-	
5	Annual Operating Permit	-	-	-	-	-	-	-	
6	Environmental Protection Fund	12,936,708	-	12,936,708	-	-	-	12,936,708	
7	Other fees & charges - ERB	-	-	-	-	-	-	-	
	<b>ZRA</b>	1,781,375,436	157,956,905	1,939,332,341	2,001,958,278	9,844,162	2,011,802,439	(72,470,099)	
8	Pay- As-You-Earn	228,127,741	-	228,127,741	218,141,219	10,075,928	228,217,148	(89,407)	
9	Import VAT	352,307,904	-	352,307,904	341,267,438	-	341,267,438	11,040,466	
10	Mineral Royalty	913,159,089	157,775,685	1,070,934,774	1,058,416,064	-	1,058,416,064	12,518,710	
11	Company Income Tax (including Provisional Tax)	-	-	-	2,000,276	-	2,000,276	(2,000,276)	
12	VAT	-	-	-	113,376,118	-	113,376,118	(113,376,118)	
13	Import/Customs Duty	219,688,775	-	219,688,775	225,425,785	-	225,425,785	(5,737,010)	
14	Withholding Taxes	43,813,202	-	43,813,202	43,148,023	(231,767)	42,916,256	896,946	
15	Excise Duty - Electrical Energy	-	181,220	181,220	183,355	-	183,355	(2,135)	
16	Property Transfer Tax	-	-	-	-	-	-	-	
21	Other taxes (ZRA)	24,278,725	-	24,278,725	-	-	-	24,278,725	
22	VAT claimed	1,304,694,924	-	1,304,694,924	-	-	-	-	
	<b>Local Councils</b>	-	-	-	-	-	-	-	
23	Annual Business Fees	-	-	-	-	-	-	-	
24	Property Rates	-	-	-	-	-	-	-	
	<b>MoL</b>	-	-	-	-	-	-	-	
25	Ground Rent	-	-	-	-	-	-	-	
26	Consideration Fees	-	-	-	-	-	-	-	
27	Registration Fees	-	-	-	-	-	-	-	
28	Preparation fees	-	-	-	-	-	-	-	
29	Others-Invitation to Treat / Title Deeds	-	-	-	-	-	-	-	
	<b>MoF</b>	-	-	-	-	-	-	-	
30	Dividends from Government Shares	-	-	-	-	-	-	-	
31	Revenues from GRZ shareholding sale	-	-	-	-	-	-	-	
	<b>ZCCM-IH</b>	-	-	-	-	-	-	-	
32	Dividends from ZCCM-IH Shares	-	-	-	-	-	-	-	
33	Price participation fees	-	-	-	-	-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares	-	-	-	-	-	-	-	
	<b>Total payments</b>	1,795,903,531	157,956,905	1,953,860,435	2,003,549,666	9,844,162	2,013,393,827	(59,533,392)	

Company name:		FIRST QUANTUM MINING AND OPERATIONS LTD BM M S			Reporting period:			2018	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMM D</b>	-	-	-	425,101	-	425,101	(425,101)	
1	Application Fees		-	-		-	-	-	
2	Licence Fees		-	-		-	-	-	
3	Area Charges		-	-	425,101	-	425,101	(425,101)	
4	Valuation Fees		-	-		-	-	-	
5	Annual Operating Permit		-	-		-	-	-	
6	Environmental Protection Fund		-	-		-	-	-	
7	Other fees & charges - ERB		-	-		-	-	-	
	<b>ZRA</b>	774,936,398	(62,911,982)	712,024,416	658,918,481	(1,739,877)	657,178,604	54,845,812	
8	Pay- As-You-Earn	297,132,910	-	297,132,910	325,794,802	(173,312)	325,621,490	(28,488,579)	
9	Import VAT	110,663,541	-	110,663,541	92,505,260	-	92,505,260	18,158,281	
10	Mineral Royalty		-	-		-	-	-	
11	Company Income Tax (including Provisional Tax)		-	-	57,483,532	-	57,483,532	(57,483,532)	
12	VAT		197,614,218	197,614,218	82,899,741	-	82,899,741	114,714,478	
13	Import/Customs Duty	94,125,712	-	94,125,712	82,979,335	-	82,979,335	11,146,377	
14	Withholding Taxes	12,480,535	-	12,480,535	16,577,476	(1,311,065)	15,266,410	(2,785,875)	
15	Excise Duty - Electrical Energy		-	-	415,337	-	415,337	(415,337)	
16	Property Transfer Tax	7,500	-	7,500	263,000	(255,500)	7,500	-	
21	Other taxes (ZRA)	260,526,201	(260,526,201)	-		-	-	-	
22	VAT claimed	215,227,508	-	215,227,508		-	-		
	<b>Local Councils</b>	1,294,170	-	1,294,170	-	-	-	1,294,170	
23	Annual Business Fees		-	-		-	-	-	
24	Property Rates	1,294,170	-	1,294,170		-	-	1,294,170	
	<b>MoL</b>	149,624	-	149,624	-	-	-	149,624	
25	Ground Rent	149,624	-	149,624		-	-	149,624	
26	Consideration Fees		-	-		-	-	-	
27	Registration Fees		-	-		-	-	-	
28	Preparation fees		-	-		-	-	-	
29	Others-Invitation to Treat / Title Deeds		-	-		-	-	-	
	<b>MoF</b>	-	-	-	-	-	-	-	
30	Dividends from Government Shares		-	-		-	-	-	
31	Revenues from GRZ shareholding sale		-	-		-	-	-	
	<b>ZCCM-IH</b>	-	-	-	-	-	-	-	
32	Dividends from ZCCM-IH Shares		-	-		-	-	-	
33	Price participation fees		-	-		-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-	
	<b>Total payments</b>	776,380,192	(62,911,982)	713,468,210	659,343,582	(1,739,877)	657,603,705	55,864,505	

Company name:		CHAMBISHI COPPER SMELTER LIMITED			Reporting period:			2018	
N°	Description of Payment	Per Company			Per Government			Final difference	Comment
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMM D</b>	-	-	-	8 577	-	8 577	(8 577)	
1	Application Fees	-	-	-	-	-	-	-	
2	Licence Fees	-	-	-	-	-	-	-	
3	Area Charges	-	-	-	8 577	-	8 577	(8 577)	Not material difference < ZMW 10,000
4	Valuation Fees	-	-	-	-	-	-	-	
5	Annual Operating Permit	-	-	-	-	-	-	-	
6	Environmental Protection Fund	-	-	-	-	-	-	-	
7	Other fees & charges - ERB	-	-	-	-	-	-	-	
	<b>ZRA</b>	1 004 789 520	-	1 004 789 520	1 198 521 582	-	1 198 521 582	(193 732 062)	
8	Pay- As-You-Earn	24 037 834	-	24 037 834	25 450 971	-	25 450 971	(1 413 137)	Tax not reported by the extractive company
9	Import VAT	662 130 011	-	662 130 011	642 286 638	-	642 286 638	19 843 373	Tax not reported by the Govt Body
10	Mineral Royalty	-	-	-	22 146 730	-	22 146 730	(22 146 730)	Tax not reported by the extractive company
11	Company Income Tax (including Provisional Tax)	295 458 900	-	295 458 900	302 355 781	-	302 355 781	(6 896 881)	Tax not reported by the extractive company
12	VAT	-	-	-	184 632 791	-	184 632 791	(184 632 791)	Tax not reported by the extractive company
13	Import/Customs Duty	19 584 770	-	19 584 770	18 170 017	-	18 170 017	1 414 753	Tax not reported by the Govt Body
14	Withholding Taxes	3 578 005	-	3 578 005	3 476 711	-	3 476 711	101 294	Tax not reported by the Govt Body
15	Excise Duty - Electrical Energy	-	-	-	1 943	-	1 943	(1 943)	Not material difference < ZMW 10,000
16	Property Transfer Tax	-	-	-	-	-	-	-	
21	Other taxes (ZRA)	-	-	-	-	-	-	-	
22	VAT claimed	2 339 088 431	-	2 339 088 431	-	-	-	-	
	<b>Local Councils</b>	8 841 180	-	8 841 180	8 800 000	-	8 800 000	41 180	
23	Annual Business Fees	-	-	-	-	-	-	-	
24	Property Rates	8 841 180	-	8 841 180	8 800 000	-	8 800 000	41 180	Tax not reported by the Govt Body
	<b>MoL</b>	2 203	-	2 203	583	-	583	1 620	
25	Ground Rent	2 203	-	2 203	583	-	583	1 620	Not material difference < ZMW 10,000
26	Consideration Fees	-	-	-	-	-	-	-	
27	Registration Fees	-	-	-	-	-	-	-	
28	Preparation fees	-	-	-	-	-	-	-	
29	Others-Invitation to Treat / Title Deeds	-	-	-	-	-	-	-	
	<b>MoF</b>	-	-	-	-	-	-	-	
30	Dividends from Government Shares	-	-	-	-	-	-	-	
31	Revenues from GRZ shareholding sale	-	-	-	-	-	-	-	
	<b>ZCCM-IH</b>	-	-	-	-	-	-	-	
32	Dividends from ZCCM-IH Shares	-	-	-	-	-	-	-	
33	Price participation fees	-	-	-	-	-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares	-	-	-	-	-	-	-	
	<b>Total payments</b>	1 013 632 903	-	1 013 632 903	1 207 330 742	-	1 207 330 742	(193 697 839)	

Company name:		ZCCM INVESTMENTS HOLDINGS PLC			Reporting period:			2018		
N°	Description of Payment	Per Company			Per Government					
		Original	Adjust	Final	Original	Adjust	Final			
	<b>MMM D</b>	<b>2,843,947</b>	-	<b>2,843,947</b>	-	<b>1,608,218</b>	<b>1,608,218</b>			
1	Application Fees		-	-		-	-			
2	Licence Fees	2,843,947	-	2,843,947		1,608,218	1,608,218			
3	Area Charges		-	-		-	-			
4	Valuation Fees		-	-		-	-			
5	Annual Operating Permit		-	-		-	-			
6	Environmental Protection Fund		-	-		-	-			
7	Other fees & charges - ERB		-	-		-	-			
	<b>ZRA</b>	<b>33,702,955</b>	<b>598,445</b>	<b>34,301,400</b>	<b>33,432,821</b>	<b>194,440</b>	<b>33,627,261</b>			
8	Pay- As-You-Earn	18,566,472	(685,930)	17,880,542	17,880,541	-	17,880,541			
9	Import VAT		-	-		-	-			
10	Mineral Royalty		-	-		-	-			
11	Company Income Tax (including Provisional Tax)		1,318,284	1,318,284	329,571	-	329,571			
12	VAT	412,819	-	412,819	719,894	-	719,894			
13	Import/Customs Duty		-	-		-	-			
14	Withholding Taxes	14,723,664	(33,909)	14,689,755	14,495,315	194,440	14,689,755			
15	Excise Duty - Electrical Energy		-	-		-	-			
16	Property Transfer Tax		-	-	7,500	-	7,500			
21	Other taxes (ZRA)		-	-		-	-			
22	VAT claimed		-	-		-	-			
	<b>Local Councils</b>	<b>82,172</b>	-	<b>82,172</b>	<b>32,781</b>	-	<b>32,781</b>			
23	Annual Business Fees		-	-		-	-			
24	Property Rates	82,172	-	82,172	32,781	-	32,781			
	<b>MoL</b>	<b>170,194</b>	-	<b>170,194</b>	-	-	-			
25	Ground Rent		-	-		-	-			
26	Consideration Fees		-	-		-	-			
27	Registration Fees	170,194	-	170,194		-	-			
28	Preparation fees		-	-		-	-			
29	Others-Invitation to Treat / Title Deeds		-	-		-	-			
	<b>MoF</b>	<b>23,178,862</b>	-	<b>23,178,862</b>	<b>16,832,269</b>	<b>6,346,593</b>	<b>23,178,862</b>			
30	Dividends from Government Shares	23,178,862	-	23,178,862	16,832,269	6,346,593	23,178,862			
31	Revenues from GRZ shareholding sale		-	-		-	-			
	<b>ZCCM-IH</b>	-	-	-	-	-	-			
32	Dividends from ZCCM-IH Shares		-	-		-	-			
33	Price participation fees		-	-		-	-			
	<b>IDC</b>	-	<b>69,205,642</b>	<b>69,205,642</b>	<b>69,205,642</b>	-	<b>69,205,642</b>			
36	Dividends and other revenues from IDC-Shares		69,205,642	69,205,642	69,205,642	-	69,205,642			
	<b>Total payments</b>	<b>59,978,130</b>	<b>69,804,087</b>	<b>129,782,217</b>	<b>119,503,512</b>	<b>8,149,251</b>	<b>127,652,764</b>			



Company name:		MAAMBA COLLIERIES LIMITED			Reporting period:			2018	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMMD</b>	<b>3,191,084</b>	<b>-</b>	<b>3,191,084</b>	<b>-</b>	<b>3,156,109</b>	<b>3,156,109</b>	<b>34,975</b>	
1	Application Fees		-	-		-	-	-	
2	Licence Fees	34,975	-	34,975		-	-	34,975	
3	Area Charges	58,677	775	59,452		59,452	59,452	-	
4	Valuation Fees		-	-		-	-	-	
5	Annual Operating Permit	775	(775)	(0)		-	-	(0)	
6	Environmental Protection Fund		-	-		-	-	-	
7	Other fees & charges - ERB	3,096,657	-	3,096,657		3,096,657	3,096,657	-	
	<b>ZRA</b>	<b>158,341,756</b>	<b>19,006,500</b>	<b>177,348,256</b>	<b>137,157,284</b>	<b>66,946,201</b>	<b>204,103,485</b>	<b>(26,755,229)</b>	
8	Pay- As-You-Earn	12,898,067	77,185	12,975,252	13,127,292	(152,041)	12,975,252	0	
9	Import VAT		7,272,802	7,272,802	7,272,778	-	7,272,778	24	
10	Mineral Royalty	22,146,730	-	22,146,730	22,146,730	-	22,146,730	(0)	
11	Company Income Tax (including Provisional Tax)	7,348,958	-	7,348,958	7,675,943	152,041	7,827,984	(479,026)	
12	VAT		13,369,440	13,369,440	39,645,119	-	39,645,119	(26,275,679)	
13	Import/Customs Duty	5,709,529	(1,189,186)	4,520,343	4,520,343	-	4,520,343	-	
14	Withholding Taxes	43,292,272	(523,741)	42,768,531	42,768,531	-	42,768,531	0	
15	Excise Duty - Electrical Energy	66,946,201	-	66,946,201	548	66,946,201	66,946,749	(548)	
16	Property Transfer Tax		-	-		-	-	-	
21	Other taxes (ZRA)		-	-		-	-	-	
22	VAT claimed	286,576,293	-	286,576,293		-	-		
	<b>Local Councils</b>	<b>1,227,045</b>	<b>-</b>	<b>1,227,045</b>	<b>1,511,889</b>	<b>-</b>	<b>1,511,889</b>	<b>(284,844)</b>	
23	Annual Business Fees	25,000	-	25,000	311,690	-	311,690	(286,690)	
24	Property Rates	1,202,045	-	1,202,045	1,200,199	-	1,200,199	1,846	
	<b>MoL</b>	<b>1,157,010</b>	<b>-</b>	<b>1,157,010</b>	<b>-</b>	<b>1,156,293</b>	<b>1,156,293</b>	<b>716</b>	
25	Ground Rent	86,978	-	86,978	-	86,562	86,562	416	
26	Consideration Fees	-	-	-	-	-	-	-	
27	Registration Fees	-	-	-	-	-	-	-	
28	Preparation fees	-	-	-	-	-	-	-	
29	Others-Invitation to Treat / Title Deeds	1,070,032	-	1,070,032	-	1,069,732	1,069,732	300	
	<b>MoF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
30	Dividends from Government Shares		-	-		-	-	-	
31	Revenues from GRZ shareholding sale		-	-		-	-	-	
	<b>ZCCM-IH</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
32	Dividends from ZCCM-IH Shares		-	-		-	-	-	
33	Price participation fees		-	-		-	-	-	
	<b>IDC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-	
	<b>Total payments</b>	<b>163,916,895</b>	<b>19,006,500</b>	<b>182,923,395</b>	<b>138,669,173</b>	<b>71,258,604</b>	<b>209,927,777</b>	<b>(27,004,381)</b>	

### Annex 3 - Tracking table of certified reporting templates

No.	Company	Reporting template received	Signed reporting template	2018 Financial Statement audited	2018 Financial Statement Auditor
1	KANSANSHI MINING PLC	Yes	Yes	Yes	PwC
2	KONKOLA COPPER MINES PLC	Yes	Yes	Yes	Deloitte
3	LUMWANA MINING COMPANY LIMITED	Yes	No	Yes	PwC
4	MOPANI COPPER MINES PLC	Yes	Yes	Yes	Deloitte
5	KALUMBILA MINERALS LIMITED	Yes	Yes	No	NA
6	FIRST QUANTUM MINING AND OPERATIONS LTD	Yes	Yes	NC	NC
7	CHAMBISHI COPPER SMELTER LIMITED	Yes	Yes	NC	NC
8	ZCCM INVESTMENTS HOLDINGS PLC (*)	Yes	Yes	Yes	Deloitte
9	MAAMBA COLLIERIES LIMITED	Yes	Yes	Yes	NC

(\*) Audited Financial statements are published on the website of the company: <http://www.zccm-ih.com.zm/investor-center/annual-reports/>

No.	Company	Reporting template received	Reporting Templates signed by the management	Reporting Templates certified by an auditor	Agency in charge of the certification
<b>Administrations</b>					
1	Zambian Revenue Authority (ZRA)	Yes	Yes	Yes	OAG
2	Ministry of Mines and Minerals Development (MMMD)	Yes	Yes	Yes	OAG
3	Ministry of Lands (MoL)	Yes	Yes	Yes	OAG
4	Ministry of Finance (MoF)	Yes	Yes	Yes	OAG
5	ZCCM-IH	Yes	Yes	Yes	OAG
6	IDC	Yes	Yes	Yes	OAG
<b>Local Councils</b>					
6	Mufulira Municipal Council	Yes	Yes	N/A	N/A
7	Kalulushi Municipal Council	Yes	Yes	N/A	N/A
8	Zimba District Council	Yes	Yes	N/A	N/A
9	Kitwe City Council	Yes	Yes	N/A	N/A
10	Chililabombwe District Council	Yes	Yes	N/A	N/A
11	Luanshya District Council	Yes	Yes	N/A	N/A
12	Chingola Municipal Council	Yes	Yes	N/A	N/A
13	Mazabuka District Council	Yes	Yes	N/A	N/A
14	Kabwe City Council	Yes	Yes	N/A	N/A
15	Ndola City Council	Yes	Yes	N/A	N/A
16	Lufwanyama District Council	Yes	Yes	N/A	N/A
17	Lusaka City Council	Yes	Yes	N/A	N/A
18	Mumbwa District Council	Yes	Yes	N/A	N/A
19	Sinazongwe District Council	No	No	N/A	N/A
20	Solwezi Municipal Council	Yes	Yes	N/A	N/A
21	Kafue District Council	Yes	Yes	N/A	N/A
22	Chilanga District Council	Yes	Yes	N/A	N/A
23	Siavonga Council	Yes	Yes	N/A	N/A
24	Kalumbila Council	Yes	Yes	N/A	N/A

## Annex 4 - Extractive companies' profile and beneficial ownership

No.	Company	Shareholder(s) Nationality of	Nationality of Shareholder(s)	% Interest	Owned by listed entity (yes/no)	Stock exchange	Link to the stock exchange filings	Beneficial ownership information (for entity holding a total of 25% or more of the equity shares)
1	KANSANSHI MINING PLC	ZCCM-IH		20.0%	Yes	Toronto Stock Exchange (TSE)	<a href="https://www.sedar.com/FindCompanyDocuments.do">https://www.sedar.com/FindCompanyDocuments.do</a>	FQM: First Quantum's common shares are listed for trading on the Toronto Stock Exchange in Canada and the London Stock Exchange in the United Kingdom (*).
		First Quantum Minerals Ltd		80.0%				
2	KONKOLA COPPER MINES PLC	ZCCM-IH	Indian	20.6%	Yes	London Stock Exchange	NC	KCM is a subsidiary of Vedanta Resources Plc, a London Stock Exchange listed
		Vedanta Recourses PLC		79.4%				
3	LUMWANA MINING COMPANY LIMITED	Barrick Africa Copper Limited	Australian	100.0%	Yes	New York Stock Exchange	NC	The Company's shares trade on the New York Stock Exchange and the Toronto Stock Exchange under the symbol ABX.
						Toronto Stock Exchange		
4	MOPANI COPPER MINES PLC	ZCCM-IH	NC	10.0%	NC	NC	NC	NC
		Carlisa Investments		90.0%				
5	KALUMBILA MINERALS LIMITED	First Quantum Minerals Ltd	Canadian	99.999999%	Yes	Toronto Stock Exchange London Stock Exchange	<a href="https://www.sedar.com/FindCompanyDocuments.do">https://www.sedar.com/FindCompanyDocuments.do</a>	FQM: First Quantum's common shares are listed for trading on the Toronto Stock Exchange in Canada and the London Stock Exchange in the United Kingdom (*).
		Kwalela Mubita Lamaswala	Zambian	0.000001%	No			
6	FIRST QUANTUM MINING AND OPERATIONS LTD	NC	NC	NC	No	NC	NC	NC
7	CHAMBISHI COPPER SMELTER LIMITED	NC	NC	NC	NC	NC	NC	NC
8	ZCCM INVESTMENTS HOLDINGS PLC	IDC		60.28%				
		Government of Zambia (GRZ)		17.25%				
		NAPSA		15.00%				
		Private equity holders		7.47%				
9	MAAMBA COLLIERIES LIMITED	ZCCM-IH	Singapore	35%	NC	NC	NC	NC
		Nava Bharat(Singapore) Pte Ltd		65%				

NC: not communicated

SOE: State-Owned Enterprise

## **Annex 5 - Register of Licenses**

Please see attached Excel Sheet

## **Annex 6 - List of Licenses Transferred 2018**

Please see attached Excel Sheet



	Evaluation Criteria	Maximum score (%)
	<i>Exploratory drilling - 5% if 40% or more of total exploration cost, and Feasibility study - 3% if equal to or greater than 10% or more of total exploration cost</i>	
8	Environmental Impact Assessment a) Identification of anticipated impacts b) Proposed mitigation measures c) Timeline for submission of the Strategic Environmental Assessment report to the Zambia Environmental Management Agency (ZEMA) - Within twelve months from date of grant of licence	3 3 4
	<b>TOTAL</b>	<b>100%</b>

## Annex 8 - Evaluation Criteria for applications for Mining Licence

Application for exploration licence	
1	The applicant has the financial resources and technical ability to conduct the proposed exploration optimally in accordance with the exploration work programme
2	the estimated expenditure is compatible with the proposed exploration work programme, area size and duration of the exploration work programme
3	If the land is within a National Park, Community Partnership Park, Game Management Area, bird or wildlife sanctuary, National Forest, Local Forest, Botanical Reserve or private forest or is land to which subsection (1) of section fifty-two applies, the applicant has obtained the necessary written consent of the appropriate authority;
4	The proposed programme of exploration operations is adequate and makes proper provision for environmental protection
5	The proposed exploration area is not the same as, and does not overlap in any manner with, an existing mining right or mineral processing licence area
6	If the applicant is a holder, that the applicant has not contravened any condition of the licence or permit or any provision of the MMDA Act
Application for mining licence	
Common criteria	
1	Whether there are sufficient deposits or resources of minerals to justify their commercial exploitation
2	The area of land over which the licence is sought is not in excess of the area required to carry out the applicant's proposed programme for mining operations
3	The proposed programme of mining operations is adequate and compliant with the decision letter in respect of the environmental project brief or environmental impact assessment approved by the Zambia Environmental Management Agency
4	where consent is required for the area under any written law, that the applicant has submitted evidence of that consent
5	The standards of good mining practice and the applicant's proposed programme for development, construction and mining operations in order to ensure the efficient and beneficial use of the mineral resources for the area over which the licence is sought;
6	the applicant is not in breach of any condition of the exploration licence or any provision of MMDA Act
In respect of large scale	
7	whether the applicant has the financial resources and technical competence and the financing plan is compatible with the programme of mining operations
8	The applicant's undertaking for the employment and training of citizens and promotion of local business development;
9	whether the applicant's feasibility study report is bankable
10	The applicant's capital investment forecast



## Annex 9 - Detail of social payments

Company	Beneficiary Identity	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")	Legal/contractual basis of the payment (Ref to the agreement, Act, ..)*
			Amount (ZMW)	Date	Description	Amount (ZMW)		
KMP	Conservation Farming Programme				Foundation	8,481,596.74		
	Other				Foundation	144,658.28		
	Donations School Books				Foundation	1,188,594.51		
	Desks for local schools				Foundation	307,968.27		
	Sporting activities				Public relations	8,191,284.43		
	Other				Public relations	60,894.42		
	Traditional Establishments				Public relations	70,906.63		
	Zambia Police				Public relations	2,865.24		
	Road works				Roads	10,188,659.04		
	Town Infrastructure				Roads	1,175,928.53		
	External Training				Training & Development	13,563,556.27		
	First Aid				Training & Development	171,068.11		
	CRS -Community Scholarships				Corporate Social Responsibility	926,776.55		
	Local Business Development				Corporate Social Responsibility	769,556.19		
	Sporting activities				Corporate Social Responsibility	1,236,491.87		
	ZAWA (Wildlife project)				Corporate Social Responsibility	144,650.53		
	Other				Corporate Social Responsibility	761,725.27		
	Traditional Establishments				Corporate Social Responsibility	121,025.39		
	Adult Learning Centre				Corporate Social Responsibility	83,591.57		
	Gender based violence program				Corporate Social Responsibility	7,822.01		
	Road Safety Campaigns				Corporate Social Responsibility	196,087.75		
	Solwezi General Hospital				Corporate Social Responsibility	14,031.36		
	Child Marriage				Corporate Social Responsibility	128,304.33		
	Boreholes				Corporate Social Responsibility	794,449.50		
	Champ				Corporate Social Responsibility	209,478.00		
	Zambia Police				Corporate Social Responsibility	10,557.17		
Mushitala & Mbonge Schools Project				Corporate Social Responsibility	699,104.34			
Kyafukuma Bridge				Corporate Social Responsibility	579,045.37			
					-			
	Farming Inputs				Corporate Social Responsibility	10,995.60		
						50,219,682		
						-		
	Nsungeni ECCED-Maureen Mwanawasa Community Initiatives(MMCI)/Ndeleni ECCED - Council of Churches in Zambia (CCZ)	Chingola, Chililabombwe,	60,297.90		Salaries and Logistics for 2 Day Care Centres	0	Sustainability	MoU
	Adult Literacy	Chingola, Chililabombwe,			Provision of teaching aids and learning material for 500 adult learners	0	Sustainability	Partnership with Ministry of Education
KCM	Sustainable Livelihood-Self Help Groups for Women and Youths	Chingola, Chililabombwe, Kitwe and Shibuyunji		January	Capacity Building for women and youths in 74 Self Help Groups in various trades	0	Sustainability	MoU
	Sports- sponsorship to 3 Football teams( Konkola Blades, Nampundwe and Nchanga Rangers Football clubs	Chingola, Chililabombwe, Kitwe and Shibuyunji	54,741.35		Salaries and Logistics for 3 football clubs	0	Sustainability	MoU
	Stakeholder Engagement		2,056.55					
	<b>Subtotal</b>		<b>117,095.80</b>					

Company	Beneficiary Identity	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")	Legal/contractual basis of the payment (Ref to the agreement, Act, ..)*
			Amount (ZMW)	Date	Description	Amount (ZMW)		
	Nsungeni ECCED-Maureen Mwanawasa Community Initiatives(MMCI)/Ndeleni ECCED - Council of Churches in Zambia (CCZ)	Chingola, Chililabombwe, Kitwe and Shibuyunji	13,796.86		Salaries and Logistics for 2 Day Care Centres	0	Sustainability	MoU
	Adult Literacy	Chililabombwe	4,545.45		Payment of school fees for 106 children	0	Sustainability	Scholarship letters/included in Business Plan/MoU
	Sustainable Livelihood-Self Help Groups for Women and Youths	Chingola, Chililabombwe, Kitwe and Shibuyunji	1,026.96	Feburary	Capacity Building for women and youths in 74 Self Help Groups in various trades	0	Sustainability	MoU
	Stakeholder Engagement-Traditional Ceremony and Cultural Events	Chingola, Chililabombwe, Kitwe and Shibuyunji	925.45		Community sensitization and cultural dance events in all four sites	0	Sustainability	included in Business Plan
	Sports- sponsorship to 3 Football teams( Konkola Blades, Nampundwe and Nchanga Rangers Football clubs	Chingola, Chililabombwe, Kitwe and Shibuyunji	35,897.44		Salaries and Logistics for 3 football clubs	0	Sustainability	MoU
	<b>Subtotal</b>		<b>56,192.16</b>					
	Nsungeni ECCED-Maureen Mwanawasa Community Initiatives(MMCI)/Ndeleni ECCED - Council of Churches in Zambia (CCZ)	Chingola & Chililabombwe	14,511.81				Sustainability	
	Adult Literacy	Chililabombwe	1,531.85			0	Sustainability	Mou
	Stakeholder Enagement	Chingola, Chililabombwe, Kitwe and Shibuyunji	2,510.46			0	Sustainability	included in Business Plan
	Sports- sponsorship to 3 Football teams( Konkola Blades, Nampundwe and Nchanga Rangers Football clubs	Chingola, Chililabombwe, Nampundwe	36,955.85	March	Salaries and Logistics for 3 football clubs	0	Sustainability	MoU
	Stakeholder Engagement	Chingola, Chililabombwe, Kitwe and Shibuyunji	886.96			0	Sustainability	included in Business Plan
	Water ,Health & Sanitation	Chingola, Chililabombwe, Kitwe and Shibuyunji	561.68				Sustainability	included in Business Plan
	<b>Subtotal</b>		<b>56,958.61</b>					
	Educational-Junior Mayor Programme	Kitwe	1,057.64			0	Sustainability	MoU
	Sustainable Livelihood-Support towards of District Agricultural Show	Chingola	530.50			0	Sustainability	MoU
	Stakeholder Enagement- Commemorations for National Malaria Day	Chingola, Chililabombwe, Kitwe and Shibuyunji	2,510.46			0	Sustainability	included in Business Plan
	Sports- sponsorship to 2 Football teams( Konkola Blades and Nchanga Rangers Football clubs)	Chingola, Chililabombwe	44,337.20	April		0	Sustainability	MoU
	Golf Tournament	Chingola	523.01			0	Sustainability	
	<b>Subtotal</b>		<b>48,958.81</b>					
	Sports- sponsorship to 2 Football teams(Konkola Blades and Nchanga Rangers Football clubs)	Chingola	45,464.26	May		0	Sustainability	MoU
	<b>Subtotal</b>		<b>45,464.26</b>					

Company	Beneficiary Identity	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")	Legal/contractual basis of the payment (Ref to the agreement, Act, ..)*
			Amount (ZMW)	Date	Description	Amount (ZMW)		
	Education-ECCD	Chililabombwe, Chingola	9,786.59			0	Sustainability	MoU
	Scholastic Excellence Awards -Government schools	Chingola, Chililabombwe, Kitwe and Shibuyunji	20,711.98			0	Sustainability	MoU
	Sports- sponsorship to 2 Football teams( Konkola Blades and Nchanga Rangers Football clubs)	Chingola, Chililabombwe & Shibuyunji	6,626.49	June		0	Sustainability	MoU
	<b>Subtotal</b>		<b>37,125.06</b>					
	Education-Scholarship	Chingola, Chililabombwe, Kitwe and Shibuyunji	258.58			0	Sustainability	Scholarship letters
	Stakeholder Engagement	Chingola	99.59			0	Sustainability	Business Plan
	Sports- sponsorship to 2 Football teams( Konkola Blades and Nchanga Rangers Football clubs)	Chingola, Chililabombwe	6,856.53	July		0	Sustainability	MoU
	<b>Subtotal</b>		<b>7,214.70</b>					
	Nsungeni ECCED-Maureen Mwanawasa Community Initiatives(MMCI)/Ndeleni ECCED - Council of Churches in Zambia (CCZ)	Chingola, Chililabombwe	40,976.15			0	Sustainability	MoU
	Stakeholder Engagement-Traditional Ceremony and Cultural Events	Chingola, Chililabombwe, Kitwe and Shibuyunji	194.11			0	Sustainability	included in Business Plan
	Sustainable Livelihood-Self Help Groups for Women and Youths	Chingola, Chililabombwe, Kitwe and Shibuyunji		August	Capacity Building for women and youths in 74 Self Help Groups in various trades	0	Sustainability	MoU
	Community Health	Chingola			Enchanting provision of health services	0	Sustainability	included in Business Plan
	Sports- sponsorship to 3 Football teams( Konkola Blades, Nampundwe and Nchanga Rangers Football clubs Administration & others	Chingola, Chililabombwe & Shibuyunji	16,903.99		Salaries and Logistics for 3 football clubs	0	Sustainability	MoU
	<b>Subtotal</b>		<b>58,074.25</b>					
	Sustainable Livelihood-Self Help Groups for Women and Youths	Chingola, Chililabombwe, Kitwe and Shibuyunji			Capacity Building for women and youths in 43 Self Help Groups in various trades	0	Sustainability	MoU
	Sports- sponsorship to 3 Football teams( Konkola Blades, Nampundwe and Nchanga Rangers Football clubs	Chingola, Chililabombwe & Shibuyunji	137,245.26		Salaries and Logistics for 3 football clubs	0	Sustainability	MoU
	Stakeholder Engagement-Traditional Ceremony and Cultural Events	Chingola, Chililabombwe, Kitwe and Shibuyunji	194.65	September		0	Sustainability	MoU
	Scholastic Excellence Awards -Government schools	Chingola, Chililabombwe, Kitwe and Shibuyunji	454.76			0	Sustainability	MoU
	Community Infrastructure Administration & others	Chingola, Chililabombwe, Kitwe and Shibuyunji			Development of community facilities	0	Sustainability	included in Business Plan
	<b>Subtotal</b>		<b>137,894.67</b>					
	Sustainable Livelihood-Self Help Groups for Women and Youths	Chingola, Chililabombwe, Kitwe and Shibuyunji		October	Capacity Building for women and youths in 74 Self Help Groups in various trades	0	Sustainability	MoU
	Sports- sponsorship to 3 Football teams( Konkola Blades, Nampundwe and Nchanga Rangers Football clubs	Chingola, Chililabombwe & Shibuyunji			Salaries and Logistics for 3 football clubs	0	Sustainability	MoU

Company	Beneficiary Identity	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")	Legal/contractual basis of the payment (Ref to the agreement, Act, ..)*	
			Amount (ZMW)	Date	Description	Amount (ZMW)			
	Stakeholder Engagement-Traditional Ceremony and Cultural Events	Chingola, Chililabombwe, Kitwe and Shibuyunji					0	Sustainability	included in Business Plan
	Scholastic Excellence Awards -Government schools Administration & others	Chingola, Chililabombwe, Kitwe and Shibuyunji							
	<b>Subtotal</b>		<b>0.00</b>						
	Adult Literacy	Chingola, Chililabombwe,			Provision of teaching aids and learning material for 500 adult learners		0	Sustainability	Partnership with Ministry of Education
	Nsungeni ECCED-Maureen Mwanawasa Community Initiatives(MMCI)/Ndeleni ECCED - Council of Churches in Zambia (CCZ)	Chililabombwe	8,819.79				0	Sustainability	Partnership with Ministry of Education
	Sports- sponsorship to 2 Football teams( Konkola Blades and Nchanga Rangers Football clubs)	Chingola, Chililabombwe	61,934.58	November			0	Sustainability	Partnership with Ministry of Education
	Stakeholder Engagement-Traditional Ceremony and Cultural Events	Chingola, Chililabombwe, Kitwe and Shibuyunji	470.39		Community sensitization and cultural dance events in all four sites		0	Sustainability	included in Business Plan
	Administration & others						0	Sustainability	MoU
	<b>Subtotal</b>		<b>71,224.76</b>				0	Sustainability	MoU
	Nsungeni ECCED-Maureen Mwanawasa Community Initiatives(MMCI)/Ndeleni ECCED - Council of Churches in Zambia (CCZ)	Chingola, Chililabombwe	8,786.61	December	Salaries and Logistics for 2 Day Care Centres		0	Sustainability	MoU
	Adult Literacy	Chingola, Chililabombwe,			Provision of teaching aids and learning material for 500 adult learners		0	Sustainability	Partnership with Ministry of Education
	Sustainable Livelihood-Self Help Groups for Women and Youths	Chingola, Chililabombwe, Kitwe and Shibuyunji			Capacity Building for women and youths in 74 Self Help Groups in various trades				MoU
	Sports- sponsorship to 3 Football teams( Konkola Blades, Nampundwe and Nchanga Rangers Football clubs Administration & others	Chingola, Chililabombwe & Shibuyunji			Salaries and Logistics for 3 football clubs		0	Sustainability	MoU
	<b>Subtotal</b>		<b>8,786.61</b>						
			<b>644,989.69</b>				-		
LMC	Community Education	Mumena, Mukumbi & Matebo	49,355.35		Adult Literacy Education, School Desks and School Primers.			Sustainability	
	Community Information Centres	Mumena, Mukumbi & Matebo						Sustainability	
	Community Infrastructure	Mumena, Mukumbi & Matebo	8,336.32		Procurement, Installation, Training, Implementation of ZEDUPAD (IT) Pilot Program & Schools Desks for Manyama Primary School			Sustainability	
	Community Training	Mumena, Mukumbi & Matebo	76,505.56		Facilitation Fees and materials for various Community Trainings, Visibility Materials and logistics towards Youth Day, International Women's Day and Independence Day Commemoration and Stakeholder Consultative meetings			Sustainability	

Company	Beneficiary Identity	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")	Legal/contractual basis of the payment (Ref to the agreement, Act, ..)*
			Amount (ZMW)	Date	Description	Amount (ZMW)		
	Health and HIV / AIDS	Mumena, Mukumbi & Matebo	42,784.63		HIV/AIDS Awareness Campaigns, Wellness Outreaches, through Lumwana Community AIDS Task Force, Voluntary Counselling and Testing and World AIDS Day Commemorations, Repair of Boreholes		Sustainability	
	Lumwana Community Trust	Mumena, Mukumbi & Matebo	292,445.00		Labour Fees, Procurement and Transportation of Materials for Constructions of Classroom Blocks, Teacher Houses and Rural Health Centres in Mukumbi, Mumena & Matebo Chiefdoms		Sustainability	
	Other Community Projects	Mumena, Mukumbi & Matebo	157,749.00		Promotion of High Value Crops and other Agricultural Activities, Women Empowerment activities for promotion of Literacy, Village Banking and Entrepreneurship in Lumwana Area.		Sustainability	
	Royal Establishment Institutional Dev	Mumena, Mukumbi & Matebo	99,480.28		Labour Fees, Procurement and Transportation of Materials towards Construction of Palaces, Furnishment of Royal Establishment Offices and Supporting Traditional Ceremonies to preserve Local Culture & Traditional Governance		Sustainability	
	Scholarships / Bursaries	Mumena, Mukumbi & Matebo	136,407.38		Payments for Uniforms, School Fees for High School, Tertiary Scholarships and Youth Vocational skills Training		Sustainability	
	Government Hospitality & Support	Kalumbila/NWP	78,715.00		Government Events & programs		Sustainability	
			<b>941,778.52</b>					
MCM	Schools				Running of schools	24,738,549.82	Operation of facilities	
	Hospitals				Running of hospitals	151,682,365.54	Operation of facilities	
	Sports clubs				Support of clubs	14,603,694.42	Financial support as grants	
	Donations				General donations	13,845,322.31	General donations	
						<b>204,869,932</b>		
	Community Resource Boards		79,300.07		Community Resource Boards (subsistence allowance)			
	Department of Fisheries		156,843.56		Fish Farming (Dept of Fisheries Officers allowances)			
KML	community				Land Monitoring/Adhoc Transport - Scholars, Trident Football Club, Trainings	1,266,603.78		
	Community - Education				Scholarships/Furniture and Improvement programmes	3,435,052.10		
	Community - Agriculture				Conservation Agriculture - Inputs/Holistic Livestock Management support	4,006,676.36		

Company	Beneficiary Identity	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")	Legal/contractual basis of the payment (Ref to the agreement, Act, ..)*
			Amount (ZMW)	Date	Description	Amount (ZMW)		
	Community - Health				Girl Empowerment/Health Systems Strengthening/Hospital Furniture Project/HIV & Malaria support	5,790,928.81		
	Community - Relations				Content Development and Publication/Disabled Program - Cheshire Homes Classroom/Sports programs	5,267,139.97		
	Community (PEPZ/DFID/TFL Partnership)				PEPZ/DFID/TFL Partnership - LCRM - Economic Empowerment	525,244.38		
	Community _Resettlement				Sanitation Project and Grievance Management	785,735.12		
	Community Centre Upgrade				Community Centre Upgrade	58,119.22		
	Community Infrastructure		-		Community Learning Centre/schools upgrade - Kal North, Mukila Classroom/Market Latrines band			
					Water survey	3,979,363.29		
	Department of National Parks and Wildlife		2,074,131.46		Law Enforcement Support - Salaries/Infrastructure - Road and Bridge Maintenance			
	Department of Water Affairs		11,333.76		Grievance Management			
	District Education Office		79,612.16		DEBS and & IIE Resource Support	75,745.34		
	Forestry management		-		Chemical Consumables, Employee transport , Labour and consumables	844,921.99		
	General -CSR		-		Employee transport, Labour, meals and office & Vehicle maintenance	11,634,511.32		
	Kalumbila Wildlife Sanctuary		3,771.90		Buffalo fence, Fire control, Labour and spraying	3,155,384.79		
	Local Business Development		-		Agribusiness Project, Vocational training, Business fair	1,782,839.56		
	Local Recruitment		-		Recruitment support	138,147.77		
	Members of Parliament		29,926.91		MPs Visits			
	Ministry of Education		50,096.30		IIE - Accountability Project	3,313,440.58		
	Ministry of Livestock		20,250.65		Holistic Livestock Management - Veterinary Labour			
	Musele Community Advisory Committee		31,102.91		Musele Community Advisory Committee support			
	North-West TV		15,178.36		Anti-burning Campaign			
	Provincial Administration		1,619.48		Visits - Government, NGO, Media Licenses			
	Road and Traffic Safety Agency		34,993.73		Anti-burning Campaign, Game Collaring,Equipment Support & maintenance, various Infrastructure support	6,394,754.76		
	West Lunga Area Management		833.38		CSR Content Development and Publication - Video and Anti-burning Campaign			
	Zambia National Broadcasting Service		23,150.20		Anti-burning Campaign			
	Zambia National Information Service		2,282.62		Infrastructure - Road and Bridge Maintenance & Local Road Maintenance			
	Zambia National Service		3,721,666.13					
			<b>6,336,093.57</b>			<b>52,454,609.14</b>		

Company	Beneficiary Identity	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")	Legal/contractual basis of the payment (Ref to the agreement, Act, ..)*
			Amount (ZMW)	Date	Description	Amount (ZMW)		
	Directorate of Research and Graduate Studies-Donations	Lusaka - UNZA	12,859.00					
	Cheshire Homes-Donations		5,000.00					
	Zambia Golf Union- Donation		9,000.00					
	Zambia Tourism Agency- Donation		9,000.00					
	Our Lady of Africa- Sponsorship		5,000.00					
	Copperbelt Investment Expo- Sponsorship		2,000.00					
	Chivweka Cultural Association- Donation		1,000.00					
	Braille Solutions of Zambia- Donation		5,000.00					
	Copperbelt University- School of Medicine Donation		9,000.00					
	All Saints Congregation Projects - Donation		3,000.00					
	EIZ- Sponsorship		5,000.00					
	Zambia Civil Society Health - Donation		5,000.00					
	Institute of Directors- Donation		5,000.00					
	Mulundu Floyd - Internanational Women's Day Donations(3800)		35,675.00					
ZCCM IH	Davis and Shirliff LTD-Ndola Central Hospital Water System	Ndola	47,997.00					
	BSI Steel -Ndola Central Hospital Water System	Ndola	41,183.03					
	Builders Warehouse -Ndola Central Hospital Water System	Ndola	28,000.00					
	Copperbelt Mutomboko Association- Donation		2,000.00					
	Zambia Association of Musicians- KK Birthday Bash		4,000.00					
	ZNBC- Ndola Teaching Hospital Donation		15,080.00					
	William Musonda- Refund extra Paint Ndola Teaching		11,124.00					
	Computers for Zambian Schools-Donations		21,000.00					
	Malaila Traditional- Donation		2,000.00					
	Map Production Donation 500 Leveraged books		3,500.00					
	Computers for Zambia-Donations		14,400.00					
	Mwilu MC - World Aids Day Donations (21,750)		21,015.16					
	Mulundu Floyd - Donations on 2018 Intl Worlds AIDS(15,000)		14,985.00					
	The Healing Word Ministries Int - Purchase of tickets		3,250.00					
			<b>341,068.19</b>					
	Zamcoal diggers sponsorship cost (Sports and Recreation)		383,316.72					
	Maamba private school and Pre school rehabilitation expenses (School)		2,294,512.61					
	Maamba private School and pre school maintenance		56,874.40					
	Garbage handling equipment Donation to the council and associated works (Solid Waste Management)		20,155.40					
MCL	Lwiindi Ceremony-Chief Singani & Chief Sinazongwe (Other CSR expenses, including donations to local festivals and chiefs)		164,980.66					
	Rehabilitation of Maamba Roads		5,624,261.19					
	Golf Club Maintenance		714,176.00					
	Skills development at vocational training centre (Vocational Training)		77,211.82					
	Resettlement Expense-PAP		1,900,214.16					
	Sinakumbi Dam Project		45,625.72					

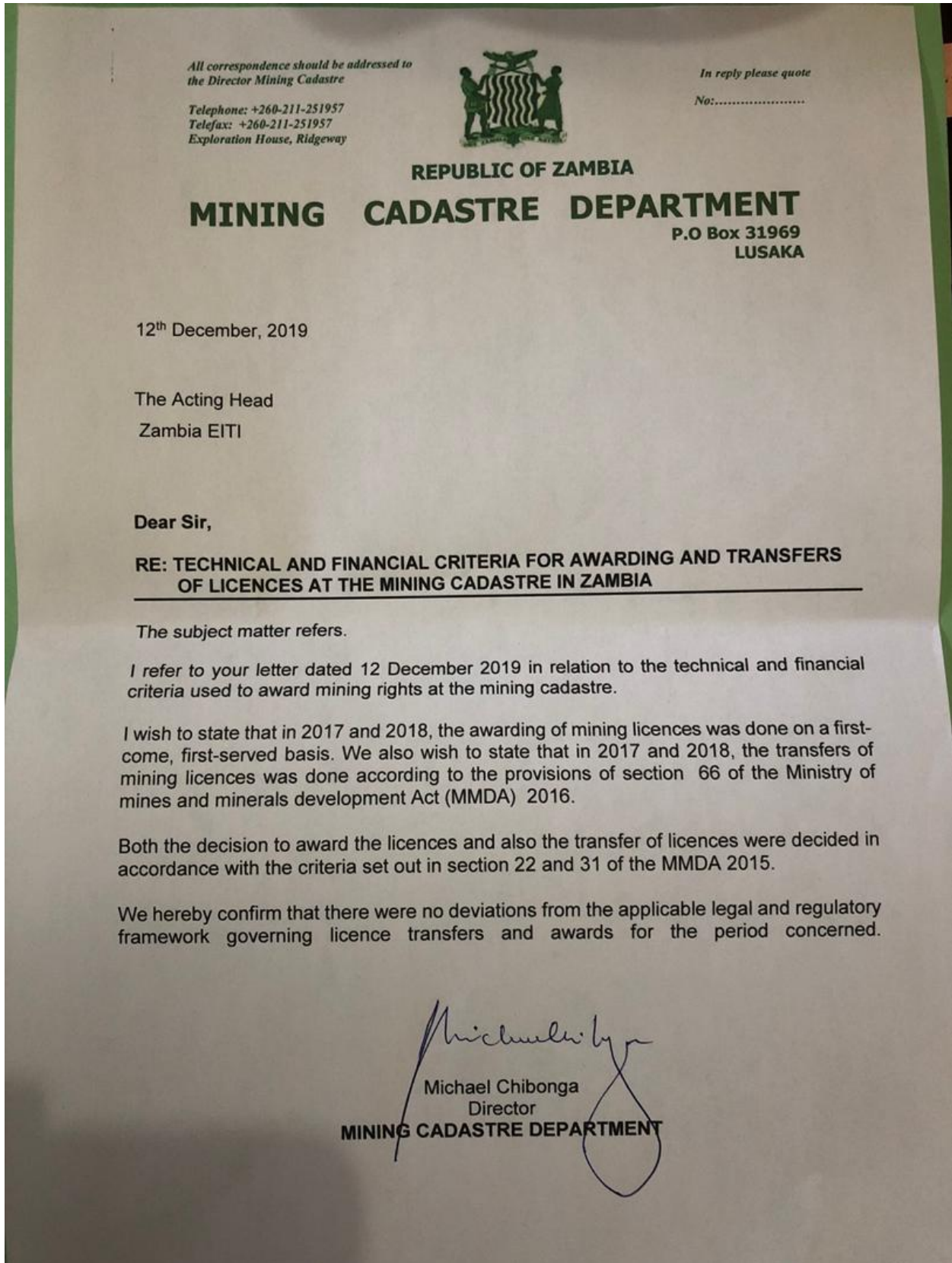
Company	Beneficiary Identity	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")	Legal/contractual basis of the payment (Ref to the agreement, Act, ..)*
			Amount (ZMW)	Date	Description	Amount (ZMW)		
	Mourner's Shelter-Maamba Hospital		32,144.29					
	Maamba Youth Project		42,810.52					
			<b>11,356,283.50</b>					
	<b>Total</b>		<b>19,620,213</b>			<b>307,544,223</b>		



## **Annex 10 - Detail of the unilateral disclosure by company**

Please see attached Excel Sheet

## Annex 11 - Award and transfer of Mining Licenses - Letter from the Mining Cadastre Department



## Annex 12 - Minerals Export Data 2018 reported by ZRA

YEAR	HS_CODE	DESCRIPTION	FOB VALUE (ZMW)	NET WEIGHT (KG's)
2018	25210000	Limestone flux; limestone and other calcareous stone	8,291,478.06	2,008,242.00
2018	25221000	Quicklime	198,493,164.82	120,615,224.00
2018	25222000	Slaked lime	173,777,156.78	130,890,745.00
2018	25223000	Hydraulic lime	43,888,099.52	27,931,502.00
2018	25231000	Cement clinkers	100,725,852.72	69,062,520.00
2018	25232100	White portland cement	147,503.28	124,260.00
2018	25232290	White portland cement	20,100.00	15,000.00
2018	25232900	Portland cement (excl. white)	591,331,965.03	440,232,044.00
2018	25233000	Aluminous cement	48,527.50	35,000.00
2018	25239000	Other hydraulic cements, etc	127,564.31	176,560.00
2018	26011200	Agglomerated iron ores and concentrates	100.93	49.00
2018	26020000	MANGANESE ORES/CONCENTRATES(INC.FERRUGINOUS), WITH MANGANESE CONT.OF=>20%	291,497,922.82	273,067,985.00
2018	26030011	Copper ore sulphide	91,692.10	31,420.00
2018	26030012	Copper ore mixed sulphide and oxide	8,838,888.65	3,524,604.60
2018	26030013	Copper ore oxide	2,022,515.89	551,505.00
2018	26030019	Other copper ores	13,535,060.74	6,372,270.50
2018	26030021	Copper concentrate sulphide	654,697.42	54,585.04
2018	26030022	Copper concentrate mixed	1,340.94	213.00
2018	26030023	Copper concentrate oxide	468,803.40	101,475.00
2018	26030029	Other - copper concentrate	1,371,153.07	169,529.00
2018	26050010	Cobalt ore	4,845,419.63	907,439.00
2018	26050020	Cobalt concentrate	8,623,744.28	585,387.70
2018	26060000	Aluminium ores and concentrates	14.85	53.62
2018	26070000	Lead ores and concentrates	8,865,965.78	10,437,849.00
2018	26080000	Zinc ores and concentrates	9,695,978.73	9,315,787.00
2018	26179000	Other ores and concentrates, nes	10,666.42	7,264.80
2018	26202100	Ash and residues containing leaded gasoline sludges & leaded anti-knock compounds sludge	325.76	120.00
2018	26203010	Slag containing mainly copper	175.19	50.00

YEAR	HS_CODE	DESCRIPTION	FOB VALUE (ZMW)	NET WEIGHT (KG's)
2018	27011200	Bituminous coal, not agglomerated	852,968.60	1,237,400.00
2018	27011900	Other coal, not agglomerated, nes	2,982,339.54	1,302,057.00
2018	27012000	Briquettes, ovoids and similar solid fuels manufactured from coal	21,275.76	4,400.00
2018	27040000	Coke and semi-coke of coal, of lignite or of peat; retort carbon	1,023,775.15	549,480.00
2018	27050000	Coal gas, water gas, producer gas and similar gases, not petroleum gases	107,055.31	21,340.00
2018	27071000	Benzole (benzene)	62,545.74	30,500.00
2018	71031000	Precious (excl. diamonds) or semi-precious stones, unworked	6,915,624.41	825,223.50
2018	71039100	Rubies, sapphires and emeralds, worked but not set...	6,764,433.61	185.50
2018	71039900	Precious or semi-precious stones, worked but not set..., nes	1,188,908.61	252,033.70
2018	71081310	Bullion semi-manufactured forms	929,428,845.09	2,403.23
2018	71129910	Anodic slimes	87,209,237.22	219,313.00
2018	72022100	Ferro-silicon, containing by weight >55% silicon	58,755,506.38	4,404,840.00
2018	72022900	Ferro-silicon, containing by weight =<55% silicon	22,415,360.50	1,367,176.26
2018	72023000	Ferro-silico-manganese	340,796,370.64	35,286,953.50
2018	74002000	Ferro-silico-manganese	16,515,847.09	264,161.00
2018	74020010	Ferro-silico-manganese	48,737,600.69	774,370.00
2018	74020011	Copper blister	9,618,915,735.13	142,073,667.42
2018	74020013	Copper blister	1,846,832.03	30,866.00
2018	74020020	Copper anodes for electrolytic refining	35,238,992,492.66	493,423,784.73
2018	74020021	Copper anodes for electrolytic refining	5,525,239.46	85,381.00
2018	74020030	Copper anodes for electrolytic refining	353,385,077.15	5,366,684.00
2018	74020090	Copper anodes for electrolytic refining	295,616,552.10	4,599,383.00
2018	74031000	Copper anodes for electrolytic refining	2,158,901.71	34,084.00
2018	74031110	Electro-refined copper cathodes (High Purity)	16,324,195,349.26	203,876,215.26
2018	74031120	Electro-refined copper cathodes (Low Purity)	1,496,078,368.52	21,788,690.00
2018	74031130	Electro-won copper cathodes (High Purity)	4,132,087,174.87	58,453,629.00
2018	74031140	Electro-won copper cathodes (Low Purity)	1,038,493,935.86	15,829,755.00
2018	74031141	Electro-won copper cathodes (Low Purity)	1,186,699.26	20,167.00
2018	74031143	Electro-won copper cathodes (Low Purity)	6,772,593.32	114,761.00

YEAR	HS_CODE	DESCRIPTION	FOB VALUE (ZMW)	NET WEIGHT (KG's)
2018	74031145	Electro-won copper cathodes (Low Purity)	1,689,543.42	28,376.00
2018	74031146	Electro-won copper cathodes (Low Purity)	4,701,134.87	77,703.00
2018	74031191	Copper bearing products of electro-refining process	26,387,299.25	428,390.00
2018	74031192	Copper bearing products of electro-winning process	140,988,612.43	1,976,961.00
2018	74031900	Other refined Copper	385,689,222.71	5,734,860.00
2018	74032910	Cobalt alloy	1,394,643,113.53	16,047,907.00
2018	74032920	Cobalt alloy	1,569,692.41	28,796.00
2018	74032990	Copper-cobalt alloy	647,210,825.82	22,035,649.99
2018	74050000	Master alloys of copper	552,084,576.63	10,809,258.00
2018	76011000	Unwrought aluminium, not alloyed	3,386,838.52	230,840.00
2018	78011000	Refined lead, unwrought	38,637,921.86	2,061,215.75
2018	78019100	Unwrought lead, containing antimony as the principale other element	3,825,690.70	207,260.00
2018	78019900	Unwrought lead (excl. refined and containing antimony)	82,264,697.39	3,940,320.00
2018	79031000	Zinc dust	1,967,411.38	574,595.00
2018	79039000	Powders and flakes of zinc	182,606.06	28,000.00

## Annex 13 - Award and transfer of Petroleum Licenses - Letter from the Geological Survey Department

Communications should be addressed to:  
The Director

Telephone: 21 1 250455 / 21 1 250274  
Facsimile: 21 1 250457  
Telex: GEOCENTRAL  
Tele: 44 00187



An reply please quote:  
No. GS/\_\_\_\_\_

GSD/101/3/7

MINISTRY OF MINES AND MINERALS DEVELOPMENT  
**GEOLOGICAL SURVEY DEPARTMENT**

P.O. BOX 5035  
LUSAKA

6<sup>th</sup> April 2020

The Head  
Zambia EITI  
**LUSAKA**

Dear Sir,

**RE: TECHNICAL AND FINANCIAL CRITERIA FOR GRANTING OF  
PETROLEUM EXPLORATION LICENCES OVER GOVERNMENT  
RESERVED BLOCKS**

Reference is made to the above captioned matter.

The Ministry of Mines and Minerals Development acknowledges receipt of your request in relation to the technical and financial criteria used to grant and transfer petroleum licences over Government Reserved Petroleum Blocks by the Petroleum Committee.

Kindly be informed that in 2018, the Petroleum Committee granted four (4) petroleum exploration licences to ZCCM Investments Holdings Plc (ZCCM-IH) and no other such licences were granted to any other company. Specifically, the four (4) licences were granted to ZCCM-IH over Government Reserved Petroleum Blocks 17, 27, 39 and 44. No transfers were made in 2018 and, ZCCM-IH still has 100% shareholding.

Additionally, kindly be informed that the petroleum exploration licences over the four (4) blocks were granted to ZCCM-IH in accordance with the technical and financial criteria provided in Section 12(2)(a), Part III, of the Petroleum (Exploration and Production) Act of 2008.

Therefore, there were no deviations from the applicable legal and regulatory framework governing the grant of petroleum exploration licences over the Government Reserved Petroleum Blocks for the period under review.

Yours faithfully

Chipshuka Mukofu  
Director

**GEOLOGICAL SURVEY DEPARTMENT**

Cc. Permanent Secretary-Ministry of Mines and Minerals Development

**Annex 14 - Summary table of the technical and financial criteria used for awarding and transferring mining licences in 2018 is presented in Annex 13 to the Report**

Application for exploration licence (745 <sup>65</sup> granted licenses)	<b>Award and Transfer</b>
	<u><i>Technical criteria:</i></u>
	<u><i>Define the technical criteria</i></u>
	<ul style="list-style-type: none"> <li>• The applicant has the technical ability to conduct the proposed exploration optimally in accordance with the exploration work programme</li> <li>• The proposed programme of exploration operations is adequate and makes proper provision for environmental protection</li> <li>• If the land is within a National Park, Community Partnership Park, Game Management Area, bird or wildlife sanctuary, National Forest, Local Forest, Botanical Reserve or private forest or is land to which subsection (1) of section fifty-two applies, the applicant has obtained the necessary written consent of the appropriate authority</li> <li>• The proposed exploration area is not the same as, and does not overlap in any manner with, an existing mining right or mineral processing licence area</li> </ul>
	<u><i>Do these criteria have the same weight?</i></u>
	YES
	<u><i>Do all these criteria apply to obtain a license?</i></u>
	YES
	<u><i>Financial criteria</i></u>
	<u><i>Define the financial criteria</i></u>
<ul style="list-style-type: none"> <li>• The applicant has the financial resources to conduct the proposed exploration optimally in accordance with the exploration work programme</li> <li>• The estimated expenditure is compatible with the proposed exploration work programme, area size and duration of the exploration work programme</li> </ul>	
<u><i>Do these criteria have the same weight?</i></u>	
YES	
<u><i>Do all these criteria apply to obtain a license?</i></u>	
YES	
	<b>Award and Transfer</b>
	<u><i>Technical criteria:</i></u>

<sup>65</sup> Please see Section 3.5.2, Table 16: Mining licences granted in 2018



<p>Application for mining licence (36<sup>66</sup> granted licenses)</p>	<p><u><i>Define the technical criteria</i></u></p> <p><b>Common criteria</b></p> <ul style="list-style-type: none"> <li>• Whether there are sufficient deposits or resources of minerals to justify their commercial exploitation</li> <li>• The area of land over which the licence is sought is not in excess of the area required to carry out the applicant’s proposed programme for mining operations</li> <li>• The proposed programme of mining operations is adequate and compliant with the decision letter in respect of the environmental project brief or environmental impact assessment approved by the Zambia Environmental Management Agency</li> <li>• where consent is required for the area under any written law, that the applicant has submitted evidence of that consent</li> <li>• The standards of good mining practice and the applicant’s proposed programme for development, construction and mining operations in order to ensure the efficient and beneficial use of the mineral resources for the area over which the licence is sought</li> <li>• the applicant is not in breach of any condition of the exploration licence or any provision of MMDA Act</li> </ul> <p><b>In respect of large scale</b></p> <ul style="list-style-type: none"> <li>• whether the applicant has the technical compatible with the programme of mining operations</li> <li>• The applicant’s undertaking for the employment and training of citizens and promotion of local business development</li> </ul> <p><u><i>Do these criteria have the same weight?</i></u></p> <p>YES</p> <p><u><i>Do all these criteria apply to obtain a license?</i></u></p> <p>YES</p>
	<p><u><i>Financial criteria</i></u></p>
	<p><u><i>Define the financial criteria</i></u></p> <ul style="list-style-type: none"> <li>• whether the applicant has the financial resources and the financing plan is compatible with the programme of mining operations</li> <li>• whether the applicant’s feasibility study report is bankable</li> <li>• <i>The applicant’s capital investment forecast</i></li> </ul> <p><u><i>Do these criteria have the same weight?</i></u></p> <p>YES</p>

<sup>66</sup> Please see Section 3.5.2, Table 16: Mining licences granted in 2018



	<p><u><i>Do all these criteria apply to obtain a license?</i></u></p> <p>YES</p>
Laws where the financial and technical criteria for the award and transfer of mining licenses are defined	Sections 22 and 31 of the MMDA 2015
Please summarize the licenses that have been granted in the current year under this regime (first come, first served)	Please see Table 16
Could you confirm that these licenses have been granted or transferred according to the technical and financial criteria described above?	<p>Yes,</p> <p>Confirmation obtained from Mining Cadastre Department. Please refer to Annex 11 to this Report.</p> <p>The Office of the Auditor General carried out a compliance audit on the awarding and monitoring of mining rights for 2017. The main findings of the OAG compliance audit report are presented in Section 3.5.2</p>
Were there any significant deviations from the applicable legal and regulatory framework governing the granting and transfer of licenses?	<p>Yes,</p> <p>Confirmation obtained from Mining Cadastre Department. Please refer to Annex 11 to this Report.</p> <p>The Office of the Auditor General carried out a compliance audit on the awarding and monitoring of mining rights for 2017. The main findings of the OAG compliance audit report are presented in Section 3.5.2.</p>

## Annex 15 - OAG confirmation letter on the Reporting Templates submitted by the Government Agencies

Telephone: +260 - 211- 252611 / 252772  
 Fax: +260 - 211 - 250349  
 Telegrams: AUDITOR, RIDGEWAY  
 LUSAKA, ZAMBIA  
 E-mail: auditorg@ago.gov.zm



REPUBLIC OF ZAMBIA

In reply please quote:

No.: .....  
 OAG/101/29/24

# OFFICE OF THE AUDITOR-GENERAL

P.O. BOX 50071  
 RIDGEWAY  
 LUSAKA, ZAMBIA

15<sup>th</sup> May, 2020

The Permanent Secretary  
 Ministry of Mines and Minerals Development  
 LUSAKA

### RE: CONFIRMATION OF INFORMATION ON AUDITED GOVERNMENT AGENCIES

I refer to your minute dated 18<sup>th</sup> February 2020 referenced ZEITI/101/13/8 on the above subject matter. The minute requested my Office to confirm the information on the templates for Government agencies that receipted revenue from mining companies.

2. In accordance with the Generally Accepted Auditing Standard, my Office received and checked the accompanying EITI Reporting Templates relating to the revenues received by the institutions indicated below:

- a. Ministry of Mines and Minerals Development,
- b. Zambia Revenue Authority (ZRA),
- c. Ministry of Lands and Natural Resources.
- d. Ministry of Finance,
- e. Industrial Development Corporation (IDC), and
- f. ZCCM-IH,

3. The EITI Reporting Templates relating to the revenues paid by the extractive companies and received by the Government Agencies were verified by my Office between 27<sup>th</sup> April and 5<sup>th</sup> May 2020. I therefore confirm that a total amount of K16,272,854,985.23 was receipted by Government Agencies as at 31<sup>st</sup> December 2018. See table 1 below.

**Table 1: Revenue Received by Government Agencies**

S/N	Institution	Amount Received K	Schedule No.
1	Ministry of Mines and Minerals Development	41,981,804.00	1
2	Zambia Revenue Authority	15,393,487,062.00	2
3	Ministry of Lands and Natural Resources	1,171,426.00	3
4	Ministry of Finance	23,178,862.00	4
5	Industrial Development Corporation	69,205,642.00	5
6	ZCCM-IH	743,830,189.23	6(a) and (b)
	<b>Total</b>	<b>16,272,854,985.23</b>	

4. Therefore, EITI can use the audited revenue figures for the financial year ended 31<sup>st</sup> December 2018 from mining companies to Government Agencies to produce the 2018 EITI report.

  
 Dr. Dick Chellah Sichembe  
**AUDITOR GENERAL**

## Schedule 1

**ZAMBIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
SUMMARY OF VARIANCES OF RECEIPTS ACKNOWLEDGED BY MMD BETWEEN  
INDEPENDENT ADMINISTRATOR FIGURES AND OAG VERIFIED FIGURES**

**MINISTRY OF MINES AND MINERALS DEVELOPMENT**

**INSCOPE**

S/N	Company	OAG Verified figures K
	<b>Kansanshi Mining PLC</b>	
1	Application Fees	-
2	Licence Fees	-
3	Area Charges	440,188
4	Valuation Fees	-
5	Other Fees and charges	-
	<b>Sub Total</b>	<b>440,188</b>
	<b>Konkola Copper Mines</b>	
1	Application Fees	17,700
2	Licence Fees	-
3	Area Charges	911,296
4	Valuation Fees	27,677
5	Other Fees and charges	-
	<b>Sub Total</b>	<b>956,673</b>
	<b>Lumwana Mining Company</b>	
1	Application Fees	-
2	Licence Fees	-
3	Area Charges	2,004,598
4	Valuation Fees	-
5	Other Fees and charges	-
	<b>Sub Total</b>	<b>2,004,598</b>
	<b>Mopani Copper Mines</b>	
1	Application Fees	-
2	Licence Fees	-
3	Area Charges	-
4	Valuation Fees	-
5	Other Fees and charges	-
	<b>Sub Total</b>	<b>-</b>
	<b>Kalumbila Minerals Limited</b>	
1	Application Fees	-
2	Licence Fees	-
3	Area Charges	1,591,388
4	Valuation Fees	-
5	Other Fees and charges	-
	<b>Sub Total</b>	<b>1,591,388</b>
	<b>First Quantum Mining and Operations Ltd</b>	
1	Application Fees	-
2	Licence Fees	-
3	Area Charges	425,101
4	Valuation Fees	-
5	Other Fees and charges	-
	<b>Sub Total</b>	<b>425,101</b>

	<b>Chambishi Copper Smelter Limited</b>	
1	Application Fees	-
2	Licence Fees	-
3	Area Charges	8,577
4	Valuation Fees	-
5	Other Fees and charges	-
	<b>Sub Total</b>	<b>8,577</b>
	<b>ZCCM-IH PLC</b>	
1	Application Fees	-
2	Licence Fees	-
3	Area Charges	-
4	Valuation Fees	-
5	Other Fees and charges	-
	<b>Sub Total</b>	
	<b>Maamba Collieries Limited</b>	
1	Application Fees	-
2	Licence Fees	-
3	Area Charges	-
4	Valuation Fees	-
5	Other Fees and charges	-
	<b>Sub Total</b>	
	<b>Total</b>	<b>5,426,525</b>
	<b>UNILATERAL DISCLOSURE</b>	
<b>S/N</b>	<b>Company</b>	<b>OAG Verified figures K</b>
1	Application Fees	5,274,399
2	Licence Fees	48,900
3	Area Charges	30,518,756
5	Valuation Fees	401,925
6	Other Fees and charges	311,299
	<b>Total</b>	<b>36,555,279</b>
	<b>Grand Total</b>	<b>41,981,804</b>

Schedule 2

**ZAMBIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
SUMMARY OF VARIANCES OF RECEIPTS ACKNOWLEDGED BY ZRA BETWEEN  
INDEPENDENT ADMINISTRATOR FIGURES AND OAG VERIFIED FIGURES**

**ZAMBIA REVENUE AUTHORITY**

**INSCOPE**

S/N	Company	OAG Verified figures K
<b>Kansashi Mining PLC</b>		
1	Pay As You Earn	291,474,095
2	Import VAT	265,164,023
3	Mineral Royalty Tax	1,112,847,137
4	Corporate Income Tax Including Provisional Tax	1,405,249,515
5	VAT	173,424,471
6	Import/Customs Duty	91,595,380
7	Withholding Taxes	38,798,410
8	Excise Duty-Electricity Energy	9,816,921
	<b>Sub Total</b>	<b>3,388,369,952</b>
<b>Konkola Copper Mines</b>		
1	Pay As You Earn	411,348,039
2	Import VAT	598,705,619
3	Mineral Royalty Tax	371,843,607
4	Corporate Income Tax Including Provisional Tax	81,762
5	VAT	982,328
6	Import/Customs Duty	13,204,278
7	Withholding Taxes	187,523,893
8	Excise Duty-Electricity Energy	986,063
	<b>Sub Total</b>	<b>1,584,675,589</b>
<b>Lumwana Mining Company</b>		
1	Pay As You Earn	227,475,169
2	Import VAT	146,361,515
3	Mineral Royalty Tax	440,368,623
4	Corporate Income Tax Including Provisional Tax	56,810,307
5	VAT	315,517,630
6	Import/Customs Duty	77,352,344
7	Withholding Taxes	67,844,113
8	Excise Duty-Electricity Energy	3,709
	<b>Sub Total</b>	<b>1,331,733,410</b>
<b>Mopani Copper Mines</b>		
1	Pay As You Earn	490,403,223
2	Import VAT	339,481,992
3	Mineral Royalty Tax	262,206,015
4	Corporate Income Tax Including Provisional Tax	1,336
5	VAT	46,855,083
6	Import/Customs Duty	30,396,754
7	Withholding Taxes	54,421,269
8	Excise Duty-Electricity Energy	43,506
	<b>Sub Total</b>	<b>1,223,809,178</b>
<b>Kalumbila Minerals Limited</b>		
1	Pay As You Earn	218,141,219
2	Import VAT	341,267,438
3	Mineral Royalty Tax	1,058,416,064
4	Corporate Income Tax Including Provisional Tax	2,000,276
5	VAT	113,376,118
6	Import/Customs Duty	225,425,785
7	Withholding Taxes	43,148,023
8	Excise Duty-Electricity Energy	183,355
	<b>Sub Total</b>	<b>2,001,958,278</b>



	<b>First Quantum Mining and Operations Ltd</b>	
1	Pay As You Earn	325,794,802
2	Import VAT	92,505,260
3	Mineral Royalty Tax	-
4	Corporate Income TaxIncluding Provisional Tax	57,483,532
5	VAT	82,899,741
6	Import/Customs Duty	82,979,335
7	Withholding Taxes	16,577,476
8	Excise Duty-Electricity Energy	415,337
9	Property Transfer Tax	263,000
	<b>Sub Total</b>	<b>658,918,481</b>
	<b>Chambishi Copper Smelter Limited</b>	
1	Pay As You Earn	25,450,971
2	Import VAT	642,286,638
3	Mineral Royalty Tax	22,146,730
4	Corporate Income TaxIncluding Provisional Tax	302,355,781
5	VAT	184,632,791
6	Import/Customs Duty	18,170,017
7	Withholding Taxes	3,476,711
8	Excise Duty-Electricity Energy	1,943
	<b>Sub Total</b>	<b>1,198,521,582</b>
	<b>ZCCM-IH PLC</b>	
1	Pay As You Earn	17,880,541
2	Import VAT	0
3	Mineral Royalty Tax	0
4	Corporate Income TaxIncluding Provisional Tax	329,571
5	VAT	719,894
6	Import/Customs Duty	0
7	Withholding Taxes	14,495,315
8	Excise Duty-Electricity Energy	0
9	Property Transfer Tax	7500
	<b>Sub Total</b>	<b>33,432,821</b>
	<b>Maamba Collieries Limited</b>	
1	Pay As You Earn	13,127,292
2	Import VAT	7,272,778
3	Mineral Royalty Tax	22,146,730
4	Corporate Income TaxIncluding Provisional Tax	7,675,943
5	VAT	39,645,119
6	Import/Customs Duty	4,520,343
7	Withholding Taxes	42,768,531
-8	Excise Duty-Electricity Energy	548
	<b>Sub Total</b>	<b>137,157,284</b>
	<b>Total</b>	<b>11,558,576,576</b>
	<b>UNILATERAL DISCLOSURE</b>	
<b>S/N</b>	<b>Company</b>	<b>OAG Verified figures K</b>
	<b>Kansashi Mining PLC</b>	
1	Pay As You Earn	621,633,273
2	Import VAT	600,141,633
3	Mineral Royalty Tax	611,121,043
4	Corporate Income TaxIncluding Provisional Tax	634,838,455
5	VAT	1,003,117,225
6	Import/Customs Duty	109,697,714
7	Withholding Taxes	164,603,318
8	Excise Duty-Electricity Energy	3,140,494
9	Property Transfer Tax	3,694,333
10	Turnover Tax	214,103
11	Domestic Excise	82,706,233
12	Presumptive Tax	2,662
	<b>Total</b>	<b>3,834,910,486</b>
	<b>Grand Total</b>	<b>15,393,487,062</b>

## Schedule 3

**ZAMBIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**  
**SUMMARY OF VARIANCES OF RECEIPTS ACKNOWLEDGED BY MINISTRY OF LANDS AND NATURAL**  
**RESOURCES BETWEEN INDEPENDENT ADMINISTRATOR'S FIGURES AND OAG VERIFIED FIGURES**

**MINISTRY OF LANDS AND NATURAL RESOURCES**

**INSCOPE**

S/N	Company	OAG Verified figures K
	<b>Kansashi Mining PLC</b>	
1	Ground Rent	1,140,411
	<b>Sub Total</b>	<b>1,140,411</b>
	<b>Konkola Copper Mines</b>	
1	Ground Rent	-
	<b>Sub Total</b>	<b>-</b>
	<b>Lumwana Mining Company</b>	
1	Ground Rent	-
	<b>Sub Total</b>	<b>-</b>
	<b>Mopani Copper Mines</b>	
1	Ground Rent	2,100
	<b>Sub Total</b>	<b>2,100</b>
	<b>Kalumbila Minerals Limited</b>	
1	Ground Rent	-
	<b>Sub Total</b>	<b>-</b>
	<b>First Quantum Mining and Operations Ltd</b>	
1	Ground Rent	-
	<b>Sub Total</b>	<b>-</b>
	<b>Chambishi Copper Smelter Limited</b>	
1	Ground Rent	1,166
	<b>Sub Total</b>	<b>1,166</b>
	<b>ZCCM-IH PLC</b>	
1	Ground Rent	-
	<b>Sub Total</b>	<b>-</b>
	<b>Maamba Collieries Limited</b>	
1	Ground Rent	-
	<b>Sub Total</b>	<b>-</b>
	<b>Total</b>	<b>1,143,677</b>
	<b>UNILATERAL DISCLOSURE</b>	
S/N	Company	OAG Verified Figures K
1	Ground Rent	27,749
	<b>Total</b>	<b>27,749</b>
	<b>Grand Total</b>	<b>1,171,426</b>



*Schedule 4*

OFFICE OF THE AUDITOR GENERAL  
AUDIT OF MINISTRY OF FINANCE  
AUDIT OF REVENUE COLLECTION FOR THE YEAR 2018

MINISTRY OF FINANCE

DIVIDENDS RECEIVED BY MINISTRY OF FINANCE FROM ZCCM-IH

S/N	NAME OF COMPANIES	DIVIDEND PAID K
1	ZCCM-IH PLC	23,178,862
	<b>Total</b>	<b>23,178,862</b>

*Schedule 5*

OFFICE OF THE AUDITOR GENERAL  
AUDIT OF MINISTRY OF FINANCE  
AUDIT OF REVENUE COLLECTION FOR THE YEAR 2018  
DIVIDENDS RECEIVED BY INDUSTRIAL DEVELOPMENT

CORPORATION (IDC) FROM ZCCM-IH

S/N	NAME OF COMPANIES	DIVIDEND PAID K
1	ZCCM-IH PLC	69,205,642
	<b>Total</b>	<b>69,205,642</b>

*Schedule 6(a)***ZAMBIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE  
(ZEITI)****ZCCM-IH  
Revenue from Mining Companies in 2018****Dividend from Kansanshi Mining Plc**

S/N	Date	Amount US\$	Rate	Amount ZMK
1	27-Apr-18	15,600,000	10.4739	163,392,840
2	19-Oct-18	4,000,000	10.4739	41,895,600
	<b>Total</b>	<b>19,600,000</b>		<b>205,288,440</b>

Schedule 6(b)

**ZAMBIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (ZEITI)**  
Revenue from Mining Companies in 2018

**ZCCM-IH(ii)**

**Price Participation Income from Konkola Copper Mines Plc**

S/N	Date	Amount(US\$)	Total Amount US\$	Rate	Total Amount ZMK
		Principal			
1	30-Jan-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
2	2-Feb-18	2,555,301.80	2,555,301.80	10.51216293	26,861,748.84
3	6-Feb-18	-	-	10.51216293	-
4	6-Feb-18	-	-	10.51216293	-
5	27-Feb-18	2,555,301.83	2,555,301.83	10.51216293	26,861,749.16
6	27-Feb-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
7	27-Feb-18	-	-	10.51216293	-
8	27-Feb-18	-	-	10.51216293	-
9	23-Mar-18	2,555,301.80	2,555,301.80	10.51216293	26,861,748.84
10	23-Mar-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
11	26-Mar-18	-	-	10.51216293	-
12	26-Mar-18	-	-	10.51216293	-
13	24-Apr-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
14	26-Apr-18	-	-	10.51216293	-
15	30-Apr-18	2,555,301.80	2,555,301.80	10.51216293	26,861,748.84
16	30-Apr-18	-	-	10.51216293	-
17	31-May-18	2,555,301.83	2,555,301.83	10.51216293	26,861,749.16
18	31-May-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
19	31-May-18	-	-	10.51216293	-
20	31-May-18	-	-	10.51216293	-
21	28-Jun-18	2,555,301.83	2,555,301.83	10.51216293	26,861,749.16
22	29-Jun-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
23	29-Jun-18	-	-	10.51216293	-
24	29-Jun-18	-	-	10.51216293	-
25	30-Jul-18	2,555,301.83	2,555,301.83	10.51216293	26,861,749.16
26	30-Jul-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
27	30-Jul-18	-	-	10.51216293	-
28	30-Jul-18	-	-	10.51216293	-
29	27-Aug-18	2,555,301.83	2,555,301.83	10.51216293	26,861,749.16
30	31-Aug-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
31	31-Aug-18	-	-	10.51216293	-
32	31-Aug-18	-	-	10.51216293	-
33	27-Sep-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
34	28-Sep-18	2,555,301.83	2,555,301.83	10.51216293	26,861,749.16
35	28-Sep-18	-	-	10.51216293	-
36	28-Sep-18	-	-	10.51216293	-
37	30-Oct-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
38	30-Oct-18	2,555,301.83	2,555,301.83	10.51216293	26,861,749.16
39	30-Oct-18	-	-	10.51216293	-
40	31-Oct-18	-	-	10.51216293	-
41	29-Nov-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
42	29-Nov-18	2,555,301.83	2,555,301.83	10.51216293	26,861,749.16
43	30-Nov-18	-	-	10.51216293	-
44	30-Nov-18	-	-	10.51216293	-
45	27-Dec-18	1,713,893.72	1,713,893.72	10.51216293	18,016,730.02
46	28-Dec-18	2,555,301.83	2,555,301.83	10.51216293	26,861,749.16
47	31-Dec-18	-	-	10.51216293	-
48	31-Dec-18	-	-	10.51216293	-
	<b>Total</b>	<b>51,230,346.51</b>	<b>51,230,346.51</b>		<b>538,541,749.23</b>

**SUMMARY**

Dividends from ZCCM-IH Shares	205,288,440.00
Price Participation Fees	538,541,749.23
<b>Total</b>	<b>743,830,189.23</b>

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