



**Zambia Extractive Industries  
Transparency Initiative**

**Zambia EITI Report 2019**

December 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 Licence 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

18 December 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 2019 Zambia EITI Report.

Under this process, BDO was engaged as Independent Administrator (“IA”) to support the Zambia EITI Council (“ZEC”) to produce 2019 EITI Streamlined Reconciliation Report covering the period from January to December 2019. Our work was carried out between 1 June and 8 December 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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# 1. INTRODUCTION

## 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 eleven (11) annual EITI Reports have been produced covering the period from 1 January 2008 until 31 December 2018. ZEITI Reports can be accessed at <https://eiti.org/zambia#eiti-reports-and-other-key-documents>.

This report is the twelfth EITI report, covering the period from 1 January to 31 December 2019.

## 1.2. Objective

The objectives of the assignment are to support the ZEC in preparing a comprehensive EITI Report for the period from 1 January to 31 December 2019, in accordance with the EITI Standard and 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.

## 1.3. 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) 2019 (January 1, 2019 through December 31, 2019). The Report also covers mining production, export sales, social payments and transactions between Government Agencies and extractive companies made in 2019.

Reporting companies and government entities reported data for payments made or reported in CY 2019 disaggregated by taxpayer, payment 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 7 December 2020. Any information received after this date has not, therefore been included in this Report.

## 1.4. 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



## 2 EXECUTIVE SUMMARY

## 2. EXECUTIVE SUMMARY

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 enterprise “ZCCM-IH” from companies and the cash flows contributed by ZCCM-IH to the State budget.

During 2019, the mining sector remained the country’s major productive industry with the highest contribution to Zambia exports and Government revenues.

### 2.1 Revenues generated from the extractive industry

The receipts reported by the Government Agencies, the extractive companies and ZCCM-IH in 2019, after reconciliation, are as follows:

#### 2.1.1 Payments made by the extractive companies and ZCCM-IH in 2019

According to the data collected from the Government Agencies, the extractive companies and ZCCM-IH, the payments generated by the extractive sector totalled ZMW 18,357.29 million in 2019 against ZMW 17,978.12 million in 2018.

Payments to Government Agencies amount to ZMW 17,428.52 million representing 94.94% of the total payments made by the extractive companies and ZCCM-IH in 2019.

**Table 1: Payments made by the extractive companies and ZCCM-IH in 2019 and 2018**

Payments	2019 (ZMW million)	2018 (ZMW million)	Var (%)
<b>Payments to Government Agencies</b>	<b>17,428.52</b>	<b>16,551.87</b>	<b>5.30%</b>
<i>Taxes paid to ZRA (including Mineral Royalty)</i>	<i>17,383.20</i>	<i>16,501.88</i>	<i>5.34%</i>
<i>Royalties, fees and charges paid to MMMD</i>	<i>41.29</i>	<i>43.44</i>	<i>(4.97%)</i>
<i>Payments to Petroleum Unit</i>	<i>3.05</i>	<i>4.79</i>	<i>(36.30%)</i>
<i>Ground Rents and other payments to MoL</i>	<i>0.98</i>	<i>1.76</i>	<i>(44.16%)</i>
<b>Loan repayments and dividends paid to ZCCM-IH</b>	<b>343.77</b>	<b>758.33</b>	<b>(54.67%)</b>
<i>Price Participation Fees paid by KCM</i>	<i>146.42</i>	<i>553.04</i>	<i>(73.52%)</i>
<i>Dividends paid by KMP &amp; CEC</i>	<i>197.35</i>	<i>205.29</i>	<i>(3.87%)</i>
<b>Dividends paid by ZCCM-IH</b>	<b>75.96</b>	<b>92.38</b>	<b>(17.78%)</b>
<i>Dividends paid to IDC</i>	<i>59.13</i>	<i>69.21</i>	<i>(14.57%)</i>
<i>Dividends paid to MoF</i>	<i>16.83</i>	<i>23.18</i>	<i>(27.38%)</i>
<b>Social payments</b>	<b>366.20</b>	<b>327.16</b>	<b>11.93%</b>
<b>Fees and levies paid to Local Councils</b>	<b>141.60</b>	<b>225.05</b>	<b>(37.08%)</b>
<b>Payments to EPF</b>	<b>1.24</b>	<b>23.33</b>	<b>(94.71%)</b>
<b>Total</b>	<b>18,357.29</b>	<b>17,978.12</b>	<b>2.11%</b>

#### 2.1.2 Government revenues from the extractive sector in 2019

The extractive revenues collected by the Government in 2019 amounted to ZMW 17,445.35 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 2019 and 2018**

Extractive Revenues	2019 (ZMW million)	2018 (ZMW million)	Var (%)
<b>Tax Revenue</b>	<b>13,182.19</b>	<b>12,623.68</b>	<b>4.42%</b>
<i>Import VAT (*)</i>	2,002.92	3,040.76	(34.13%)
<i>VAT (**)</i>	3,022.40	3,059.65	(1.22%)
<i>Pay as You Earn</i>	2,772.84	2,611.46	6.18%
<i>Company Income Tax</i>	3,203.09	2,466.98	29.84%
<i>Other taxes</i>	2,180.95	1,444.84	50.95%
<b>Non-tax Revenue</b>	<b>4,263.16</b>	<b>3,951.36</b>	<b>7.89%</b>
<b>Fees and Charges</b>	<b>45.32</b>	<b>49.99</b>	<b>(9.35%)</b>
<i>Of which revenues collected by MMMD</i>	41.28	43.44	(4.97%)
<i>Of which revenues collected by Petroleum Unit</i>	3.05	4.79	(36.30%)
<i>Of which collected by MoL</i>	0.98	1.76	(44.16%)
<b>Dividends (collected by MoF)</b>	<b>16.83</b>	<b>23.18</b>	<b>(27.38%)</b>
<b>Mineral Royalty (collected by ZRA)</b>	<b>4,201.01</b>	<b>3,878.20</b>	<b>8.32%</b>
<b>Total Domestic Revenue</b>	<b>17,445.35</b>	<b>16,575.05</b>	<b>5.25%</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 Section 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-

- (a) The end of the quarter that includes the last day of that period; or
- (b) 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 2019 and the VAT refunds received from ZRA in the same period. Vat refunds are the refunds actually repaid by ZRA in 2019 whether in cash or offsets against other taxes.

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

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 2019.

**Table 3: VAT Claimed by and VAT refunds to in-scope companies in 2019<sup>2</sup>**

N°	Companies	VAT Claimed in 2019 (ZMW million)	VAT Refunded in 2019 (Cash and/or Offsets) (ZMW million)
1	Kansanshi Mining PLC	1,428.29	138.75
2	Konkola Copper Mines PLC	1,015.23	1,460.04
3	Lumwana Mining Company Limited	633.68	663.31
4	Mopani Copper Mines PLC	1,848.41	1,374.85
5	Kalumbila Minerals LTD	1,490.04	147.17
6	First Quantum Mining & Operations LTD	331.10	26.87
7	Chambishi Copper Smelter LTD	2,202.21	1,577.78
8	NFC Africa Mining PLC	410.68	345.42
9	Lubambe Copper Mine LTD	201.13	195.37
10	Lafarge Cement Zambia PLC	43.05	-
11	Dangote Cement Zambia LTD	2.73	-
12	CNMC Luanshya Copper Mines LTD	294.57	221.61
<b>Total</b>		<b>9,901.12</b>	<b>6,151.17</b>

### 2.1.3 Payments received and transfers made by ZCCM-IH in 2019

According to the data provided by the Government Agencies and ZCCM-IH, the dividends and interests received by the SOE amounted to ZMW 348.06 million in 2019 while the transfers of tax and non-tax payments and dividends amounted to ZMW 102.96 million.

**Table 4: Receipts and transfers made by ZCCM-IH in 2019 and 2018**

	2019 (ZMW million)	2018 (ZMW million)	Var (%)
<b>Payments received by ZCCM-IH</b>	<b>343.77</b>	<b>812.79</b>	<b>(57.70%)</b>
<b>Dividends and interests received from extractive companies</b>	<b>267.69</b>	<b>758.33</b>	<b>(64.70%)</b>
<i>Price Participation Fees received from KCM</i>	<i>146.42</i>	<i>553.04</i>	<i>(73.52%)</i>
<i>Dividends paid by KMP &amp; CEC</i>	<i>121.27</i>	<i>205.29</i>	<i>(40.93%)</i>
<b>Dividends received from non-extractive companies</b>	<b>76.08</b>	<b>54.46</b>	<b>39.70%</b>
<i>Dividends paid by Copperbelt Energy Corporation (CEC)</i>	<i>76.08</i>	<i>54.46</i>	<i>39.70%</i>
<b>Transfers made by ZCCM-IH</b>	<b>102.96</b>	<b>127.65</b>	<b>(19.35%)</b>
<b>Dividends Transferred</b>	<b>75.96</b>	<b>92.38</b>	<b>(17.78%)</b>
<i>Dividends paid to IDC</i>	<i>59.13</i>	<i>69.21</i>	<i>(14.57%)</i>
<i>Dividends paid to MoF</i>	<i>16.83</i>	<i>23.18</i>	<i>(27.38%)</i>
<b>Tax and non-tax payments</b>	<b>27.00</b>	<b>35.27</b>	<b>(23.45%)</b>
<i>Taxes paid to ZRA</i>	<i>23.95</i>	<i>33.63</i>	<i>(28.77%)</i>
<i>Royalties, fees and charges paid to MMMD</i>	<i>1.81</i>	<i>1.61</i>	<i>12.141%</i>
<i>Ground Rents and other payments to Local Councils</i>	<i>0.16</i>	<i>0.03</i>	<i>419.51%</i>
<i>Payments to MoL</i>	<i>0.32</i>	<i>-</i>	<i>100.00%</i>
<i>Payments to EPF</i>	<i>0.76</i>	<i>-</i>	<i>100.00%</i>

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



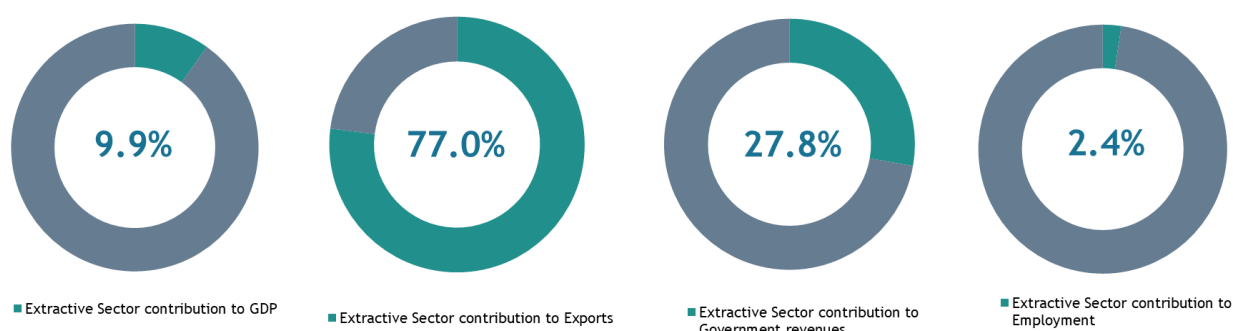
## 2.2 Contribution to the economy

The contribution of the extractive sector in overall decreased compared to 2018. This decline is mainly explained by the decrease of the copper exports in volume and value:

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

	2019	2018	Var (%)
GDP	9.90%	10.70%	(7.48%)
Exports	77.00%	78.40%	(1.79%)
Revenues	27.77%	31.40%	(11.57%)
Employment	2.40%	2.90%	(17.24%)

The detailed calculation of the contributions is presented in Section 4.10.5.



## 2.3 Production and exports

### 2.3.1 Production

#### Base and precious metals

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

**Table 6: Production of base and precious metals in 2019**

Commodity	Unit	Production Quantity	Unit Value (US \$) (*)	Production Value (US \$ million)
Copper	Metric tonne (mt)	807,447	6,004.6	4,848.4
Gold	Kg	3,913	49,115.8	192.2
<b>Total</b>				<b>5,040.6</b>

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

## Industrial metals

The production volumes for the industrial metals are set out in the following table:

**Table 7: Production of industrial metals and precious stones in 2019**

Commodity	Unit	Production Quantity	Unit Value (US \$)	Production Value (US \$ million)
Coal (***)	Metric tonne (mt)	335,042	65.8	22.1
Emerald and Beryl (****)	Kg	23,705		10.8
Limestone (***)	Metric tonne (mt)	1,255	394.3	0.5
Quicklime (***)	Metric tonne (mt)	31,665	157.2	5.0
Hydrated Lime (***)	Metric tonne (mt)	22,332	150.1	3.4
Mn Manganese Ores (*)	Metric tonne (mt)	15,904	938.9	14.9
Fe Manganese Ores (*)	Metric tonne (mt)	400	1,917.4	0.8
Cement (***)	Metric tonne (mt)	2,969,161	139.3	413.6
Cobalt (*)	Metric tonne (mt)	379	36,500.8	13.8
Silver (*)	Kg	232	571.3	0.1
Quartz (**)	Kg	900		
Amethyst (**)	Kg	1,104,372		
Dolomite (**)	Kg	617,203		
<b>Total</b>				<b>484.9</b>

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

(\*\*) MMMD does not assign a value to the production of the industrial minerals and precious stones. Therefore, we were unable to estimate the value of Amethyst, Quartz and Dolomite

(\*\*\*) Production value is estimated from the 2019 mineral prices.

(\*\*\*\*) Production value is estimated from the annual Lusaka Auction results<sup>3</sup>

More details about the minerals production in 2019 are presented in Sections 4.7.2.

Furthermore, the in-scope companies were requested to disclose the production data in volume and value disaggregated by licence number. The production data as reported by the in-scope companies is presented in Annex 11 of this report.

### 2.3.2 Exports

Exports data for 2019 has been collected from the BoZ Annual report 2019 and from the Customs Department in ZRA.

The table below summarizes the base and precious metals exports according to BOZ Annual Report 2019:

**Table 8: Exports of base and precious metals in 2019**

Commodity	Unit	Volume	Exports Value (US \$ million)
Copper	Metric tonne (MT)	836,234	4,994.49
Gold	Kg	3,916	196.39
<b>Total</b>			<b>5,190.88</b>

Source: BoZ annual report 2019, p.19

The table below summarizes the industrial metals and precious stones exports in 2019 according to ZRA data and BOZ Annual Report 2019:

<sup>3</sup> <https://www.gemfieldsgroup.com/lusaka-emerald-auction-results-2019/>

**Table 9: Exports of industrial metals and precious stones in 2019**

Commodity	Unit	Volume	Exports Value (US \$ million)
Gemstones (**)	Kg	n/a	149.50
Manganese Ores/Concentrates (*)	Metric tonne (MT)	87,182	11.92
Cement & Lime (**)	Metric tonne (MT)	n/a	168.80
Cobalt (**)	Metric tonne (MT)	1,271	42.68
<b>Total</b>			<b>372.90</b>

(\*) ZRA exports data.

(\*\*) BoZ Annual Report 2019.

The table below summarises the evolution of the average realised price per commodity between 2019 and 2018:

**Table 10: Evolution of the average realised price per commodity between 2019 and 2018**

	2019	2018	Var	
	(USD)	(USD)	Value	%
Copper (US\$/MT)	5,972.60	6,385.80	(413.20)	(6%)
Cobalt (US\$/MT)	33,575.70	67,382.00	(33,806.30)	(50%)

Furthermore, according to the data provided by ZRA, the exports of minerals in Zambia amounted to ZMW 70,061.16 million in 2019 (equivalent to US\$ 5,422.21 million). The volume and value for each commodity is presented in Annex 12.

Although the export volumes for some commodities are not available in the online BoZ Annual Report 2019, 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>4</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 2019 are presented in Sections 3.7.2 and Annex 11.

## 2.4 Reporting and reconciliation results

### 2.4.1 In-Scope reporting entities and payment flows

The MSG agreed to select companies making payments above ZMW 100 million to the Government Agencies in 2019. These companies represent 93.42% of the total revenue collected by the Government Agencies from companies operating in the mining sector.

Accordingly, 16 mining companies were selected for the reconciliation scope. The list of these companies is presented in Section 3.1.2.2.

With regards to the payment streams, ZEC decided to adapt a mixed approach where only risky revenue streams required reconciliation. These revenue streams were selected using the risk-based approach. This means that only revenue streams that have previously provided huge discrepancies were reconciled to ascertain whether the recommendations in the 2019 ZEITI report have been addressed by the respective reporting agency. Accordingly, only VAT, Withholding VAT, Import VAT and CIT were included in the reconciliation scope. The remaining payment streams are unilaterally reported by the Government Agencies. The list of these payment streams is presented in Section 3.1.2.2.

### 2.4.2 Data collection

All companies and Government Agencies included in the reconciliation scope submitted their reporting templates except Sino Metals Leach Zambia Ltd. The total payments collected from this company, as reported by the Government Agencies, represent 0.70% of the total payments collected by the Government Agencies from the entire sector. Therefore, it is not material.

Details of submission of the reporting templates by reporting entity are set out in Annex 13 of this report.

<sup>4</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.

### 2.4.3 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 NFC Africa Mining Plc. The payments made by this company represent 1.84% of the total revenues as reported by the Government Agencies for 2019.

With regards to Government agencies, they were requested to submit reporting templates signed by authorised officers. All Government Agencies submitted Reporting Templates signed by authorised officers.

Details of submission of the certified reporting templates are set out in Annex 13 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.

### 2.4.4 Data reconciliation

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

**Table 11: Coverage of the 2019 reconciliation exercise**

	Total payments (ZMW million)	%
Payments in the reconciliation scope	7,571.11	43.09%
Payments unilaterally disclosed	9,999.00	56.91%
<b>Total revenues collected by Government Agencies and Local Councils</b>	<b>17,570.12</b>	<b>100%</b>

At the date of this report, we reconciled 94.41% of total cash flows reported by the Government.

**Table 12: 2019 Reconciliation results**

Aggregated payments	Initial reporting (ZMW million)	Resolved discrepancies (ZMW million)		Adjusted reporting (ZMW million)
		Companies	Government	
Companies	9,683.01	(1,688.78)	-	7,994.23
Government	5,689.07	-	1,882.04	7,571.11
<b>Discrepancy</b>	<b>3,993.94</b>	<b>(1,688.78)</b>	<b>1,882.04</b>	<b>423.12</b>
<b>%</b>	<b>70.20%</b>			<b>5.59%</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 13: 2019 Reconciliation results by company**

No.	Company	Extractive companies (ZMW million)	Government (ZMW million)	Differences (ZMW million)
1	KANSANSHI MINING PLC	3,749.68	3,749.53	0.15
2	KONKOLA COPPER MINES PLC	169.72	150.89	18.83
3	LUMWANA MINING COMPANY LIMITED	366.48	452.14	(85.66)
4	MOPANI COPPER MINES PLC	867.00	277.18	589.82
5	KALUMBILA MINERALS LIMITED	517.65	516.29	1.36
6	FIRST QUANTUM MINING AND OPERATIONS LTD	526.50	514.05	12.45
7	CHAMBISHI COPPER SMELTER LIMITED	692.32	798.43	(106.10)
8	ZCCM INVESTMENTS HOLDINGS PLC	0.13	-	0.13
9	MAAMBA COLLIERIES LIMITED	216.24	353.91	(137.67)
10	NFC AFRICA MINING PLC	51.30	52.07	(0.77)
11	LUBAMBE COPPER MINE LTD	49.11	50.69	(1.57)
12	KAGEM MINING LTD	84.86	18.30	66.56
13	SINO METALS LEACH ZAMBIA LTD	-	53.30	(53.30)
14	LAFARGE CEMENT ZAMBIA PLC	150.51	32.46	118.05
15	DANGOTE CEMENT ZAMBIA LTD	52.96	60.41	(7.44)
16	CNMC LUANSHYA COPPER MINES PLC	499.77	491.49	8.28
	<b>Total payments</b>	<b>7,994.23</b>	<b>7,571.11</b>	<b>423.12</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 14: 2019 Reconciliation results by revenue stream**

No.	Revenue stream	Extractive companies (ZMW million)	Government (ZMW million)	Differences (ZMW million)
1	Import VAT	1,891.18	1,882.37	8.804
2	Company Income Tax (including Provisional Tax)	2,831.16	2,937.98	(106.817)
3	VAT	192.61	718.00	(525.387)
4	Withholding VAT	3,079.28	2,032.76	1,046.520
	<b>Total payments</b>	<b>7,994.23</b>	<b>7,571.11</b>	<b>423.12</b>

Full reporting and reconciliation results for 2019 can be found at Section 3.3 and Annex 15.

The remaining unsolved discrepancies amounting to ZMW 423.12 million represents 5.59% of the revenues reported by the Government and selected for reconciliation. The reconciled amount reported by the government was lower by ZMW 423.12 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 positive difference of ZMW 1,046.52 million in Withholding VAT and a negative difference of (ZMW 525.38 million) in VAT respectively. We note that many companies reported Withholding VAT while the payments were not actually made in 2019.

Indeed, we noted that in 2019, many companies declared Withholding VAT to ZRA without making the payment because it was agreed with ZRA that these payments will be offset against VAT refundable. We note also that we did not obtain the responses from ZRA with regards to the reconciliation discrepancies which did not allow further reconciliation works.

Similarly, we noted that ZRA reported VAT receipts from some companies while the taxpayers were in VAT claim position. We understand that the VAT reported by ZRA was relating to offsets made by ZRA against the VAT refundable and does not systematically represent actual VAT receipts in 2019. It is worth noting that the EITI reporting process is strictly on cash basis and therefore considers only actual cash payments.

On the basis of the reconciliation results as described above and the matter described in Section 2.3.4 “Data Assurance”, we conclude that the overall comprehensiveness and reliability of the payments reported by government agencies is unsatisfactory.

## 2.5 Recommendations

### 2.5.1 2019 IA Recommendations

For the 2019 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.



Table 15: 2019 IA Recommendations

Recommendations	Proposed action	Priority	Structure involved
1	Contract transparency	High	ZEC/MMMD
	<p><i>It is recommended to ZEC to establish a clear plan for disclosing the full text of the licences that will be granted, entered into or amended from 1 January 2021. This could be done by :</i></p> <ul style="list-style-type: none"> <li>➤ <i>proposing reforms in the mining and petroleum industries to include transparency provisions to ensure contract transparency and disclosure;</i></li> <li>➤ <i>obtaining confidentiality waivers from the major companies to disclose the full text of the license as well as the attached documents such as:</i> <ul style="list-style-type: none"> <li>• <i>the programme of development, construction and mining operations as approved by the Director of Mining Cadastre;</i></li> <li>• <i>the applicant's undertaking for the employment and training of citizens;</i></li> <li>• <i>the applicant's undertaking for the promotion of local business development;</i></li> <li>• <i>the applicant's capital investment forecast; and</i></li> <li>• <i>the applicant's undertaking for management of the environment in the mining area.</i></li> </ul> </li> <li>➤ <i>developing and proposing a disclosure regime that makes licences and associated documents easy to find, search, and use. This should include the publication of electronic copies of licenses online with paper-based options available to increase accessibility for communities lacking Internet access.</i></li> <li>➤ <i>enhancing stakeholder consultation including engagement with communities affected by the extractive activities before exploration or production licenses are granted and ensuring that details of the deal are conveyed in a manner and format that is accessible and understood by the population.</i></li> </ul>		
2	Beneficial ownership disclosure	High	ZEC/MMMD
	<p>The actual legislation does not require applicants to Petroleum licences to disclose BO. This is not in compliance with Req 2.5 of the 2019 EITI Standard.</p> <p>In order to capture BO information about applicants to a Petroleum Licences, it is recommended to add the BO declaration form to the list of documents required for application to Petroleum Licences.</p> <p>In the meantime, instruction should be drafted to consider BO declaration pursuant to the Company Act for the applicants to Petroleum Licences.</p>		
3	Improvement of the BO register	High	PACRA
	<p>Recommendations to improve the information included in the BO register and the mechanisms of assuring the reliability of the BO data can are detailed in Section 6.1.3.</p>		
4	Improvement of the online register of extractive licenses	Medium	MMMD
	<p>The portal gives an instantaneous picture of the actual active licences and does not provide access to the history of withdrawals, transfers or renewals during a specific period. Likewise, the portal does not allow the extraction of the status of active licences in open data format.</p> <p>It is recommended to upgrade the online register of extractive licenses in order to allow access to the history of grants, withdrawals, transfers or renewals during a specific period . It is recommended also to add the option of extraction of data in open data format.</p>		
5	Lack of feedback on reconciliation queries	Medium	ZRA and in-scope companies
	<p>All the reporting entities should remain cooperative during the whole reconciliation process. It is recommended that the ZEITI Secretariat engages with the reporting entities and explains the importance of their collaboration within the EITI process following the submission of their templates. Each reporting entity should be encouraged to appoint a focal point to address queries and concerns of the Independent Administrator and to ensure that the EITI process runs smoothly. It is also recommended to clarify the reporting process with regards to the payments offset against the companies liabilities. It is worth noting that the EITI reporting process is based on strict cash basis.</p>		

	Recommendations	Proposed action	Priority	Structure involved
6	Follow up on the OAG compliance audit on the awarding and monitoring of mining rights	It is recommended to the ZEC to follow up with MMMD the implementation status of the recommendation in the OAG report and the Committee on National Economy, Trade and Labour matter follow up report. An implementation audit can be carried out to check whether recommendations were properly implemented by the Cadastre Department in the licences granting and transfer processes.	High	ZEC and MMMD

### 2.5.2 Follow up of the latest validation results and the previous EITI report recommendations

In the 2018 report, the IA made 8 recommendations to enhance EITI implementation in Zambia. These recommendations can be consulted in last year's Executive Summary: <https://eiti.org/document/zambia-2018-eiti-report>.

In addition, Zambia 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 licence allocation (#2.2) and data reliability (#4.9).

The follow up of the latest validation results and the previous EITI report recommendations are presented in Section 7.2.



### 3 APPROACH AND METHODOLOGY

### 3. RECONCILIATION SCOPE AND RESULTS OF RECONCILIATION WORKS

#### 3.1 Scope of ZEITI Report 2019

##### 3.1.1 Sectors covered by the reconciliation exercise

MSG decided to include the mining sector (including Cement) in the reconciliation scope for ZEITI Report 2019. Furthermore, we propose that the payments relating to the Oil and Gas sector will be included in the ZEITI Report 2019 through unilateral disclosure from the Government Agencies.

##### 3.1.2 Scope of reconciliation

###### 3.1.2.1 Scope of payments streams

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 disclosures*”.

###### Overview of payments to MMMD

After reviewing the previous EITI reports and legislations in force, particularly the MMD Act 2015, we have identified 4 categories of fees and charges payable by the mining companies to MMMD. These fees and charges are set out in the table below:

**Table 16: Payment streams received by MMMD**

No.	Payment flow
1	Licence Fees / Application Fees
2	Area Charges
3	Analysis, Valuation, Export permit Fees
4	Other fees & charges

ZEC decided to include the payments listed in the above table in scope of the ZEITI report 2019.

###### Overview of payments to ZRA

After reviewing the previous EITI reports and legislations in force, particularly the MMD Act 2015, the Income Tax Act, the Property Transfer Tax Act and the Value Added Tax Act, we have identified 11 categories of taxes payable by the mining companies to ZRA. These fees and charges are set out in the table below.

**Table 17: Payment streams received by MMMD**

No.	Payment flow
1	Pay-As-You-Earn
2	Company Income Tax (CIT)
3	Withholding Taxes
4	Property Transfer Tax
5	Mineral Royalty
6	Export Levy
7	Import VAT
8	Import/Customs Duty
9	Excise Duty
10	VAT
11	Withholding VAT (WHVAT)

Moreover, ZEC decided to include the following information relating to VAT refundable and VAT refunds in the scope of ZEITI report 2019 as it will allow a better understanding of the context of the VAT system in Zambia:

- VAT refundable: Amount of VAT paid by mining companies on purchases of goods and services which is considered to be refundable, including import VAT, which is not yet refunded to the company;
- VAT refunds: VAT refunds received in the form of cash or offsets in 2019;
- Total VAT refunds: Total historic VAT refunds for all prior years remaining unpaid at year end.

ZEC decided to include the payments listed in the above table in scope of the ZEITI report 2019.

### **Overview of payments to the Ministry of Local Government and Housing (Sub National Payments)**

Similar to the last 5 ZEITI reconciliation exercises, the contribution to the Ministry of Local Government and Housing (MoLGH), and specifically the Local Councils, will be restricted to two fees:

- 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.

### **Overview of payments to the Ministry of Lands**

Three types of fees are payable to the Ministry of Lands by mining companies.

**Table 18: Payment streams received by Ministry of Lands**

No.	Payment flow
1	Ground Rent
2	Registration Fees
3	Others-Invitation to Treat / Title Deeds

ZEC decided that all the above 3 types of fees will be included in scope of the ZEITI report 2019 in order to ensure completeness of income.

### **Payments to 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.

ZEC decided to include the payments made to EPF in the scope of the ZEITI Report 2019.

### **Payments to Ministry of Finance**

The dividends received from State-owned Enterprises in the 2019 as well as the revenues received from the sale of GRZ shareholding in these companies, are decided to be included in the scope of the ZEITI report 2019.

### **Payments to ZCCM-IH**

As per the previous ZEITI Reports, ZEC decided to include the following payments in the ZEITI report 2019.

**Table 19: Payment streams received by ZCCM-IH**

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

### **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, we propose to include the voluntary social payments in the 2019 EITI scope through unilateral disclosure of mining companies. These payments can be summarised as follows.

**Table 20: Social payments included in the 2019 EITI Report**

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

### **Flexible EITI reporting in response to Covid-19**

In June 2020, the EITI International Secretariat published the instructions for the flexible EITI reporting in response to Covid-19. According to the latter, implementing countries may deviate from the standard procedure for EITI reporting, including reconciliation for EITI Reports scheduled for publication by 31 December 2020. In doing so, the country must disclose the following information in their reporting:

- Information on sector developments and industry outlook for 2020 and beyond, in light of Covid-19, commodity price shocks and the potential for longer-term reductions in demand for commodities;
- Unilateral disclosures by government and/or companies in accordance with EITI Requirements 2, 3, 4, 5 and 6, with the exception of provisions relating to data quality and assurance (Requirement 4.9b);
- Disclosures of production, export and revenue data covering fiscal year 2018, as well as year 2019 to the extent possible;
- A complete overview of the disclosed data; and
- An assessment by the MSG of the comprehensiveness and reliability of the disclosed data, identifying any gaps or weaknesses in reporting. Where necessary, the MSG should discuss what additional work is needed to address concerns about the comprehensiveness and reliability of the disclosed data. This could include:
  - Seeking additional information from reporting entities;
  - Undertaking a comprehensive report in line with the EITI Standard for any reporting years that were subject to flexible reporting, if feasible.

In the last ZEC meeting of 9 July 2020, ZEC approved the TORs for flexible reporting. The more flexible approach to EITI reporting for 2020, as approved by the EITI International Board, is intended to ensure that disclosures are timelier and can help inform ongoing discussions on measures to address the impact of the interrelated factors of the Covid-19 pandemic, commodity price downturn price shocks, and the global economic downturn on the extractive industries. It allows countries to deviate from the standard procedure for EITI reporting including reconciliation (Requirement 4.9.b) for reports published by 31 December 2020, by disclosing information relevant to inform ongoing discussions on the impact of these crises.

### **Reconciliation scope of payment streams 2019**

In view of the above, ZEC decided to adapt a mixed approach where risky revenue streams that may require reconciliation. These revenue streams will be selected using the risk-based approach. This means that only revenue streams that have previously provided huge discrepancies will be reconciled to ascertain whether the recommendations in the 2018 ZEITI report have been addressed by the respective reporting agency.

In order to assess the payment flows that will require reconciliation, we analysed the results of the reconciliation exercise 2018. This analysis aimed to identify the payment flows that have been subject to material adjustments following the reconciliation works undertaken by the IA and the payment flows with material unresolved discrepancies (after the reconciliation works). The following table presents the % of the adjustments and the % of the unresolved discrepancy on each payment flow compared to the final total revenues (as reported by the Government Agencies):

Table 21: Analysis of the payment flows with material discrepancies in ZEITI Report 2018

	Total revenues after adjustment (As per Government reporting)	Reconciliation adjustments		Final unresolved discrepancy		
		Amount	% of Total revenues	Amount	% of Total revenues	
<b>MMMD</b>						
1	Application Fees	-	17,700	0.00%	-	0.00%
2	Licence Fees	1,608,218	1,608,218	0.01%	1,270,703	0.01%
3	Area Charges	5,486,306	105,158	0.00%	433,679	0.00%
4	Valuation Fees	-	27,677	0.00%	-	0.00%
5	Environmental Protection Fund	-	-	0.00%	12,936,708	0.09%
6	Other fees & charges	3,096,657	3,096,657	0.02%	-	0.00%
<b>ZRA</b>						
7	Pay- As-You-Earn	1,989,831,584	31,263,769	-0.23%	21,007,561	-0.15%
8	Import VAT	2,440,614,889	7,569,626	0.06%	241,354,807	1.77%
9	Mineral Royalty	3,267,077,895	22,897,010	-0.17%	28,609,689	-0.21%
10	Company Income Tax (including Provisional Tax)	1,832,140,064	152,041	0.00%	122,718,099	-0.90%
11	VAT (including Withholding VAT)	2,056,529,494	1,098,476,320	8.06%	856,021,323	6.28%
12	Import/Customs Duty	546,557,966	2,913,731	0.02%	41,881,718	0.31%
13	Withholding Taxes	452,747,352	16,306,389	-0.12%	6,493,488	-0.05%
14	Excise Duty - Electrical Energy	78,397,584	66,946,201	0.49%	463,203	0.00%
15	Property Transfer Tax	15,000	255,500	0.00%	7,500	0.00%
16	Other taxes (ZRA)	3,059,098	3,059,098	0.02%	44,122,067	0.32%
					<b>0.00%</b>	
<b>Local Councils</b>						
17	Annual Business Fees	3,773,020	-	0.00%	3,673,141	-0.03%
18	Property Rates	93,163,098	-	0.00%	14,555,590	0.11%
					<b>0.00%</b>	
<b>MoL</b>						
19	Ground Rent	661,132	86,562	0.00%	764,075	0.01%
20	Registration Fees	-	-	0.00%	170,194	0.00%
21	Others-Invitation to Treat / Title Deeds	1,069,732	1,069,732	0.01%	300	0.00%
					<b>0.00%</b>	
<b>MoF</b>						
22	Dividends from Government Shares	23,178,862	6,346,593	0.05%	-	0.00%
					<b>0.00%</b>	
<b>ZCCM-IH</b>						
23	Dividends from ZCCM-IH Shares	205,288,440	-	0.00%	-	0.00%
24	Price participation fees	553,038,808	-	0.00%	-	0.00%
					<b>0.00%</b>	
<b>IDC</b>						
25	Dividends and other revenues from IDC-Shares	69,205,642	-	0.00%	-	0.00%
<b>Total payments</b>		<b>13,626,540,841</b>	<b>1,120,661,892</b>	<b>8.22%</b>	<b>1,030,597,529</b>	<b>7.56%</b>

As shown in the above table VAT (including Withholding VAT), Import VAT Corporate Income Tax (CIT) represent the payment flows with material adjustments and material final unresolved discrepancies. Therefore, ZEC decided to perform the reconciliation works for these four (4) payments flow.

Therefore, ZEC adopted the following approach for the ZEITI reporting process 2019:

Table 22 - Proposed reconciliation scope for ZEITI Report 2019

N°	Description of payment		Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
<b>MMMD</b>					
1	Licence Fees / Application Fees	Fees paid when applying for a prospecting licence or mining licence.	v		
2	Area Charges	Annual rental for mining and non-mining rights.	v		
3	Analysis, Valuation, Export permit Fees	Fees paid for laboratory analysis of mineralogical samples.	v		
4	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).	v		
<b>EPF</b>					
5	Environmental Protection Fund	Fee charged to Extractive Companies for environmental rehabilitation purposes.	v		
<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.	v		
7	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.			v
8	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%.	v		
9	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).	v		
10	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	v		
11	Export Levy	This tax is levied at 10% on concentrate minerals (Except manganese and nickel under SI 53 of 2016).	v		
12	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.			v
13	Import/Customs Duty	Customs/Import duty is a tax levied on ZRA specified goods imported into Zambia.	v		
14	Excise Duty - Electrical Energy	Excise duty is a tax levied on ZRA specified goods imported into Zambia.	v		

N°	Description of payment		Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
15	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.			✓
16	Withholding VAT (WHVAT)	VAT withheld on the payments for taxable supplies and paid to ZRA by withholding tax agents.			✓
17	VAT refundable	Amount of VAT paid by mining companies on purchases of goods and services which is considered to be refundable, including import VAT, which is not yet refunded to the company. This line should be filled by mining companies only.		✓	
18	VAT refunds	VAT refunds received in the form of cash or offsets.		✓	
19	Balance VAT refundable	Total historic VAT refunds for all prior years remaining unpaid at year end.		✓	
<b>Local Councils</b>					
20	Annual Business Fees	Operating fees paid to the local councils in which the Extractive Companies operate.	✓		
21	Property Rates	Property taxes payable to the local authority by all Extractive Companies who own properties.	✓		
<b>MoL</b>					
22	Ground Rent	Annual lease payments made to the Ministry of Lands in respect of leasehold properties owned by the Extractive Companies.	✓		
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	Others-Invitation to Treat / Title Deeds		✓		
<b>MoF</b>					
25	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.	✓		
26	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>					
27	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.	✓		
28	Price participation fees	Price participation fees received from the companies in which it has shareholding.	✓		
29	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>					
30	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.		✓	

N°	Description of payment	Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation	
31	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.		v	
<i>Other Significant Payments</i>					
32	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).		v	



### 3.1.2.2 Scope of mining companies

#### Selection of Oil & Gas companies

According to the information made available by MMMD, there were no activities carried out by extractive companies during 2019 in the Oil and Gas sector.

The Geological Survey Department (GSD) of MMMD has confirmed that eight (8) petroleum exploration licences were active during 2018 and one licence under litigation.

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

**Table 23: 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>period (per square kilometre or part thereof)</i>	26,389	7,917

According to the data obtained from the Petroleum Unit, the total payments made by the Oil and Gas companies in 2019 amount to ZMW 3.05 million (equivalent to USD 153,000). As a result, ZEC decided to include the Oil and Gas companies in the 2019 EITI report through a unilateral disclosure by the government agencies.

#### Selection of mining companies

On the basis of the data provided in the scoping phase by ZRA, MoL and the local councils, the payments made by mining companies in 2019 are set out as follows:

**Table 24 - Materiality analysis of payments made by the mining companies**

Payment threshold	Nb of companies	Cumulative Nb of companies	Total payments to Gov Agencies (in ZMW)	%	Cumulative %
Amount > ZMW 1 billion	5	5	10,146.0	66.9%	66.86%
ZMW 500 million <Amount <ZMW 1 billion	3	8	2,116.7	13.9%	80.81%
ZMW 250 million <Amount <ZMW 500 million	3	11	1,170.4	7.7%	88.52%
ZMW 100 million <Amount <ZMW 250 million	6	17	700.7	4.6%	93.13%
ZMW 50 million <Amount <ZMW 100 million	6	23	395.7	2.6%	95.74%
ZMW 10 million <Amount <ZMW 50 million	16	39	395.9	2.6%	98.35%
Amount < ZMW 10 million	372	411	250.2	1.6%	100.00%
<b>Total</b>	<b>411</b>		<b>15,175.5</b>	<b>100%</b>	

The above table shows that the companies paying taxes of more than ZMW 100 million represent 93,42% of the total revenue collected by the Government Agencies from companies operating in the mining sector.

The materiality threshold selected above means that mining companies making 93.42% of reported payments to Government Agencies will be included in the reconciliation i.e. all companies making payments in excess of

ZMW 100 million. We note that the reconciliation exercise for the ZEITI Report 2018 covered 76% of the total revenues collected by the Government Agencies in 2018.

### ZCCM-IH

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%.

Therefore, it was decided to include ZCCM-IH in the reconciliation scope 2019.

### Reconciliation scope of mining companies 2019

Based on the analysis presented above, we propose to MSG to involve to the following 16 companies in the reconciliation exercise:

**Table 25 - List of companies to be involved in the reconciliation exercise 2019**

N°	Company
<b>Mining companies</b>	
1	KANSANSHI MINING PLC
2	KALUMBILA MINERALS LIMITED
3	LUMWANA MINING COMPANY LIMITED
4	CHAMBISHI COPPER SMELTER LIMITED
5	MOPANI COPPER MINES PLC
6	KONKOLA COPPER MINES PLC
7	FIRST QUANTUM MINING AND OPERATIONS LTD
8	CNMC LUANSHYA COPPER MINES PLC
9	MAAMBA COLLIERIES LIMITED
10	NFC AFRICA MINING PLC
11	LUBAMBE COPPER MINE LIMITED
12	KAGEM MINING LIMITED
13	SINO-METALS LEACH ZAMBIA LTD
14	LAFARGE CEMENT ZAMBIA PLC
15	DANGOTE CEMENT ZAMBIA LIMITED
<b>State-owned Enterprise</b>	
16	ZCCM-IH

#### 3.1.2.3 Scope of Government Agencies

Based on the list of payment streams included in the scope, the following Government Agencies and the State-owned enterprises were involved in the 2019 ZEITI Report:

**Table 26 - Proposed Government Agencies scope for ZEITI Report 2019**

Ministries			
1	Zambian Revenue Authority (ZRA)	3	Ministry of Lands and Natural Resources
2	Ministry of Mines and Minerals Development	4	Ministry of Finance
State-owned Enterprises			
5	ZCCM-IH	6	Industrial Development Corporation (IDC)
District Councils			
7	Mufulira Municipal Council	17	Ndola City Council
8	Kalulushi Municipal Council	18	Lufwanyama District Council
9	Zimba District Council	19	Lusaka City Council
10	Kitwe City Council	20	Mumbwa District Council
11	Chililabombwe District Council	21	Sinazongwe District Council
12	Luanshya District Council	22	Solwezi Municipal Council
13	Chingola Municipal Council	23	Kafue District Council
14	Kabwe District Council	24	Choma Municipal Council
15	Mazabuka District Council	25	Chilanga District Council
16	Kalumbila municipal council	26	Mansa District Council

As only CIT, Import VAT, VAT and WVAT are reconciled, ZRA is the sole Government Agency involved in the reconciliation scope.

### 3.1.3 Level of disaggregation of the payments

#### 3.1.3.1 Level of disaggregation agreed by ZEC

The reporting entities included in the reporting scope were asked to report their data:

- by administration or public entity for each company retained in the conciliation perimeter;
- by company (or taxpayer) for public entities included in the scope
- by type of flow for all reporting entities
- by project for all reporting companies

Reporting entities were also asked to report data on production and exports by project.

#### 3.1.3.2 Definition of the term 'project'

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 licence that gives rise to payments.

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”.

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.

Hence, the reporting entities were requested to disclose the licence number for each of the payments as detailed in Table 7 below as well as the production and the exports data. Furthermore, an additional column named “Field Name” will be added to the reporting templates in order to identify the location and name of the mine.

We understand from the previous ZEITI Report and corrective actions that the reporting Government Agencies, namely ZRA, MoL and the local councils are not able to report the payments, production and exports disaggregated by project. Therefore, we propose that reporting templates will be distributed to the in-scope mining companies in order to collect data (payments, production and exports) broken down by project.

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

**Table 27 - Payment flows to be disclosed at project level**

Reporting Items	Must be Disclosed by project
<b>MMMD</b>	
License Fees / Application Fees	√
Area Charges	√
Analysis, Valuation, Export permit Fees	√
Other fees & charges	√
<b>EPF</b>	
Environmental Protection Fund	x
<b>ZRA</b>	
Pay-As-You-Earn	x
Company Income Tax (CIT)	x
Withholding Taxes	x
Property Transfer Tax	√
Mineral Royalty	√
Export Levy	x
Import VAT	x
Import/Customs Duty	x
Excise Duty	x
VAT	x
Withholding VAT (WHVAT)	x
VAT refundable	x
VAT refunds	x
<b>Local Councils</b>	
Annual Business Fees	√
Property Rates	√
<b>MoL</b>	
Ground Rent	√
Registration Fees	√
Others-Invitation to Treat / Title Deeds	√

## 3.2 Approach and methodology

### 3.2.1 Data collection

A Standard reporting template and instructions were designed to facilitate the process for the reporting entities. The templates were 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.

### 3.2.2 Reconciliation and investigation of discrepancies

The data reconciliation exercise was carried out between 1 October and 7 December 2020. 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.

### 3.2.3 Basis and period of reporting

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

The revenue streams included in the reconciliation scope relate only to the payments made by companies and revenues received by Government Agencies during FY 2019. 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 12.9223.

### 3.2.4 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.

### 3.3 Results of the reconciliation works

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

We received reporting from 15 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 18,099,389,463 to the Government. The payments reported by the companies were ZMW 3,590,079,244 higher than the payments reported by the Government.
- Out of these discrepancies, ZMW 1,688,777,680 is explained discrepancies from companies, while ZMW 1,877,758,170 is explained discrepancies from the Government.

Table 28 - Payment Reconciliation between Extractive Companies and Government Agencies

Aggregated payments	Initial reporting (ZMW)	Resolved discrepancies (ZMW)		Adjusted reporting (ZMW)
		Companies	Government	
Companies	18,099,389,463	(1,688,777,680)		16,410,611,783
Government	14,509,310,219		1,877,758,170	16,387,068,390
Discrepancy	3,590,079,244	(1,688,777,680)	1,877,758,170	23,543,393
%	24.74%			0.14%

#### 3.3.2 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:

Table 29 - Results of the reconciliation per company

In ZMW

No.	Company	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	5,749,367,055	4,343,097,050	1,406,270,004	-	1,396,002,976	(1,396,002,976)	5,749,367,055	5,739,100,026	10,267,029
2	KONKOLA COPPER MINES PLC	918,259,401	1,140,279,842	(222,020,441)	-	28,673,990	(28,673,990)	918,259,401	1,168,953,831	(250,694,430)
3	LUMWANA MINING COMPANY LIMITED	849,148,252	1,230,329,804	(381,181,552)	-	-	-	849,148,252	1,230,329,804	(381,181,552)
4	MOPANI COPPER MINES PLC	2,736,344,941	1,046,714,521	1,689,630,420	(1,000,700,534)	-	(1,000,700,534)	1,735,644,407	1,046,714,521	688,929,886
5	KALUMBILA MINERALS LIMITED	2,381,572,001	2,635,602,976	(254,030,975)	(57,614,830)	-	(57,614,830)	2,323,957,171	2,635,602,976	(311,645,805)
6	FIRST QUANTUM MINING AND OPERATIONS LTD	929,773,666	770,176,529	159,597,136	34,047,709	203,475,299	(169,427,590)	963,821,375	973,651,829	(9,830,454)
7	CHAMBISHI COPPER SMELTER LIMITED	1,352,321,944	1,086,817,626	265,504,318	(79,685,974)	-	(79,685,974)	1,272,635,970	1,086,817,626	185,818,344
8	ZCCM INVESTMENTS HOLDINGS PLC	26,858,451	1,961,322	24,897,129	-	-	-	26,858,451	1,961,322	24,897,129
9	MAAMBA COLLIERIES LIMITED	411,809,449	497,671,917	(85,862,468)	(4,942,189)	59,133,953	(64,076,142)	406,867,260	556,805,870	(149,938,610)
10	NFC AFRICA MINING PLC	690,564,328	368,696,002	321,868,325	(404,757,441)	(66,786,666)	(337,970,776)	285,806,886	301,909,337	(16,102,450)
11	LUBAMBE COPPER MINE LTD	464,269,740	316,700,963	147,568,777	(157,938,174)	(18,337,010)	(139,601,164)	306,331,566	298,363,953	7,967,613
12	KAGEM MINING LTD	353,563,685	125,770,310	227,793,375	-	-	-	353,563,685	125,770,310	227,793,375
13	SINO METALS LEACH ZAMBIA LTD	-	114,936,128	(114,936,128)	-	-	-	-	114,936,128	(114,936,128)
14	LAFARGE CEMENT ZAMBIA PLC	244,840,556	136,609,319	108,231,237	-	-	-	244,840,556	136,609,319	108,231,237
15	Dangote Quarries Zambia Limited	133,829,781	137,926,204	(4,096,423)	-	-	-	133,829,781	137,926,204	(4,096,423)
16	CNMC LUANSHYA COPPER MINES PLC	856,866,215	556,019,705	300,846,509	(17,186,247)	275,595,628	(292,781,876)	839,679,967	831,615,333	8,064,634
17	NDOLA LIME Ltd ( Limestone Resources)	-	-	-	-	-	-	-	-	-
18	NKANDABWE COAL MINES LTD	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>18,099,389,463</b>	<b>14,509,310,219</b>	<b>3,590,079,244</b>	<b>(1,688,777,680)</b>	<b>1,877,758,170</b>	<b>(3,566,535,851)</b>	<b>16,410,611,783</b>	<b>16,387,068,390</b>	<b>23,543,393</b>



## 3.3.3 Cash flows per revenue stream

Table 30 - Results of the reconciliation per revenue stream

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>Payments included in the reconciliation scope</b>		<b>9,683,012,164</b>	<b>5,689,072,569</b>	<b>3,993,939,594</b>	<b>(1,688,777,680)</b>	<b>1,882,040,813</b>	<b>(3,570,818,493)</b>	<b>7,994,234,483</b>	<b>7,571,113,382</b>	<b>423,121,101</b>
<i>ZRA</i>		9,683,012,164	5,689,072,569	3,993,939,594	(1,688,777,680)	1,882,040,813	(3,570,818,493)	7,994,234,483	7,571,113,382	423,121,101
1	Import VAT	1,904,410,050	1,878,712,102	25,697,948	(13,234,398)	3,659,216	(16,893,614)	1,891,175,652	1,882,371,318	8,804,334
2	Company Income Tax (including Provisional Tax)	2,946,673,017	2,982,734,720	(36,061,702)	(115,511,398)	(44,756,030)	(70,755,368)	2,831,161,620	2,937,978,690	(106,817,070)
3	VAT	154,848,793	827,625,748	(672,776,955)	37,764,033	(109,626,277)	147,390,310	192,612,826	717,999,471	(525,386,645)
4	Withholding VAT	4,677,080,304	-	4,677,080,304	(1,597,795,918)	2,032,763,903	(3,630,559,821)	3,079,284,386	2,032,763,903	1,046,520,483
<b>Payments excluded from the reconciliation scope</b>		<b>8,416,377,299</b>	<b>8,820,237,650</b>	<b>(403,860,350)</b>	<b>-</b>	<b>(4,282,642)</b>	<b>4,282,642</b>	<b>8,416,377,299</b>	<b>8,815,955,008</b>	<b>(399,577,708)</b>
<i>MMMD</i>		40,468,924	8,808,231	31,660,693	-	-	-	40,468,924	8,808,231	31,660,693
5	Application Fees	706,395	49,800	656,595	-	-	-	706,395	49,800	656,595
6	Licence Fees	132,900	-	132,900	-	-	-	132,900	-	132,900
7	Area Charges	6,959,182	7,507,558	(548,376)	-	-	-	6,959,182	7,507,558	(548,376)
8	Valuation Fees	2,721,847	11,100	2,710,747	-	-	-	2,721,847	11,100	2,710,747
9	Chemical Analysis	-	4,050	(4,050)	-	-	-	-	4,050	(4,050)
10	Environmental Protection Fund	18,105,241	1,235,123	16,870,119	-	-	-	18,105,241	1,235,123	16,870,119
11	Other fees & charges	11,843,359	600	11,842,759	-	-	-	11,843,359	600	11,842,759
<i>ZRA</i>		7,979,698,196	8,417,685,606	(437,987,410)	-	-	-	7,979,698,196	8,417,685,606	(437,987,410)
12	Pay- As-You-Earn	2,101,815,569	2,389,218,678	(287,403,109)	-	-	-	2,101,815,569	2,389,218,678	(287,403,109)
13	Mineral Royalty	4,260,406,372	4,067,424,790	192,981,582	-	-	-	4,260,406,372	4,067,424,790	192,981,582
14	Import/Customs Duty	865,400,650	1,144,757,219	(279,356,569)	-	-	-	865,400,650	1,144,757,219	(279,356,569)
15	Withholding Taxes	572,643,571	659,803,127	(87,159,557)	-	-	-	572,643,571	659,803,127	(87,159,557)
16	Excise Duty - Electrical Energy	139,482,645	4,156,918	135,325,727	-	-	-	139,482,645	4,156,918	135,325,727
17	Property Transfer Tax	2,251,446	1,121,151	1,130,295	-	-	-	2,251,446	1,121,151	1,130,295
18	Domestic Excise	-	147,836,068	(147,836,068)	-	-	-	-	147,836,068	(147,836,068)
19	Export Levy	22,817,536	-	22,817,536	-	-	-	22,817,536	-	22,817,536
20	Other taxes (ZRA)	14,880,407	3,367,655	11,512,752	-	-	-	14,880,407	3,367,655	11,512,752
<i>Local Councils</i>		113,353,610	120,838,328	(7,484,718)	-	-	-	113,353,610	120,838,328	(7,484,718)
21	Annual Business Fees	363,213	118,795	244,418	-	-	-	363,213	118,795	244,418
22	Property Rates	112,990,397	120,719,533	(7,729,136)	-	-	-	112,990,397	120,719,533	(7,729,136)

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)
	<i>MoL</i>	4,151,228	932,793	3,218,435	-	-	-	4,151,228	932,793	3,218,435
23	Ground Rent	4,151,228	932,793	3,218,435	-	-	-	4,151,228	932,793	3,218,435
	<i>ZCCM-IH</i>	267,920,116	271,972,692	(4,052,576)	-	(4,282,642)	4,282,642	267,920,116	267,690,050	230,067
24	Dividends from ZCCM-IH Shares	121,469,620	121,270,300	199,320	-	-	-	121,469,620	121,270,300	199,320
25	Price participation fees	146,450,496	150,702,392	(4,251,896)	-	(4,282,642)	4,282,642	146,450,496	146,419,750	30,747
	<i>Other Significant Payments</i>	10,785,226	-	10,785,226	-	-	-	10,785,226	-	10,785,226
27	Other Significant Payments	10,785,226	-	10,785,226	-	-	-	10,785,226	-	10,785,226
	<i>Total payments</i>	18,099,389,463	14,509,310,219	3,590,079,244	(1,688,777,680)	1,877,758,170	(3,566,535,851)	16,410,611,783	16,387,068,390	23,543,393

## 3.4 Adjustments

### 3.4.1 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	177,912,611.89
Tax amount incorrectly reported	(189,207,799.60)
Tax paid reported but outside the period covered	(96,872,221.84)
Tax reported but not paid	(1,580,610,270.90)
<b>Total added/deducted to amounts originally reported</b>	<b>(1,688,777,680.45)</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)
NFC Africa	3,716,323.79
MOPANI COPPER MINES PLC	8,555,609.00
KALUMBILA MINERALS LIMITED	131,592,969.74
FIRST QUANTUM MINING AND OPERATIONS LTD	34,047,709.36
<b>Total Adjustments</b>	<b>177,912,611.89</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 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 Income tax for an amount of ZMW 131,592,969.74. Moreover, FIRST QUANTUM MINING AND OPERATIONS LTD did not report the VAT paid to ZRA in 2019 amounting ZMW 34,047,709.

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

These are amounts declared by the following companies but were not actually paid in 2019. ZRA made offsets for these payments with other refunds due to these companies:

Company	Tax reported but not paid (ZMW)
NFC AFRICA	408,473,765.00
MAAMBA COLLIERIES LIMITED	(4,942,188.92)
MOPANI COPPER MINES PLC	(1,009,256,142.94)
LUBAMBE COPPER MINE LTD	(157,938,174.04)
<b>Total Adjustments</b>	<b>(1,580,610,270.90)</b>

#### (c) Tax paid but outside the period covered

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

Company	Tax paid reported but outside the period covered (ZMW)
CNMC LUANSHYA COPPER MINES PLC	(17,186,247.40)
Chambishi Copper SMELTED	(79,685,974.44)
<b>Total Adjustments</b>	<b>(96,872,221.84)</b>

**(d) Tax amount incorrectly reported**

These are adjustments made to amounts incorrectly reported:

Company	Tax Amount incorrectly reported (ZMW)
KALUMBILA MINERALS LIMITED	(189,207,799.60)
<b>Total Adjustments</b>	<b>(189,207,799.60)</b>

**3.4.2 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)	2,056,472,689.84
Tax reported but not received (b)	(174,431,877.27)
Tax incorrectly classified (c)	(4,282,642.16)
<b>Total added/deducted to amounts originally reported</b>	<b>1,877,758,170.41</b>

**(a) Tax received not reported**

These are payments not reported by Government Agencies although they were received from extractive companies in 2019. 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	1,396,002,975.79
KONKOLA COPPER MINES PLC	32,956,631.74
FIRST QUANTUM MINING AND OPERATIONS LTD	292,783,500.97
MAAMBA COLLIERIES LIMITED	59,133,953.13
CNMC LUANSHYA COPPER MINES PLC	275,595,628.21
<b>Total Adjustments</b>	<b>2,056,472,689.84</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 Income Tax, Withholding VAT, and Import VAT. 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 Withholding VAT received from MAAMBA for an amount of ZMW 59,133,953.13

**(b) Tax reported but not received**

These are amounts declared for the following companies but were not actually received in 2019. ZRA made offsets for these payments with other refunds due to these companies:

Company	Tax reported but not received (ZMW)
FIRST QUANTUM MINING AND OPERATIONS LTD	(89,308,201.50)
NFC AFRICA	(66,786,665.50)
LUBAMBE COPPER MINE LTD	(18,337,010.27)
<b>Total Adjustments</b>	<b>(174,431,877.27)</b>

**(c) Tax incorrectly classified**

These are amounts declared for the following companies but were incorrectly classified:

Company	Tax incorrectly classified (ZMW)
KONKOLA COPPER MINES PLC	(4,282,642.16)
<b>Total Adjustments</b>	<b>(4,282,642.16)</b>

### 3.5 Unreconciled Differences

Following the reconciliation adjustments made, the unresolved differences amount to (ZMW 4,494,743,678) and are broken down by extractive company in the table below:

**Table 31 - Unreconciled Differences by company**

			Reasons for differences							In ZMW	
No	Company	Unreconciled difference	Reporting template not submitted by the extractive company	Supporting documents do not match extractive company report	Missing extractive company detail by payment	Missing Govt Body detail by payment	Tax not reported by the extractive company	Tax not reported by the Govt Body	Tax reported by the Govt not confirmed by the company	Payment stream out of reconciliation scope	Not material difference < ZMW 10,000
1	KANSANSHI MINING PLC	10,267,028.70	-	-	-	-	-	156,297.00	-	10,116,731.70	(6,000.00)
2	KONKOLA COPPER MINES PLC	(250,694,430.47)	-	-	-	-	(33,306.13)	18,863,928.91	30,746.55	(269,555,799.80)	-
3	LUMWANA MINING COMPANY LIMITED	(381,181,552.43)	-	-	-	-	(268,206,676.64)	182,549,279.30	-	(295,524,155.09)	-
4	MOPANI COPPER MINES PLC	688,929,886.26	-	-	-	1,336,583.50	(35,875,746.36)	624,362,756.11	-	99,106,293.01	-
5	KALUMBILA MINERALS LIMITED	(311,645,804.58)	-	1,363,440.00	-	-	-	-	-	(313,009,244.58)	-
6	FIRST QUANTUM MINING AND OPERATIONS LTD	(9,830,453.66)	-	-	-	-	-	12,449,844.00	-	2,280,297.66	-
7	CHAMBISHI COPPER SMELTER LIMITED	185,818,343.95	-	-	-	15,573,507.00	(121,677,822.83)	-	-	291,922,659.78	-
8	ZCCM INVESTMENTS HOLDINGS PLC	24,897,129.01	-	-	-	-	-	133,276.13	-	24,763,852.88	-
9	MAAMBA COLLIERIES LIMITED	(149,938,610.27)	-	-	(137,787,481.54)	-	-	116,103.10	-	(12,267,231.83)	-
10	NFC AFRICA MINING PLC	(16,102,450.47)	-	-	(773,105.00)	-	14.56	-	-	(15,329,330.91)	-
11	LUBAMBE COPPER MINE LTD	7,967,613.34	-	-	1,571,980.60	-	-	-	-	9,539,593.94	-
12	KAGEM MINING LTD	227,793,375.04	-	-	-	-	(952,209.14)	67,514,423.03	-	161,231,161.15	-
13	SINO METALS LEACH ZAMBIA LTD	(114,936,128.41)	(53,300,276.03)	-	-	-	-	-	-	(61,635,852.38)	-
14	LAFARGE CEMENT ZAMBIA PLC	108,231,236.81	-	-	5,066,305.43	-	-	112,984,853.29	-	(9,819,921.91)	-
15	DANGOTE CEMENT ZAMBIA LTD	(4,096,422.94)	-	-	(15,096,465.11)	-	-	7,652,206.12	-	3,347,836.05	-
16	CNMC LUANSHYA COPPER MINES PLC	8,064,633.78	-	-	-	-	(13,735,407.52)	22,014,790.55	-	(214,749.25)	-
<b>Total unreconciled differences</b>		<b>23,543,393.66</b>	<b>(53,300,276.03)</b>	<b>1,363,440.00</b>	<b>(150,162,726.82)</b>	<b>16,910,090.50</b>	<b>(440,481,183.18)</b>	<b>1,048,797,757.54</b>	<b>30,746.55</b>	<b>399,608,454.90</b>	<b>(6,000.00)</b>

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

**Table 32 - Unreconciled Differences by revenue stream**

			In ZMW								
No.	Revenue stream	Unreconciled difference	Reporting template not submitted by the extractive company	Supporting documents do not match extractive company report	Missing extractive company detail by payment	Missing Govt Body detail by payment	Tax not reported by the extractive company	Tax not reported by the Govt Body	Tax reported by the Govt not confirmed by the company	Payment stream out of reconciliation scope	Not material difference < ZMW 10,000
	<b>MMMMD</b>	<b>31,660,693</b>	-	-	-	-	-	-	-	31,660,693	-
1	Application Fees	656,595	-	-	-	-	-	-	-	656,595	-
2	Licence Fees	132,900	-	-	-	-	-	-	-	132,900	-
3	Area Charges	(548,376)	-	-	-	-	-	-	-	(548,376)	-
4	Valuation Fees	2,710,747	-	-	-	-	-	-	-	2,710,747	-
5	Chemical Analysis	(4,050)	-	-	-	-	-	-	-	(4,050)	-
6	Environmental Protection Fund	16,870,118.61	-	-	-	-	-	-	-	16,870,118.61	-
7	Other fees & charges	11,842,758.56	-	-	-	-	-	-	-	11,842,758.56	-
	<b>ZRA</b>	<b>(14,866,308.35)</b>	<b>(53,300,276.03)</b>	<b>1,363,440.00</b>	<b>(150,162,726.82)</b>	<b>16,910,090.50</b>	<b>(440,481,183.18)</b>	<b>1,048,797,757.54</b>	-	<b>(437,987,410.36)</b>	<b>(6,000.00)</b>
8	Pay- As-You-Earn	(287,403,108.72)	-	-	-	-	-	-	-	(287,403,108.72)	-
9	Import VAT	8,804,334.30	(8,973,375.00)	1,363,440.00	(2,345,085.60)	16,910,090.50	(294,666.00)	2,143,930.40	-	-	-
10	Mineral Royalty	192,981,581.90	-	-	-	-	-	-	-	192,981,581.90	-
11	Company Income Tax (including Provisional Tax)	(106,817,069.82)	(41,428,280.60)	-	1,466,027.76	-	(66,854,885.11)	68.13	-	-	-
12	VAT	(525,386,645.35)	(2,898,620.43)	-	(149,283,668.98)	-	(373,331,632.07)	133,276.13	-	-	(6,000.00)
13	Import/Customs Duty	(279,356,569.31)	-	-	-	-	-	-	-	(279,356,569.31)	-
14	Withholding Taxes	(87,159,556.56)	-	-	-	-	-	-	-	(87,159,556.56)	-
15	Excise Duty - Electrical Energy	135,325,727.27	-	-	-	-	-	-	-	135,325,727.27	-
16	Property Transfer Tax	1,130,295.37	-	-	-	-	-	-	-	1,130,295.37	-
17	Domestic Excise	(147,836,068.21)	-	-	-	-	-	-	-	(147,836,068.21)	-
18	Withholding VAT	1,046,520,482.88	-	-	-	-	-	1,046,520,482.88	-	-	-
19	Advance Income Tax	-	-	-	-	-	-	-	-	-	-
20	Export Levy	22,817,535.70	-	-	-	-	-	-	-	22,817,535.70	-
21	Other taxes (ZRA)	11,512,752.20	-	-	-	-	-	-	-	11,512,752.20	-
22	VAT claimed	-	-	-	-	-	-	-	-	-	-
	<b>Local Councils</b>	<b>(7,484,717.99)</b>	-	-	-	-	-	-	-	<b>(7,484,717.99)</b>	-
23	Annual Business Fees	244,417.83	-	-	-	-	-	-	-	244,417.83	-
24	Property Rates	(7,729,135.82)	-	-	-	-	-	-	-	(7,729,135.82)	-

No.	Revenue stream	Unreconciled difference	Reporting template not submitted by the extractive company	Supporting documents do not match extractive company report	Missing extractive company detail by payment	Missing Govt Body detail by payment	Tax not reported by the extractive company	Tax not reported by the Govt Body	Tax reported by the Govt not confirmed by the company	Payment stream out of reconciliation scope	Not material difference < ZMW 10,000
	MoL	3,218,434.50	-	-	-	-	-	-	-	3,218,434.50	-
25	Ground Rent	3,218,434.50	-	-	-	-	-	-	-	3,218,434.50	-
	ZCCM-IH	230,066.55	-	-	-	-	-	-	30,746.55	199,320.00	-
32	Dividends from ZCCM-IH Shares	199,320.00	-	-	-	-	-	-	-	199,320.00	-
33	Price participation fees	30,746.55	-	-	-	-	-	-	30,746.55	-	-
	<i>Other Significant Payments</i>	10,785,226.00								10,785,226.00	
37	Other Significant Payments	10,785,226.00								10,785,226.00	
	<b>Total Unreconciled difference</b>	<b>23,543,393.66</b>	<b>(53,300,276.03)</b>	<b>1,363,440.00</b>	<b>(150,162,726.82)</b>	<b>16,910,090.50</b>	<b>(440,481,183.18)</b>	<b>1,048,797,757.54</b>	<b>30,746.55</b>	<b>(410,393,680.90)</b>	<b>(6,000.00)</b>



### 3.6 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 Reported Unilaterally by Government Entities (in ZMW)
<b>MMMMD</b>		<b>33,709,890.16</b>
1	Application Fees	5,427,760.00
2	Licence Fees	900.00
3	Area Charges	27,601,787.52
4	Valuation Fees	392,130.00
5	Chemical Analysis	245,075.00
6	Environmental Protection Fund	-
7	Export Permit	2,037.64
8	Gemstone Sales Certificate	7,200.00
9	Import Permit	22,800.00
10	Other fees & charges - ERB	10,200.00
<b>ZRA</b>		<b>1,394,400,833.47</b>
11	Pay- As-You-Earn	383,617,054.05
12	Import VAT	120,546,922.14
13	Mineral Royalty	133,588,474.88
14	Company Income Tax (including Provisional Tax)	265,108,857.81
15	VAT	271,632,393.08
16	Import/Customs Duty	61,102,547.92
17	Withholding Taxes	87,928,495.98
18	Excise Duty - Electrical Energy	1,607,754.07
19	Property Transfer Tax	28,420,286.82
20	Domestic Excise	40,219,235.07
21	Other taxes (ZRA)	438,484.00
22	Turnover Tax	190,327.65
<b>Local Councils</b>		<b>20,761,122.31</b>
23	Annual Business Fees	510,644.04
24	Property Rates	19,071,621.87
25	Manganese Levy	1,178,856.40
<b>MoL</b>		<b>49,996.13</b>
26	Ground Rent	49,996.13
<b>Total</b>		<b>1,448,921,842.07</b>

The detail by Company is presented in Annex 17.

### 3.7 Unilateral Disclosure of VAT claims and VAT refunds by in-scope companies

In-scope extractive companies have been requested to report the amount of VAT claimed in 2019 and the VAT refunds received from ZRA in the same period. Vat refunds are the refunds actually repaid by ZRA in 2019 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 2019.

In-scope companies have been also requested to disclose the amount of the VAT refundable balance as at 1 January 2019 and 31 December 2019:

Companies	Opening balance of VAT refundable as at 01 January 2019	VAT Refundable in the calendar year 2019	VAT Refunds in the calendar year 2019 (in the form of cash or offsets)	Closing balance of VAT refundable as at 31 December 2019
Kansanshi Mining PLC	3,400.69	1,428.29	138.75	4,690.22
Konkola Copper Mines PLC	1,442.96	1,015.23	1,460.04	998.15
Lumwana Mining Company Limited	712.89	633.68	663.31	683.26
Mopani Copper Mines PLC	2,000.76	1,848.41	1,374.85	2,474.31
Kalumbila Minerals LTD	1,418.93	1,490.04	147.17	2,761.80
First Quantum Mining & Operations LTD	252.68	292.28	26.87	518.09
Chambishi Copper Smelter LTD	243.03	2,202.21	1,577.78	867.46
NFC Africa Mining PLC	-	410.68	345.42	-
Lubambe Copper Mine LTD	129.71	201.13	195.37	135.46
Dangote Cement Zambia LTD	-	2.73	-	2.73
CNMC Luanshya Copper Mines LTD	174.49	294.58	215.40	253.67
<b>Total</b>	<b>9,776.13</b>	<b>9,819.27</b>	<b>6,144.97</b>	<b>13,385.17</b>



## 4 Extractive sector in Zambia

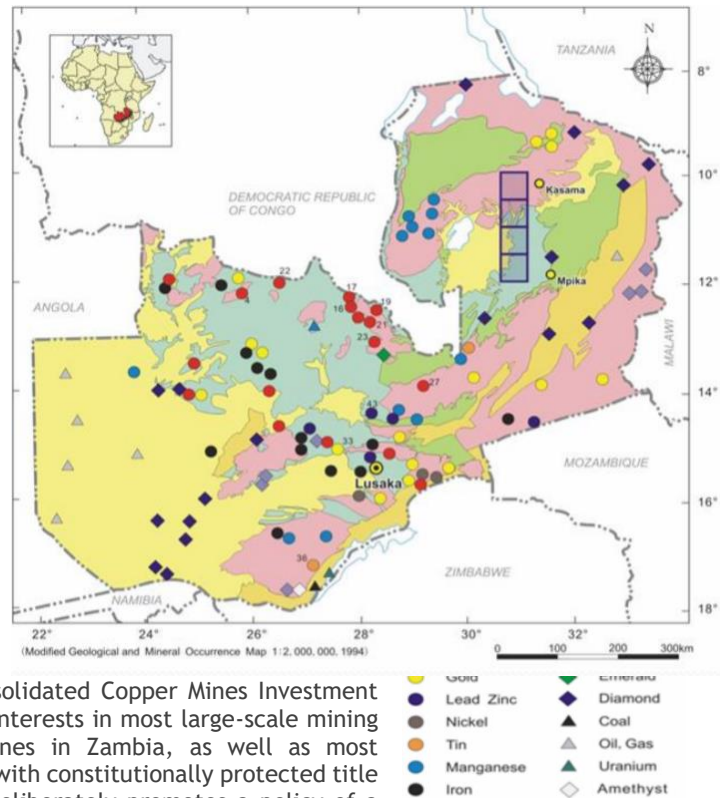
## 4. EXTRACTIVE SECTOR IN ZAMBIA

Zambia has a long history of mining, principally in Copper. The country Copper reserves are estimated at 19 million tons<sup>5</sup>. In 2019, Zambia was the second-largest copper producer in Africa, after DRC, and the seventh largest worldwide<sup>1</sup>. In addition to copper, many other minerals are explored and produced in Zambia including cobalt, gold, manganese, iron, emeralds and a variety of other gemstones, industrial minerals, as well as energy minerals such as uranium, coal, and hydrocarbons.

Historically, mining has been concentrated in an area known as Copperbelt Province renowned for its high-grade deposits. However, the 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

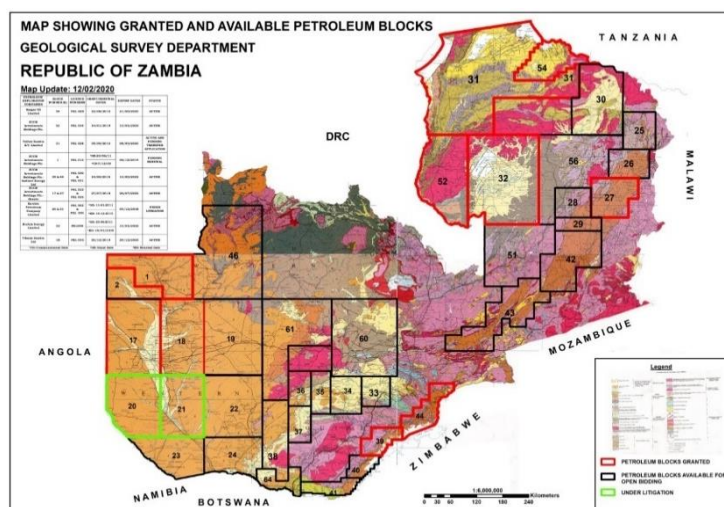
<http://portals.flexicadastre.com/zambia/>.

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.



Zambia 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.



<sup>5</sup> Source: USGS (<https://pubs.usgs.gov/periodicals/mcs2020/mcs2020-copper.pdf>)

Positive exploration 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 licenced through competitive bidding. Three licensing rounds have so far been held, in 2011, 2013 and 2016 and accordingly seventeen licences were issued in 2011, nine in 2013, and two in 2016. 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>6</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>7</sup>.

## 4.1 Legal framework and fiscal regime

### 4.1.1 Mining sector

#### 4.1.1.1 Legal and institutional framework

The primary law governing the mining sector is the Mines and Minerals Development Act [No.11 of 2015]<sup>8</sup> as read together with the Mines and Minerals Development (Amendment) Act [No. 14 of 2016]. The MMDA became effective on 1 July 2015 although the date of assent is 14 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>9</sup>.

The Ministry of Mines and Mineral Development (MMMD) deals with mining rights, licences, 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:

**Table 33: Roles and responsibilities of the relevant mining government agencies**

Entity/Department	Prerogatives
MMMD	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.
Mining Licensing Committee	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>
Department of Geological Survey	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.

<sup>6</sup> <https://www.reuters.com/article/zambia-oil-gas/britains-tullow-launches-oil-gas-exploration-in-zambia-idUSL5N1KX3A0>

<sup>7</sup> <https://pgzambia.com/news/nigerian-firm-ventures-into-zambia-for-oil-and-gas-prospects>

<sup>8</sup> <http://www.parliament.gov.zm/sites/default/files/documents/acts/The%20Mines%20and%20Minerals%20Act%2C%202015.pdf>

<sup>9</sup> <https://www.azmec.co.zm/downloads/acts/Mines%20and%20Minerals%20Development%20Act%20SI%20No%207%20of%202016.pdf>

Entity/Department	Prerogatives
Mining Cadastre Department	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
Mines Development Department	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
Mines Safety Department	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.
Mineral Production Monitoring Support Project (MPMSP) <sup>10</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>

#### 4.1.1.2 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 2019 is summarised below:

**Table 34: Zambia's mineral fiscal regime in 2019**

Royalty rate	
Base Metals	5% NORM <sup>11</sup>
Copper (*)	5.5% - 10% NORM
Cobalt and Vanadium	8%
Precious Metals	6% NORM
Gemstones	6% GROSS <sup>12</sup>
Energy Minerals	5% GROSS
Industrial Minerals	5% GROSS
Tax deductible	No

<sup>10</sup> Source: [https://www.mmmd.gov.zm/?page\\_id=5241](https://www.mmmd.gov.zm/?page_id=5241)

<sup>11</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>12</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.

Corporate Income Tax	
Tax on income from mineral processing	35%
Company tax rate on income from Mining Operations	30%
Withholding tax	
Services rendered by affiliated entities	20%
Services rendered by other entities	20%
Interest on loan for mining operations	20%
Hedging activity as part of mining	No
Tax on hedges (treated as separate source)	35%
Capital expenditure allowance	25%
Loss carry forward - years	10 years
Loss deduction cap -percentage of income	50%
Transfer pricing rules on interest payments	Yes
Value Added Tax	
	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
Customs duties	
Export duty (Concs & other semi processed material)	10%
Custom duties on capital equipment & machinery	Exempt
Import duty on copper and cobalt concentrates	5%
Export duty precious metals including gold, precious stones and gemstones	15%

(\*) Copper Royalty Rate parameters

Copper	Base	2019
below US\$4,500	norm value	5.5%
between US\$4,500 and 5,999	norm value	6.5%
between US\$6,000 and 7,499	norm value	7.5%
between US\$7,500 and 8,999	norm value	8.5%

**Applicable fiscal incentives in 2019**

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

**Table 35: Applicable fiscal incentives in 2019**

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.



Fiscal regimes	Key incentives
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>

#### 4.1.1.3 Types of mining rights

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 licence granted under the Mines and Minerals Development Act No.11 of 2015.

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

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

**Table 36: 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	

\*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 37: Type of non-mining rights**

Non-Mining right	Area in cadastre units	Area in ha	Duration in years	Rights conferred
Mineral Processing Licence	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.

Non-Mining right	Area in cadastre units	Area in ha	Duration in years	Rights conferred
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.

## 4.1.2 Petroleum sector

### 4.1.2.1 Legal and institutional framework

The legal framework governing the upstream petroleum industry is the Petroleum (Exploration and Production) Act, 2008<sup>13</sup> and Petroleum (Exploration and Production) (General) Regulations 2011 and Petroleum (Exploration and Production) (National Petroleum Company) Regulations, 2011<sup>14</sup>.

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:

**Table 38: Roles and responsibilities of the relevant petroleum government agencies**

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.

### 4.1.2.2 Fiscal regime

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 licencees 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 licences since the Petroleum (Exploration and Production) legislation of 2008. was 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.

<sup>13</sup> <https://zambialaws.com/principal-legislation/chapter-440petroleum-exploration-and-production-act>

<sup>14</sup> [https://www.mmmd.gov.zm/?page\\_id=5317](https://www.mmmd.gov.zm/?page_id=5317)

**Table 39: Zambia's petroleum fiscal regime in 2019**

<b>Royalty rate</b>	
Crude Oil	12.5% of the wellhead value
Natural Gas	5% of the wellhead value
<b>Fees for inspection of the Register</b>	
For general search and examination of the Register	3000 Fee/Unit
For the supply of a copy of, and entry on, the Register	5,278 Fee/Unit
<b>Application fee</b>	
For petroleum exploration licence and its renewal	26,389 Fee/Unit
For a development and production licence	52,778 Fee/Unit
<b>Annual licence fee</b>	
Exploration	300,000 Fee/Unit
Production	1,019,444 Fee/Unit
<b>Surface rentals</b>	
Initial exploration period per square kilometre or kwacha equivalent	53
First renewal period per square kilometre or kwacha equivalent	106
Second renewal period per square kilometre or kwacha equivalent	158
Annual surface rentals for a licence area during the production period (per square kilometre or part thereof)	26,389
<b>Corporate Income Tax</b>	
Corporate tax applicable on taxable income of companies holding petroleum development and production licences	35%
<b>Withholding tax</b>	
Rentals	10%
Bank interest	15%
Dividends	15%
Management and consultancy fees	15%

#### 4.1.2.3 Types of petroleum 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 following are the types of licences that are available for petroleum operators:

**Table 40: Type of petroleum rights**

Petroleum right	Duration	Rights conferred
<b>Petroleum exploration licences</b>	4 years renewable for two periods of 3 years*	The exclusive rights to explore for petroleum in the exploration area and to carry on such operations and execute such works as are necessary for that purpose.
<b>Petroleum development and production licences</b>	Period, not exceeding twenty-five years	The exclusive rights: <ol style="list-style-type: none"> <li>to carry on exploration, development and production operations in the development and production area</li> <li>to carry on such operations and execute such work in the development and production area as may be considered necessary</li> </ol>

## 4.2 Contract and licence allocation

### 4.2.1 Mining sector

#### 4.2.1.1 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>15</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 licences; 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 Licence Committee (MLC)<sup>16</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;
- (e) one representative each of the Ministries responsible for:
  - the environment;
  - land;
  - finance;
  - labour;
- (f) a representative from:
  - the Attorney-General Office;
  - the Zambia Development Agency;
  - the Engineering Institution of Zambia.

<sup>15</sup> MMDA 2015 - Section 19

<sup>16</sup> MMDA 2015 - Section 6

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 3. We understand that those criteria have the same weight in the assessment process.

(iii) Awarding licence

The MLC 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-come, first-served ” 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>17</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.

1,011 licences were granted to 677 holders. The types of rights granted are set out as follows:

**Table 41: Mining rights granted in 2019**

Type	Description	2019	
		Granted Licences	Number of Holders (*)
AMR	Artisanal Mining Right	196	148
LEL	Large Scale Exploration Licence	299	197
LML	Large Scale Mining Licence	1	1
LPL	Large Scale Prospecting Licence	11	11
SEL	Small Scale Exploration Licence	484	304
SML	Small Scale Mining Licence	20	16
<b>Total</b>		<b>1,011</b>	<b>677</b>

Source: MMDM

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

These licences are detailed in Annex 1 to this report.

**a. 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>18</sup>. In this case, the following procedure is followed:

**Table 42: Bidding procedure for awarding mining rights**

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 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.
4. Bids Evaluation	The technical committee shall consider the following when 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 the Mines Act and the terms and conditions of the mining right;</li> <li>- the bid price; and</li> </ul>

<sup>17</sup> MMDA 2015 - Section 15

<sup>18</sup> MMDA 2015 - Section 19

Stages	Procedure
	- any other relevant matters for purposes of the Mines Act. The technical committee shall provide a detailed analysis of all 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 the Mines 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 the Mines Act.

According to the Cadastre Department no bidding process took place since the enactment of the MMDA 2015.

#### 4.2.1.2 Mining rights transfer process

The process for transferring or assigning a mining right or mineral processing licence 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.

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>19</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 3.

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

**Table 43: Mining licences transferred in 2019**

Type	Description	2019	
		Transferred Licences	Number of Holders (*)
LEL	Large Scale Exploration Licence	13	11
PL	Prospecting Licence	1	1
SEL	Small Scale Exploration Licence	4	4
SML	Small Scale Mining Licence	25	20
<b>Total</b>		<b>43</b>	<b>36</b>

Source: MMMD

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

These licences are detailed in Annex 16 to this Report.

According to the letter issued by the Mining Cadastre Department dated 15 September 2020, 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

<sup>19</sup> MMDA 2015 - Section 66

and regulatory framework governing licence transfers for the period concerned. The letter is presented in Annex 2 to this Report.

#### 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 2019. Furthermore, we did not note any changes in the shareholdings of the in-scope companies that reported their share capital structure.

#### 4.2.1.3 The technical and financial criteria used to grant and transfer mining licences in 2019

The criteria considered when assessing the application for a mining exploration and exploitation permit and the request for transfer of a mining licence are described respectively in Sections 22 and 31 of the MMDA 2015 and are presented in Annex 3. We understand that those criteria have the same weight in the assessment process.

A summary table of the technical and financial criteria actually used during 2019 for awarding and transferring mining licences in 2019 is presented in the following table:

**Table 44: Summary of the technical and financial criteria used for awarding and transferring mining licences**

Application for exploration licence (783 <sup>20</sup> granted licences)	Award and Transfer
	<u>Technical criteria:</u>
	<p><u>Define the technical criteria</u></p> <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> <p><u>Do these criteria have the same weight?</u> YES</p> <p><u>Do all these criteria apply to obtain a licence?</u> YES</p>
	<u>Financial criteria</u>
	<p><u>Define the financial criteria</u></p> <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> <p><u>Do these criteria have the same weight?</u> YES</p> <p><u>Do all these criteria apply to obtain a licence?</u> YES</p>

<sup>20</sup> Cf. Section 4.2.1.1 Table 27: Mining licences granted in 2019



Application for mining licence (21 <sup>21</sup> granted licences)	Award and Transfer
	<b>Technical criteria:</b>
	<p><u>Define the technical criteria</u></p> <p>Common criteria</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>In respect of large scale</p> <ul style="list-style-type: none"> <li>• Whether the applicant has the technical capacity 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>Do these criteria have the same weight?</u> YES <u>Do all these criteria apply to obtain a licence?</u> YES</p>
	<p><b>Financial criteria</b></p> <p><u>Define the financial criteria</u></p> <ul style="list-style-type: none"> <li>• Whether the applicant has the financial resources</li> <li>• The financing plan is compatible with the programme of mining operations</li> <li>• Whether the applicant's feasibility study report is bankable</li> <li>• The applicant's capital investment forecast</li> </ul> <p><u>Do these criteria have the same weight?</u> YES <u>Do all these criteria apply to obtain a licence?</u> YES</p>
Laws where the financial and technical criteria for the award and transfer of mining licences are defined	Sections 22 and 31 of the MMDA 2015
Please summarize the licences that have been granted in the current year under this regime (first come, first served)	Refer to Table 41
Could you confirm that these licences have been granted or transferred according to the technical and financial criteria described above?	Yes, Confirmation obtained from Mining Cadastre Department. Please refer to Annex 2 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 main findings of the OAG compliance audit report are presented in Section 4.2.1.4
Were there any significant deviations from the applicable legal and regulatory framework governing the granting and transfer of licences?	Yes, Confirmation obtained from Mining Cadastre Department. Please refer to Annex 10 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 main findings of the OAG compliance audit report are presented in Section 4.2.1.4

<sup>21</sup> Cf. Section 4.2.1.1 Table 27: Mining licences granted in 2019

#### 4.2.1.4 Assessment of the deviations from the applicable legal and regulatory framework governing mining licence transfers and awards

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. We note that this report is publicly available<sup>22</sup>.

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 licences. 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 by OAG 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. A document analysis of the MLC minutes for the year 2017 was also carried out to check whether the recommendations made by Cadastre were properly evaluated.
4	During 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 did not comply with the provisions of the Act. The audit team requested for quarterly returns from mining right holders to establish levels of compliance with obligations attached to issuance of licences. 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 licences. This was not compliant with 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 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.

It is worth noting that according to the same report, OAG has concluded that all awarded applicants submitted the necessary documents as required by the law, including investment commitment, environmental commitment plan and proposals to promote local businesses. On this basis, ZEC has agreed to request a letter from the Mining Cadastre Department to confirm that there was no deviations from the applicable legal and regulatory framework governing licence awards for 2019.

According to the letter issued by the Mining Cadastre Department and dated 15 September 2020, the awarding of mining licences in 2019 was done on first-come, first-served basis and according to the criteria set out in 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 2 to this report.

<sup>22</sup> <http://zambiaeiti.org/wp-content/uploads/2020/04/Compliance-Audit-Report-on-the-awarding-and-Monitoring-of-Mining-Rights-for-2017-Accounts.pdf>

Furthermore, the OAG audit report has been considered by the Committee on National Economy, Trade and Labour matters within the National Assembly of Zambia. This committee issued a follow up report on the OAG compliance audit report. 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 systematically all meetings. 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 MMD to enable it to efficiently conduct its mandate without compromise.
5	<ol 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 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 licences 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 to adequately 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 sustainable way in order for the nation to obtain maximum benefit from the mineral resources.</li> </ol>
6	<ol 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.</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> </ol>

## 4.2.2 Petroleum sector

### 4.2.2.1 Petroleum rights allocation process

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 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.

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, 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 advertised in the local press for a period specified by the Petroleum Committee. After closing the tender, the tender box is immediately opened in the presence of applicants.

## (iii) Evaluation and recommendation

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 technical and financial information requested from bidders as described further below. 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 the evaluation process.

## (iv) Application and awarding

The highest scoring bidder is invited to apply for the block(s). When the application is received, it is forwarded to the Petroleum Technical Committee for an evaluation and thereafter a recommendation is made to the Petroleum Committee for the award of a petroleum exploration licence or the rejection of the application. 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 award 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 award of reserved blocks.

## (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 awarding Government reserved blocks also requires that ZCCM-IH applies for the reserved blocks without being subject to competitive bidding. When the application 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 award or non-award 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 twice for three-year term.

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 the application for the award of the licence and at the application for transfer of interest of licence.

#### 4.2.2.2 Petroleum rights transfer process

Applications for transfer 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.

#### 4.2.2.3 The technical and financial criteria used to grant and transfer petroleum licences in 2019

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;
- the proposed programme of exploration operations is adequate and makes proper provision for environmental protection;
- 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.

The information required from bidders subject to evaluation are detailed as follows:

- 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;
  - c) Timeline for submission of the Strategic Environmental Assessment report to the ZEMA (Within twelve months from date of grant of licence).
  - d) a tax clearance certificate issued under the Income Tax Act.

After assessing an application, the Technical Committee shall recommend to the Petroleum Committee:

- to award a petroleum exploration licence if the application meets the requirements; or
- to reject the application if it does not meet the requirements.

The standard Evaluation Criteria for Bids for Petroleum Exploration Licence are detailed in Annex 4.

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 2019. Further details on the bidding round held in 2016 and in previous years can be found in 2016 ZEITI Report<sup>23</sup>.

<sup>23</sup> <https://eiti.org/document/zambia-2016-eiti-report>

#### 4.2.2.4 Assessment of the deviations from the applicable legal and regulatory framework governing petroleum licence transfers and awards

The table below shows the various companies granted petroleum exploration licences in 2019:

**Table 45: List of Petroleum licences granted in 2019**

Petroleum Exploration companies	Block reference	Licence reference	Grant/Renewal dates	Expiry Dates	Status
ZCCM Investments Holdings Plc.	52	PEL 034	14/01/19	13/01/23	Active
Tiiseza Zambia Limited	18	PEL 035-	30/12/19	29/12/23	Pending Application for Licence Grant

Source: MMD

According to the letter issued by the Geological Survey Department and dated 11 November 2020, the Petroleum Committee granted two (2) petroleum exploration licences as follows:

- one (1) petroleum exploration licence to Tiiseza Zambia Limited. Specifically, the licence was granted to Tiiseza Zambia Limited over Block 18 (Cf. background in the below paragraphs).
- one (1) petroleum exploration licence to ZCCM Investments Holdings Plc (ZCCM-IH). Specifically, the licence was granted to ZCCM-IH over Government Reserved Petroleum Block 52.

The letter confirms also that no transfer was made in 2019. 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 licences over the Government Reserved Petroleum Blocks for the period concerned. The letter is presented in Annex 5 to this Report.

#### **Background of the grant of petroleum exploration licence PEL 035 over block 18**

The Government of the Republic of Zambia, through the Ministry of Mines and Minerals Development, in accordance with Part II, Section 9, of the Petroleum (Exploration and Production) Act No. 10 of 2008, invited sealed bids for Petroleum (Oil and Gas) Exploration Licences for thirty-One (31) blocks in Luapula, Northern, North-western, Western, Eastern and Southern Provinces from eligible bidders. The advertisement appeared in the print media (Times and Daily Mail) on 28<sup>th</sup> May 2013 for four (4) consecutive days. Bid submissions closed on 28<sup>th</sup> June 2013 and the tender box was immediately opened in the presence of bidders on the same day.

Tiiseza (Z) Limited and Gladiator Energy Limited submitted a bid for Block 18. In accordance with Part III, Section 12 (2-3) of the Petroleum (Exploration and Production) Act No. 10 of 2008, the Petroleum Technical Committee (PTC) evaluated the bids from 6<sup>th</sup> August 2013 to 8<sup>th</sup> August 2013. After the evaluation Tiiseza (Z) Limited got an average score of 60.4% while Gladiator Energy Limited got 35.2%. However, the Petroleum Technical Committee could not recommend awarding Block 18 to Tiiseza (Z) Limited due to inadequate funding commitment towards the execution of the exploration programme.

The company had guaranteed sale of a farm to raise funds for petroleum exploration in the bid and therefore, the Petroleum Technical Committee recommended to the Petroleum Committee that the company should not be granted Block 18. Arising from that, Tiiseza (Z) Limited was not granted the Block and neither was the Block granted to any other company. In addition, the company was inadvertently omitted when other applicants were communicated to about the outcome of the bid in 2014.

Tiiseza (Z) Limited engaged Mukande and Company as its advocate over the case which went to the High Court. In the High Court ruling of 30<sup>th</sup> September 2016, the Ministry was compelled to inform Tiiseza (Z) Limited of the outcome of the bid. This was done on the 16<sup>th</sup> May 2017, when Tiiseza (Z) Limited was informed that its bid over Block 18 was unsuccessful.

In a letter dated 16<sup>th</sup> June, 2017, M.L. Mukande and Company acting on behalf of Tiiseza (Z) Limited, proposed that the Ministry must review the decision over Block 18 because the Ministry did not take into account the project cost and capital structure outlined in the bid document. In addition, Tiiseza (Z) Limited claimed that the value of their fixed assets clearly demonstrated their ability to borrow from external sources in addition to their own resource mobilization for the exploration project.

Tiiseza (Z) Limited's proposal to the Ministry was tabled at the Petroleum Technical Committee on 24<sup>th</sup> November 2017. The Petroleum Technical Committee resolved that the matter be referred to the Attorney General's office for legal guidance as Block 18 was still available for grant to any suitable prospective investor.



In a letter dated 12th February 2018, the Attorney General’s office provided legal guidance that the Petroleum Technical Committee should consider reviewing the bid for Block 18 because the rejection of the bid had no firm legal backing.

Arising from the legal guidance, on 28th December 2018, the Petroleum Technical Committee recommended to the Petroleum Committee that Tiiseza (Z) Limited should be granted a petroleum exploration licence over Block 18. Therefore, the Petroleum Committee at its sitting on 30th December 2019 granted Tiiseza Zambia Limited petroleum exploration licence PEL 035 over Block 18.

### 4.3 Register of licences

According to Section 79 of the MMDA 2015, the Director of Mining Cadastre shall maintain a mining cadastre register, showing:

- all mining rights and mineral processing licences granted;
- the geographical coordinates of the areas of land over which mining rights and mineral processing licences have been granted, the areas that are vacant and can be applied for and the areas that, for environmental and other reasons, are closed to exploration, mining or mineral processing;
- the date of issue and duration of the mining rights and mineral processing licences and the corresponding title, and copies of all the decisions rendered in connection with all the mining rights and mineral processing licences; and
- the minerals for which the mining rights and mineral processing licences are granted;

According to the Mining Cadastre data, there were 2,395 active mining rights in 2019 compared to 1,501 in 2018. The types of rights are set out in the table below:

**Table 46 : Active licences 2019**

Type	Description	Active Licence	
		2019	2018
AMR	Artisanal Mining Right	343	155
LEL	Large Scale Exploration Licence	1151	869
LML	Large Scale Mining Licence	107	101
MPL	Large Scale Prospecting Licence	42	24
SEL	Small Scale Exploration Licence	1271	809
SML	Small Scale Mining Licence	433	426
LGL	Large Scale Gemstone Licence	8	7
SGL	Small Scale Gemstone Licence	1	1
PP	Prospecting Permit	0	1
<b>Total</b>		<b>3,356</b>	<b>2,393</b>

Source: MMMD

These licences are detailed in Annex 6 of this report.

Furthermore, Section 49 of the Petroleum (Exploration and Production) Act 2008 stipulates that “The Minister shall cause to be kept a register, in which shall be recorded:

- the details of the holders of petroleum exploration licences and petroleum development and production licences granted;
- the date of issue and duration of the licences;
- every programme of exploration and development and production operations and every amendment thereto;
- every renewal of a licence and the conditions of the renewal;
- every employment and training plan.

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

**Table 47: List of Petroleum companies 2019**

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	Active and Pending Transfer Application
Sargas Oil Limited	54	PEL 029	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	Pending Renewal
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
ZCCM Investments Holdings Plc.	52	PEL 034	14/01/19	13/01/23	Active
Tiiseza Zambia Limited	18	PEL 035-	30/12/19	29/12/23	Pending Application for Licence Grant

Source: MMD

\*CD: Commencement Date

\*GD: Grant Date

\*RD: Renewal Date

The register of mining and oil & gas licences are publicly available on:

<http://portals.flexicadastre.com/zambia/>. The portal allows to search by licence code or by holder name and view for each title:

- The identity of the licence holder;
- The date of application;
- The date of award;
- The expiry date;
- The commodity produced; and
- The coordinates of the licence area;
- The area of the licence.

However, the portal gives an instantaneous picture of the actual active licences and does not provide access to the history of withdrawals, transfers or renewals during a specific period. Likewise, the portal does not allow the extraction of the status of active licences in open data format.

## 4.4 Disclosure of contracts and licences

### 4.4.1 Government policy and legal framework

Zambia's legal framework provides for access to open contracting information e.g., tender notices, bidding documents, and award notices including winners. Information relating to these procurement stages is published by the procuring entities through websites, notice boards, the Zambia Gazette and Newspapers.

Article 255 (m) of the Constitution of Zambia states that the management and development of Zambia's environment and natural resources shall be governed by the following principles... access to environmental information to enable people preserve, protect and conserve the environment”.

Moreover, Article 173 (h) states that the guiding values and principles of the public service include the following proactively providing the public with timely, accessible and accurate information”

The GoZ has approved the Access to Information Bill in early 2019. The bill has not yet been enacted into law. We understand that the expected new law will provide for access to public information by any citizen.

However, both the MMDA 2015 and Petroleum (Exploration and Production) Act 2008 include confidentiality provisions as follows:

In accordance to Section 117 of the MMDA 2015, “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”.*

According to same Section, the disclosure of information is possible only:

- For or in connection with the administration of the MMDA 2017;
- For the purpose of any legal proceedings;
- For the purpose of any investigation of inquiry;
- To government authorized consultants and officers;
- For or in connection with the preparation of the Government statistics.

In accordance with Section 86 of the Petroleum (Exploration and Production) Act 2008, “A person shall not disclose any information:

- *obtained by that person in connection with the administration of the Petroleum (Exploration and Production) Act 2008;*
- *furnished by a holder of a licence under this Act without the consent of the licensee.”*

According to same Section, the disclosure of information is possible only:

- for or in connection with the administration of the Petroleum (Exploration and Production) Act 2008;
- to a person, being an officer employed in the Hydrocarbon Unit or a consultant to the Government for the purpose of facilitating the performance by the consultant of any functions under the consultancy arrangement;
- for the purpose of any legal proceedings;
- for the purpose of preparing official statistics or publications relating to exploration or development and production operations;
- for the purpose of determining the licensee's liability to the State;
- for any purpose which may be prescribed.

Furthermore, we note that the Section 86 (2) of the Environmental Management Act 12 of 2011 states that the Director-General may publish any information on the protection, conservation, management and utilisation of the environment and natural resources as the Director-General considers necessary for public education and awareness.

Hence, the transparency provisions in the MMDA and petroleum laws are not adequate to guarantee full disclosure of contracts due to confidentiality provisions which cannot allow the public access such information. The laws do not fully incorporate the spirit of the Constitution as well as EITI principles and practices (please see recommendation 6.1.1).

#### **4.4.2 Zambia’s Contract Transparency Practice**

##### **4.4.2.1 Contract Disclosure in mining sector**

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 MMMD Act, 2015 and the terms and conditions of the licence. We understand that since the abolishment of the Mine Development agreements in 2008, there is no contracts signed between the mining companies and the Government of Zambia.

Section 79 of the MMDA 2015 stipulates that “Any person may, upon payment of the prescribed fee, inspect any of the registers maintained or kept by the Director of Mining Cadastre and may obtain certified copies of any document contained in the registers”. We conclude therefore that the mining licences can be consulted by the public through official request to mining cadastre.

Furthermore, we understand from the Section 23 of the MMDA 2015, that mandatory documents are annexed to the mining licences as part of the conditions of the licences:

- the programme of development, construction and mining operations as approved by the Director of Mining Cadastre;
- the applicant’s undertaking for the employment and training of citizens;
- the applicant’s undertaking for the promotion of local business development;
- the applicant’s capital investment forecast; and
- the applicant’s undertaking for management of the environment in the mining area.

The above documents, being part of the full text of the licences, fall within the scope of the confidentiality provisions laid down in Section 117 of the MMDA (2015).

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.

As described in the above section, there are no contracts signed between the mining and petroleum licences and the Government of Zambia. The list of licences are available on the online portal: <http://portals.flexicadastre.com/zambia/>. However, it is not allowed by the MMDA 2015 and the Petroleum (Exploration and Production) Act 2008 to make the full text of the licences available to the public.

In practise, some concessions agreement, environmental impact assessment dated before the coming into force of the MMDA 2015 are available on line: <https://www.resourcecontracts.org/countries/zm>. For the in-scope companies only the following documents are available on line

Description	Year	Type of Document	RESOURCE	Link
Kagem Mining Limited, 14105-HQ-LGL, Licence Certificate, 2009	2009	Licence Certificate	Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4735857863/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4735857863/view#/</a>
Kagem Mining Limited, 14105-HQ-LGL, Proposal for Promotion of Local Business Development, 2009	2009	Proposal for Promotion of Local Business Development	Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-6651019126/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-6651019126/view#/</a>
Kagem Mining Limited, 14105-HQ-LGL, Proposal for Employment and Training of Citizens, 2009	2009	Proposal for Employment and Training of Citizens	Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4327835038/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4327835038/view#/</a>
Kagem Mining Limited, 14105-HQ-LGL, Environmental Project Brief, 2009	2009	Environmental Project Brief	Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-3011003868/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-3011003868/view#/</a>
Kagem Mining Limited, 14105-HQ-LGL, Proposed Program of Mining Operations, 2009	2009	Proposed Program of Mining Operations	Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-5723387961/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-5723387961/view#/</a>
Sino-Metals Leach Zambia Limited, 8474-HQ-LML, Proposed Programme Of Mining Operations, 2007	2007	Proposed Programme Of Mining Operations	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-6422851721/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-6422851721/view#/</a>
Sino-Metals Leach Zambia Limited, 8474-HQ-LML, Environmental Project Brief, 2007	2007	Environmental Project Brief	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8615318190/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8615318190/view#/</a>
Sino-Metals Leach Zambia Limited, 8474-HQ-LML, Licence Certificate, 2007	2007	Licence Certificate	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-5295777094/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-5295777094/view#/</a>
CMC Luanshya Copper Mines, 8394-HQ-LML, Licence Certificate, 2006	2006	Licence Certificate	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-2862149757/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-2862149757/view#/</a>
CMC Luanshya Copper Mines, 8394-HQ-LML, Proposal for Promotion of Local Business Development, 2006	2006	Proposal for Promotion of Local Business Development	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8569338119/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8569338119/view#/</a>
CMC Luanshya Copper Mines, 8394-HQ-LML, Environmental Impact Assessment, 2006	2006	Environmental Impact Assessment	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4802924721/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4802924721/view#/</a>
CMC Luanshya Copper Mines, 8394-HQ-LML, Proposal for Employment and Training of Citizens, 2006	2006	Proposal for Employment and Training of Citizens	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-5463943075/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-5463943075/view#/</a>
CMC Luanshya Copper Mines, 8394-HQ-LML, Proposed Program of Mining Operations, 2006	2006	Proposed Program of Mining Operations	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-0648389015/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-0648389015/view#/</a>
CMC Luanshya Copper Mines, 8394-HQ-LML, Environmental Project Brief, 2006	2006	Environmental Project Brief	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-3200952110/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-3200952110/view#/</a>
Konkola Copper Mines, 7075-HQ-LML, Licence Certificate, 2000	2000	Licence Certificate	Cobalt Copper Gold	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4945060982/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4945060982/view#/</a>

Description	Year	Type of Document	RESOURCE	Link
Silver				
Mopani Copper Mines, 7073-HQ-LML, Licence Certificate, 2000	2000	Licence Certificate	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-0564434683/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-0564434683/view#/</a>
NFC Africa Mining, 7069-HQ-LML, Licence Certificate, 1998	1998	Licence Certificate	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-0252994955/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-0252994955/view#/</a>
NFC Africa Mining, 7069-HQ-LML, Proposal for Promotion of Local Business Development, 1998	1998	Proposal for Promotion of Local Business Development	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8871777170/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8871777170/view#/</a>
NFC Africa Mining, 7069-HQ-LML, Environmental Impact Assessment, 1998	1998	Environmental Impact Assessment	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-0534849118/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-0534849118/view#/</a>
NFC Africa Mining, 7069-HQ-LML, Proposal for Employment and Training of Citizens, 1998	1998	Proposal for Employment and Training of Citizens	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8281031874/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8281031874/view#/</a>
NFC Africa Mining, 7069-HQ-LML, Proposed Program of Mining Operations, 1998	1998	Proposed Program of Mining Operations	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8128230663/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8128230663/view#/</a>
Maamba Coleries Limited, 7058-HQ-LML, Licence Certificate, 1997	1997	Licence Certificate	Coal	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8529375934/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8529375934/view#/</a>

The list of the remaining documents is presented in Annex 18.

#### 4.4.2.2 Contract Disclosure in petroleum sector

The Zambian Petroleum sector is also 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 Petroleum Act. All companies are using conditions attached to exploration licenses since the Petroleum legislation 2008 is drafted.

Section 49 of Petroleum (Exploration and Production) Act 2008 stipulates that “Any person may, upon payment of the prescribed fee, inspect the register kept by the Minister and may obtain certified copies of any document contained therein”. We conclude therefore that the petroleum licences can be consulted by the public through official request to mining cadastre.

However, we understand that any document provided by licence holders and attached to the licences fall within the scope of the confidentiality provisions laid down in Section 86 of the Petroleum (Exploration and Production) Act 2008.

## 4.5 Beneficial ownership

### 4.5.1 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>24</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

<sup>24</sup> <https://www.pacra.org.zm/#/>

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).

ZEC adopted the definition of BO as per the Companies Act 2017.

### 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>25</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 Centre 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>26</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 Head of State or of government senior politicians, senior government, judicial or military officials, senior executives of State-owned enterprises, important political party officials;
- **Domestic PEPs** are individuals who are or have been entrusted domestically with prominent public functions, for example Head of State or of government, senior politicians, senior government, judicial or military officials, senior executives of State-owned enterprises, 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.

## 4.5.2 Beneficial ownership data

### 4.5.2.1 Register of Beneficial Owners

According to the Section 12 of the Companies Act 2017, an application for incorporation of a company shall be accompanied by a statement of beneficial ownership which shall state, in respect of each beneficial owner:

- the full names;
- the date of birth;
- the nationality or nationalities;
- the country of residence;
- the residential address; and

<sup>25</sup> <https://zambialaws.com/principal-legislation/financial-intelligence-centre-act>

<sup>26</sup> <file:///C:/Users/BDO/Downloads/PEPs%20Guidance%20Note%202017.pdf>

- any other particulars as maybe prescribed.

Furthermore, the Section 21 (2) of the Companies Act 2017 stipulates that PACRA shall establish and maintain a Register of beneficial owners in manual or electronic form. The Register includes the above information about the Beneficial Owners and information about the legal owners. A company shall, where a change occurs with respect to the particulars of shareholding or beneficial ownership stated in a register, notify PACRA, within fourteen days of such change. We understand that the BO Register is accessible to the public upon request, physically and electronically through PACRA website and after the payment of ZMW 90 fees.

Moreover, the Section 270 of the Companies Act 2017 stipulates that public limited companies shall include updated beneficial ownership information in their annual return submitted to PACRA.

The BO data is collected by PACRA through the BO declaration forms submitted by the companies applying for incorporation. The BO declaration form is prepared and submitted physically to PACRA, it should be signed off by an authorized person. Afterwards, PACRA enters manually the BO information obtained from the companies into its register. We understand that updates to the BO register are being implemented to allow the declaration online. The BO declaration form is presented in the Annex 7 to this report.

Although, the new Companies Act 2017 does not require identifying PEPs among the beneficial owners nor specifies reporting obligations for PEPs, we note that the BO declaration form requires the identification of PEPs in accordance with the definition of the Financial Intelligence Centre Act, No, 46 of 2010. The BO declaration form requires also to explain the nature of beneficial ownership (whether trust, legal arrangement etc.) including how ownership control or economic interest is maintained.

It is worth noting that FIC Act applies to institutions regulated by a supervisory authority or institutions or designated non-financial businesses or professions supervised by the Centre as defined by The FIC Act and therefore did not apply to all the companies established in Zambia under the Companies Act 2017.

We obtained an abstract from the BO register for consultation. It is noted that the BO register obtained from PACRA does not include:

- the identification of PEPs;
- The level of ownership;
- Explanation of how the control is exerted.

Furthermore, in-scope companies were requested to disclose BO information and provide the links the documents filed into stock exchange authorities if they are listed or subsidiaries of listed companies. BO data collected from in-scope companies is presented in Annex 19.

#### **Overview of the privacy/data protection situation**

The main legislation with regards to data protection in Zambia is the Constitution. The Constitution does not specifically provide for data protection. However, such protection is recognised under the Constitution by the wider meaning of the right to privacy as enshrined under Article 17 of the Constitution. The said Article provides that except with his own consent, no person shall be subjected to the search of his person or his property or the entry by others on his premises<sup>27</sup>.

Moreover, the Electronic Communications and Transactions Act No. 21 of 2009 ('the ECT Act') provides for protection of personal information that is obtained through electronic transactions. Section 28 provides that a data controller is required to have the express written permission of a data subject for the collection, processing, or disclosure of any information of the data subject unless the data controller is permitted or required by law to do so.

We understand also that a Data protection bill is also being drafted to regulate the privacy and data protection issues<sup>28</sup>.

#### **4.5.2.2 Coverage of the BO register**

According to the Req 2.5 of the 2019 EITI Standard, it is required that implementing countries request, and companies publicly disclose, beneficial ownership information. This applies to corporate entity(ies) that apply for or hold a participating interest in an exploration or production oil, gas or mining licence or contract.

It is worth noting that according to the Section 13 of the MMDA 2015, the exploration licences and mining licences should be granted only to companies incorporated under the Companies Act 2017. Therefore, all the companies

<sup>27</sup> <https://www.dataguidance.com/notes/zambia-data-protection-overview#:~:text=The%20ECT%20Act%20is%20the,and%20protection%20issues%20in%20Zambia.&text=A%20data%20controller%20is%20further,for%20which%20it%20was%20disclosed>.

<sup>28</sup> <https://www.dataguidance.com/news/zambia-data-protection-bill-being-considered-ministry-justice>

applying for mining licences must incorporate a company in Zambia and disclose the beneficial ownership according to the Companies Act 2017.

However, there is no such prohibition in the Petroleum (Exploration and Production) Act 2008 and the Petroleum Exploration Licences can be granted to individuals or companies without established offices in Zambia. Therefore, it is not possible to collect BO information about the applicants for Petroleum licences through the actual legislation of the Companies Act 2017 (see recommendation 6.1.2 ).

We note also that the Companies Act require BO disclosure from all the companies incorporated in Zambia, including the publicly listed companies and their wholly owned subsidiaries.

Furthermore, the Section 299 of the Companies Act 2017 stipulates that a body corporate formed outside Zambia may register as a foreign company by lodging the Registrar an application for registration accompanied by information about the beneficial ownership of the shareholding in the country of incorporation.

#### 4.5.2.3 Mechanisms for assuring the reliability of beneficial ownership information

As verification is a continuous process, there are different layers at which verification can take place. The following mechanisms for the accuracy and reliability of the BO data have been identified in the Companies Act 2017 and the current practice:

Layers of data verification	Detail of verification activities
Data submission	<ul style="list-style-type: none"> <li>➤ The BO declaration forms submitted by the companies should be signed-off by an authorized person who attests that the particulars of beneficial ownership relating to shares indicated on this form, are correct and accurate to the best of his knowledge</li> </ul>
Oversight of BO register	<ul style="list-style-type: none"> <li>➤ Obligation to notify changes <b>Section 21:</b> A company shall, where a change occurs with respect to the particulars of shareholding or beneficial ownership stated in a register maintained in accordance with the Companies Act, notify the Registrar in the prescribed form, within fourteen days of such change.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Obligation to maintain a record <b>Section 30:</b> A company shall, at its registered office, keep a register of beneficial owners, specifying the particulars in section 12(3)(e) of the Companies Act 2017. <b>Section 83:</b> A company secretary is responsible for ensuring that the company maintains and updates information on the beneficial ownership of all the shares of the company and their associated voting rights. <b>Section 195:</b> A company shall maintain a share and beneficial ownership register, in any form and manner, that records the shares issued by the company.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Supervision of the BO register <b>Section 198:</b> The board of directors shall have a duty to take reasonable steps to ensure that the share and beneficial ownership register is properly kept and that matters to be recorded therein are promptly entered on it.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Obligation to submit and annual return <b>Section 270:</b> A company shall, within ninety days after the end of each financial year, lodge, with the Registrar, an annual return in the prescribed form. An annual return shall be signed by a director or the secretary and shall, in the case of a public limited company, include annual audited financial statements and updated beneficial ownership information.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Obligation to submit and annual report <b>Section 275:</b> the board of directors shall prepare an annual report on the affairs of the company during the accounting period ending on that date.</li> </ul>



Layers of data verification	Detail of verification activities
	<p><b>Section 276:</b> The board of directors shall cause a copy of the annual report to be sent to every shareholder not less than twenty-one days before the date fixed for the annual general meeting.</p> <p><b>Section 277:</b> An annual report shall be in writing, dated and shall include updated beneficial ownership information in respect of shares.</p> <p>Screening of information against other sources of information, such as BO register of other countries</p>
Enforcement	<p><b>Section 124:</b> The Registrar shall ensure that the beneficial ownership of shares is known, ascertained and verified before the shares can be registered and transacted in.</p> <p>Inspection of company's records</p> <p><b>Section 278:</b> A company shall make available for inspection, by the Registrar, a delegate of the Registrar or a member or a person authorised in writing by the member, the beneficial ownership records, if the Registrar or the member suspects any non-compliance by directors or executive officers.</p> <p>Penalties and fines</p> <p><b>Section 364:</b> A person who fails to comply with this Act regarding the requirement to be registered, commits an offence, and is liable, on conviction, to a fine not exceeding one hundred thousand penalty units.</p> <p><b>Section 370:</b> The Registrar may impose an administrative penalty on a person for any failure to comply with this Companies Act. An administrative penalty, shall not exceed the amount prescribed by the Minister for each day during which such failure continue</p>

#### 4.5.2.4 Disclosure of legal ownership

According to the Section 21 (2) of the Companies Act 2017, the following information relating to a legal person is collected by PACRA for all the companies incorporated in Zambia, including the extractive companies and included in the Register of Beneficial Owners:

- the body corporate name;
- head office address;
- identities of directors, shareholders and beneficial owners;
- proof of incorporation or evidence of legal status and legal form;
- provisions governing the authority to bind the legal person;
- such information as is necessary to understand the ownership and control of the legal person.

We understand that the BO Register is accessible to the public upon request, physically and electronically through PACRA website and after the payment of ZMW 90 fees.

Legal ownership data collected from in-scope companies is presented in Annex 19.

## 4.6 State participation

### 4.6.1 Legal framework

The State participation in the mining sector is governed by the provisions of the MMDA 2015. The latter stipulates in its Section 3 that all rights of ownership in, searching for, mining and disposing of, minerals wheresoever located in the Republic vest in the President on behalf of the Republic

The MMDA 2015 offer possibility to the Government to acquire mining rights for Government investment over identified areas as prescribed by the Section 17 of the Act. The identified area referred to shall be reserved for Government investment and shall not be subject to an application for the acquisition of a mining right by any person. The identified areas will not be subject to an application for a mining right by any person and furthermore the mining rights subject to identified areas shall be granted to a government investment company in accordance with the provisions of the Mines Act.

It is worth noting that MMDA 2015 does not provide for participation mechanisms giving the State the right to the collection of in-kind revenues.

### 4.6.2 Direct State shareholdings in mining companies

We understand that there are no direct shareholdings held by the Government in the mining companies.

### 4.6.3 State-owned enterprises and related transactions

#### 4.6.3.1 Legal framework of State-owned companies

We understand that there is no official definition of SOEs in Zambia where most SOEs are legally founded under the Companies Act.

For the purpose of EITI implementation, a SOE is a wholly or majority (> 50%) government-owned company that is engaged in extractive activities on behalf of the government.

#### 4.6.3.2 State-owned enterprises in the mining sector

In application of the definition indicated above, we identified one (1) sole SOE operating in the mining sector 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>29</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.

The composition of the board and the management team can be consulted in the company website: <https://www.zccm-ih.com.zm/board-directors/#The-Board>.

<sup>29</sup> <https://zccm-ih.com.zm/structure/>



**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).

**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>30</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 26,097,711 to the GRZ in 2019, excluding dividends. The detail by payment flows is set out in Annex 15.

**Social payments**

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

During 2019, the Company spent ZMW 450,000 in supporting various corporate social responsibility activities. The details of the expenditures are set out in Annex 10.

**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.

<sup>30</sup> [www.zccm-ih.com.zm/](http://www.zccm-ih.com.zm/)

**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 2019:

Shareholder	Amount (ZMW)
Ministry of Finance	16,832,268.63
NAPSA	14,713,226.23
IDC	59,125,268.09
Various share holders	7,417,411.51
<b>Total</b>	<b>98,088,174.46</b>

**ZCCM-IH Portfolio in extractive sector**

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 48: ZCCM-IH Portfolio in extractive sector**

Mining company	Shares held on 31 March 2019	Shares held on 31 March 2018
<b>Extractive sector (Mining)</b>		
Ndola Lime Limited	100%	100%
Kariba Minerals Limited	50%	50%
Maamba Collieries Ltd	35%	35%
Konkola Copper Mines Plc	20.6%	20.6%
Kansanshi Mining Plc	20%	20%
Lubambe Copper Mine Ltd	20%	20%
CNMC Luanshya Copper Mines Plc	20%	20%
NFC Africa Mining Plc	15%	15%
Chibuluma Mines Plc	15%	15%
Chambishi Metals Plc	10%	10%
Mopani Copper Mines Plc	10%	10%
Nkandabwe Coal Mine Limited	100%	100%
<b>Other sectors</b>		
Misenge Environmental and Technical Services Limited	100%	100%
Investrust Bank Plc	71.4%	45.4%
CEC Africa Investments Limited	20%	20%
Copperbelt Energy Corporation Plc	24.1%	20%
Nkana Alloy Smelting Company Limited	10%	10%
Rembrandt Properties Limited	49%	
Central African Cement Company Limited	49%	35%

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

We understand that all these participations are full-paid equity. The complete information about the participation of ZCCM-IH in the mining sector can be found in ZCCM-IH annual report<sup>31</sup>.

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 2019, ZCCM-IH received dividends amounting to USD 6,327,498 from CEC and USD 9,400,000 from KMP.

<sup>31</sup> <http://www.zccm-ih.com.zm/investor-center/annual-reports/>

**Other interest in extractive sector**

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

**Table 49: Mining licences held by ZCCM-IH**

Code	Parties	Type	Commodities
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
23137-HQ-LEL	ZCCM IH Plc	LEL	Co, Cu, LST, SDG, Zn
23543-HQ-SEL	ZCCM IH Plc	SEL	QTZ, SDG, SIL
25796-HQ-SEL	ZCCM IH Plc	SEL	Au, Co, Cu, Fe, Mn

Moreover, ZCCM-IH is also a holder of Petroleum licences as detailed in Section 4.2.2.

**Transactions related to State-owned companies**

The transactions between ZCCM-IH and the Government are presented as follows:

**Table 50: Transactions related to State-owned companies**

Transfers	ZCCM-IH
<b>State transfers and funding</b>	
Investment subsidies	None
Operating subsidies	None
Loans	None
Guarantees	None
<b>Transfers to State</b>	
Dividends	16,832,268.63 ZMW
Quasi-fiscal expenditures	None
Provision of non-commercial services	None
Funding Public infrastructure	None
Subsidies	None
Public debt services or subsidies	None

**IDC portfolio in extractive sector**

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.

More info about the Governance of IDC can be consulted on its website: <https://www.idc.co.zm/about-us/leadership/governance/>.

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.

IDC owns 100% of KARIBA Minerals, 25% shares in KAGEM Mining limited and 60.3% in ZCCM-IH<sup>32</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 ZCCM-IH, IDC received dividends for ZCCM-IH amounting ZMW 59,125,268 in 2019.

#### 4.6.3.3 Loans and guarantees to mining companies

##### 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>33</sup>:

**Table 51: 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 K321.15 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 27 July 2017.
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 K926.44 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 interest amounts was ZMW434 million (2018: ZMW257 million) which is fully impaired. The advances are not secured over any Ndola Lime Company assets.
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 ZMW18.26 million (US\$1.9 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 of 31 March 2019, no repayments had commenced. This loan is fully impaired.
5. Nkandabwe Coal Mines	ZCCM-IH advanced a loan to Nkandabwe Coal Mine of ZMW 34.4 million. There are no repayment terms, it is interest free and it is not secured. This loan is fully impaired.
6. Misenge Environmental and Technical Services Limited	The loans totalling ZMW6.6 million includes ZMW 3.6 million with no repayment terms and is interest free. The other balance of ZMW2.9million comprises ZMW1.7million and ZMW1.2million at interest rate of 17.5% and 12.5% payable quarterly respectively.
7. Industrial Development Corporation (IDC)	On 29 March 2018, ZCCM-IH and Industrial Development Corporation entered into an intercompany loan agreement for a 12 months term loan amounting to ZMW 253 million (US\$19 million). The loan attracts an interest rate of 9.25% and is secured on IDC's shares in the company. The loan was subsequently paid by IDC in April 2019.

With regards to the guarantees and according the company financial reports, a guarantee was granted to its subsidiary Ndola Lime Company Limited operating in the mining sector; and the terms of the transactions can be summarised as follows<sup>34</sup>:

**Table 52: Guarantees granted by ZCCM-IH to extractive companies**

Beneficiary	Terms of the transaction
Ndola Lime Company Limited - SBSA loans	The loan of K103,271 million (USD 8.5 million) is due to Standard Bank of South Africa by Ndola Lime Company Limited at a carrying interest of 3.5% margin plus 3 months Libor per annum. The loan was guaranteed by ZCCM-IH and was subsequently paid on behalf of Ndola Lime Company limited in April 2019.

The Government Agencies did not report loans or guarantees granted to the mining companies.

<sup>32</sup> Source : IDC website ( <https://www.idc.co.zm/industry-sectors/mining-2/>)

<sup>33</sup> ZCCM-IH 2019 Annual report, p.108

<sup>34</sup> ZCCM-IH 2019 Annual report, p.14

#### 4.6.3.4 Subsidiaries of ZCCM-IH operating in the mining sector

##### Ndola Lime Company

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 2019 of ZMW74.3 million (2018: ZMW60.1 million) and a loss after tax of ZMW234 million (2018: ZMW 187 million loss) <sup>1</sup>.

During the year, two former employees of NLC made an application to initiate Business Rescue Plan proceedings against the Company. An Interim Business Rescue Administrator was appointed to run the affairs of NLC. ZCCM-IH made an application in court challenging whether NLC qualifies to be put under Business Rescue Operations. The matter is still undergoing a court process.

NLC is administered and governed as private company. Details about the structure and governance of the company are available on the company website <https://www.ndolalime.co.zm/company/about-us/>.

According to the data provided by the Government Agencies, NLC made the following payments to the Government in 2019:

N°	Description of payment	Revenues in ZMW
<b>ZRA</b>		
1	VAT	4,712,241.00
2	Domestic Excise	3,579,477.00
3	Withholding Taxes	90,283.36
<b>MMMD</b>		
6	Area Charges	11,370.91
7	Valuation Fees	600.00
8	Chemical Analysis	675.00
<b>Total payments</b>		<b>8,394,647.27</b>

The Government Agencies did not disclose any further financial transactions, loans or guarantees with NLC.

The financial statements of NLC are available online. Therefore, we have not been able to collect complete data about the Government transfers, retained earnings, reinvestment and third-party financing. Related to NLC.

##### Nkandabwe Coal Mines Limited

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 licence 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 (NCML) 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 licences from ZCCM-IH and handed them back to Collum Coal Mine. As of 31 March 2018, the company was in the process of being wound up. Nkandabwe Coal Mine Limited remained inactive during 2019 as the company is winding up.

NCML is administered and governed as private company. The Government Agencies did not disclose any further financial transactions, loans or guarantees with NCML.

The financial statements of Nkandabwe Coal Mines Limited (NCM) are available online. Therefore, we have not been able to collect complete data about the Government transfers, retained earnings, reinvestment and third-party financing. Related to NLC.

## 4.7 Exploration and production

### 4.7.1 Main projects in operation and in development

N°	Mining Company	Location	State of work	Other relevant information
1	Kansanshi Mining PLC	Solwezi, North Western Province	Active	Since it started production at Kansanshi opening in 2005, KMP has installed several expansions, and the operation is now capable of producing 340,000 tonnes of copper and more than 120,000 ounces of gold per year. Kansanshi employs more than 13,000 people, primarily Zambians, and utilises state-of-the-art technology to extract copper and gold from three different ore types, with world-class efficiency. The Kansanshi mine is owned and operated by Kansanshi Mining PLC, which is 80 per cent owned by First Quantum <sup>35</sup> .
2	Konkola Mines PLC	Chingola, Copperbelt Province	Active	KCM is Zambia's largest integrated copper producer, with an entire production value chain comprising of open pit and underground mines, concentrators, a state-of-the-art smelter, a tailings leach plant and a refinery. The company has three concentrators, two at Nchanga and one at Konkola. The two Nchanga concentrators (East mill and West mill) were recently modernized <sup>36</sup> .
3	Kalumbila Minerals LTD	50km west of Solwezi in North Western Province of Zambia	Active	Constructed over four years from 2012, Sentinel represents US\$2.1 billion of investment - Zambia's largest infrastructure investment since the Kariba Dam was constructed in 1959. The operation is based on sophisticated technology - including the world's largest steel-ball mills and the world's largest semi-mobile rope shovels <sup>37</sup> .
4	Lumwana Mining LTD	Solwezi	Active	The Lumwana copper mine is a conventional open pit (truck and shovel) operation. It's located about 100 kilometers west of Solwezi in Zambia's Copperbelt – one of the most prospective copper regions in the world. Lumwana ore, which is predominantly sulfide, is treated through a conventional sulfide flotation plant, producing copper concentrate <sup>38</sup> .
5	CNMC Luanshya Copper Mines LTD	Luanshya, Copperbelt	Active	CNMC acquired an 85% stake in Luanshya Copper Mines ("LCM") in 2009 for US\$ 50 million from Enya Holdings BV ("Enya") following the suspension of operations at Baluba Centre Mine in the advent of the Global Financial Crisis. Immediately post-acquisition, CNMC changed the name of the mine to CNMC Luanshya Copper Mines ("CNMC-LCM"), and it initially held an 85% shareholding stake in CNMC-LCM, and later transferred a 5% stake to ZCCM-IH to achieve a 80% : 20% shareholding structure per the terms of the acquisition. Therefore, ZCCM-IH currently holds a 20% stake whilst CNMC holds an 80% stake <sup>39</sup> .
6	NFC Africa Mining PLC	Chambishi, Copperbelt Province	Active	NFCA Africa Mining Plc ("NFCA") was established in March 1998 as the holding company of Chambishi Copper Mine as part of the privatization of Zambia Consolidated Copper Mines Limited ("ZCCM"). It is majority owned by China Non-ferrous Metals Company Limited ("CNMC"), which holds an 85% shareholding stake, whilst ZCCM Investments Holdings Plc holds a 15% shareholding stake <sup>40</sup> .
7	Mopani Copper Mines PLC	Kitwe	Active	Mopani Copper Mines Plc is a Zambian registered copper mine owned by ZCCM-IH (10%), Glencore Plc (73.1%) and First Quantum Minerals Ltd (16.9%). In April 2000, Mopani purchased assets of the Zambia Consolidated Copper Mines Limited (ZCCM) comprising underground mines, a concentrator, a smelter and a refinery at Mufulira mine site and underground mines, open pits, a concentrator and a cobalt plant at Nkana mine site in Kitwe <sup>41</sup> .
8	Chambishi Copper Smelter LTD	Kitwe Copperbelt Province	Active	Chambishi Copper Smelter limited is located in Kitwe, Zambia and is part of the Primary Metals Manufacturing Industry. CCS LIMITED has 26 total employees across all of its locations and generates \$4.29 million in sales (USD) <sup>42</sup> .

<sup>35</sup> <https://www.first-quantum.com/English/our-operations/default.aspx#module-operation--kansanshi>

<sup>36</sup> <https://www.zccm-ih.com.zm/investments/mining-assets/konkola-copper-mines-plc/#Key-Highlights>

<sup>37</sup> <https://www.first-quantum.com/English/our-operations/default.aspx#module-operation--sentinel>

<sup>38</sup> <https://www.barrick.com/English/operations/lumwana/default.aspx>

<sup>39</sup> <https://www.zccm-ih.com.zm/investments/mining-assets/cnmc-luanshya-copper-mines-plc/#Profile-Brief>

<sup>40</sup> <https://www.zccm-ih.com.zm/investments/mining-assets/nfc-africa-plc/#Profile-Brief>

<sup>41</sup> <https://www.zccm-ih.com.zm/investments/mining-assets/mopani-copper-mines-plc/#Profile-Brief>

<sup>42</sup> [https://www.dnb.com/business-directory/company-profiles.chambishi\\_copper\\_smelter\\_limited.60a3261177a0ba5e026fb97708a6d83a.html](https://www.dnb.com/business-directory/company-profiles.chambishi_copper_smelter_limited.60a3261177a0ba5e026fb97708a6d83a.html)

N°	Mining Company	Location	State of work	Other relevant information
9	Dangote Cement Zambia LTD	Ndola Copperbelt Province	Active	Our 1.5mta plant in Ndola, 271km from Lusaka opened in the second quarter of 2015. The plant produces 42.5-grade cement to compete against the lower-grade but dominant 32.5 products in the market. Aside from selling into local markets in the Copperbelt region, it will export cement to the mining regions of the Democratic Republic of Congo and Rwanda. The plant has reserves of more than 240 million tonnes of limestone <sup>43</sup> .
10	Maamba Collieries LTD	Maamba, Sinazongwe, Southern Province	Active	Maamba Collieries Limited (MCL) has the largest coal mining concession and since commissioning in July 2016, operates the only coal-fired Thermal Power Plant in Zambia, adopting modern, eco-friendly mining and processing methods. As the largest Independent Power Producer in the country, the 300MW mine-mouth power plant at Maamba, caters to the growing demand for power and accounts for over 10% of the generation capacity, thereby contributing to the energy security and economic development of the nation <sup>44</sup> .
11	Kagem Mining LTD	Copperbelt Provinc	Active	The Kagem emerald mine is the world's single largest producer of emeralds and accounts for approximately 25% of global emerald production. It covers an area of approximately 41 square kilometres and is located in the central part of the Ndola Rural Emerald Restricted Area ("NRERA"), in the Copperbelt Province of Zambia <sup>45</sup> .
09	lafarge Cement Zambia PLC	Lusaka	Active	Lafarge Zambia operates 2 integrated cement plants (situated in Ndola and Lusaka) with a total production capacity of 1.4 million tonnes per annum.

## 4.7.2 Production

### Base and precious metals

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

**Table 53: Production of base and precious metals 2019**

Commodity	Unit	Production Quantity	Unit Value (US \$) (*)	Production Value (US \$ million)
Copper	Metric tonne (mt)	807,447	6,004.6	4,848.4
Gold	Kg	3,913	49,115.8	192.2
<b>Total</b>				<b>5,040.6</b>

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

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

<sup>43</sup> <https://www.dangotecement.com/operations/zambia/>

<sup>44</sup> <http://maambacoal.com/>

<sup>45</sup> <https://gemfields.com/our-mines-assets/kagem/>



**Table 54: Breakdown by company of the production of base and precious metals 2019**

Commodity	Company	Unit	Production Quantity	Production Value (US \$ million)
Copper	KANSANSHI MINING PLC	Metric tonne (MT)	235,015.90	1,411.2
	KALUMBILA MINERALS LIMITED	Metric tonne (MT)	220,006.14	1,321.1
	LUMWANA MINING COMPANY LIMITED	Metric tonne (MT)	107,902.24	647.9
	KONKOLA COPPER MINES PLC	Metric tonne (MT)	61,943.04	371.9
	LUANSHYA COPPER MINE	Metric tonne (MT)	54,115.75	324.9
	NFC AFRICA MINING PLC	Metric tonne (MT)	39,371.84	236.4
	MOPANI COPPER MINES PLC	Metric tonne (MT)	30,078.79	180.6
	LUBAMBE COPPER MINE LTD	Metric tonne (MT)	23,014.89	138.2
	SINO METALS	Metric tonne (MT)	11,069.47	66.5
	CHIBULUMA MINES PLC	Metric tonne (MT)	6,021.17	36.2
	Chambishi Metals Plc (*)	Metric tonne (MT)	2,242.77	13.5
	Other companies	Metric tonne (MT)	16,665.08	100.1
	Gold	KANSANSHI MINING PLC	Kg	3,858.00
NFC AFRICA MINING PLC		Kg	54.75	2.7
KONKOLA COPPER MINES PLC		Kg	0.18	0.0
<b>Total</b>			<b>5,040.6</b>	

(\*) the production of CCS consists of toll treated concentrates already declared as production by other operations

#### Industrial metals

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

**Table 55: Production of industrial metals and precious stones 2019**

Commodity	Unit	Production Quantity	Unit Value (US \$)	Production Value (US \$ million)
Coal (***)	Metric tonne (mt)	335,042	65.8	22.1
Emerald and Beryl (****)	Kg	23,705		10.8
Limestone (***)	Metric tonne (mt)	1,255	394.3	0.5
Quicklime (***)	Metric tonne (mt)	31,665	157.2	5.0
Hydrated Lime (***)	Metric tonne (mt)	22,332	150.1	3.4
Mn Manganese Ores (*)	Metric tonne (mt)	15,904	938.9	14.9
Fe Manganese Ores (*)	Metric tonne (mt)	400	1,917.4	0.8
Cement (***)	Metric tonne (mt)	2,969,161	139.3	413.6
Cobalt (*)	Metric tonne (mt)	379	36,500.8	13.8
Silver (*)	Kg	232	571.3	0.1
Quartz (**)	Kg	900		
Amethyst (**)	Kg	1,104,372		
Dolomite (**)	Kg	617,203		
<b>Total</b>				<b>484.9</b>

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

(\*\*) MMMD does not assign a value to the production of the industrial minerals and precious stones. Therefore, we were unable to estimate the value of Amethyst, Quartz and Dolomite

(\*\*\*) Production value is estimated from the 2019 mineral prices.

(\*\*\*\*) Production value is estimated from the annual Lusaka Auction results<sup>46</sup>

<sup>46</sup> <https://www.gemfieldsgroup.com/lusaka-emerald-auction-results-2019/>



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

**Table 56: Breakdown by company of the production of industrial metals 2019**

Commodity	Company	Unit	Production Quantity	Unit Value (US \$ )	Production Value (US \$ million)
Coal	COLLUM COAL MINING INDUSTRIES LTD	Metric tonne (MT)	246,529	65.8	16.2
	MAAMBA COLLIERIES LIMITED	Metric tonne (MT)	88,513	65.8	5.8
Emerald and Beryl	Grizzly Mining	Kg	13,392	N/A	N/A
	Kagem Mining Limited	Kg	10,312	N/A	N/A
Mn Manganese Ores	Troy Simutunda	Metric tonne (mt)	1,200	938.9	1.1
	SAN HE (ZAMBIA) LIMITED	Metric tonne (mt)	9,842	938.9	9.2
	Taurian Copper Limited	Metric tonne (mt)	8	938.9	0.0
	BLUE OCEAN MINERAL AND METALS	Metric tonne (mt)	735	938.9	0.7
	Bengemor Mining Limited	Metric tonne (mt)	980	938.9	0.9
	Danny Chewe Mwila	Metric tonne (mt)	117	938.9	0.1
	George Nason Kangwa	Metric tonne (mt)	1,250	938.9	1.2
	Martin Azere Tembo	Metric tonne (mt)	1,771	938.9	1.7
Fe Manganese Ores	George Nason Kangwa	Metric tonne (mt)	400	1,917.4	0.8
Cement	Dangote Quarries Zambia Limited	Metric tonne (MT)	965,588	139.3	134.5
	Lafarge Cement	Metric tonne (MT)	878,052	139.3	122.3
	Zambezi Portland Cement	Metric tonne (MT)	505,496	139.3	70.4
	Scirrococo	Metric tonne (MT)	18,582	139.3	2.6
	Baudot	Metric tonne (MT)	14,028	139.3	2.0
	Mphande limestone limited	Metric tonne (MT)	587,415	139.3	81.8
Cobalt	Konkola Copper Mines Plc	Metric tonne (mt)	379	36,500.8	13.8

Furthermore, the in-scope companies were requested to disclose the production data in volume and value and disaggregated by licence code. The production data as reported by the in-scope companies is presented in Annex 11 of this report.

#### 4.7.3 Exports

Exports data for 2019 has been collected from the BoZ Annual report 2019 and from the Customs Department in ZRA.

The table below summarizes the base and precious metals exports according to BOZ Annual Report 2019:

**Table 57: Exports of base and precious metals in 2019**

Commodity	Unit	Volume	Exports Value (US \$ million)
Copper	Metric tonne (MT)	836,234	4,994.49
Gold	Kg	3,916	196.39
<b>Total</b>			<b>5,190.88</b>

Source: BoZ annual report 2019, p.19

The table below summarizes the industrial metals and precious stones exports in 2019 according to ZRA data and BOZ Annual Report 2019:

**Table 58: Exports of industrial metals and precious stones in 2019**

Commodity	Unit	2019	
		Volume	Exports Value (US \$ million)
Gemstones (**)	Kg	n/a	149.50
Manganese Ores/Concentrates (*)	Metric tonne (MT)	87,182	11.92
Cement & Lime (**)	Metric tonne (MT)	n/a	168.80
Cobalt (**)	Metric tonne (MT)	1,271	42.68
<b>Total</b>			<b>372.90</b>

(\*) ZRA exports data.

(\*\*) BoZ Annual Report 2019.

The table below summarises the evolution of the average realised price per commodity between 2019 and 2018:

	2019	2018	Var	
	(US \$)	(US \$)	Value	%
Copper (US\$/MT)	5,972.60	6,385.80	-413.20	-6%
Cobalt (US\$/MT)	33,575.70	67,382.00	-33,806.30	-50%

According to the data provided by ZRA, the exports of minerals in Zambia amounted to ZMW 70,061.16 million in 2019 (equivalent of US\$ 5,422.21 million). The volume and value for each commodity is presented in the Annex 12.

## 4.8 Revenue collection

### 4.8.1 Sectors covered by the report

The ZEITI 2019 Report covers revenues from the mining and quarrying sector. Zambia has also few operators in the hydrocarbon sector who are in the exploration phase. The report covers also the revenues from the petroleum exploration activities.

### 4.8.2 Cash revenues

#### 4.8.2.1 Payment streams included in the scope of the report

All the flows provided for by the Mines and Minerals Development Act, 2015 and the Petroleum (Exploration and Production) Act 2008 have been included in the scope of the report. Furthermore, the report covers all flows resulting from common law taxation (Income Tax Act, Customs and Excise Act, the Property Transfer Tax Act and the Value Added Tax Act and other related legislations).

In addition, the scope includes social payments, as well as environmental payments as well as payments relating to possible barter transactions without application of a materiality threshold.

The reporting entities listed in the following sections have been requested to report all payments for the payment streams included in the scope as well as any other significant payment exceeding 20 million ZMW.

The list of flows retained in the scope of the report is as follows:

N <sup>o</sup>	Description of payment	Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
<b>MMMD</b>				
1	Licence Fees / Application Fees	V		
2	Area Charges	V		
3	Analysis, Valuation, Export permit Fees	V		
4	Other fees & charges	V		
<b>EPF</b>				
5	Environmental Protection Fund	V		
<b>ZRA</b>				
6	Pay- As-You-Earn	V		
7	Company Income Tax (including Provisional Tax)			V
8	Withholding Taxes	V		
9	Property Transfer Tax	V		
10	Mineral Royalty	V		
11	Export Levy	V		
12	Import VAT			V
13	Import/Customs Duty	V		
14	Excise Duty - Electrical Energy	V		
15	VAT			V
16	Withholding VAT (WHVAT)			V
17	VAT refundable		V	
18	VAT refunds		V	
19	Balance VAT refundable		V	
<b>Local Councils</b>				
20	Annual Business Fees	V		
21	Property Rates	V		
<b>MoL</b>				
22	Ground Rent	V		
23	Registration Fees	V		
24	Others-Invitation to Treat / Title Deeds	V		
<b>MoF</b>				
25	Dividends from Government Shares	V		
26	Revenues from GRZ shareholding sale	V		
<b>ZCCM-IH</b>				
27	Dividends from ZCCM-IH Shares	V		
28	Price participation fees	V		
29	Revenues from ZCCM-IH shareholding sale	V		

N°	Description of payment	Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
<b>Social Payments</b>				
30	Corporate Social Responsibility In kind payments		✓	
31	Corporate Social Responsibility cash payments		✓	
<b>Other Significant Payments</b>				
32	Other Significant Payments		✓	

The definition and description of each flow is presented in Annex 8.

#### 4.8.2.2 Reconciliation scope

##### (i) Scope of the payment streams

As presented in Section 3.1, ZEC agreed to apply the flexible reporting approach. The payments streams retained for reconciliation and the payment streams unilaterally disclosed by Government Agencies are Section 3.1.1.

##### (ii) Scope of the mining companies

ZEC agreed to companies with total contribution to the Government revenues in 2019 exceeding the threshold of ZMW 100 million. The list of the companies is as follows

**Table 59 - List of companies involved in the reconciliation exercise 2019**

N°	Company
<b>Mining companies</b>	
1	KANSANSHI MINING PLC
2	KALUMBILA MINERALS LIMITED
3	LUMWANA MINING COMPANY LIMITED
4	CHAMBISHI COPPER SMELTER LIMITED
5	MOPANI COPPER MINES PLC
6	KONKOLA COPPER MINES PLC
7	FIRST QUANTUM MINING AND OPERATIONS LTD
8	CNMC LUANSHYA COPPER MINES PLC
9	MAAMBA COLLIERIES LIMITED
10	NFC AFRICA MINING PLC
11	LUBAMBE COPPER MINE LIMITED
12	KAGEM MINING LIMITED
13	SINO-METALS LEACH ZAMBIA LTD
14	LAFARGE CEMENT ZAMBIA PLC
15	DANGOTE CEMENT ZAMBIA LIMITED
<b>State-owned Enterprise</b>	
16	ZCCM-IH

This threshold was retained by ZEC on the basis of provisional data collected during the scoping phase with the objective of covering 93.42% of revenues from the mining sector through reconciliation work.

##### (iii) Scope of the Government Agencies

Based on the list of payment streams included in the scope, the following Government Agencies and the State-owned enterprises were involved in the 2019 ZEITI Report:

**Table 60 - Proposed Government Agencies scope for ZEITI Report 2019**

Ministries			
1	Zambian Revenue Authority (ZRA)	3	Ministry of Lands
2	Ministry of Mines and Minerals Development	4	Ministry of Finance
State-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	25	Mansa District Council

As only CIT, Import VAT, VAT and WVAT are reconciled, ZRA is the sole Government Agency involved in the reconciliation scope.

#### 4.8.3 In-kind revenues

According to the provisions of the MMDA 2015 as well as the general taxation laws, all tax and non-tax revenues from the mining sector are received in cash. Furthermore, all the Petroleum licences are still in the exploration phase and do not provide in-kind payments. .

In conclusion, the in-kind revenues stated in the Req 4.2 of the EITI Standard (2019) are not applicable in the context of Zambia.

#### 4.8.4 Infrastructure provisions and barter arrangements

In accordance with Req 6.3 of 2019 EITI Standard, the reporting entities were requested to disclose infrastructure provisions and barter arrangements in mining and petroleum sectors in Zambia.

Kansanshi Mining Plc (KMP) reported infrastructure works provided to Solwezi Municipal Council in 2019 in application of a Memorandum of Understanding (MoU) signed between both parties in 2019. According to the MoU, KMP has requested from Solwezi Municipal Council to allow it to carry out some projects on the Council budget in lieu of portion of the property rates that KMP owe the Council (ZMW 26,632,723.94 per annum). The Council granted to KMP a retention of ZMW 6,632,723.94 to various development projects based on the Council annual work plan and budget. The remainder of ZMW 20,000,000 was paid to the council in cash in 2019. The MoU shall remain in force up to 31 December 2019 subject to renewal.

The total estimated budget of the works to be performed according to the MoU is ZMW 5,813,094.62. The detail of the estimated budget is presented in the Annex 9. According to the EITI Report 2019 of KMP, the value of local township roads delivered by KMP to Solwezi Council amounted to USD 637,782.00 in 2019 (equivalent of ZMW 8,241,610.34).

#### 4.8.5 Transportation revenues

The transport of minerals is subject to an administrative authorisation which does not subsequently give any right to a mining title. In practice, copper, the main ore produced in Zambia, is transported by the own means of mining companies. Therefore, transportation costs are included in the operating expenses. Apart from taxes on vehicles which are not significant in the context of Zambia, the fiscal regime does not provide for specific payment streams generated by the transport of minerals.

In conclusion, there is no significant revenues from the transport of minerals according to Requirement 4.4 of the EITI Standard (2019).

## 4.8.6 Transactions related to State-owned enterprises (SOEs)

### 4.8.6.1 Transactions with the Government Agencies

The role of State-owned enterprises operating in the mining sector as well the transfers from the SOEs to the Government Agencies and the transfers from Governments Agencies to the ZCCM-IH are detailed in section 4.6.3 of this report.

### 4.8.6.2 Transactions with the mining companies

The transfers from the mining companies to ZCCM-IH in 2019 are presented as follows:

**Table 61 - Transfers from the mining companies to ZCCM-IH**

	USD
<i>Dividends and interests received from extractive companies</i>	
Dividends from KMP	9,400,000.00
Price Participation Fees received from KCM	11,966,178.54
Price Participation Interest received from KCM	126,461.32

## 4.8.7 Subnational payments

These payments include fees paid by extractive companies to the Ministry of Local Government and Housing (MoLGH), and specifically the Local Councils. These payments consist mainly of property rates and annual business fees. These payments reconciled in Section 3.3 of this report and summarised by local council as follows

**Table 62 - Receipts of the Local Councils from the mining companies in 2019**

Local Council	Business Fees (ZMW million)	Property Rates (ZMW million)	Manganese Levy (ZMW million)	Total
Chililabombwe Council	0.04	11.24	-	11.28
Chingola Council	-	11.00	-	11.00
Kabwe Council	-	0.10	-	0.10
Kafue Council	0.47	-	-	0.47
Lufwanyama Council	-	2.08	-	2.08
Mansa Council	-	-	1.18	1.18
Mazabuka Council	-	0.29	-	0.29
Mumbwa Council	-	0.12	-	0.12
Ndola Council	-	5.05	-	5.05
Siavonga Council	0.03	-	-	0.03
Sinazongwe Council	0.03	1.20	-	1.23
Solwezi Council	-	26.56	-	26.56
Zimba Council	0.01	0.00	-	0.01
Kitwe Council	-	4.10	-	4.10
Luanshya Council	-	10.85	-	10.85
Kalulushi Council	-	22.20	-	22.20
Chilanga Council	0.05	1.74	-	1.79
Kalumbila Council	-	35.75	-	35.75
Mufulira Council	-	7.50	-	7.50
<b>Total</b>	<b>0.63</b>	<b>139.79</b>	<b>1.18</b>	<b>141.60</b>

## 4.8.8 Level of disaggregation

### 4.8.8.1 Level of disaggregation agreed by ZEC

The reporting entities included in the reporting scope were asked to report their data:

- by administration or public entity for each company retained in the conciliation perimeter;
- by company (or taxpayer) for public entities included in the scope
- by type of flow for all reporting entities
- by project for all reporting companies

Reporting entities were also asked to report data on production and exports by project.

### 4.8.8.2 Definition of the term 'project'

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 licence that gives rise to payments.

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”.

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.

Hence, the reporting entities were requested to disclose the licence number for each of the payments as detailed in Table 7 below as well as the production and the exports data. Furthermore, an additional column named “Field Name” will be added to the reporting templates in order to identify the location and name of the mine.

We understand from the previous ZEITI Report and corrective actions that the reporting Government Agencies, namely ZRA, MoL and the local councils are not able to report the payments, production and exports disaggregated by project. According to discussions with these Government Agencies officials, the actual system used for recording and accounting the receipts does not allow to enter the licence code when recognising the revenues and does allow the extraction of the revenues disaggregated by licence code.

Therefore, reporting templates were distributed to the in-scope mining companies in order to collect data (payments, production and exports) broken down by project.

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

**Table 63 - Payment flows to be disclosed at project level**

Reporting Items	Must be Disclosed by project
<b>MMMD</b>	
Licence Fees / Application Fees	✓
Area Charges	✓
Analysis, Valuation, Export permit Fees	✓
Other fees & charges	✓
<b>EPF</b>	
Environmental Protection Fund	x
<b>ZRA</b>	
Pay-As-You-Earn	x
Company Income Tax (CIT)	x
Withholding Taxes	x
Property Transfer Tax	✓
Mineral Royalty	✓
Export Levy	x
Import VAT	x

Reporting Items	Must be Disclosed by project
Import/Customs Duty	x
Excise Duty	x
VAT	x
Withholding VAT (WHVAT)	x
VAT refundable	x
VAT refunds	x
<b>Local Councils</b>	
Annual Business Fees	√
Property Rates	√
<b>MoL</b>	
Ground Rent	√
Registration Fees	√
Others-Invitation to Treat / Title Deeds	√

#### 4.8.8.3 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 represent 70.09% of the total payments required to be detailed by project:

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

**Table 64 - Payment flows disclosed at project level**

N°	Description of payment	Required to be disclosed by project	Payments reported by in-scope companies in 2019 (ZMW)	Payments disclosed by project (ZMW)	%
<b>MMMD</b>			<b>22,363,683</b>	<b>16,520,680</b>	<b>73.87%</b>
1	Licence Fees / Application Fees	√	839,295	489,964	58.38%
2	Area Charges	√	6,959,182	4,919,376	70.69%
3	Analysis, Valuation, Export permit Fees	√	2,721,847	2,721,847	100.00%
4	Other fees & charges	√	11,843,359	8,389,493	70.84%
<b>ZRA</b>			<b>4,416,416,535</b>	<b>3,097,980,101</b>	<b>70.15%</b>
7	Mineral Royalty	√	4,414,165,089	3,097,679,821	70.18%
8	Property Transfer Tax	√	2,251,446	300,280	13.34%
<b>Local Councils</b>			<b>113,353,610</b>	<b>78,937,191</b>	<b>69.64%</b>
8	Annual Business Fees	√	363,213	253,268	69.73%
9	Property Rates	√	112,990,397	78,683,922	69.64%
<b>MoL</b>			<b>4,151,228</b>	<b>440,551</b>	<b>10.61%</b>
10	Ground Rent	√	4,151,228	440,551	10.61%
<b>Total</b>			<b>9,090,206,429</b>	<b>6,371,236,365</b>	<b>70.09%</b>

The companies which did not provided the detail by project as required by the EITI reporting guidelines 2019 are detailed in Annex 13



Table 65 - Details of payment flows disclosed at project level

No.	Company	Licence n°	Licence Fees	Area Charges	Analysis, Valuation, Fees	Other fees & charges	Mineral Royalty	Property transfer tax	Annual Business Fees	Property Rates	Ground Rent
1	KANSANSHI MINING PLC	17019 HQ LEL 7057-HQ-LML	3,000				1,327,238,817			20,073,414	
2	KONKOLA COPPER MINES PLC	7074-HQ-LML		16,170						2,400,000	
		7075 - HQ - LML		192,715						12,380,059	369,292
		7076 - HQ - LML		120,678						9,002,800	
		102099 - HQ - MPL		4,146							
		20945 - HQ - MPL		4,146							1,246,197
		14523 - HQ - LPL		93,153							
3	LUMWANA MINING COMPANY LIMITED	19168 - HQ - LPL		221,985							
		8089-HQ-LML		410,791							
		9000-HQ-LML		402,817							
		9001-HQ-LML		279,806							
		9002-HQ-LML		357,665							
4	MOPANI COPPER MINES PLC	9003-HQ-LML		144,236							
		9004-HQ-LML		408,961							
4	MOPANI COPPER MINES PLC	7625 HQ -LML		169,357				110,200		8,110,946	
		7073 HQ -LML		334,863			2,820,000			6,875,000	
5	KALUMBILA MINERALS LIMITED	15868 HQ LML		416,760			1,228,300,934				
		15869 HQ LML		409,396							
		15870 HQ LML		403,032							
		15871 HQ LML		125,291							
		15872 HQ LML		236,910							
6	FQMO	8480-HQ-LEL		52,309							
7	CCS	8403-HQ-LML			666,258		343,620,494			8,841,180	
8	MAAMBA COLLIERIES LIMITED	7058 LML	100,450	113,415		5,569,493	28,973,102		25,000	1,209,105	
		7174 SML		775							
9	NFC AFRICA MINING PLC	7069-HQ-LML					165,888,117	190,080		6,208	
10	LUBAMBE COPPER MINE	7061-HQ-LML	384,064		2,055,588					4,606,117	
11	Dangote Cement Zambia	16773-HQ-LML	2,450				3,658,358		228,268	3,932,897	71,258
	<b>Sub-total</b>		<b>489,964</b>	<b>4,919,376</b>	<b>2,721,847</b>	<b>8,389,493</b>	<b>3,097,679,821</b>	<b>300,280</b>	<b>253,268</b>	<b>78,683,922</b>	<b>440,551</b>
	<b>Total reported by extractive companies</b>		<b>839,295</b>	<b>6,959,182</b>	<b>2,721,847</b>	<b>11,843,359</b>	<b>4,414,165,089</b>	<b>2,251,446</b>	<b>363,213</b>	<b>112,990,397</b>	<b>4,151,228</b>
	<b>%</b>		<b>58.38%</b>	<b>70.69%</b>	<b>100.00%</b>	<b>70.84%</b>	<b>70.18%</b>	<b>13.34%</b>	<b>69.73%</b>	<b>69.64%</b>	<b>10.61%</b>

#### 4.8.9 Data timeliness

ZEC agreed that the 2019 ZEITI Report will be based on data for the fiscal year 2019, which is from 1 January 2019 to 31 December 2019.

The revenue streams included in the reconciliation scope relate only to the payments made by companies and revenues received by Government Agencies in 2019. 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.

#### 4.8.10 Data quality and assurance

##### 4.8.10.1 Audit and assurance practices and controls in Zambia

###### *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>47</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 provides 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:

- at least one partner of the firm is ordinarily resident in Zambia;
- all or some of the partners, including the partner who is ordinarily resident in Zambia, are qualified for appointment as auditors;
- the firm is not indebted to the company; or
- 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.

###### *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.

<sup>47</sup> Source: <https://www.zica.co.zm/financial-reporting/>

### 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>48</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>49</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.

#### 4.8.10.2 Assessment of the audit procedures

##### 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 2019 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.

<sup>48</sup> Source : <https://www.zica.co.zm/public-sector/>

<sup>49</sup> <http://www.ago.gov.zm/report.html>

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 2019 ZEITI report.

#### Extractive companies

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 were 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 2019 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.

#### 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; and
- Non-submission of payment details for the amounts reported also 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.
- 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 ZMW million)	% based on revenue stream	Assessment
Provided RT signed by an authorized officer	14	17,408.83	96.18%	High
Did not provide RT signed by an authorized officer	1	690.56	3.82%	Low
<b>Total</b>	<b>15</b>	<b>18,099.39</b>	<b>100%</b>	

Based on the ZEC agreed assurance procedures, we conducted the Final Assessment of Assurance after the reconciliation of the financial data. For companies, 96% of the total revenues reconciled was assessed within high level while 4% were assessed within low level.

All the revenues reported by the Government Agencies are assessed with high level of assurance as all the in-scope Government Agencies submitted signed confirmation letters with regards to the completeness and reliability of the reported payments.

## 4.9 Revenue allocation

### 4.9.1 Distribution of extractive industry revenues

#### 4.9.1.1 Revenues recorded in the national budget

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.

#### 4.9.1.2 Revenues allocated to specific funds

##### (i) Environmental Protection Fund

Payments to the Environmental Protection Fund (EPF) amounted to USD 1,261,467 in 2019.

EPF has been set up with the appointment of EPF committee members by the Minister of Mines. It aims to: (i) provide assurance to the Director of the Mines Safety Department that the developer shall execute environmental and social impact statements in accordance with the Mines and Minerals (Environmental) Regulations 1997; and (ii) 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 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 31 December 2019, a total of USD 29.7 million was held in the fund.

##### (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 3.3 of this report.

#### 4.9.2 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.

#### 4.9.3 Flow chart of extractive revenue 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 4.6.2 of this Report).

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





Stages	Description
Publishing	<p>not. The Report of the Auditor General on the accounts are available on the OAG website<sup>50</sup>. The Auditor General follows the standards issued by the International Organization of Supreme Audit Institutions (INTOSAI).</p> <p>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.</p> <p>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>51</sup></p>

## 4.10 Social and economic spending

### 4.10.1 Social expenditures by extractive companies

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 2019 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

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	-	45.727	45.727
2	KONKOLA COPPER MINES PLC	4.450	-	4.450
3	LUMWANA MINING COMPANY LIMITED	9.037	-	9.037
4	MOPANI COPPER MINES PLC	234.009	-	234.009
5	KALUMBILA MINERALS LIMITED	1.781	53.626	55.407
6	FIRST QUANTUM MINING AND OPERATIONS LTD	-	-	-
7	CHAMBISHI COPPER SMELTER LIMITED	-	-	-
8	ZCCM INVESTMENTS HOLDINGS PLC	0.450	-	0.450
9	MAAMBA COLLIERIES LIMITED	-	7.144	7.144
10	NFC AFRICA MINING PLC	-	-	-
11	LUBAMBE COPPER MINE LTD	4.691	-	4.691
12	KAGEM MINING LTD	0.990	-	0.990
13	SINO METALS LEACH ZAMBIA LTD	-	-	-
14	LAFARGE CEMENT ZAMBIA PLC	1.604	0.453	2.057
15	DANGOTE CEMENT ZAMBIA LTD	-	0.050	0.050
16	CNMC LUANSHYA COPPER MINES PLC	2.185	-	2.185
		259.197	107.000	366.197

<sup>50</sup> <http://www.ago.gov.zm>

<sup>51</sup> <http://www.mof.gov.zm/>



All these payments are voluntary social payments. The breakdown by beneficiary is set out in the Annexe 8.

#### 4.10.2 Environmental expenditures by extractive companies

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 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.

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>52</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>53</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>52</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>53</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. As at 31 December 2019, a total of USD 29.7 million was held in the fund.

According to the data provided by ZEITI Secretariat, the payments to the EPF amount to USD 1,261,447 (equivalent to ZMW 16,300,797) in 2019.

With regards to the in-scope companies, they reported payments to EPF as follows:

	Company	Amount (ZMW)
1	KALUMBILA MINERALS LIMITED	17,327,251.20
2	ZCCM INVESTMENTS HOLDINGS PLC	760,740.00
3	DANGOTE CEMENT ZAMBIA LTD	17,250.00
		<b>18,105,241.20</b>

### 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>54</sup>.

#### 4.10.3 Local content

According to the Section 20 of the MMDA 2015, a holder of a mining right or a mineral processing licence shall, in the conduct of mining operations or mineral processing operations and in the purchase, construction, installation and decommissioning of facilities, give preference to the:

- materials and products made in Zambia; and
- contractors, suppliers and service agencies located in Zambia and owned by citizens or citizen-owned companies.

A holder of a mining right or mineral processing licence shall, in the course of operations:

- give preference in employment to citizens with relevant qualifications or skills; and
- conduct training programmes for the transfer of technical and managerial skills to Zambians.

#### 4.10.4 Quasi-fiscal expenditures

According to Req 6.2 of the EITI Standard (2019), Quasi-fiscal expenditures include arrangements whereby SOEs undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process.

<sup>54</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>

The definition agreed by the MSG covers all expenditures introduced by simple administrative decision and that are not recorded in budget reporting and which are initiated by GoZ to achieve a variety of objectives, such as promoting certain activities, redistributing income or collecting revenue.

In the context of extractive industries and after taking into account of IMF definition of Quasi-fiscal activities, the MSG has identified the following types of quasi fiscal expenditures

- Loan guarantees
- national debt servicing
- Charging less than commercial prices
- Provision of non-commercial services (e.g., social services/ public infrastructure)
- Pricing for budget revenue purpose
- Paying above commercial prices to suppliers
- Fuel subsidies

The State-owned enterprises and Government Agencies have been requested to disclose any quasi-fiscal expenditures made in 2019. ZCCM-IH has confirmed that there were no quasi-fiscal expenditures during the year 2019. Details on the financial relationship of ZCCM-IH with the Government Agencies are presented in Section 4.6.3 of this report.

In conclusion, quasi-fiscal expenditures as defined in Requirement 6.2 of the EITI 2019 Standard is not applicable for the period covered by this report.

#### 4.10.5 The contribution of the extractive sector to the economy

##### 4.10.5.1 Contribution to GDP

The Zambian GDP (at constant prices) declined by 24.4% between 2018 and 2019. Furthermore, the mining and quarrying GDP's decreased by 30.2%. The contribution of the sector to the overall GDP's decreased by 0.8%.

	2019 (ZMW billion)	2018 (ZMW billion)	2017 (ZMW billion)
<i>Mining and quarrying GDP at constant prices</i>	10.4	14.9	14.0
<b>GDP constant prices</b>	<b>105.2</b>	<b>139.2</b>	<b>134.3</b>
<i>% contribution of mining sector to the GDP</i>	9.9%	10.7%	10.4%

Source: 2019-Economic-Report

Information about the contribution of the informal mining sector to the economy of Zambia is not available.

##### 4.10.5.2 Contribution to Government revenues

Total government revenue and grants in 2019, at ZMW 61.3 billion, were 14.8% higher than 2018. This was largely attributed to higher collections in income tax, international trade taxes and non-tax revenue. Domestic revenue accounted for 98.7% of the total revenue i.e. ZMW 60.5 billion.

The contribution of the mining sector to the total revenues (Tax and non-tax revenues) represents 26.73% in 2019:

Payments	Extractive Revenues (ZMW million) <sup>55</sup>	Total Government Revenues (ZMW million) <sup>56</sup>	% of extractive sector
<b>Tax Revenue</b>	<b>13,182.19</b>	<b>48,400</b>	<b>27.24%</b>
<i>Income tax</i>	<i>5,975.92</i>	<i>23,800</i>	<i>25.11%</i>
<i>Of which Personal Tax</i>	<i>2,772.84</i>	<i>11,700</i>	<i>23.70%</i>
<i>Of which Company Tax</i>	<i>3,203.09</i>	<i>7,500</i>	<i>42.71%</i>
<i>Excise Taxes</i>	<i>188.06</i>	<i>4,000</i>	<i>4.70%</i>
<i>Domestic VAT</i>	<i>3,022.40</i>	<i>6,100</i>	<i>49.55%</i>
<i>Other taxes</i>	<i>3,995.81</i>	<i>14,500</i>	
<b>International Trade Taxes</b>	<b>3,208.78</b>	<b>14,100</b>	<b>22.76%</b>
<i>Import Duties</i>	<i>1,205.86</i>	<i>3,500</i>	
<i>Import VAT</i>	<i>2,002.92</i>	<i>10,600</i>	
<b>Non-tax Revenue</b>	<b>4,322.29</b>	<b>12,100</b>	<b>35.72%</b>
<i>Fees and Charges</i>	<i>45.32</i>	<i>5,500</i>	<i>0.82%</i>
<i>Dividends and Interest</i>	<i>75.96</i>	<i>1,800</i>	<i>4.22%</i>
<i>Extraction Royalty</i>	<i>4,201.01</i>	<i>4,300</i>	<i>97.70%</i>
<b>Total Revenues</b>	<b>20,713.25</b>	<b>74,600</b>	<b>27.77%</b>

#### 4.10.5.3 Exports

The extractive sector accounts on average for 77.0% of export earnings in 2019 with a large contribution of Copper which accounts for over 90% of the total sector exports as shown in the table below:

	2019 (US \$ million)	2018 (US \$ million)	2017 (US \$ million)
<i>Mining and quarrying Exports (*)</i>	<i>5,570.20</i>	<i>7,074.40</i>	<i>6,511.90</i>
<b>Zambia Exports (fobs) (*)</b>	<b>7,228.10</b>	<b>9,029.40</b>	<b>8,215.50</b>
<b>% contribution of mining sector to Exports</b>	<b>77.0%</b>	<b>78.4%</b>	<b>79.3%</b>

(\*) Source: Annual economic report 2019, p.59

#### 4.10.5.4 Employment

According to the Labour Force Survey published by the Central Statistical Office, the mining companies employs directly about 73,203 individuals representing 2.4% of total Country's 2019 employed persons of 2,995,103<sup>57</sup>. Of these people 62,741 are male representing 85.7% while 10,462 are female representing 14.3%.

The employment reported by the in-scope companies is presented in Section 5.2.

<sup>55</sup> Source : EITI Data

<sup>56</sup> Source : BoZ Annual Report 2019, Table 2.12

<sup>57</sup> Labour Force Survey Report 2019

<https://www.zamstats.gov.zm/index.php/publications/category/7-labour>



## 5 ANALYSIS OF REPORTED DATA

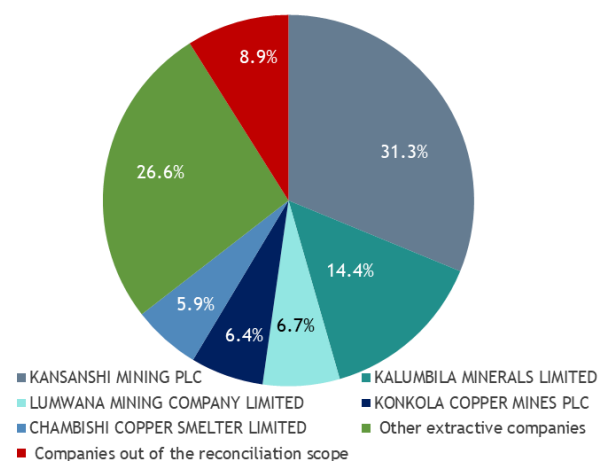
## 5. ANALYSIS OF THE REPORTED DATA

### 5.1 Analysis of Government Revenues

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

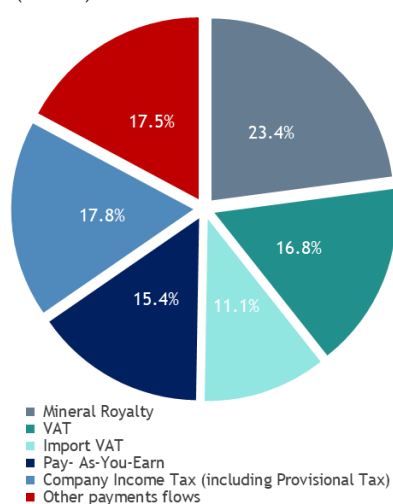
The analysis of payments by companies' contribution indicates that 5 companies contributed approximately 64.6% to the total payments in 2019 and that Kansanshi Mining Plc accounts for almost 32% of the country's extractive receipts for that period

No.	Company	Total payments to Government (ZMW million)	% of total Government revenues
1	KANSANSHI MINING PLC	5,739.10	31.3%
2	KALUMBILA MINERALS LIMITED	2,635.60	14.4%
3	LUMWANA MINING COMPANY LIMITED	1,230.33	6.7%
4	KONKOLA COPPER MINES PLC	1,168.95	6.4%
5	CHAMBISHI COPPER SMELTER LIMITED	1,086.82	5.9%
6	MOPANI COPPER MINES PLC	1,046.71	5.7%
7	FIRST QUANTUM MINING AND OPERATIONS LTD	973.65	5.3%
8	CNMC LUANSHYA COPPER MINES PLC	831.62	4.5%
9	MAAMBA COLLIERIES LIMITED	556.81	3.0%
10	NFC AFRICA MINING PLC	301.91	1.6%
11	LUBAMBE COPPER MINE LTD	298.36	1.6%
12	Dangote Quarries Zambia Limited	137.93	0.8%
13	LAFARGE CEMENT ZAMBIA PLC	136.61	0.7%
14	KAGEM MINING LTD	125.77	0.7%
15	SINO METALS LEACH ZAMBIA LTD	114.94	0.6%
16	ZCCM INVESTMENTS HOLDINGS PLC	1.96	0.0%
	Social payments unilaterally declared by extractive companies	357.9	1.9%
	Receipts from companies out of the reconciliation scope unilaterally declared by Government Agencies	1,608.29	8.8%
	<b>Total</b>	<b>18,353.22</b>	<b>100%</b>



#### 5.1.2 Analysis of payments by contribution flows

The analysis of the payments by flow shows that the top 5 taxes contributed 84.6% 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	4,201.01	22.9%
2	VAT	3,022.40	16.5%
3	Import VAT	2,002.92	10.9%
4	Pay- As-You-Earn	2,772.84	15.1%
5	CIT	3,203.09	17.5%
6	Other payments flows	3,150.97	17.2%
	<b>Total</b>	<b>18,353.22</b>	<b>100%</b>

### 5.1.3 Analysis of payments by Government Agencies

During 2019, ZRA collected the largest value of taxes included in the reconciliation followed by ZCCM-IH as shown in the table below:

No.	Collecting entity	Total payments to Government (ZMW million)	% of total Government revenues
1	Zambian Revenue Authority (ZRA)	17,383.20	94.71%
2	ZCCM- IH	348.06	1.90%
3	Social Payments	357.86	1.95%
4	Local Councils	141.60	0.77%
5	IDC	59.13	0.32%
6	Ministry of Mines and Minerals Development	41.28	0.22%
7	Environmental Protection Fund	1.24	0.01%
8	Ministry of Finance	16.83	0.09%
9	Petroleum Unit	3.05	0.02%
10	Ministry of Lands	0.98	0.01%
	<b>Total extractive sector</b>	<b>18,353.23</b>	<b>100%</b>



## 5.2 Analysis of Employment Data

Companies were requested their foreign and domestic employees' number during 2019. We set out in the tables below the number of direct employees reported by in-scope extractive companies:

No.	Companies	Domestic/expatriate employees	Male	Female	Total
1	Chambishi Copper Smelter LTD	Average number of direct domestic employees	1 769	45	45
		Average number of direct expatriate employees	142	12	154
2	CNMC Luanshya Copper Mines LTD	Average number of direct domestic employees	1 099	117	117
		Average number of direct expatriate employees	74	10	84
3	Dangote Cement Zambia LTD	Average number of direct domestic employees	138	44	182
		Average number of direct expatriate employees	37	-	37
		Average number of direct domestic contractors	853	41	894
		Average number of direct expatriate contractors	26	-	26
4	First Quantum Mining & Operations LTD	Average number of direct domestic employees	3 499	300	300
		Average number of direct expatriate employees	104	7	111
5	Kagem Mining LTD	Average number of direct domestic employees	681	30	711
		Average number of direct expatriate employees	68	-	68
		Average number of direct domestic contractors	311	2	313
		Average number of direct expatriate contractors	11	-	11
6	Kalumbila Minerals LTD	Average number of direct domestic employees	2 407	276	276
		Average number of direct expatriate employees	109	8	117
		Average number of direct domestic contractors	3 744	-	-
		Average number of direct expatriate contractors	182	-	182
7	Kansanshi Mining PLC	Average number of direct domestic employees	2 729	264	264
		Average number of direct expatriate employees	117	6	123
8	Konkola Mines PLC	Average number of direct domestic employees	5 303	720	720
		Average number of direct expatriate employees	29	3	32
9	Lubambe Copper Mine LTD	Average number of direct domestic employees	1 099	98	98
		Average number of direct expatriate employees	34	1	35
		Average number of direct domestic contractors	1 507	92	92
		Average number of direct expatriate contractors	70	6	76
10	Lumwana Mining LTD	Average number of direct domestic employees	1 312	188	188
		Average number of direct expatriate employees	18	3	21
		Average number of direct domestic contractors	1 718	262	262
		Average number of direct expatriate contractors	76	1	77
11	Mamma Collieries LTD	Average number of direct domestic employees	187	16	203
		Average number of direct expatriate employees	18	-	18
12	Mopani Copper Mines PLC	Average number of direct domestic employees	5 001	591	591
		Average number of direct expatriate employees	73	8	81
		Average number of direct domestic contractors	8 402	350	350
		Average number of direct expatriate contractors	516	3	519
13	NFC Africa Mining PLC	Average number of direct domestic employees	1 411	-	-
		Average number of direct expatriate employees	139	-	139
14	Collum Coal Mining Industries Limited	Average number of direct domestic employees	483	3	486
		Average number of direct expatriate employees	27	-	27
<b>Total</b>			<b>4 523</b>	<b>3 507</b>	<b>8 030</b>



## 6 RECOMMENDATIONS

## 6. RECOMMENDATIONS

### 6.1 2019 IA Recommendations

#### 6.1.1 Contract transparency

According to Requirement 4.7 of the EITI Standard (2019):

- Implementing countries are required to disclose any contracts and licences that are granted, entered into or amended from 1 January 2021. Implementing countries are encouraged to publicly disclose any contracts and licences 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 licences that govern the exploration and exploitation of oil, gas and minerals. This should include an overview of which contracts and licences are publicly available. Implementing countries should provide a list of all active contracts and licences, indicating which are publicly available and which are not. For published contracts and licences, it should include a reference or link to the location where the contract or licence is published.

The Zambian extractive sector (mining and Petroleum) 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 MMDA Act 2015 and the Petroleum Act 2008 and the terms and conditions of the licence. We understand that since the abolishment of the Mine Development agreements in 2008, there are no contracts signed between the extractive companies and the Government of Zambia.

Furthermore, we understand that MMDA Act 2015 and the Petroleum Act 2008 include confidentiality provisions that prevent from the disclosure of any licensee information. Few licence certificates signed before MMDA Act 2015 are publicly available in Zambia. (Cf. 4.4)

*It is recommended to ZEC to establish a clear plan for disclosing the full text of the licences that will be granted, entered into or amended from 1 January 2021. This could be done by :*

- *proposing reforms in the mining and petroleum industries to include transparency provisions to ensure contract transparency and disclosure;*
- *obtaining confidentiality waivers from the major companies to disclose the full text of the license as well as the attached documents such as:*
  - *the programme of development, construction and mining operations as approved by the Director of Mining Cadastre;*
  - *the applicant's undertaking for the employment and training of citizens;*
  - *the applicant's undertaking for the promotion of local business development;*
  - *the applicant's capital investment forecast; and*
  - *the applicant's undertaking for management of the environment in the mining area.*
- *developing and proposing a disclosure regime that makes licences and associated documents easy to find, search, and use. This should include the publication of electronic copies of licenses online with paper-based options available to increase accessibility for communities lacking Internet access.*
- *enhancing stakeholder consultation including engagement with communities affected by the extractive activities before exploration or production licenses are granted and ensuring that details of the deal are conveyed in a manner and format that is accessible and understood by the population.*

#### 6.1.2 Beneficial ownership disclosure

According to Requirement 2.5(c) of the EITI Standard (2019), it is required that implementing countries request, and companies publicly disclose, beneficial ownership information. This applies to corporate entities that apply for or hold a participating interest in an exploration or production oil, gas or mining licence or contract.

The Companies Act 2017 requires from companies applying for incorporation in Zambia to disclose BO information. It is worth noting that in accordance with Section 13 of the MMDA Act 2015, the exploration licences and mining licences should be granted only to companies incorporated under the Companies Act 2017. Therefore, all companies applying for mining licences must incorporate a company in Zambia and disclose the beneficial ownership in accordance with the Companies Act 2017.

However, there is no such condition in the Petroleum Act 2008 and Petroleum Exploration Licences can be granted to individuals or companies without established entities in Zambia. Therefore, it is not possible to collect applicant BO information for Petroleum licences through the current legislation of the Companies Act 2017.

*In order to capture BO information about applicants to a Petroleum Licence, it is recommended to add the BO declaration form to the list of documents required for application to Petroleum Licences.*

*In the meantime, instruction should be drafted to consider BO declaration pursuant to the Company Act for the applicants to Petroleum Licences.*

### 6.1.3 Improvement of the register of beneficial ownership

The BO information is reported by the companies using a physical BO declaration form. The BO information is entered manually by PACRA into the BO register. The register of beneficial ownership maintained by PACRA is accessible to the public in the electronic or physical forms after submitting a formal request to PACRA and ZMW 90 fees. The IA obtained from PACRA the list of the beneficial owners as declared by the mining companies. The information included all the information as per the Requirement 2.5 of the 2019EITI Standard except the following:

- the identification of PEPs;
- The level of ownership;
- Explanation of how the control is exerted.

We understand that although the above information are included in the BO declaration form submitted by the companies, it was not possible to extract it from the actual BO register. We understand also that PACRA is actually upgrading the BO register to allow extraction of such information and to permit also to the companies to report the BO information online.

It is recommended that:

- Identification of PEPs, level of ownership and explanation about how the control is exerted should be available to the persons accessing the BO register. This information must be in an open data form with possible extraction to editable data (Excel) in order to allow the public to retrieve data for its own use;
- To consider the following mechanisms at the different layers of assuring data reliability of BO information:

Layers of data verification	Detail of verification activities
Oversight of BO register	<ul style="list-style-type: none"> <li>➤ Screening of information against the information recorded in the register of declaration of interest specified in the Section 11 of the Parliamentary and Ministerial Code of Conduct Act, Cap 16</li> <li>➤ Screening of information against other sources of information, such as PEP register or BO register of other countries.</li> </ul>
Enforcement.	<ul style="list-style-type: none"> <li>- Disclosure of defaulting companies list</li> <li>- Sending reminders to companies that miss submission deadlines</li> <li>- Investigation and prosecution for serious noncompliance</li> <li>- Create awareness amongst companies of the potential penalties for non-compliance</li> <li>- Linking the provision of BO information to other commercial processes, such as the granting/renewing of licenses, permits, loans and other approvals.</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Identifying red flags</li> </ul> <p>The BO register's administrator should develop institutional criteria and skills to help identify and investigate red flags. Criteria that could raise red flags may include :</p> <ul style="list-style-type: none"> <li>- appearance on sanctions lists;</li> <li>- complex ownership structures,</li> <li>- persistent delay or failure to provide accurate or complete data,</li> <li>- clear discrepancies with other publicly available data;</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Spot checks</li> </ul> <p>The BO register's administrator should develop a set of institutional criteria and skills to conduct spot checks (e.g. to help identify a representative sample of submissions for spot checks).</p>

Layers of data verification	Detail of verification activities
	<p>Such checks are different from those for red flags as the information submitted may not at first glance contain any errors or unusual features</p> <p>➤ <b>Obligation to report unusual activity</b> The BO legal framework may include professional obligation on specific categories of registry users (e.g. law and accounting firms, financial institutions and advisors, etc.) to report instances where the user becomes aware of any discrepancies in the information held in the BO register.</p> <p>The legislation establishing the UK's People with Significant Control Register contains a provision for imposing such an obligation on banks and professional advisors noting that this will only come into force in January 2020. However, the UK register contains a feature for all users to voluntarily report errors or concerns, but this is not legally mandatory.</p>
<b>Public scrutiny</b>	This layer is provided by CSOs, media, citizens and companies. It includes identifying discrepancies in the normal course of retrieving the publicly available information from the BO register for their own data analyses and investigations.

#### 6.1.4 Improvement of the online register of extractive licenses

The register of mining and oil & gas licences are publicly available on: <http://portals.flexicadastre.com/zambia/>. The portal allows to search by licence code or by holder name and view for each title:

- The identity of the licence holder;
- The date of application;
- The date of award;
- The expiry date;
- The commodity produced; and
- The coordinates of the licence area;
- The area of the licence.

However, the portal gives an instantaneous picture of the actual active licences and does not provide access to the history of withdrawals, transfers or renewals during a specific period. Likewise, the portal does not allow the extraction of the status of active licences in open data format.

*It is recommended to upgrade the online register of extractive licenses in order to allow access to the history of grants, withdrawals, transfers or renewals during a specific period . It is recommended also to add the option of extraction of data in open data format.*

#### 6.1.5 Lack of feedback on reconciliation queries

Despite having chased up reporting entities both by e-mail and telephone calls, we note the lack of responses with regards to comments and explanations of the reconciliation differences raised.

As shown in Section 2.4.4, the remaining unsolved discrepancy is mainly explained by a difference of ZMW 4,867.01 million and (ZMW 546.53 million) in the Withholding VAT and VAT respectively. We note that many companies reported Withholding VAT while the payments were not actually made in 2019. Indeed, we noted that in 2019, many companies declared WVAT to ZRA without making the payment because it was agreed with ZRA that these payments will be offset against VAT refundable. We note also that we did not obtain the responses from ZRA with regards to the reconciliation discrepancies which made further reconciliation works not feasible.

*As a result*, we ended up with unreconciled differences between amounts reported by extractive companies and Government Agencies representing 58.69% of the revenues reported by the Government and selected for reconciliation. This is significantly higher than the agreed materiality deviation set at 1%

*All the reporting entities should remain cooperative during the whole reconciliation process. It is recommended that the ZEITI Secretariat engages with the reporting entities and explains the importance of their collaboration within the EITI process following the submission of their templates. Each reporting entity should be encouraged*

*to appoint a focal point to address queries and concerns of the Independent Administrator and to ensure that the EITI process runs smoothly. It is also recommended to clarify the reporting process with regards to the payments offset against the companies liabilities. It is worth noting that the EITI reporting process is based on strict cash basis.*

#### **6.1.6 Follow up on the OAG compliance audit on the awarding and monitoring of mining rights**

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. We note that this report is publicly available<sup>58</sup>.

The findings and recommendations of this report are summarised in Section 4.2.1.4.

*It is recommended to the ZEC to follow up with MMMD the implementation status of the recommendation in the OAG report and the Committee on National Economy, Trade and Labour matter follow up report. An implementation audit can be carried out to check whether recommendations were properly implemented by the Cadastre Department in the licences granting and transfer processes.*

### **6.2 Follow up of recommendations of previous EITI Processes**

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<sup>58</sup> <http://zambiaeiti.org/wp-content/uploads/2020/04/Compliance-Audit-Report-on-the-awarding-and-Monitoring-of-Mining-Rights-for-2017-Accounts.pdf>

Recommendation	Implementation	Comments	
<b>Follow up of the latest validation results</b>			
1	Licence allocations (2.2)	Yes	The report includes the process of licence transfer, licences transferred during 2019 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 4.2. The Mining Cadastre Department issued a letter on 15 September 2020 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 2.
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 4.8.10.
<b>EITI Implementation (Previous Report)</b>			
3	Reconciliation scope and coverage of ZEITI Report 2018	Yes	A new scope of companies has been agreed for the 2019 ZEITI Report. New Reporting Templates have been prepared for the 2019 ZEITI Report.
4	Including identification of Politically Exposed Persons (PEPs) in the required BO disclosure	No	It is recommended 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 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 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.
5	Lack of breakdown by company of the payments reported by the local councils	No	Some payments reported by the local councils for 2019 were not detailed by company. The IA is following up these payments with the concerned local councils.
6	Lack of disaggregation of payments by individual project	On going	A feasibility study on the EITI reporting by project is on-going.
7	Improving the mining licences grant process	No	
8	Gender parity in the ZEC members	On going	MSG resolved that each stakeholder sitting on the MSG should consider gender parity.
9	Disclosure of the production values	On going	MMMD disclosed the value of the base metals. It is estimated on the basis of LME monthly average prices. However, the value of the industrial minerals and precious stones were not available. (Please refer to Section 4.7.2).
10	Assessment of deviations from the licensing procedure	No	It is recommended to make the OAG reports on the awarding and monitoring of mining rights for 2017 and 2018 available to the public.
11	Lack of feedback on reconciliation queries	No	We did not receive the feedback from ZRA on the reconciliation discrepancies 2019.
12	Disclosure of the Beneficial Ownership data	On going	The implementation of the BO register has been started by PACRA. Please refer to Section 4.5. For EITI data, it is noted that not all in-scope companies complied with the disclosure of beneficial ownership. The companies disclosed only the direct shareholders and their capital structures.
13	Implementation of systematic online disclosure	On going	The systematic online disclosure has not been implemented for 2017 EITI data. However, a feasibility study for mainstreaming EITI data is on-going.
14	Lack of database for contact details	Yes	All the companies contact details have been provided.

	Recommendation	Implementation	Comments
15	Reporting deadlines not met by Government Agencies and Extractive Companies	On going	Some Reporting Templates were sent with delay by the extractive companies.
16	Reporting templates not correctly prepared	On going	The Reporting Templates submitted by the companies are not comprehensive. Furthermore, it is noted that some specific templates i.e. disclosure of BO and Barter Arrangements were not filled in by the reporting entities.
17	Implementation of MSG sub-groups	Yes	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; and</li> <li>- Policy and data analysis working group.</li> </ul>
18	Implementation of a reporting system for employment data	Yes	Employment data is collected by the Mine Safety Department.
19	Enactment of EITI reporting regulations	On going	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>			
20	Comprehensiveness of the data on licence register	No	The online portal does not include information on the tax identification number and the BO of the licence holders.
21	Management of the Environmental Protection Fund	On going	MSD started the process of recruiting a financial manager in March 2020.
22	Lack of an up-to-date follow-up of VAT credits	No	ZRA does not have an up to date of the VAT credits owed to the mining companies.
23	Lack of revenue sharing system	No	No revenue sharing system implemented to date.
24	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.
25	Improvement of the environmental remediation	On going	The Government of Zambia has commenced implementing a project on mining and environmental remediation. (Cf. Section 4.10.2.)
26	Review of the ZDA investment Act	No	The ZDA investment Act has not been reviewed.
27	Improvement of Tax assessment	No	ZRA did not consider setting up a threshold system to request audited accounts from taxpayers.
28	Completeness of the data reported on licence register	No	The licence register still does not include the Tax Identification Number.



## 7. IMPACT OF THE COVID-19 PANDEMIC ON THE EXTRACTIVE INDUSTRIES IN ZAMBIA

### 7.1 Objectives of the survey

In order to assess the impact of the Covid-19 pandemic on the extractive industries in Zambia, a questionnaire was distributed to the companies selected in the reconciliation scope 2019. The questionnaire included 27 questions aiming to assess the impact of Covid-19 on:

- Economic situation and business environment in Zambia; and
- Current financial and economic situation and outlook of the mining companies in Zambia.

The complete questionnaire is presented in Annex 2 to this report.

It is worth noting that the companies included in the reconciliation scope represent 93.42% of the total payments collected by the Government Agencies in Zambia. These companies include also the major minerals producers in Zambia.

### 7.2 Results of the survey to companies

The following 14 companies participated to the survey:

Name of the company	Mineral	Location	Number of employees
CNMC Luanshya Copper Mines Plc	Copper	Copperbelt	More than 500
Kalumbila Mineral Limited	Copper	North-Western	More than 500
Maamba Collieries Limited	Coal, Thermal power Generation	Maamba, Sinazongwe, Southern Province	201-500
Kagem Mining Ltd	Emerald	Copperbelt	More than 500
First Quantum Mining & Operations Ltd	Copper	North-Western	More than 500
Mopani Copper Mines Plc	Copper	Copperbelt	More than 500
Dangote Cement Zambia	Limestone	Copperbelt	201-500
konkola copper mines plc	Copper, Cobalt and Slimes	Copperbelt, Lusaka	More than 500
Collum Coal Mining Industries Limited	Coal	Southern Province in the district of Sinazongwe	More than 500
Lafarge	Limestone, Phylite, shale	Copperbelt, Lusaka	201-500
Lubambe Copper Mine Limited	Copper	Copperbelt	More than 500
ZCCM - IH PLC	Not applicable	Not applicable	51-100
Mabiza Resources Limited	Nickel	Southern	201-500
Lumwana Mining Company Limited	Copper	North-Western	More than 500

The results of the survey are presented as follows

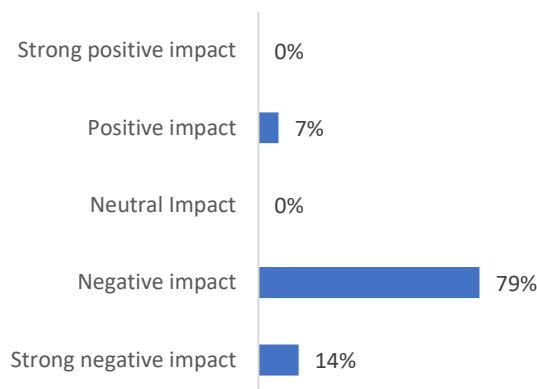
### 7.2.1 Impact of the economic situation of the mining sector in Zambia

#### 1. How would you rate the impact of the COVID-19 crisis on the mining sector in Zambia?

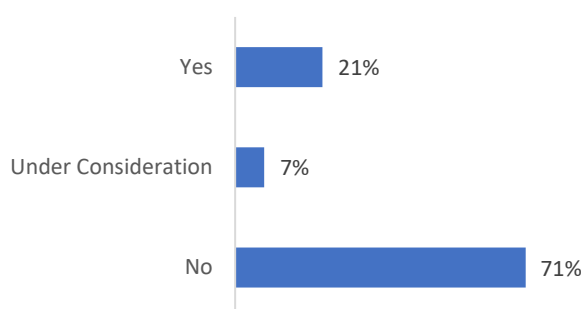
The Covid-19 crisis had a negative impact on the vast majority of businesses.

Indeed, 79% of the companies surveyed state that the crisis had a negative impact on their activities while 14% reported a strong negative impact. The major concerns of the responding companies are:

- Heavy personal charges along with significant decline of production;
- Treasury issues mainly due to repayment of loans unpaid VAT refundable;
- Closure of international markets and the restrictions on movements of goods and persons; and
- Risk of limited copper smelting capacity in the country with some companies scaling down the activities due to economic and Covid-19 challenges.



#### 2. Have you benefited from COVID-19 Government support measures for companies?

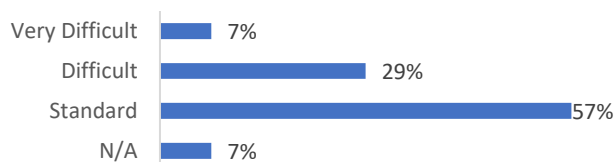


71% of the responding companies reported that they did not benefit from the COVID-19 Government support measures. We note that

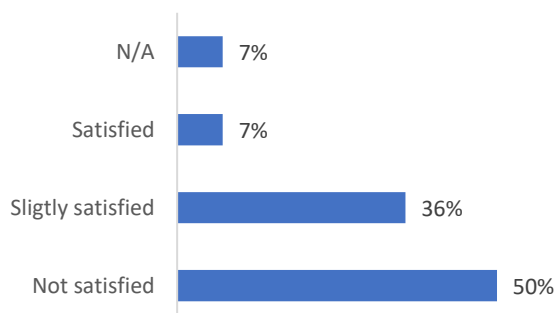
- Only 21% of extractive companies participating in the survey reported that they benefited from COVID-19 support measures set up by Government;
- 71% did not get any benefits; and
- 7% are under consideration. Support measures were oriented to copper producing companies as reduction of import tariffs, tax waivers and temporary tax breaks.

#### 3. How easy is it to access information and benefits from government COVID-related assistance programmes?

36% of companies think that access to information and benefits from government was difficult, 57% think that access was standard.



#### 4. Are you satisfied with the COVID-19 Government support measures for extractive companies?



Half of responding companies are not satisfied with the COVID-19 Government support measures for extractive companies.

According to the surveyed companies, tax incentives, reform and stability of the tax regime should be the priority of the sector recovery plan.

The Top 3 measures that the responding companies would like to benefit from are:

- Tax waivers or temporary tax break;
- Financial programmes, such as low interest credit line or credit guarantee;
- Reduction of tariffs on imported products.

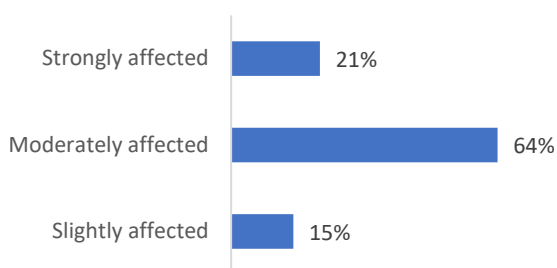
**5. In the event of non-eradication of the COVID-19 pandemic and stagnation of the current economic situation, after how long would your activity be threatened?**

43% of the responding companies confirmed that the prospect of a persistent pandemic would threaten their business continuity in less than 12 months. 79% reported that their activity will be threatened in less than 2 years.



**7.2.2 Impact on the current situation of the mining companies and outlook**

**1. How have your business operations been affected by the coronavirus (COVID-19) pandemic?**

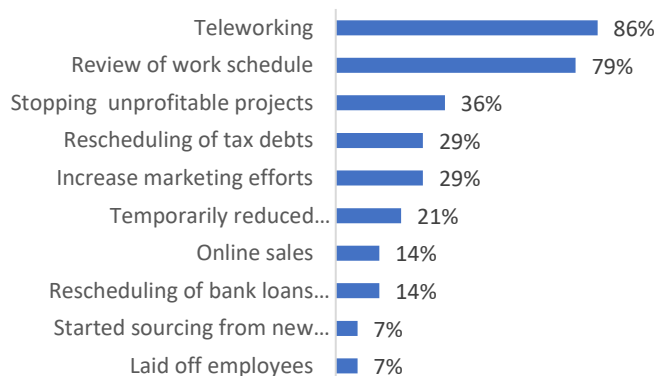


All reporting companies reported that their business operations have been affected by the pandemic. 21% estimate that they have been strongly affected. Employee absence, increased administrative bottlenecks and reduced logistics services are the major challenges caused by the pandemic. Third of the responding companies reported also temporary shutdowns. All the responding companies reported difficulties to import inputs from abroad.

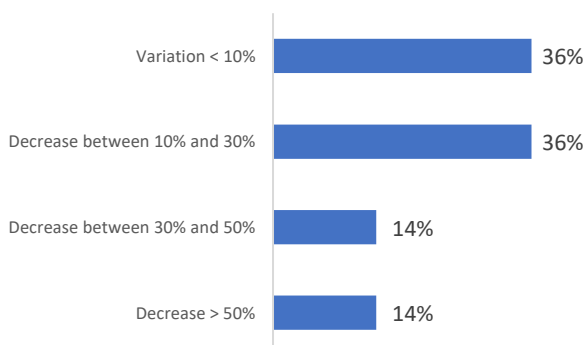
**2. Have you adopted any of the following strategies to cope with the crisis?**

86% of the companies surveyed used Teleworking. 79% were forced to review their work schedules while 36% reported temporary stopping of on-going development projects. 29% of the companies filed for rescheduling of tax debts and increased marketing efforts.

With regards to employment, 21% of the companies temporarily reduced employment while 7% were forced to labour layoffs. It is worth noting that all responding companies employ more than 500 individuals.



**3. How the COVID-19 crisis has impacted your revenue forecasts for 2020?**



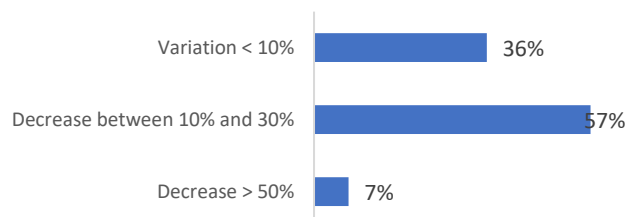
The Covid-19 pandemic seems to impact the majority of companies established in Zambia.

28% of the surveyed companies have their revenues decreasing for more than 30%, 50% had a decrease of more that 50% in their revenue forecasts for 2020.

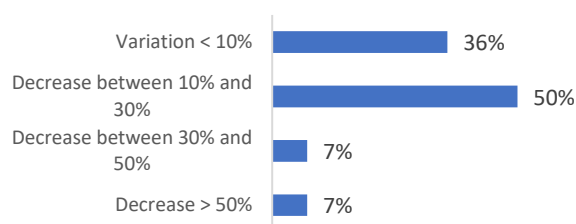
36% of the companies saw their 2020 revenue forecasts decreasing between 10% and 30%.

**4. As of 30 June 2020, how the COVID-19 crisis has impacted your level of current production?**

As of 30 June 2020, 64% of the responding companies reported a decrease above 10% in the level of their production. 7% of the companies surveyed reported that their production decreased by more than 50% compared to the same period in 2019.



**5. How has the COVID-19 crisis impacted your level of projected production for 2020?**



Similarly, 64% of the responding companies reported a decrease above 10% in the level of their projected production for 2020.

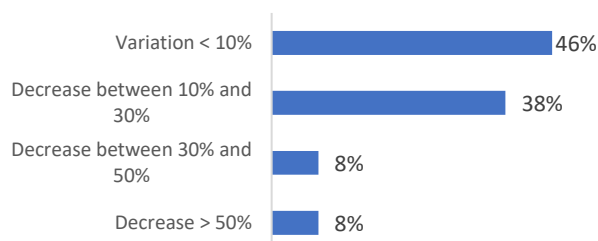
7% of the surveyed companies reported that their projected production decreased by more than 50% while 7% reported a decrease between 30% and 50%.

36% of the companies surveyed expect that their production will vary by less than 10% in the coming year.

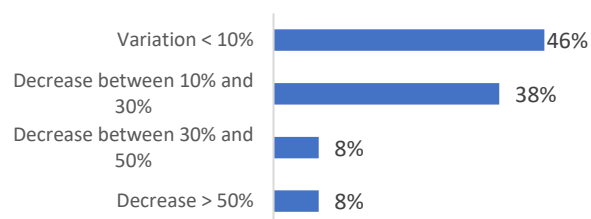
**6. As of 30 June 2020, how the COVID-19 crisis has impacted your level of current exports?**

54% of the surveyed companies reported that the level of their current exports decreased by more than 10%. The companies seeing their exports decreasing by more than the half represent 8% of the companies interviewed.

46% of the responding companies reported that the level of their actual exports has been quite stable as it did not change for more than 10%.



**7. How the COVID-19 crisis has impacted your level of projected exports for 2020?**



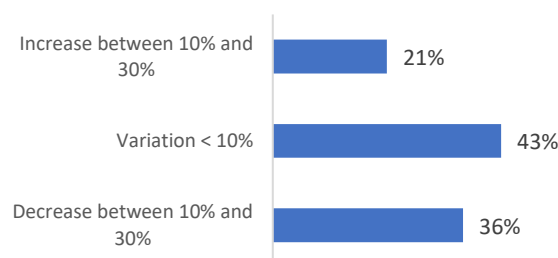
Similarly, 54% of the surveyed companies reported that the level of their projected exports decreased by more than 10%.

46% of the responding companies reported that the level of their projected exports has been quite stable as it did not change for more than 10%.

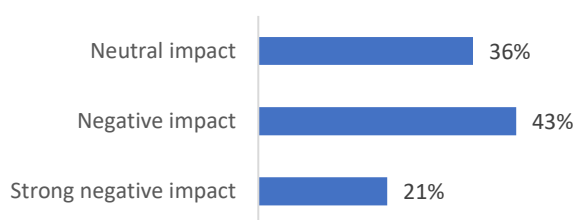
**8. How the COVID-19 crisis has impacted your budget of personnel expenses for 2020?**

21% of the executives of the mining companies have had an increase of personnel expenses in 2020 by more than 10%.

It is worth noting that all the responding copper companies reported a variation of their personnel expenses below 10%.



## 9. How the COVID-19 crisis has impacted your cash position?



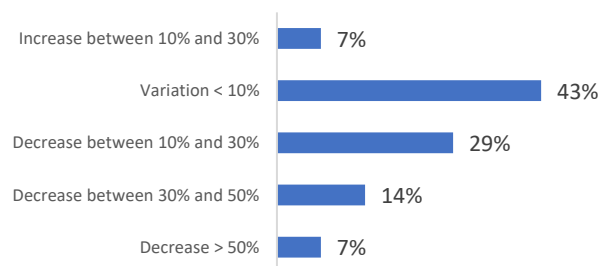
The Covid-19 pandemic appears to have seriously impacted the liquidity situation of the majority of mining companies operating in Zambia.

64% of the companies surveyed reported a negative impact on their cash position. Furthermore, copper producing companies reported that unpaid VAT refundable remains one of the major concerns impacting their cash position.

## 10. How the COVID-19 crisis has impacted your investment forecasts for 2020?

50% of the companies surveyed reported that they have decreased their investment forecasts for 2020 by more than 10%.

Increasing the health preventive measures, streamlining the supply chain and using more digital solutions were the major corrective measures and opportunities identified by these companies for the post COVID-19 period.



## 7.3 Results of the survey to Government Agencies

Furthermore, questionnaires to Government Agencies have been distributed to collect information about the impact of the COVID 19 pandemic on the implementation of specific EITI Requirements. The Government Agencies interviewed are:

- Ministry of Finance (MoF);
- Zambia Revenue Authority (ZRA);
- Zambia Environmental Management Agency (ZEMA); and
- Ministry of Mines and Minerals Development (MMMMD).

The information collected from the Government Agencies are presented in the below table:

Information to be disclosed or provided in the EITI Report	Additional data collection, quality assurances and analysis to be undertaken, in accordance with objectives agreed by the MSG	Government Agencies actions and answers
Legal framework and fiscal regime in accordance with EITI Requirement 2.1.	<p>The MSG could consider also covering:</p> <ul style="list-style-type: none"> <li>- Legal or regulatory changes, including moratorium, in response to Covid-19</li> <li>- Adjustments to the fiscal regime, incentives or relief requested by or given to companies (ex. force majeure, modified consultation),</li> </ul>	<p><u>Regulatory changes in Zambia in response to Covid-19:</u></p> <ul style="list-style-type: none"> <li>- Statutory Instrument 36 - 27 April 2020, the Value Added Tax (General) Amendment Regulations 2020</li> <li>- Statutory Instrument 37 - 27 April 2020, the Value Added Tax (Zero Rating) Amendment Order 2020</li> <li>- Statutory Instrument 38 - 27 April 2020, the Value Added Tax (Zero Rating) Amendment Order 2020</li> <li>- Statutory Instrument 39 - 27 April 2020, the Customs and Excise (Copper Ores and Concentrates) (Import Duty)(Suspension) Order 2020</li> <li>- Statutory Instrument 40 - 27 April 2020, the Customs and Excise (Precious Metals) (Export Duty) (Suspension) Order 2020</li> <li>- Statutory Instrument 41 - 27 April 2020, the Customs and Excise Act - Customs and Excise( Ethyl Alcohol) Refunds, Rebates and Remissions regulations, 2020</li> <li>- Statutory Instrument 42 - 27 April 2020, the Customs and Excise Act - Customs and Excise (Customs Duty) (Suspension) (Medical Supplies) Order, 2020</li> <li>- Waiver of Penalties and Interests 27 April 2020, Tax relief by waiving of all penalties and interests on all principal tax entries and returns between 1st April 2020 and 30th September 2020</li> </ul>
Information about procedures and practice of allocating licences in accordance with EITI Requirement 2.2.	<p>The MSG could consider also covering:</p> <ul style="list-style-type: none"> <li>- Delays or postponements of licence or contracts awards</li> <li>- Alternative approaches to licensing in light of social distancing requirements</li> </ul>	<p>None</p> <p>None</p>
Information about licence holders in accordance with EITI Requirement 2.3.	<p>The MSG could consider also covering:</p> <ul style="list-style-type: none"> <li>- Suspended licences or operations in view of Covid-19</li> </ul>	<p>None</p>
Any information requested by the MSG on contracts in accordance with EITI Requirement 2.4	<p>The MSG could consider also covering:</p> <ul style="list-style-type: none"> <li>- Changes in licensing and contract negotiations or amendments to contracts, revisions on work schedules if they are annexed to the contract</li> </ul>	<p>None</p>
Any information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5		<p>None</p>
Information regarding State participation in the extractive industries, payments to and from State-owned enterprises and any quasi-fiscal	<p>The MSG could consider also covering:</p> <ul style="list-style-type: none"> <li>- Changes in State participation and policies for State-owned enterprises</li> <li>- Ad-hoc SOE payments and transfers related to the Covid-19 crisis</li> </ul>	<p>None</p> <p>A recapitalisation of Natsave of K900 Million in the National Savings and Credit Bank on 03/07/2020.</p>

Information to be disclosed or provided in the EITI Report	Additional data collection, quality assurances and analysis to be undertaken, in accordance with objectives agreed by the MSG	Government Agencies actions and answers																																																																	
expenditures in accordance with EITI Requirement 2.6, 4.5 and 6.2.	- Amendments to the rules and practices related to SOEs' operating and capital expenditures, procurement, subcontracting and corporate governance in light of the Covid-19 crisis	None																																																																	
	- Additional SOE quasi-fiscal expenditures agreed in response to the impact of the Covid-19 crisis	None																																																																	
An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.	The MSG could consider also covering:																																																																		
	- A narrative overview of sector developments and industry outlook in light of Covid-19 and the commodity price downturn	See Section 7.2																																																																	
	- Effects of Covid-19 and the decline in prices on exploration or development plans	See Section 7.2																																																																	
Production and export data in accordance with EITI Requirement 3.2 and 3.3.	The MSG could consider also covering:																																																																		
	- Effects of Covid-19 on projected and actual production and export, disaggregated by commodity, company and project	According to MMMD, Projected production is annual. As a result, the effect on the projected production can only be determined at the end of the year.																																																																	
		<table border="1"> <thead> <tr> <th></th> <th>Commodity</th> <th>Company</th> <th>Production variation</th> </tr> </thead> <tbody> <tr><td>1</td><td>Copper/gold</td><td>Kansanshi</td><td>12,30%</td></tr> <tr><td>2</td><td>Copper</td><td>Lumwana</td><td>13,40%</td></tr> <tr><td>3</td><td>Copper</td><td>Mopani</td><td>-8,70%</td></tr> <tr><td>4</td><td>Copper/cobalt</td><td>KCM</td><td>2,20%</td></tr> <tr><td>5</td><td>Copper</td><td>Chibuluma</td><td>-51%</td></tr> <tr><td>6</td><td>Copper</td><td>CNMC Luanshya</td><td>4,30%</td></tr> <tr><td>7</td><td>Copper</td><td>Lubambe</td><td>7,30%</td></tr> <tr><td>8</td><td>Copper</td><td>NFCA</td><td>28,50%</td></tr> <tr><td>9</td><td>Copper</td><td>Sino Metals</td><td>15,40%</td></tr> <tr><td>10</td><td>Copper</td><td>Kalumbila</td><td>11,20%</td></tr> <tr><td>11</td><td>Coal</td><td>Maamba</td><td>Not provided</td></tr> <tr><td>12</td><td>Coal</td><td>Collum Coal</td><td>Not provided</td></tr> <tr><td>13</td><td>Emerald</td><td>Grizzly</td><td>-59%</td></tr> <tr><td>14</td><td>Emerald</td><td>Kagem</td><td>-72%</td></tr> <tr><td>15</td><td>Nickel</td><td>Munali Nickel</td><td>176%</td></tr> </tbody> </table>			Commodity	Company	Production variation	1	Copper/gold	Kansanshi	12,30%	2	Copper	Lumwana	13,40%	3	Copper	Mopani	-8,70%	4	Copper/cobalt	KCM	2,20%	5	Copper	Chibuluma	-51%	6	Copper	CNMC Luanshya	4,30%	7	Copper	Lubambe	7,30%	8	Copper	NFCA	28,50%	9	Copper	Sino Metals	15,40%	10	Copper	Kalumbila	11,20%	11	Coal	Maamba	Not provided	12	Coal	Collum Coal	Not provided	13	Emerald	Grizzly	-59%	14	Emerald	Kagem	-72%	15	Nickel	Munali Nickel	176%
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	- Production volumes and values disaggregated by company and project for 2019. Some countries may be able to provide information for early 2020.	N/A																																																																	

Information to be disclosed or provided in the EITI Report	Additional data collection, quality assurances and analysis to be undertaken, in accordance with objectives agreed by the MSG	Government Agencies actions and answers
Comprehensive unilateral disclosures of taxes and revenues from the extractive industries, disaggregated by project, in accordance with Requirement 4.1 and 4.7.	The MSG could consider also covering:	
	- Effects of Covid-19 on projected and current revenues and taxes from the extractive industries for 2019. Some countries may be able to provide information for early 2020.	According to ZEMA, due to non-implementation of the General Enforcement Order in March 2020, it resulted to a loss of revenue of approximately 10 to 20 % expected to arise from the extractive industries. However, ZRA noted that an increase of mining income tax as well as mineral royalty was above their targets by 13% in January-September 2020. MoF reported that Income Taxes owing to mining was above target by 8% in 2019.
	- Analysis of potentially foregone revenues where fiscal relief has been provided or is being considered to the industry.	ZEMA is anticipated to lose ZMW 40 million due to non-implementation of the General Enforcement Order. Approximately 10 to 20% could have been from extractive industries. If 20% is assumed to be the loss, ZEMA therefore lost about ZMW 8 million. MPF reported that: - forgone revenues as result of suspension of import duty on the importation of copper concentrates in the mining sector amounted to ZMW 268.5 million - forgone revenues as result of suspension of export duty on precious metals amounted to ZMW 276.7 million.
	- The MSG could consider using Parts 3, 4 and 5 in the summary data template to compile and disclose revenue data disaggregated by project.	N/A
Information about the sale of the State's share of production or other revenues collected in-kind, in accordance with Requirement 4.2.	The MSG could consider also covering:	
	- Effects of Covid-19 and the declining commodity prices on expected revenues from the sale of the State's share of production and other revenues collected in-kind. This could include analysis of the potentially foregone revenues from commodity sales as a result of the declining prices.	N/A
Information about infrastructure provisions and barter arrangements, in accordance with Requirement 4.3.	The MSG could consider also covering:	
	- New or renegotiated infrastructure agreements related to Covid-19 relief operations	None
	- New or renegotiated resource-backed loans	None
Information about transportation revenues in accordance with Requirement 4.4.	The MSG could consider also covering:	
	- Changes to extractive commodities transportation arrangements in light of the Covid-19 crisis;	N/A
	- Outlook for transportation arrangements, revenues and any relevant extractive industries supply chain disruptions in light of Covid-19 related movement restrictions.	N/A
Information about direct sub-national payments in accordance with Requirement 4.6.	The MSG could consider also covering:	
	- Projected and actual subnational direct payments and possible implications for local government budgets	N/A



Information to be disclosed or provided in the EITI Report	Additional data collection, quality assurances and analysis to be undertaken, in accordance with objectives agreed by the MSG	Government Agencies actions and answers
Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	<p>The MSG could consider also covering:</p> <ul style="list-style-type: none"> <li>- Budget re-alignments for extractive industry revenues earmarked for Covid-19 relief</li> </ul>	According to MoF, there are no specific budget re-alignments for extractive industry revenues. However, revenues and grants are projected at ZMW 65.9 billion by the close of 2020 which is 12% below the target of ZMW 75 billion.
Information about sub-national transfers in accordance with Requirement 5.2.	<p>The MSG could consider also covering:</p> <ul style="list-style-type: none"> <li>- Projected and actual subnational transfers and possible implications for local government budgets and local communities</li> <li>- The management of subnational transfers by local governments and any changes in response to the Covid-19 crisis.</li> </ul>	N/A
Any further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.	<p>The MSG could consider also covering:</p> <ul style="list-style-type: none"> <li>- Revisions to revenue and budget projections (including breakeven commodity price assumptions)</li> <li>- Rescue funding, stimulus packages, or subsidies related to the sector or its State-owned enterprises)</li> <li>- Shifts in sector-specific borrowing</li> <li>- Exceptional uses of sovereign wealth funds</li> </ul>	<p>MoF noted that there have been no revisions to revenue and budget projections. However, in the first half of 2020, commodity prices generally declined due to the COVID-19-Pandemic. Copper prices decreased by 11% to an average of US\$ 5,500 per Mt compared to an average of US\$ 6,200 per Mt in the same period in 2019. Towards the end of the first half prices increased to US\$5,700.</p> <p>Crude Oil Prices declined by 33% during the first half of 2020 to an average of US\$ 41 per barrel from an average price of US\$ 66 per barrel in the same period 2019 which is largely attributed to low demand.</p> <p>None</p> <p>MoF noted that increased budget releases towards Health and Social Welfare Sector during the COVID 19 pandemic.</p> <p>None</p>
Information about social expenditure and environmental payments in accordance with Requirement 6.1.	<p>The MSG could consider also covering:</p> <ul style="list-style-type: none"> <li>- Reforms in legal and contractual social expenditure requirements in light of the Covid-19 crisis.</li> <li>- Social expenditures allocated by companies to support Covid-19 measures in areas of operation</li> <li>- Changes to companies' social expenditure plans and possible impacts on local governments and local communities</li> </ul>	None
	The MSG could consider also covering:	

Information to be disclosed or provided in the EITI Report	Additional data collection, quality assurances and analysis to be undertaken, in accordance with objectives agreed by the MSG	Government Agencies actions and answers
Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement 6.3.	- Impact of Covid-19 and declining commodity prices on exports and employment (including resulting from movement restrictions and cross-border quarantines)	MOF noted that in the first half of 2020 commodity prices declined in general due to the Covid-19 pandemic. Copper prices for example decreased by 11% to an average of US\$ 5,500 per Mt compared to an average of US\$ 6,200 per Mt recorded during the same period in 2019. This is as a result of disruption in the demand and supply of the commodities. However, towards the end of the first half the copper prices increased to US\$ 5,700 as demand started to increase in China. Crude Oil Prices declined by 33% during the first half of 2020 to an average of US\$ 41 per barrel from an average price of US\$ 66 per barrel in the same period 2019. The decrease is largely attributed to low excess supply and lack of storage facilities.
	- Impact of the commodity price downturn on the extractive sector and general economic outlook.	ZRA noted that value of imports has marginally increased relative to the same period in 2019 (Jan-Sept) by 3,5%. However, there is only a marginal increase in the volume of exports. According to MMD, some employees were sent on forced leave but are now being recalled for work. The two emerald mines suspended operations for a while but have since commenced production.
	- Geographic information on the impact of the Covid-19 crisis on the location of extractive activities.	N/A
Any further information requested by the MSG on environmental impact of extractive activities in accordance with EITI Requirement 6.4.	The MSG could consider also covering:	
	Shifts in regulatory rules or enforcement related to environmental protection, climate mitigation, free, prior and informed consent and other consultations	ZEMA noted that issuance of General Enforcement Order is providing an amnesty for industry to comply with the requirements of the EMA by a specified date without being penalised. the duration of the Order varied from one industry to another depending on the peculiar circumstances of the case. The General Enforcement Order was however negatively impacted as it could not be rolled out at the time ZEMA intended due to COVID-19 pandemic.

## Annexes

## **Annex 1 - List of mining licences granted in 2019**

Please see Excel sheet

## Annex 2 - Letter from the Mining Cadastre Department on the award and transfer of Mining Licences -

*All correspondence should be addressed to  
the Director Mining Cadastre*

*Telephone: +260-211-251957  
Telefax: +260-211-251957  
Exploration House, Ridgeway*



*In reply please quote*

*No:.....*

**REPUBLIC OF ZAMBIA**

# **MINING CADASTRE DEPARTMENT**

**P.O Box 31969  
LUSAKA**

15<sup>th</sup> September 2020

Head  
Zambia EITI

Dear Sir,

### **RE: TECHNICAL AND FINANCIAL CRITERIA FOR AWARDING AND TRANSFERS OF LICENCES AT THE MINING CADASTRE IN ZAMBIA**

The subject matter refers.

I refer to your letter dated 13 July, 2020 in relation to the technical and financial criteria used to award mining rights at the Mining Cadastre.

I wish to state that in 2019, the awarding of mining licences was done on a first-come, first-served basis. We also wish to state that in 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) 2015.

Both the decision to award the licences and also the transfer of licences were decided in accordance with the criteria set out in the MMDA 2015.

We hereby confirm that there were no deviations from the applicable legal and regulatory framework governing license transfers and awards for the period concerned.



Michael Chibonga  
Director  
**MINING CADASTRE DEPARTMENT**

### Annex 3 - 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

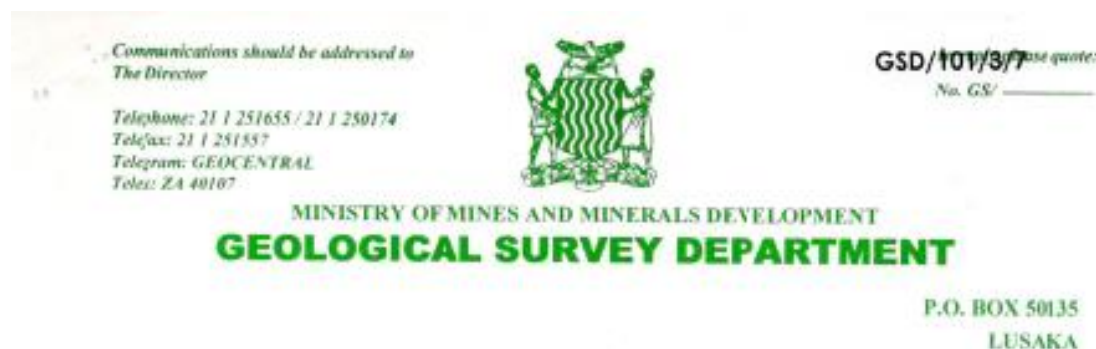
## Annex 4 - Evaluation Criteria for Bids for Petroleum Exploration Licence

	Evaluation Criteria	Maximum score (%)
1	<b>Pre-Qualification Documentation</b> Photocopy of registration card/certificate of incorporation/original power of attorney/original proof of data package purchase	-
2	a) Report on execution of past operation <b>N.B.</b> , 0 years - 0%, 1 to 5 years - 5%, 5 to 10 years - 7% and Above 10 years - 10%	10
3	b) Programme for employment and training of Zambians i) Employment: <ul style="list-style-type: none"> <li>• Zambian in Senior Management</li> <li>• Graduate Zambian</li> <li>• More than five (05) Zambians</li> </ul> ii) Training <ul style="list-style-type: none"> <li>• Plan for professional training</li> <li>• Plan for skills training</li> </ul>	1 1 1 1 1
	c) Programme to support local business development (amount spent locally) <b>N.B.</b> , One point awarded for each US\$100,000 per annum up to a maximum of five points	5
4	Particulars of technical qualifications and industrial experience of applicant and key employees a) Company/applicant <b>N.B.</b> Petroleum exploration experience - 5%, General exploration experience - 3%, and No exploration experience - 0% b) Qualification and experience of key staff <ul style="list-style-type: none"> <li>• Any Zambians listed as key staff</li> <li>• Highest relevant academic qualification (PhD degree - 5%, Master's degree - 4%, Bachelors' degree - 3%, Diploma - 2%, Certificate - 1%)</li> <li>• Relevant experience (10 years - 5%, 8 years - 4%, 6 years - 3%, 4 years - 2%, 2 years - 1%, 0 years - 0%)</li> </ul> <b>N.B.</b> , One point for every two years of experience.	5 5 5 5
5	a) Financial resources available (>US\$200m - 5%, US\$150m to US\$200m - 4%, US\$100m to US\$150m - 3%, US\$50m to US\$100m - 2%, US\$20m to US\$50m - 1%, <US\$20m - 0%) b) Financial guarantees c) Projected cash flow statement for four years d) Documentary support of resources to support cash flow statement e) Evidence of available capital f) Evidence of available credit facilities	5 1 1 1 1 1
6	Audited financial statements and annual report for the last three years <b>N.B.</b> , Three years - 5%, Two years - 3%, One year - 1%, and 0 year - 0%	5
7	Proposed programme of exploration operations and the estimated cost a) Exploration phases and activities <ul style="list-style-type: none"> <li>• Desktop study</li> <li>• Aerial/ground survey</li> <li>• Exploratory drilling</li> <li>• Evaluation and appraisal</li> <li>• Feasibility study</li> </ul> b) Exploration programme costs <ul style="list-style-type: none"> <li>• Desktop study (&lt;10% of total cost - 2%)</li> <li>• Aerial/ground survey (less than or equal to 30% % of total cost - 4%)</li> <li>• Exploratory drilling (less than or equal to 30% % of total cost - 3%)</li> <li>• Evaluation and appraisal (less than or equal to 30% % of total cost - 4%)</li> <li>• Feasibility study (&gt; 10% of total cost - 2%)</li> </ul> <b>N.B.</b> Desktop study - 2% if less than 10% of total exploration cost, Aerial and/or ground survey - 5% if 50% or more of total exploration cost,	3 5 5 5 2 2 4 3 4 2

	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 5 - Award and transfer of Petroleum Licences - Letter from the Geological Survey Department



11<sup>th</sup> November 2020

The Head  
Zambia EITI  
**LUSAKA**

Dear Sir,

**RE: TECHNICAL AND FINANCIAL CRITERIA FOR GRANTING OF PETROLEUM EXPLORATION LICENCES**

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 petroleum licences by the Petroleum Committee.

Kindly be informed that in 2019, the Petroleum Committee granted two (2) petroleum exploration licences as follows:

- one (1) petroleum exploration licence to Tiseza Zambia Limited. Specifically, the licence was granted to Tiseza Zambia Limited over Block 18 (Please see attached background); and
- one (1) petroleum exploration licence to ZCCM Investments Holdings Plc (ZCCM-IH). Specifically, the licence was granted to ZCCM-IH over Government Reserved Petroleum Block 52.

Furthermore, kindly be informed that no transfers were made in 2019.

Additionally, kindly be informed that the petroleum exploration licences over the two (2) blocks were granted 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 for the period under review.

Yours faithfully



Francis Chibesakunda  
Ag. Director

**GEOLOGICAL SURVEY DEPARTMENT**

cc. Permanent Secretary-Ministry of Mines and Minerals Development, **LUSAKA**

## **Annex 6 - Register of mining licences**

Please see Excel sheet

## Annex 7 - BO declaration form

<b>DECLARATION OF BENEFICIAL OWNERSHIP</b>				
<b>PART A COMPANY DETAILS</b>				
1.	Company Number <i>Indicate the 12 digit registration number</i>			
2.	Company Name <i>Indicate the name as captured on the certificate of incorporation</i>			
<b>PART B DETAILS OF PERSON ENTERED IN THE REGISTER OF MEMBERS</b>				
<b>PARTICULARS OF SHAREHOLDER</b>				
3.	First Name			
	Surname			
	Gender			
	Date of Birth			
	Nationality			
	Identity Type <i>For Zambians: NRC For non-Zambians: NRC/Passport/ Driver's Licence/Resident Permit</i>			
	Identity Number			
	Name of Body Corporate <i>Where applicant is a Body Corporate</i>			
	Nature of Body Corporate <i>Where applicant is a Body Corporate, indicate whether applicant is a Company, Co-operative, Trust, Society, Etc.</i>			
	Registration Number, Date and Country of Incorporation of Body Corporate <i>Where applicant is a Body Corporate</i>			
	Phone Number	<i>Mobile</i> <i>Landline</i>		
	Email Address			
	Physical Address	<i>Plot/ House/ Village</i>		
		<i>Street</i>		
<i>Area</i>				
<i>Town</i>				
<i>Province</i>				
4.	Number of Shares	<i>Shares held before declaration</i>		
		<i>Shares declared</i>		
		<i>Shares held after declaration</i>		
5.	Class of Shares			
6.	Par Value of Shares			
7.	Numbering of Shares <i>Indicate numbering of shares as in the Company Register of Shares</i>	From <input type="text"/> To <input type="text"/>		
8.	Consideration for the shares <i>Indicate payment received for shares where applicable</i>			
<b>PART C DETAILS OF BENEFICIAL OWNER</b>				

<b>PARTICULARS OF BENEFICIAL OWNERSHIP</b>							
9.	First Name						
	Surname						
	Gender						
	Date of Birth						
	Nationality						
	Identity Type For Zambians: <i>NRC</i> For non-Zambians: <i>NRC/Passport/ Driver's Licence/Resident Permit</i>						
	Identity Number						
	Occupation						
	Name of Body Corporate <i>Where applicant is a Body Corporate</i>						
	Nature of Body Corporate <i>Where applicant is a Body Corporate, indicate whether applicant is a Company, Co-operative, Trust, Society, Etc.</i>						
	Registration Number, Date and Country of Incorporation of Body Corporate <i>Where applicant is a Body Corporate</i>						
	Phone Number	<i>Mobile</i> <i>Landline</i>					
	Email Address						
	Physical/ Registered Office Address	<i>Plot/House/ Village</i> <i>Street</i> <i>Area</i> <i>Town</i> <i>Province</i> <i>Country</i>					
<b>DIRECTOR/TRUSTEE OF BODY CORPORATE</b>							
10.	No	<i>First Name:</i>	<i>Surname:</i>	<i>Identity Number:</i>	<i>Date Appointed:</i>		
	1						
	2						
	3						
	4						
<b>SHAREHOLDER/SETTLER OF BODY CORPORATE</b>							
11.	No	<i>First Name:</i>	<i>Surname:</i>	<i>Identity Number:</i>	<i>Number of Shares:</i>	<i>Class of Shares:</i>	<i>Number of Paid Up Shares:</i>
	1						
	2						
	3						
	4						
<b>BENEFICIAL OWNER/BENEFICIARY OF BODY CORPORATE</b>							
12.	No	<i>First Name:</i>	<i>Surname:</i>	<i>Identity Number:</i>	<i>Nature of Interest</i>		
	1						
	2						
	3						
	4						
13.	Number of Shares (if any)						
14.	Class of Shares (if any)						

15.	Nature of Beneficial Ownership <i>Briefly explain the nature of beneficial ownership (whether trust, legal arrangement etc.) including how ownership control or economic interest is maintained</i>		
16.	If beneficial owner is politically exposed person (PEP) as defined in the Financial Intelligence Act No. 46 of 2010, provide details (e.g. position held)		
17.	Voting Rights held		
18.	<p><b>DECLARATION:</b></p> <p>I, whose names and particulars appear on this form, do hereby declare that the particulars of beneficial ownership relating to shares indicated on this form, are correct and accurate to the best of my knowledge</p> <p>Signature: _____ Date: _____</p>		

## Annex 8 - Payment streams included in the scope of the report

N°	Description of payment		Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
<b>MMMD</b>					
1	Licence Fees / Application Fees	Fees paid when applying for a prospecting licence or mining licence.	V		
2	Area Charges	Annual rental for mining and non-mining rights.	V		
3	Analysis, Valuation, Export permit Fees	Fees paid for laboratory analysis of mineralogical samples.	V		
4	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).	V		
<b>EPF</b>					
5	Environmental Protection Fund	Fee charged to Extractive Companies for environmental rehabilitation purposes.	V		
<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.	V		
7	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.			V
8	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%.	V		
9	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).	V		
10	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	V		
11	Export Levy	This tax is levied at 10% on concentrate minerals (Except manganese and nickel under SI 53 of 2016).	V		
12	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.			V
13	Import/Customs Duty	Customs/Import duty is a tax levied on ZRA specified goods imported into Zambia.	V		
14	Excise Duty - Electrical Energy	Excise duty is a tax levied on ZRA specified goods imported into Zambia.	V		

N°	Description of payment	Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
15	VAT			V
16	Withholding VAT (WHVAT)			V
17	VAT refundable		V	
18	VAT refunds		V	
19	Balance VAT refundable		V	
<b>Local Councils</b>				
20	Annual Business Fees	V		
21	Property Rates	V		
<b>MoL</b>				
22	Ground Rent	V		
23	Registration Fees	V		
24	Others-Invitation to Treat / Title Deeds	V		
<b>MoF</b>				
25	Dividends from Government Shares	V		
26	Revenues from GRZ shareholding sale	V		
<b>ZCCM-IH</b>				
27	Dividends from ZCCM-IH Shares	V		
28	Price participation fees	V		
29	Revenues from ZCCM-IH shareholding sale	V		
<b>Social Payments</b>				
30	Corporate Social Responsibility In kind payments	V		
31	Corporate Social Responsibility cash payments	V		



N°	Description of payment	Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
<i>Other Significant Payments</i>				
32	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).	V	

**Annex 9 - Estimated budget of the works provided by KMP to Solwezi Council**

NO.	NAME OF PROJECT	CHAINAGE (Km)	SCOPE OF WORKS	ESTIMATED COST (ZMW)
1.	Floriana – Nursing Road in Kamalamba ward	1.2Km	<ul style="list-style-type: none"> <li>- Ps &amp; Gs</li> <li>- Earthworks</li> <li>- Overhaul</li> <li>- Chip and spray double seal with 19/9mm stone</li> <li>-Stormwater management with culverts/crossing and stone pitched open drain</li> <li>- Ancillary</li> <li>-Variations</li> <li>Total</li> </ul>	<ul style="list-style-type: none"> <li>- 242,761.98</li> <li>- 254,980</li> <li>- 15,806.20</li> <li>- 871,155.87</li> <li>- 1,117,809.43</li> <li>- 24,674.68</li> <li>- 0.00</li> <li>-2,527,188.40</li> </ul>
2.	Zambia -- Highland Road in Kimasela ward	1.7km	<ul style="list-style-type: none"> <li>- Ps &amp; Gs</li> <li>- Earthworks</li> <li>- Overhaul</li> <li>- Chip and spray double seal with 19/9mm stone</li> <li>-Stormwater management with culverts/crossing and stone pitched open drain</li> <li>- Ancillary</li> <li>-Variations</li> <li>Total</li> </ul>	<ul style="list-style-type: none"> <li>- 395,117.24</li> <li>- 389,314.46</li> <li>- 78,501.03</li> <li>- 894,592.50</li> <li>- 1,173,541.76</li> <li>- 17,967.00</li> <li>- 0.00</li> <li>- 2,949,033.99</li> </ul>

NO.	NAME OF PROJECT	CHAINAGE (Km)	SCOPE OF WORKS	ESTIMATED COST (ZMW)
1.	Kizingezhinge Kawama Road in Sandang'ombe ward	1.7Km	<ul style="list-style-type: none"> <li>- Ps &amp; Gs</li> <li>- Earthworks</li> <li>- Overhaul</li> <li>- Chip and spray double seal with 19/9mm stone</li> <li>-Stormwater management with culverts/crossing and stone pitched open drain</li> <li>- Ancillary</li> <li>-Variations</li> <li>Total</li> </ul>	<ul style="list-style-type: none"> <li>- 71,940.84</li> <li>- 65,166.91</li> <li>- 6,652.10</li> <li>- 0.00</li> <li>- 0.00</li> <li>- 0.00</li> <li>- 0.00</li> <li>- 143,759.85</li> </ul>
2.	Nkana College Road in Kapijimpanga ward	1.5km	<ul style="list-style-type: none"> <li>- Ps &amp; Gs</li> <li>- Earthworks</li> <li>- Overhaul</li> <li>- Chip and spray double seal with 19/9mm stone</li> <li>-Stormwater management with culverts/crossing and stone pitched open drain</li> <li>- Ancillary</li> <li>-Variations</li> <li>Total</li> </ul>	<ul style="list-style-type: none"> <li>- 65,639.27</li> <li>- 119,375.98</li> <li>- 8,097.13</li> <li>- 0.00</li> <li>- 0.00</li> <li>- 0.00</li> <li>- 0.00</li> <li>- 193,112.38</li> </ul>
<b>TOTAL</b>				<b>5,813,094.62</b>

## Annex 10 - Details of the companies social payments in 2019

Please see Excel sheet

## Annex 11 - Production data as reported by the in-scope companies in 2019

Companies	Commodity	Licence code	Field name	Unit	Mined in Zambia		Processed/smelted in Zambia	
					Production Quantity	Production Value (USD)	Production Quantity	Production Value (USD)
Chambishi Copper Smelter LTD	Copper blister	NC	NC	Mt	-	-	142,664	736,075,045
	Copper anode	NC	NC	Mt	-	-	97,707	510,987,698
CNMC Luanshya Copper Mines LTD	Copper Concentrates	NC	NC	Mt	13,193	51,745,596		
	Copper Blister	NC	NC	Mt			7,325	35,857,410
	Copper Cathodes	NC	NC	Mt	41,876		41,876	145,351,314
Dangote Cement Zambia LTD	Limestone	16773-HQ-LML	Ndola East	Mt	1,109,100	2,360,608		
	Clay	16773-HQ-LML	Ndola East	Mt	85,200	181,340		
	Silica Sand	16773-HQ-LML	Ndola East	Mt	58,200	123,873		
	High Grade Limestone	16773-HQ-LML	Ndola East	Mt	272,800	580,628		
	Clinker	103295-HQ-MPL	Ndola East	Mt			806,000	32,723,600
	Cement	103295-HQ-MPL	Ndola East	Mt			972,000	39,463,200
First Quantum Mining & Operations LTD	N/A	NC	NC					
Kagem Mining LTD	EMERALD	NC	NC	Kg	2,285	15,856,720		
	BERYL	NC	NC	Kg	6,124	42,488,570		
kalumbila Minerals LTD	Copper Content-own production	15868 HQ LML	Sentinel	Mt	220,006	873,496,978	220,006	873,496,978
	Gold -purchased	15868 HQ LML	Sentinel	Mt	1,084	50,642,201	1,084	50,642,201
kansanshi Mining PLC	Copper	7057-HQ-LML	NC	Mt	232,243			
	Gold	7057-HQ-LML	NC	Ounces	145,386			
konkola Mines PLC	Copper	NC					56,199	336,792,871
	Copper	7075 - HQ - LML	Nchanga	Mt	46,196	280,248,527		
	Copper	7076 - HQ - LML	Konkola	Mt	15,025	91,120,015		
	Copper	20945 - HQ - MPL	Nkana	Mt	28	160,343		
	Cobalt	7075 - HQ - LML	Nchanga	Mt	236	8,823,642	142	5,064,330
lafarge Cement Zambia PLC	Limestone	NC	NC	kt	1,304	7,539	1,282	7,895
	Phylite	NC	NC	kt	60	284	61	330
	Sand	NC	NC	kt	6	35	4	23
	Shale	NC	NC	kt	82	387	82	448
lubambe Copper Mine LTD	Copper Concentrates	NC	NC	Mt Cu	22,404	113,486,345	22,404	113,486,345
Lumwana Mining LTD	Copper Concentrates	8089-HQ-LML	Barrick Lumwana	Mt	107,902	473,191,240		
Mammba Collieries LTD	COAL	7058HQ LML	NC	Mt	1,379,773			
Mopani Copper Mines PLC	Finnished Copper Production	7625 HQ LML	Nkana Ore Source	Mt	15,840	98,164,505		
	Finnished Copper Production	7073 HQ LML	Mufulira Ore Source	Mt	5,715	35,418,816	29,720	184,190,656
NFC Africa Mining PLC	Copper	NC	NC		27,568			

Companies	Commodity	Licence code	Field name	Unit	Mined in Zambia		Processed/smelted in Zambia	
					Production Quantity	Production Value (USD)	Production Quantity	Production Value (USD)
Collum Coal Mining Industries Limited	Coal	20405-HQ-LML		Tonne	259,075	194,306,400	259,075	194,306,400
				Total	4,068,711	2,332,404,592	2,657,631	3,258,446,744

## **Annex 12 - Minerals Export Data 2018 reported by ZRA**

Please see Excel sheet

## Annex 13 - Tracking table of certified reporting templates

No.	Company	Reporting template received	Signed reporting template	Provided detail by project
1	KANSANSHI MINING PLC	Yes	Yes	Yes
2	KONKOLA COPPER MINES PLC	Yes	Yes	Yes
3	LUMWANA MINING COMPANY LIMITED	Yes	Yes	Yes
4	MOPANI COPPER MINES PLC	Yes	Yes	Yes
5	KALUMBILA MINERALS LIMITED	Yes	Yes	No
6	FIRST QUANTUM MINING AND OPERATIONS LTD	Yes	Yes	Yes
7	CHAMBISHI COPPER SMELTER LIMITED	Yes	Yes	Yes
8	ZCCM INVESTMENTS HOLDINGS PLC (*)	Yes	Yes o	No
9	MAAMBA COLLIERIES LIMITED	Yes	Yes	Yes
10	NFC AFRICA MINING PLC	Yes	No	Yes
11	LUBAMBE COPPER MINE LTD	Yes	Yes	Yes
12	KAGEM MINING LTD	Yes	Yes	No
13	SINO METALS LEACH ZAMBIA LTD	No	No	No
14	LARFAGE CEMENT ZAMBIA PLC	Yes	Yes	No
15	DANGOTE CEMENT ZAMBIA LTD	Yes	Yes	Yes
16	CNMC LUANSHYA COPPER MINES PLC	Yes	Yes	No

No.	Company	Reporting template received	Reporting Templates signed by the management
<b>Administrations</b>			
1	Zambian Revenue Authority (ZRA)	Yes	Yes
2	Ministry of Mines and Minerals Development (MMMMD)	Yes	Yes
3	Ministry of Lands (MoL)	Yes	Yes
<b>Local Councils</b>			
4	Mufulira Municipal Council	Yes	Yes
5	Kalulushi Municipal Council	Yes	Yes
6	Zimba District Council	Yes	Yes
7	Kitwe City Council	Yes	Yes
8	Chililabombwe District Council	Yes	Yes
9	Luanshya District Council	Yes	Yes
10	Chingola Municipal Council	Yes	Yes
11	Mazabuka District Council	Yes	Yes
12	Kabwe City Council	Yes	Yes
13	Ndola City Council	Yes	Yes
14	Lufwanyama District Council	Yes	Yes
15	Lusaka City Council	Yes	Yes
16	Mumbwa District Council	Yes	Yes
17	Sinazongwe District Council	No	No
18	Solwezi Municipal Council	Yes	Yes
19	Kafue District Council	Yes	Yes
20	Chilanga District Council	Yes	Yes
21	Siavonga Council	Yes	Yes
22	Kalumbila Council	Yes	Yes



## Annex 14 - Payments from the Oil and Gas companies (Unilateral Disclosure by the Petroleum Unit)

	COMPANY NAME	LICENCE No.	BLOCK	ANNUAL LICENCE FEES (K)	AREA CHARGES (K)	AMOUNT PAID (K)
1	SARGAS OIL LIMITED	PEL 029	54	90,000.00	144,803.05	<b>234,803.05</b>
2	ZCCM INVESTMENT HOLDINGS	PEL 012	1	90,000.00	426,796.39	<b>516,796.39</b>
3	ZCCM INVESTMENT HOLDINGS	PEL 032	17	90,000.00	334,803.06	<b>424,803.06</b>
3	ZCCM INVESTMENT HOLDINGS	PEL 033	27	90,000.00	137,738.26	<b>227,738.26</b>
4	ZCCM INVESTMENT HOLDINGS	PEL 030	39	90,000.00	63,918.32	<b>153,918.32</b>
5	ZCCM INVESTMENT HOLDINGS	PEL 031	44	90,000.00	97658.28	<b>187658.28</b>
6	ZCCM INVESTMENT HOLDINGS	PEL 034	52	90,000.00	308,221.50	<b>398,221.50</b>
7	MAFULA ENERGY LIMITED	PEL 008	32	90,000.00	464,184.00	<b>554,184.00</b>
8	TIISEZA ZAMBIA LIMITED	PEL 035	18	90,000.00	263,224.50	<b>353,224.50</b>

## Annex 15 - Company by company reconciliation sheets

Company name:		KANSANSHI MINING PLC			Reporting period:			2019	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMMD</b>	<b>1,540,991</b>	-	<b>1,540,991</b>	<b>417,726</b>	-	<b>417,726</b>	<b>1,123,264</b>	
1	Application Fees		-		-	-	-	-	
2	Licence Fees	3,000	-	3,000		-		3,000	
3	Area Charges		-		417,726	-	417,726	(417,726)	
4	Valuation Fees		-		-	-	-	-	
5	Chemical Analysis		-		-	-	-	-	
6	Environmental Protection Fund		-			-		-	
7	Other fees & charges - ERB	1,537,991	-	1,537,991		-		1,537,991	
	<b>ZRA</b>	<b>5,595,282,486</b>	-	<b>5,595,282,486</b>	<b>4,194,498,968</b>	<b>1,396,002,976</b>	<b>5,590,501,944</b>	<b>4,780,542</b>	
8	Pay- As-You-Earn	353,428,780	-	353,428,780	353,428,780	-	353,428,780	-	
9	Import VAT	264,641,697	-	264,641,697	260,863,614	3,621,786	264,485,400	156,297	
10	Mineral Royalty	1,327,238,817	-	1,327,238,817	1,327,472,855	-	1,327,472,855	(234,038)	
11	Company Income Tax (including Provisional Tax)	2,092,661,405	-	2,092,661,405	2,092,661,405	-	2,092,661,405	(0)	
12	VAT		-		6,000	-	6,000	(6,000)	
13	Import/Customs Duty	119,312,628	-	119,312,628	117,249,680	-	117,249,680	2,062,948	
14	Withholding Taxes	39,241,289	-	39,241,289	39,241,289	-	39,241,289	(0)	
15	Excise Duty - Electrical Energy	3,573,620	-	3,573,620	3,573,620	-	3,573,620	-	
16	Property Transfer Tax		-			-		-	
17	Domestic Excise		-			-		-	
18	Withholding VAT	1,392,381,190	-	1,392,381,190		1,392,381,190	1,392,381,190	-	
19	Advance Income Tax		-			-		-	
20	Export Levy		-			-		-	
21	Other taxes (ZRA)	2,803,061	-	2,803,061	1,725	-	1,725	2,801,336	
22	VAT claimed		-			-		-	
	<b>Local Councils</b>	<b>20,073,414</b>	-	<b>20,073,414</b>	<b>26,561,063</b>	-	<b>26,561,063</b>	<b>(6,487,649)</b>	
23	Annual Business Fees		-			-		-	
24	Property Rates	20,073,414	-	20,073,414	26,561,063	-	26,561,063	(6,487,649)	
	<b>MoL</b>	<b>215,318</b>	-	<b>215,318</b>	<b>348,993</b>	-	<b>348,993</b>	<b>(133,675)</b>	
25	Ground Rent	215,318	-	215,318	348,993	-	348,993	(133,675)	
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>121,469,620</b>	-	<b>121,469,620</b>	<b>121,270,300</b>	-	<b>121,270,300</b>	<b>199,320</b>	
32	Dividends from ZCCM-IH Shares	121,469,620	-	121,469,620	121,270,300	-	121,270,300	199,320	
33	Price participation fees		-			-		-	
34	Revenues from ZCCM-IH shareholding sale		-			-		-	
35	Revenues from ZCCM-IH mining rights transfer		-			-		-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares		-			-		-	
	<b>Social Payments</b>	-	-	-	-	-	-	-	
37	Corporate Social Responsibility In kind payments		-			-		-	
38	Corporate Social Responsibility cash payments		-			-		-	
	<b>Other Significant Payments</b>	<b>10,785,226</b>	-	<b>10,785,226</b>	-	-	-	<b>10,785,226</b>	
39	Other Significant Payments	10,785,226	-	10,785,226		-		10,785,226	
	<b>Total payments</b>	<b>5,749,367,055</b>	-	<b>5,749,367,055</b>	<b>4,343,097,050</b>	<b>1,396,002,976</b>	<b>5,739,100,026</b>	<b>10,267,029</b>	

Company name: KONKOLA COPPER MINES PLC		Reporting period: 2019						
N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMMD</b>	<b>652,993</b>	-	<b>652,993</b>	<b>742,162</b>	-	<b>742,162</b>	<b>(89,169)</b>
1	Application Fees		-	-	-	-	-	-
2	Licence Fees		-	-	-	-	-	-
3	Area Charges	652,993	-	652,993	742,162	-	742,162	(89,169)
4	Valuation Fees		-	-	-	-	-	-
5	Chemical Analysis		-	-	-	-	-	-
6	Environmental Protection Fund		-	-	-	-	-	-
7	Other fees & charges - ERB		-	-	-	-	-	-
	<b>ZRA</b>	<b>745,757,564</b>	-	<b>745,757,564</b>	<b>969,507,544</b>	<b>32,956,632</b>	<b>1,002,464,176</b>	<b>(256,706,612)</b>
8	Pay- As-You-Earn	224,707,367	-	224,707,367	386,605,030	-	386,605,030	(161,897,664)
9	Import VAT	117,888,827	-	117,888,827	117,888,827	-	117,888,827	-
10	Mineral Royalty	214,233,019	-	214,233,019	301,298,124	-	301,298,124	(87,065,105)
11	Company Income Tax (including Provisional Tax)	8,671	-	8,671	8,671	-	8,671	-
12	VAT	-	-	-	33,306	-	33,306	(33,306)
13	Import/Customs Duty	9,677,043	-	9,677,043	9,677,213	-	9,677,213	(170)
14	Withholding Taxes	126,233,339	-	126,233,339	153,826,598	-	153,826,598	(27,593,259)
15	Excise Duty - Electrical Energy		-	-	169,775	-	169,775	(169,775)
16	Property Transfer Tax		-	-	-	-	-	-
17	Domestic Excise		-	-	-	-	-	-
18	Withholding VAT	51,820,561	-	51,820,561		32,956,632	32,956,632	18,863,929
19	Advance Income Tax		-	-	-	-	-	-
20	Export Levy		-	-	-	-	-	-
21	Other taxes (ZRA)	1,188,738	-	1,188,738				1,188,738
22	VAT claimed		-	-				
	<b>Local Councils</b>	<b>25,029,056</b>	-	<b>25,029,056</b>	<b>18,747,800</b>	-	<b>18,747,800</b>	<b>6,281,256</b>
23	Annual Business Fees		-	-	42,800	-	42,800	(42,800)
24	Property Rates	25,029,056	-	25,029,056	18,705,000	-	18,705,000	6,324,056
	<b>MoL</b>	<b>369,292</b>	-	<b>369,292</b>	<b>579,943</b>	-	<b>579,943</b>	<b>(210,651)</b>
25	Ground Rent	369,292	-	369,292	579,943	-	579,943	(210,651)
26	Consideration Fees		-	-	-	-	-	-
27	Registration Fees		-	-	-	-	-	-
28	Preparation fees		-	-	-	-	-	-
29	Others-Invitation to Treat / Title Deeds		-	-	-	-	-	-
	<b>MoF</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>146,450,496</b>	-	<b>146,450,496</b>	<b>150,702,392</b>	<b>(4,282,642)</b>	<b>146,419,750</b>	<b>30,747</b>
32	Dividends from ZCCM-IH Shares		-	-	-	-	-	-
33	Price participation fees	146,450,496	-	146,450,496	150,702,392	(4,282,642)	146,419,750	30,747
34	Revenues from ZCCM-IH shareholding sale		-	-	-	-	-	-
35	Revenues from ZCCM-IH mining rights transfer		-	-	-	-	-	-
	<b>IDC</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>
36	Dividends and other revenues from IDC-Shares		-	-	-	-	-	-
	<b>Social Payments</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>
37	Corporate Social Responsibility in kind payments		-	-	-	-	-	-
38	Corporate Social Responsibility cash payments		-	-	-	-	-	-
	<b>Other Significant Payments</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>
39	Other Significant Payments		-	-	-	-	-	-
	<b>Total payments</b>	<b>918,259,401</b>	-	<b>918,259,401</b>	<b>1,140,279,842</b>	<b>28,673,990</b>	<b>1,168,953,831</b>	<b>(250,694,430)</b>

Company name: LUMWANA MINING COMPANY LIMITED		Reporting period: 2019			2019			Final difference
N°	Description of Payment	Per Company			Per Government			
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMMD</b>	<b>2,004,276</b>	-	<b>2,004,276</b>	<b>2,004,598</b>	-	<b>2,004,598</b>	<b>(322)</b>
1	Application Fees	-	-	-	-	-	-	-
2	Licence Fees	-	-	-	-	-	-	-
3	Area Charges	2,004,276	-	2,004,276	2,004,598	-	2,004,598	(322)
4	Valuation Fees	-	-	-	-	-	-	-
5	Chemical Analysis	-	-	-	-	-	-	-
6	Environmental Protection Fund	-	-	-	-	-	-	-
7	Other fees & charges - ERB	-	-	-	-	-	-	-
	<b>ZRA</b>	<b>827,354,362</b>	-	<b>827,354,362</b>	<b>1,228,325,206</b>	-	<b>1,228,325,206</b>	<b>(400,970,844)</b>
8	Pay- As-You-Earn	87,354,328	-	87,354,328	213,615,234	-	213,615,234	(126,260,906)
9	Import VAT	177,296,755	-	177,296,755	177,296,755	-	177,296,755	-
10	Mineral Royalty	277,797,918	-	277,797,918	421,938,732	-	421,938,732	(144,140,814)
11	Company Income Tax (including Provisional Tax)	-	-	-	-	-	-	-
12	VAT	6,634,253	-	6,634,253	274,840,929	-	274,840,929	(268,206,677)
13	Import/Customs Duty	85,473,089	-	85,473,089	96,264,454	-	96,264,454	(10,791,365)
14	Withholding Taxes	10,248,740	-	10,248,740	44,349,995	-	44,349,995	(34,101,255)
15	Excise Duty - Electrical Energy	-	-	-	19,106	-	19,106	(19,106)
16	Property Transfer Tax	-	-	-	-	-	-	-
17	Domestic Excise	-	-	-	-	-	-	-
18	Withholding VAT	182,549,279	-	182,549,279	-	-	-	182,549,279
19	Advance Income Tax	-	-	-	-	-	-	-
20	Export Levy	-	-	-	-	-	-	-
21	Other taxes (ZRA)	-	-	-	-	-	-	-
22	VAT claimed	-	-	-	-	-	-	-
	<b>Local Councils</b>	<b>18,004,000</b>	-	<b>18,004,000</b>	-	-	-	<b>18,004,000</b>
23	Annual Business Fees	-	-	-	-	-	-	-
24	Property Rates	18,004,000	-	18,004,000	-	-	-	18,004,000
	<b>MoL</b>	<b>1,785,613</b>	-	<b>1,785,613</b>	-	-	-	<b>1,785,613</b>
25	Ground Rent	1,785,613	-	1,785,613	-	-	-	1,785,613
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	-	-	-	-	-	-	-
34	Revenues from ZCCM-IH shareholding sale	-	-	-	-	-	-	-
35	Revenues from ZCCM-IH mining rights transfer	-	-	-	-	-	-	-
	<b>IDC</b>	-	-	-	-	-	-	-
36	Dividends and other revenues from IDC-Shares	-	-	-	-	-	-	-
	<b>Social Payments</b>	-	-	-	-	-	-	-
37	Corporate Social Responsibility In kind payments	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-	-
	<b>Total payments</b>	<b>849,148,252</b>	-	<b>849,148,252</b>	<b>1,230,329,804</b>	-	<b>1,230,329,804</b>	<b>(381,181,552)</b>

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMMD</b>	<b>3,410,645</b>	-	<b>3,410,645</b>	<b>504,220</b>	-	<b>504,220</b>	<b>2,906,425</b>
1	Application Fees	86,425	-	86,425	-	-	-	86,425
2	Licence Fees	-	-	-	-	-	-	-
3	Area Charges	504,220	-	504,220	504,220	-	504,220	0
4	Valuation Fees	-	-	-	-	-	-	-
5	Chemical Analysis	-	-	-	-	-	-	-
6	Environmental Protection Fund	-	-	-	-	-	-	-
7	Other fees & charges - ERB	2,820,000	-	2,820,000	-	-	-	2,820,000
	<b>ZRA</b>	<b>2,717,948,349</b>	<b>(1,000,700,534)</b>	<b>1,717,247,815</b>	<b>1,035,557,486</b>	-	<b>1,035,557,486</b>	<b>681,690,330</b>
8	Pay- As-You-Earn	512,370,962	-	512,370,962	476,300,448	-	476,300,448	36,070,514
9	Import VAT	234,084,490	-	234,084,490	232,747,906	-	232,747,906	1,336,584
10	Mineral Royalty	147,915,057	-	147,915,057	147,915,054	-	147,915,054	3
11	Company Income Tax (including Provisional Tax)	-	8,555,609	8,555,609	8,555,609	-	8,555,609	-
12	VAT	-	-	-	35,875,746	-	35,875,746	(35,875,746)
13	Import/Customs Duty	117,428,888	-	117,428,888	77,955,149	-	77,955,149	39,473,740
14	Withholding Taxes	49,602,865	-	49,602,865	56,072,845	-	56,072,845	(6,469,980)
15	Excise Duty - Electrical Energy	-	-	-	22,879	-	22,879	(22,879)
16	Property Transfer Tax	110,200	-	110,200	110,200	-	110,200	-
17	Domestic Excise	-	-	-	-	-	-	-
18	Withholding VAT	1,633,618,899	(1,009,256,143)	624,362,756	-	-	-	624,362,756
19	Advance Income Tax	-	-	-	-	-	-	-
20	Export Levy	22,816,989	-	22,816,989	-	-	-	22,816,989
21	Other taxes (ZRA)	-	-	-	1,650	-	1,650	(1,650)
22	VAT claimed	-	-	-	-	-	-	-
	<b>Local Councils</b>	<b>14,985,946</b>	-	<b>14,985,946</b>	<b>10,652,815</b>	-	<b>10,652,815</b>	<b>4,333,132</b>
23	Annual Business Fees	-	-	-	-	-	-	-
24	Property Rates	14,985,946	-	14,985,946	10,652,815	-	10,652,815	4,333,132
	<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	-	-	-	-	-	-	-
34	Revenues from ZCCM-IH shareholding sale	-	-	-	-	-	-	-
35	Revenues from ZCCM-IH mining rights transfer	-	-	-	-	-	-	-
	<b>IDC</b>	-	-	-	-	-	-	-
36	Dividends and other revenues from IDC-Shares	-	-	-	-	-	-	-
	<b>Social Payments</b>	-	-	-	-	-	-	-
37	Corporate Social Responsibility In kind payments	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-	-
	<b>Total payments</b>	<b>2,736,344,941</b>	<b>(1,000,700,534)</b>	<b>1,735,644,407</b>	<b>1,046,714,521</b>	-	<b>1,046,714,521</b>	<b>688,929,886</b>

Company name:		KALUMBILA MINERALS LIMITED			Reporting period:			2019	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMMD</b>	<b>18,918,639</b>	-	<b>18,918,639</b>	<b>2,606,554</b>	-	<b>2,606,554</b>	<b>16,312,085</b>	
1	Application Fees	-	-	-	-	-	-	-	
2	Licence Fees	-	-	-	-	-	-	-	
3	Area Charges	1,591,388	-	1,591,388	1,371,432	-	1,371,432	219,956	
4	Valuation Fees	-	-	-	-	-	-	-	
5	Chemical Analysis	-	-	-	-	-	-	-	
6	Environmental Protection Fund	17,327,251	-	17,327,251	1,235,123	-	1,235,123	16,092,129	
7	Other fees & charges - ERB	-	-	-	-	-	-	-	
	<b>ZRA</b>	<b>2,362,653,362</b>	<b>(57,614,830)</b>	<b>2,305,038,532</b>	<b>2,597,246,422</b>	-	<b>2,597,246,422</b>	<b>(292,207,890)</b>	
8	Pay- As-You-Earn	263,778,991	-	263,778,991	264,875,129	-	264,875,129	(1,096,138)	
9	Import VAT	355,296,580	(13,234,398)	342,062,182	340,698,742	-	340,698,742	1,363,440	
10	Mineral Royalty	1,131,436,719	-	1,131,436,719	1,109,857,320	-	1,109,857,320	21,579,399	
11	Company Income Tax (including Provisional Tax)	219,966,752	(44,380,432)	175,586,320	175,586,320	-	175,586,320	(1)	
12	VAT	-	-	-	-	-	-	-	
13	Import/Customs Duty	213,028,987	-	213,028,987	548,037,817	-	548,037,817	(335,008,829)	
14	Withholding Taxes	168,256,724	-	168,256,724	157,963,948	-	157,963,948	10,292,775	
15	Excise Duty - Electrical Energy	-	-	-	225,356	-	225,356	(225,356)	
16	Property Transfer Tax	-	-	-	-	-	-	-	
17	Domestic Excise	-	-	-	-	-	-	-	
18	Withholding VAT	-	-	-	-	-	-	-	
19	Advance Income Tax	-	-	-	-	-	-	-	
20	Export Levy	-	-	-	-	-	-	-	
21	Other taxes (ZRA)	10,888,609	-	10,888,609	1,790	-	1,790	10,886,819	
22	VAT claimed	-	-	-	-	-	-	-	
	<b>Local Councils</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,750,000</b>	<b>-</b>	<b>35,750,000</b>	<b>(35,750,000)</b>	
23	Annual Business Fees	-	-	-	-	-	-	-	
24	Property Rates	-	-	-	35,750,000	-	35,750,000	(35,750,000)	
	<b>MoL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
25	Ground Rent	-	-	-	-	-	-	-	
26	Consideration Fees	-	-	-	-	-	-	-	
27	Registration Fees	-	-	-	-	-	-	-	
28	Preparation fees	-	-	-	-	-	-	-	
29	Others-Invitation to Treat / Title Deeds	-	-	-	-	-	-	-	
	<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	-	-	-	-	-	-	-	
34	Revenues from ZCCM-IH shareholding sale	-	-	-	-	-	-	-	
35	Revenues from ZCCM-IH mining rights transfer	-	-	-	-	-	-	-	
	<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>Social Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
37	Corporate Social Responsibility In kind payments	-	-	-	-	-	-	-	
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-	
	<b>Other Significant Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
39	Other Significant Payments	-	-	-	-	-	-	-	
	<b>Total payments</b>	<b>2,381,572,001</b>	<b>(57,614,830)</b>	<b>2,323,957,171</b>	<b>2,635,602,976</b>	<b>-</b>	<b>2,635,602,976</b>	<b>(311,645,805)</b>	

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMMD</b>	<b>52,309</b>	-	<b>52,309</b>	<b>79,302</b>	-	<b>79,302</b>	<b>(26,993)</b>
1	Application Fees		-	-		-	-	-
2	Licence Fees		-	-		-	-	-
3	Area Charges	52,309	-	52,309	79,302	-	79,302	(26,993)
4	Valuation Fees		-	-		-	-	-
5	Chemical Analysis		-	-		-	-	-
6	Environmental Protection Fund		-	-		-	-	-
7	Other fees & charges - ERB		-	-		-	-	-
	<b>ZRA</b>	<b>927,030,044</b>	<b>34,047,709</b>	<b>961,077,754</b>	<b>770,097,227</b>	<b>203,475,299</b>	<b>973,572,526</b>	<b>(12,494,772)</b>
8	Pay- As-You-Earn	317,342,738	-	317,342,738	358,193,211	-	358,193,211	(40,850,473)
9	Import VAT	120,131,446	-	120,131,446	107,681,602	-	107,681,602	12,449,844
10	Mineral Royalty		-	-		-	-	-
11	Company Income Tax (including Provisional Tax)	79,536,407	-	79,536,407	79,536,407	-	79,536,407	-
12	VAT		34,047,709	34,047,709	123,355,911	(89,308,202)	34,047,709	-
13	Import/Customs Duty	106,401,211	-	106,401,211	90,367,994	-	90,367,994	16,033,217
14	Withholding Taxes	10,709,101	-	10,709,101	10,709,102	-	10,709,102	(1)
15	Excise Duty - Electrical Energy		-	-	2,219	-	2,219	(2,219)
16	Property Transfer Tax	125,640	-	125,640	218,265	-	218,265	(92,625)
17	Domestic Excise		-	-		-	-	-
18	Withholding VAT	292,783,501	-	292,783,501		292,783,501	292,783,501	-
19	Advance Income Tax		-	-		-	-	-
20	Export Levy		-	-		-	-	-
21	Other taxes (ZRA)		-	-	32,516	-	32,516	(32,516)
22	VAT claimed		-	-		-	-	-
	<b>Local Councils</b>	<b>2,542,532</b>	-	<b>2,542,532</b>	-	-	-	<b>2,542,532</b>
23	Annual Business Fees		-	-		-	-	-
24	Property Rates	2,542,532	-	2,542,532		-	-	2,542,532
	<b>MoL</b>	<b>148,779</b>	-	<b>148,779</b>	-	-	-	<b>148,779</b>
25	Ground Rent	148,779	-	148,779		-	-	148,779
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		-	-		-	-	-
34	Revenues from ZCCM-IH shareholding sale		-	-		-	-	-
35	Revenues from ZCCM-IH mining rights transfer		-	-		-	-	-
	<b>IDC</b>	-	-	-	-	-	-	-
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-
	<b>Social Payments</b>	-	-	-	-	-	-	-
37	Corporate Social Responsibility In kind payments		-	-		-	-	-
38	Corporate Social Responsibility cash payments		-	-		-	-	-
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-
39	Other Significant Payments		-	-		-	-	-
	<b>Total payments</b>	<b>929,773,666</b>	<b>34,047,709</b>	<b>963,821,375</b>	<b>770,176,529</b>	<b>203,475,299</b>	<b>973,651,829</b>	<b>(9,830,454)</b>

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMMD</b>	<b>666,258</b>	-	<b>666,258</b>	<b>8,577</b>	-	<b>8,577</b>	<b>657,681</b>
1	Application Fees		-	-		-	-	-
2	Licence Fees		-	-		-	-	-
3	Area Charges		-	-	8,577	-	8,577	(8,577)
4	Valuation Fees	666,258	-	666,258	-	-	-	666,258
5	Chemical Analysis		-	-		-	-	-
6	Environmental Protection Fund		-	-		-	-	-
7	Other fees & charges - ERB		-	-		-	-	-
	<b>ZRA</b>	<b>1,342,814,506</b>	<b>(79,685,974)</b>	<b>1,263,128,532</b>	<b>1,078,751,416</b>	-	<b>1,078,751,416</b>	<b>184,377,116</b>
8	Pay- As-You-Earn	30,576,620	-	30,576,620	30,301,860	-	30,301,860	274,761
9	Import VAT	488,657,173	-	488,657,173	473,083,666	-	473,083,666	15,573,507
10	Mineral Royalty	343,620,494	-	343,620,494	52,359,725	-	52,359,725	291,260,769
11	Company Income Tax (including Provisional Tax)	283,352,899	(79,685,974)	203,666,925	270,521,810	-	270,521,810	(66,854,885)
12	VAT		-	-	54,822,938	-	54,822,938	(54,822,938)
13	Import/Customs Duty	158,977,405	-	158,977,405	159,516,441	-	159,516,441	(539,036)
14	Withholding Taxes	37,629,914	-	37,629,914	38,144,866	-	38,144,866	(514,952)
15	Excise Duty - Electrical Energy		-	-	110	-	110	(110)
16	Property Transfer Tax		-	-		-	-	-
17	Domestic Excise		-	-		-	-	-
18	Withholding VAT	-	-	-	-	-	-	-
19	Advance Income Tax		-	-		-	-	-
20	Export Levy		-	-		-	-	-
21	Other taxes (ZRA)		-	-		-	-	-
22	VAT claimed		-	-		-	-	-
	<b>Local Councils</b>	<b>8,841,180</b>	-	<b>8,841,180</b>	<b>8,057,633</b>	-	<b>8,057,633</b>	<b>783,547</b>
23	Annual Business Fees		-	-		-	-	-
24	Property Rates	8,841,180	-	8,841,180	8,057,633	-	8,057,633	783,547
	<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		-	-		-	-	-
34	Revenues from ZCCM-IH shareholding sale		-	-		-	-	-
35	Revenues from ZCCM-IH mining rights transfer		-	-		-	-	-
	<b>IDC</b>	-	-	-	-	-	-	-
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-
	<b>Social Payments</b>	-	-	-	-	-	-	-
37	Corporate Social Responsibility In kind payments		-	-		-	-	-
38	Corporate Social Responsibility cash payments		-	-		-	-	-
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-
39	Other Significant Payments		-	-		-	-	-
	<b>Total payments</b>	<b>1,352,321,944</b>	<b>(79,685,974)</b>	<b>1,272,635,970</b>	<b>1,086,817,626</b>	-	<b>1,086,817,626</b>	<b>185,818,344</b>



N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMMD</b>	<b>2,582,524</b>	-	<b>2,582,524</b>	<b>1,805,469</b>	-	<b>1,805,469</b>	<b>777,055</b>
1	Application Fees		-	-	-	-	-	-
2	Licence Fees		-	-	-	-	-	-
3	Area Charges	1,821,784	-	1,821,784	1,805,469	-	1,805,469	16,315
4	Valuation Fees		-	-	-	-	-	-
5	Chemical Analysis		-	-	-	-	-	-
6	Environmental Protection Fund	760,740	-	760,740		-	-	760,740
7	Other fees & charges - ERB		-	-		-	-	-
	<b>ZRA</b>	<b>23,953,302</b>	-	<b>23,953,302</b>	-	-	-	<b>23,953,302</b>
8	Pay- As-You-Earn	21,037,338	-	21,037,338		-	-	21,037,338
9	Import VAT		-	-		-	-	-
10	Mineral Royalty		-	-		-	-	-
11	Company Income Tax (including Provisional Tax)		-	-		-	-	-
12	VAT	133,276	-	133,276		-	-	133,276
13	Import/Customs Duty		-	-		-	-	-
14	Withholding Taxes	1,107,687	-	1,107,687		-	-	1,107,687
15	Excise Duty - Electrical Energy		-	-		-	-	-
16	Property Transfer Tax	1,675,000	-	1,675,000		-	-	1,675,000
17	Domestic Excise		-	-		-	-	-
18	Withholding VAT		-	-		-	-	-
19	Advance Income Tax		-	-		-	-	-
20	Export Levy		-	-		-	-	-
21	Other taxes (ZRA)		-	-		-	-	-
22	VAT claimed		-	-		-	-	-
	<b>Local Councils</b>	-	-	-	<b>155,853</b>	-	<b>155,853</b>	<b>(155,853)</b>
23	Annual Business Fees		-	-		-	-	-
24	Property Rates		-	-	155,853	-	155,853	(155,853)
	<b>MoL</b>	<b>322,625</b>	-	<b>322,625</b>	-	-	-	<b>322,625</b>
25	Ground Rent	322,625	-	322,625		-	-	322,625
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		-	-		-	-	-
34	Price participation fees Interest		-	-		-	-	-
35	Revenues from ZCCM-IH mining rights transfer		-	-		-	-	-
	<b>IDC</b>	-	-	-	-	-	-	-
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-
	<b>Social Payments</b>	-	-	-	-	-	-	-
37	Corporate Social Responsibility In kind payments		-	-		-	-	-
38	Corporate Social Responsibility cash payments		-	-		-	-	-
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-
39	Other Significant Payments		-	-		-	-	-
	<b>Total payments</b>	<b>26,858,451</b>	-	<b>26,858,451</b>	<b>1,961,322</b>	-	<b>1,961,322</b>	<b>24,897,129</b>

Company name: MAAMBA COLLIERIES LIMITED		Reporting period: 2019						
N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMM</b>	<b>5,793,133</b>	-	<b>5,793,133</b>	<b>2,400</b>	-	<b>2,400</b>	<b>5,790,733</b>
1	Application Fees		-	-		-	-	-
2	Licence Fees	109,450	-	109,450		-	-	109,450
3	Area Charges	114,190	-	114,190		-	-	114,190
4	Valuation Fees		-	-	1,500	-	1,500	(1,500)
5	Chemical Analysis		-	-	900	-	900	(900)
6	Environmental Protection Fund		-	-		-	-	-
7	Other fees & charges - ERB	5,569,493	-	5,569,493		-	-	5,569,493
	<b>ZRA</b>	<b>404,756,411</b>	<b>(4,942,189)</b>	<b>399,814,222</b>	<b>496,440,462</b>	<b>59,133,953</b>	<b>555,574,415</b>	<b>(155,760,192)</b>
8	Pay- As-You-Earn	15,707,288	-	15,707,288	17,165,607	-	17,165,607	(1,458,319)
9	Import VAT	8,021,258	-	8,021,258	7,867,725	37,430	7,905,155	116,103
10	Mineral Royalty	28,973,102	-	28,973,102	31,719,345	-	31,719,345	(2,746,243)
11	Company Income Tax (including Provisional Tax)	28,247,193	-	28,247,193	28,247,193	-	28,247,193	-
12	VAT	120,875,429	-	120,875,429	258,662,911	-	258,662,911	(137,787,482)
13	Import/Customs Duty	3,048,116	-	3,048,116	2,544,894	-	2,544,894	503,222
14	Withholding Taxes	59,589,492	-	59,589,492	69,265,402	-	69,265,402	(9,675,910)
15	Excise Duty - Electrical Energy	76,255,821	-	76,255,821	548	-	548	76,255,273
16	Property Transfer Tax		-	-		-	-	-
17	Domestic Excise		-	-	80,964,723	-	80,964,723	(80,964,723)
18	Withholding VAT	64,038,712	(4,942,189)	59,096,523		59,096,523	59,096,523	-
19	Advance Income Tax		-	-		-	-	-
20	Export Levy		-	-		-	-	-
21	Other taxes (ZRA)		-	-	2,114	-	2,114	(2,114)
22	VAT claimed		-	-		-	-	-
	<b>Local Councils</b>	<b>1,259,905</b>	-	<b>1,259,905</b>	<b>1,225,199</b>	-	<b>1,225,199</b>	<b>34,706</b>
23	Annual Business Fees	50,800	-	50,800	25,000	-	25,000	25,800
24	Property Rates	1,209,105	-	1,209,105	1,200,199	-	1,200,199	8,906
	<b>MoL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,857</b>	<b>-</b>	<b>3,857</b>	<b>(3,857)</b>
25	Ground Rent		-	-	3,857	-	3,857	(3,857)
26	Consideration Fees		-	-		-	-	-
27	Registration Fees		-	-		-	-	-
28	Preparation fees		-	-		-	-	-
29	Others-Invitation to Treat / Title Deeds		-	-		-	-	-
	<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		-	-		-	-	-
34	Revenues from ZCCM-IH shareholding sale		-	-		-	-	-
35	Revenues from ZCCM-IH mining rights transfer		-	-		-	-	-
	<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>Social Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
37	Corporate Social Responsibility In kind payments		-	-		-	-	-
38	Corporate Social Responsibility cash payments		-	-		-	-	-
	<b>Other Significant Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
39	Other Significant Payments		-	-		-	-	-
	<b>Total payments</b>	<b>411,809,449</b>	<b>(4,942,189)</b>	<b>406,867,260</b>	<b>497,671,917</b>	<b>59,133,953</b>	<b>556,805,870</b>	<b>(149,938,610)</b>

N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMMD</b>	-	-	-	<b>181,820</b>	-	<b>181,820</b>	<b>(181,820)</b>
1	Application Fees	-	-	-	-	-	-	-
2	Licence Fees	-	-	-	-	-	-	-
3	Area Charges	-	-	-	180,770	-	180,770	(180,770)
4	Valuation Fees	-	-	-	600	-	600	(600)
5	Chemical Analysis	-	-	-	450	-	450	(450)
6	Environmental Protection Fund	-	-	-	-	-	-	-
7	Other fees & charges - ERB	-	-	-	-	-	-	-
	<b>ZRA</b>	<b>690,558,120</b>	<b>(404,757,441)</b>	<b>285,800,678</b>	<b>357,502,382</b>	<b>(66,786,666)</b>	<b>290,715,716</b>	<b>(4,915,038)</b>
8	Pay-As-You-Earn	40,738,183	-	40,738,183	39,350,363	-	39,350,363	1,387,820
9	Import VAT	47,578,522	-	47,578,522	48,351,627	-	48,351,627	(773,105)
10	Mineral Royalty	165,888,117	-	165,888,117	176,243,275	-	176,243,275	(10,355,158)
11	Company Income Tax (including Provisional Tax)	1,200	(600)	600	55,987,392	(55,986,792)	600	-
12	VAT	-	3,716,324	3,716,324	14,516,212	(10,799,874)	3,716,338	(15)
13	Import/Customs Duty	20,761,659	-	20,761,659	14,287,038	-	14,287,038	6,474,621
14	Withholding Taxes	6,927,194	-	6,927,194	6,601,999	-	6,601,999	325,195
15	Excise Duty - Electrical Energy	-	-	-	-	-	-	-
16	Property Transfer Tax	190,080	-	190,080	190,080	-	190,080	-
17	Domestic Excise	-	-	-	-	-	-	-
18	Withholding VAT	408,473,165	(408,473,165)	(0)	-	-	-	(0)
19	Advance Income Tax	-	-	-	-	-	-	-
20	Export Levy	-	-	-	-	-	-	-
21	Other taxes (ZRA)	-	-	-	1,974,395	-	1,974,395	(1,974,395)
22	VAT claimed	-	-	-	-	-	-	-
	<b>Local Councils</b>	<b>6,208</b>	<b>-</b>	<b>6,208</b>	<b>11,011,801</b>	<b>-</b>	<b>11,011,801</b>	<b>(11,005,593)</b>
23	Annual Business Fees	-	-	-	-	-	-	-
24	Property Rates	6,208	-	6,208	11,011,801	-	11,011,801	(11,005,593)
	<b>MoL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
25	Ground Rent	-	-	-	-	-	-	-
26	Consideration Fees	-	-	-	-	-	-	-
27	Registration Fees	-	-	-	-	-	-	-
28	Preparation fees	-	-	-	-	-	-	-
29	Others-Invitation to Treat / Title Deeds	-	-	-	-	-	-	-
	<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	-	-	-	-	-	-	-
34	Revenues from ZCCM-IH shareholding sale	-	-	-	-	-	-	-
35	Revenues from ZCCM-IH mining rights transfer	-	-	-	-	-	-	-
	<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>Social Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
37	Corporate Social Responsibility In kind payments	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-
	<b>Other Significant Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
39	Other Significant Payments	-	-	-	-	-	-	-
	<b>Total payments</b>	<b>690,564,328</b>	<b>(404,757,441)</b>	<b>285,806,886</b>	<b>368,696,002</b>	<b>(66,786,666)</b>	<b>301,909,337</b>	<b>(16,102,450)</b>

**Jawher Nechi:**  
i added the amount declared on Dec 2018(actualised)

Company name:		LUBAMBE COPPER MINE LTD			Reporting period:			2019	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMMM</b>	<b>2,439,652</b>	-	<b>2,439,652</b>	<b>1,050</b>	-	<b>1,050</b>	<b>2,438,602</b>	
1	Application Fees	384,064	-	384,064	-	-	-	384,064	
2	Licence Fees	-	-	-	-	-	-	-	
3	Area Charges	-	-	-	-	-	-	-	
4	Valuation Fees	2,055,588	-	2,055,588	600	-	600	2,054,988	
5	Chemical Analysis	-	-	-	450	-	450	(450)	
6	Environmental Protection Fund	-	-	-	-	-	-	-	
7	Other fees & charges - ERB	-	-	-	-	-	-	-	
	<b>ZRA</b>	<b>457,223,972</b>	<b>(157,938,174)</b>	<b>299,285,798</b>	<b>312,499,913</b>	<b>(18,337,010)</b>	<b>294,162,903</b>	<b>5,122,895</b>	
8	Pay- As-You-Earn	85,688,180	-	85,688,180	86,298,941	-	86,298,941	(610,761)	
9	Import VAT	46,470,805	-	46,470,805	48,042,786	-	48,042,786	(1,571,981)	
10	Mineral Royalty	108,113,918	-	108,113,918	99,459,227	-	99,459,227	8,654,691	
11	Company Income Tax (including Provisional Tax)	2,642,626	-	2,642,626	11,461,435	(8,818,809)	2,642,626	-	
12	VAT	-	-	-	9,518,201	(9,518,201)	-	-	
13	Import/Customs Duty	8,702,450	-	8,702,450	6,348,150	-	6,348,150	2,354,300	
14	Withholding Taxes	47,667,818	-	47,667,818	51,298,320	-	51,298,320	(3,630,503)	
15	Excise Duty - Electrical Energy	-	-	-	-	-	-	-	
16	Property Transfer Tax	-	-	-	-	-	-	-	
17	Domestic Excise	-	-	-	-	-	-	-	
18	Withholding VAT	157,938,174	(157,938,174)	(0)	-	-	-	(0)	
19	Advance Income Tax	-	-	-	-	-	-	-	
20	Export Levy	-	-	-	-	-	-	-	
21	Other taxes (ZRA)	-	-	-	72,853	-	72,853	(72,853)	
22	VAT claimed	-	-	-	-	-	-	-	
	<b>Local Councils</b>	<b>4,606,117</b>	-	<b>4,606,117</b>	<b>4,200,000</b>	-	<b>4,200,000</b>	<b>406,117</b>	
23	Annual Business Fees	-	-	-	-	-	-	-	
24	Property Rates	4,606,117	-	4,606,117	4,200,000	-	4,200,000	406,117	
	<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	-	-	-	-	-	-	-	
34	Revenues from ZCCM-IH shareholding sale	-	-	-	-	-	-	-	
35	Revenues from ZCCM-IH mining rights transfer	-	-	-	-	-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares	-	-	-	-	-	-	-	
	<b>Social Payments</b>	-	-	-	-	-	-	-	
37	Corporate Social Responsibility In kind payments	-	-	-	-	-	-	-	
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-	
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-	
39	Other Significant Payments	-	-	-	-	-	-	-	
	<b>Total payments</b>	<b>464,269,740</b>	<b>(157,938,174)</b>	<b>306,331,566</b>	<b>316,700,963</b>	<b>(18,337,010)</b>	<b>298,363,953</b>	<b>7,967,613</b>	

Company name:		KAGEM MINING LTD			Reporting period:			2019	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMMMD</b>	235,907	-	235,907	190,913	-	190,913	44,994	
1	Application Fees	235,907	-	235,907	48,900	-	48,900	187,007	
2	Licence Fees	-	-	-	-	-	-	-	
3	Area Charges	-	-	-	136,013	-	136,013	(136,013)	
4	Valuation Fees	-	-	-	5,400	-	5,400	(5,400)	
5	Chemical Analysis	-	-	-	-	-	-	-	
6	Environmental Protection Fund	-	-	-	-	-	-	-	
7	Other fees & charges - ERB	-	-	-	600	-	600	(600)	
	<b>ZRA</b>	353,327,778	-	353,327,778	125,215,160	-	125,215,160	228,112,618	
8	Pay- As-You-Earn	41,289,894	-	41,289,894	39,599,169	-	39,599,169	1,690,725	
9	Import VAT	-	-	-	255,637	-	255,637	(255,637)	
10	Mineral Royalty	226,262,564	-	226,262,564	66,034,074	-	66,034,074	160,228,490	
11	Company Income Tax (including Provisional Tax)	17,345,335	-	17,345,335	17,345,335	-	17,345,335	-	
12	VAT	-	-	-	696,572	-	696,572	(696,572)	
13	Import/Customs Duty	-	-	-	127,169	-	127,169	(127,169)	
14	Withholding Taxes	915,563	-	915,563	1,157,204	-	1,157,204	(241,642)	
15	Excise Duty - Electrical Energy	-	-	-	-	-	-	-	
16	Property Transfer Tax	-	-	-	-	-	-	-	
17	Domestic Excise	-	-	-	-	-	-	-	
18	Withholding VAT	67,514,423	-	67,514,423	-	-	-	67,514,423	
19	Advance Income Tax	-	-	-	-	-	-	-	
20	Export Levy	-	-	-	-	-	-	-	
21	Other taxes (ZRA)	-	-	-	-	-	-	-	
22	VAT claimed	-	-	-	-	-	-	-	
	<b>Local Councils</b>	-	-	-	364,237	-	364,237	(364,237)	
23	Annual Business Fees	-	-	-	-	-	-	-	
24	Property Rates	-	-	-	364,237	-	364,237	(364,237)	
	<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	-	-	-	-	-	-	-	
34	Revenues from ZCCM-IH shareholding sale	-	-	-	-	-	-	-	
35	Revenues from ZCCM-IH mining rights transfer	-	-	-	-	-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares	-	-	-	-	-	-	-	
	<b>Social Payments</b>	-	-	-	-	-	-	-	
37	Corporate Social Responsibility In kind payments	-	-	-	-	-	-	-	
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-	
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-	
39	Other Significant Payments	-	-	-	-	-	-	-	
	<b>Total payments</b>	353,563,685	-	353,563,685	125,770,310	-	125,770,310	227,793,375	

Company name: SINO METALS LEACH ZAMBIA LTD		Reporting period: 2019			2019			Final difference
N°	Description of Payment	Per Company			Per Government			
		Original	Adjust	Final	Original	Adjust	Final	
	<b>MMMD</b>	-	-	-	5,250	-	5,250	(5,250)
1	Application Fees	-	-	-	-	-	-	-
2	Licence Fees	-	-	-	-	-	-	-
3	Area Charges	-	-	-	-	-	-	-
4	Valuation Fees	-	-	-	3,000	-	3,000	(3,000)
5	Chemical Analysis	-	-	-	2,250	-	2,250	(2,250)
6	Environmental Protection Fund	-	-	-	-	-	-	-
7	Other fees & charges - ERB	-	-	-	-	-	-	-
	<b>ZRA</b>	-	-	-	113,977,982	-	113,977,982	(113,977,982)
8	Pay- As-You-Earn	-	-	-	13,118,721	-	13,118,721	(13,118,721)
9	Import VAT	-	-	-	8,973,375	-	8,973,375	(8,973,375)
10	Mineral Royalty	-	-	-	44,012,548	-	44,012,548	(44,012,548)
11	Company Income Tax (including Provisional Tax)	-	-	-	41,428,281	-	41,428,281	(41,428,281)
12	VAT	-	-	-	2,898,620	-	2,898,620	(2,898,620)
13	Import/Customs Duty	-	-	-	2,476,487	-	2,476,487	(2,476,487)
14	Withholding Taxes	-	-	-	1,069,950	-	1,069,950	(1,069,950)
15	Excise Duty - Electrical Energy	-	-	-	-	-	-	-
16	Property Transfer Tax	-	-	-	-	-	-	-
17	Domestic Excise	-	-	-	-	-	-	-
18	Withholding VAT	-	-	-	-	-	-	-
19	Advance Income Tax	-	-	-	-	-	-	-
20	Export Levy	-	-	-	-	-	-	-
21	Other taxes (ZRA)	-	-	-	-	-	-	-
22	VAT claimed	-	-	-	-	-	-	-
	<b>Local Councils</b>	-	-	-	952,896	-	952,896	(952,896)
23	Annual Business Fees	-	-	-	-	-	-	-
24	Property Rates	-	-	-	952,896	-	952,896	(952,896)
	<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	-	-	-	-	-	-	-
34	Revenues from ZCCM-IH shareholding sale	-	-	-	-	-	-	-
35	Revenues from ZCCM-IH mining rights transfer	-	-	-	-	-	-	-
	<b>IDC</b>	-	-	-	-	-	-	-
36	Dividends and other revenues from IDC-Shares	-	-	-	-	-	-	-
	<b>Social Payments</b>	-	-	-	-	-	-	-
37	Corporate Social Responsibility In kind payments	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-	-
	<b>Total payments</b>	-	-	-	114,936,128	-	114,936,128	(114,936,128)

Company name:		LAFARGE CEMENT ZAMBIA PLC			Reporting period:			2019	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMMD</b>	<b>18,000</b>	-	<b>18,000</b>	<b>16,762</b>	-	<b>16,762</b>	<b>1,238</b>	
1	Application Fees		-	-		-	-	-	
2	Licence Fees	18,000	-	18,000		-	-	18,000	
3	Area Charges		-	-	16,762	-	16,762	(16,762)	
4	Valuation Fees		-	-		-	-	-	
5	Chemical Analysis		-	-		-	-	-	
6	Environmental Protection Fund		-	-		-	-	-	
7	Other fees & charges - ERB		-	-		-	-	-	
	<b>ZRA</b>	<b>241,405,112</b>	-	<b>241,405,112</b>	<b>133,433,526</b>	-	<b>133,433,526</b>	<b>107,971,586</b>	
8	Pay- As-You-Earn	46,935,997	-	46,935,997	46,887,308	-	46,887,308	48,689	
9	Import VAT	9,491,874	-	9,491,874	16,159,515	-	16,159,515	(6,667,641)	
10	Mineral Royalty	5,268,109	-	5,268,109	5,368,425	-	5,368,425	(100,316)	
11	Company Income Tax (including Provisional Tax)	20,741,018	-	20,741,018	15,674,716	-	15,674,716	5,066,302	
12	VAT	621,498	-	621,498	621,494	-	621,494	4	
13	Import/Customs Duty	3,812,073	-	3,812,073	5,294,014	-	5,294,014	(1,481,941)	
14	Withholding Taxes	11,220,914	-	11,220,914	14,217,601	-	14,217,601	(2,996,686)	
15	Excise Duty - Electrical Energy	23,510,608	-	23,510,608	19	-	19	23,510,589	
16	Property Transfer Tax	150,526	-	150,526	602,606	-	602,606	(452,080)	
17	Domestic Excise		-	-	27,332,856	-	27,332,856	(27,332,856)	
18	Withholding VAT	119,652,494	-	119,652,494		-	-	119,652,494	
19	Advance Income Tax		-	-		-	-	-	
20	Export Levy		-	-		-	-	-	
21	Other taxes (ZRA)		-	-	1,274,972	-	1,274,972	(1,274,972)	
22	VAT claimed		-	-		-	-	-	
	<b>Local Councils</b>	<b>3,417,444</b>	-	<b>3,417,444</b>	<b>3,159,031</b>	-	<b>3,159,031</b>	<b>258,413</b>	
23	Annual Business Fees	84,145	-	84,145	50,995	-	50,995	33,150	
24	Property Rates	3,333,299	-	3,333,299	3,108,036	-	3,108,036	225,263	
	<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		-	-		-	-	-	
34	Revenues from ZCCM-IH shareholding sale		-	-		-	-	-	
35	Revenues from ZCCM-IH mining rights transfer		-	-		-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-	
	<b>Social Payments</b>	-	-	-	-	-	-	-	
37	Corporate Social Responsibility In kind payments		-	-		-	-	-	
38	Corporate Social Responsibility cash payments		-	-		-	-	-	
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-	
39	Other Significant Payments		-	-		-	-	-	
	<b>Total payments</b>	<b>244,840,556</b>	-	<b>244,840,556</b>	<b>136,609,319</b>	-	<b>136,609,319</b>	<b>108,231,237</b>	

Company name:		Dangote Quarries Zambia Limited			Reporting period:			2019	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMMM</b>	19,700	-	19,700	23,405	-	23,405	(3,705)	
1	Application Fees		-	-	900	-	900	(900)	
2	Licence Fees	2,450	-	2,450		-	-	2,450	
3	Area Charges		-	-	22,505	-	22,505	(22,505)	
4	Valuation Fees		-	-		-	-	-	
5	Chemical Analysis		-	-		-	-	-	
6	Environmental Protection Fund	17,250	-	17,250		-	-	17,250	
7	Other fees & charges - ERB		-	-		-	-	-	
	<b>ZRA</b>	129,577,658	-	129,577,658	137,902,799	-	137,902,799	(8,325,141)	
8	Pay- As-You-Earn	27,123,381	-	27,123,381	27,123,381	-	27,123,381	-	
9	Import VAT	10,003,782	-	10,003,782	13,914,455	-	13,914,455	(3,910,673)	
10	Mineral Royalty	3,658,358	-	3,658,358	3,747,341	-	3,747,341	(88,983)	
11	Company Income Tax (including Provisional Tax)	4,810,443	-	4,810,443	8,410,717	-	8,410,717	(3,600,274)	
12	VAT	26,584,337	-	26,584,337	38,080,528	-	38,080,528	(11,496,191)	
13	Import/Customs Duty	9,003,404	-	9,003,404	4,837,014	-	4,837,014	4,166,390	
14	Withholding Taxes	687,931	-	687,931	2,104,698	-	2,104,698	(1,416,767)	
15	Excise Duty - Electrical Energy	36,142,596	-	36,142,596	143,286	-	143,286	35,999,310	
16	Property Transfer Tax		-	-		-	-	-	
17	Domestic Excise		-	-	39,538,489	-	39,538,489	(39,538,489)	
18	Withholding VAT	11,562,879	-	11,562,879		-	-	11,562,879	
19	Advance Income Tax		-	-		-	-	-	
20	Export Levy	547	-	547		-	-	547	
21	Other taxes (ZRA)		-	-	2,890	-	2,890	(2,890)	
22	VAT claimed		-	-		-	-	-	
	<b>Local Councils</b>	4,161,165	-	4,161,165	-	-	-	4,161,165	
23	Annual Business Fees	228,268	-	228,268		-	-	228,268	
24	Property Rates	3,932,897	-	3,932,897		-	-	3,932,897	
	<b>MoL</b>	71,258	-	71,258	-	-	-	71,258	
25	Ground Rent	71,258	-	71,258		-	-	71,258	
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		-	-		-	-	-	
34	Revenues from ZCCM-IH shareholding sale		-	-		-	-	-	
35	Revenues from ZCCM-IH mining rights transfer		-	-		-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares		-	-		-	-	-	
	<b>Social Payments</b>	-	-	-	-	-	-	-	
37	Corporate Social Responsibility In kind payments		-	-		-	-	-	
38	Corporate Social Responsibility cash payments		-	-		-	-	-	
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-	
39	Other Significant Payments		-	-		-	-	-	
	<b>Total payments</b>	133,829,781	-	133,829,781	137,926,204	-	137,926,204	(4,096,423)	



Company name:		CNMC LUANSHYA COPPER MINES PLC			Reporting period:			2019	
N°	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	<b>MMMM</b>	2,133,897	-	2,133,897	218,022	-	218,022	1,915,874	
1	Application Fees	-	-	-	-	-	-	-	
2	Licence Fees	-	-	-	-	-	-	-	
3	Area Charges	218,022	-	218,022	218,022	-	218,022	-	
4	Valuation Fees	-	-	-	-	-	-	-	
5	Chemical Analysis	-	-	-	-	-	-	-	
6	Environmental Protection Fund	-	-	-	-	-	-	-	
7	Other fees & charges - ERB	1,915,874	-	1,915,874	-	-	-	1,915,874	
	<b>ZRA</b>	843,067,334	(17,186,247)	825,881,086	555,801,683	275,595,628	831,397,311	(5,516,225)	
8	Pay- As-You-Earn	33,735,520	-	33,735,520	36,355,495	-	36,355,495	(2,619,975)	
9	Import VAT	24,846,841	-	24,846,841	24,885,870	-	24,885,870	(39,029)	
10	Mineral Royalty	280,000,181	-	280,000,181	279,998,745	-	279,998,745	1,435	
11	Company Income Tax (including Provisional Tax)	197,359,069	-	197,359,069	177,309,430	20,049,571	197,359,001	68	
12	VAT	-	-	-	13,696,379	-	13,696,379	(13,696,379)	
13	Import/Customs Duty	9,773,696	-	9,773,696	9,773,706	-	9,773,706	(10)	
14	Withholding Taxes	2,605,000	-	2,605,000	13,779,309	-	13,779,309	(11,174,308)	
15	Excise Duty - Electrical Energy	-	-	-	-	-	-	-	
16	Property Transfer Tax	-	-	-	-	-	-	-	
17	Domestic Excise	-	-	-	-	-	-	-	
18	Withholding VAT	294,747,027	(17,186,247)	277,560,780	-	255,546,057	255,546,057	22,014,722	
19	Advance Income Tax	-	-	-	-	-	-	-	
20	Export Levy	-	-	-	-	-	-	-	
21	Other taxes (ZRA)	-	-	-	2,750	-	2,750	(2,750)	
22	VAT claimed	-	-	-	-	-	-	-	
	<b>Local Councils</b>	10,426,643	-	10,426,643	-	-	-	10,426,643	
23	Annual Business Fees	-	-	-	-	-	-	-	
24	Property Rates	10,426,643	-	10,426,643	-	-	-	10,426,643	
	<b>MoL</b>	1,238,341	-	1,238,341	-	-	-	1,238,341	
25	Ground Rent	1,238,341	-	1,238,341	-	-	-	1,238,341	
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	-	-	-	-	-	-	-	
34	Revenues from ZCCM-IH shareholding sale	-	-	-	-	-	-	-	
35	Revenues from ZCCM-IH mining rights transfer	-	-	-	-	-	-	-	
	<b>IDC</b>	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC-Shares	-	-	-	-	-	-	-	
	<b>Social Payments</b>	-	-	-	-	-	-	-	
37	Corporate Social Responsibility In kind payments	-	-	-	-	-	-	-	
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-	
	<b>Other Significant Payments</b>	-	-	-	-	-	-	-	
39	Other Significant Payments	-	-	-	-	-	-	-	
	<b>Total payments</b>	856,866,215	(17,186,247)	839,679,967	556,019,705	275,595,628	831,615,333	8,064,634	

## **Annex 16 - List of Licences Transferred in 2019**

Please see Excel sheet

## **Annex 17 - Detail of the unilateral disclosure by company**

Annexe provided as a separate Excel Sheet

## Annex 18 - List of mining contracts and licences publicly available

Description	Year	Type of Document	RESOURCE	Link
Gemfields Mining Limited,8509-HQ-LML, Environmental Impact Assessment, 2015	2015	Environmental Impact Assessment	Beryllium Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8068366075/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8068366075/view#/</a>
Gemfields Mining Limited,8509-HQ-LML, Licence Certificate, 2015	2015	Licence Certificate	Beryllium Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-3122043188/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-3122043188/view#/</a>
Gemfields Mining Limited,8509-HQ-LML, Environmental Impact Assessment, 2015	2015	Environmental Impact Assessment	Beryllium Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-1485338984/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-1485338984/view#/</a>
Gemfields Mining Limited,8509-HQ-LML, Proposal for Employment and Training of Citizens, 2015	2015	Proposal for Employment and Training of Citizens	Beryllium Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8922456281/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8922456281/view#/</a>
Gemfields Mining Limited,8509-HQ-LML, Proposal for Promotion of Local Business Development, 2015	2015	Proposal for Promotion of Local Business Development	Beryllium Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-2391122989/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-2391122989/view#/</a>
Gemfields Mining Limited,8509-HQ-LML, Proposed Programme of Mining Operations, 2015	2015	Proposed Programme of Mining Operations	Beryllium Emerald	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-6238464925/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-6238464925/view#/</a>
Daled Mining Limited, Vidayu Holdings Corporation Zambia Limited, 16395-HQ-LPL, Environmental Impact Assessment, 2014	2014	Environmental Impact Assessment	Tin	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4234090645/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4234090645/view#/</a>
Blackthorn Resources Limited, 8589-HQ-LPL, Environmental Impact Assessment, 2014	2014	Environmental Impact Assessment	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4828324785/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4828324785/view#/</a>
Neelkanth Lime Limited, 19159-HQ-LML, Licence Certificate, 2013	2013	Licence Certificate	Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-9772854535/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-9772854535/view#/</a>
Neelkanth Lime Limited, 19159-HQ-LML, Proposal for Promotion of Local Business Development, 2013	2013	Proposal for Promotion of Local Business Development	Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-7229904576/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-7229904576/view#/</a>
Neelkanth Lime Limited,19159-HQ-LML, Proposed Programme of Mining Operations, 2013	2013	Proposed Programme of Mining Operations	Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-1344360247/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-1344360247/view#/</a>
Neelkanth Lime Limited, 19159-HQ-LML, Proposal for Employment and Training of Citizens, 2013	2013	Proposal for Employment and Training of Citizens	Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4013494209/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4013494209/view#/</a>
Neelkanth Lime Limited, 19159-HQ-LML, Environmental Impact Assessment, 2013	2013	Environmental Impact Assessment	Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4843699823/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4843699823/view#/</a>
Chambishi Metals, 20942-HQ-MPL, Environmental Impact Assessment, 2009	2009	Environmental Impact Assessment	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-0609610642/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-0609610642/view#/</a>
Chambishi Metals, 20942-HQ-MPL, Proposal for Employment and Training of Citizens, 2009	2009	Proposal for Employment and Training of Citizens	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-1360262077/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-1360262077/view#/</a>
Chambishi Metals, 20942-HQ-MPL, Licence Certificate, 2009	2009	Licence Certificate	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-1216827991/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-1216827991/view#/</a>
Ruida Investments Limited, 20584-HQ-LML, Licence Certificate, 2008	2008	Licence Certificate	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-2877574353/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-2877574353/view#/</a>
Arab Contractors Zambia Limited, Proposed Program of Mining Operations, 2008	2008	Proposed Program of Mining Operations	Dolomite Granite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-9420528194/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-9420528194/view#/</a>

Description	Year	Type of Document	RESOURCE	Link
Lu Hang Stone Mining Company Limited, 20386-HQ-LML, Proposal for Employment and Training of Citizens, 2008	2008	Proposal for Employment and Training of Citizens	Dolomite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8066136068/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8066136068/view#/</a>
Arab Contractors Zambia Limited, Environmental Impact Assessment, 2008	2008	Environmental Impact Assessment	Dolomite Granite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-1772017215/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-1772017215/view#/</a>
Lu Hang Stone Mining Company Limited, 20386-HQ-LML, Proposal for Employment and Training of Citizens, 2008	2008	Proposal for Employment and Training of Citizens	Dolomite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8066136068/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8066136068/view#/</a>
Arab Contractors Zambia Limited, Environmental Impact Assessment, 2008	2008	Environmental Impact Assessment	Dolomite Granite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-1772017215/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-1772017215/view#/</a>
Arab Contractors Zambia Limited, Environmental Project Brief, 2008	2008	Environmental Project Brief	Dolomite Granite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-5790009884/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-5790009884/view#/</a>
Arab Contractors Zambia Limited, Licence Certificate, 2008	2008	Licence Certificate	Dolomite Granite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-1053060928/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-1053060928/view#/</a>
Arab Contractors Zambia Limited, Proposal for Employment and Training of Citizens, 2008	2008	Proposal for Employment and Training of Citizens	Dolomite Granite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-3969966609/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-3969966609/view#/</a>
Ruida Investments Limited, 20584-HQ-LML, Proposed Program of Mining Operations, 2008	2008	Proposed Program of Mining Operations	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-6859219740/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-6859219740/view#/</a>
Lu Hang Stone Mining Company Limited, 20386-HQ-LML, Proposal for Promotion of Local Business Development, 2008	2008	Proposal for Promotion of Local Business Development	Dolomite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-9201138361/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-9201138361/view#/</a>
Lu Hang Stone Mining Company Limited, 20386-HQ-LML, Environmental Project Brief, 2008	2008	Environmental Project Brief	Dolomite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-0261514590/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-0261514590/view#/</a>
Ndola Quarries Limited, 20501-HQ-LML, Environmental and Social Document, 2008	2008	Environmental and Social Document	Cobalt Copper Gold Limestone Manganese Silver Zinc	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-3266554663/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-3266554663/view#/</a>
Lu Hang Stone Mining Company Limited, 20386-HQ-LML, Environmental Impact Assessment, 2008	2008	Environmental Impact Assessment	Dolomite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8370207309/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8370207309/view#/</a>
Lu Hang Stone Mining Company Limited, 20386-HQ-LML, Licence Certificate, 2008	2008	Licence Certificate	Dolomite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-8435121786/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-8435121786/view#/</a>
Ruida Investments Limited, 20584-HQ-LML, Environmental Impact Assessment, 2008	2008	Environmental Impact Assessment	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4239506925/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4239506925/view#/</a>
Lu Hang Stone Mining Company Limited, 20386-HQ-LML, Proposed Program of Mining Operations, 2008	2008	Proposed Program of Mining Operations	Dolomite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-1912694379/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-1912694379/view#/</a>
Arab Contractors Zambia Limited, Proposal for Promotion of Local Business Development, 2008	2008	Proposal for Promotion of Local Business Development	Dolomite Granite Limestone	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-9738355801/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-9738355801/view#/</a>

Description	Year	Type of Document	RESOURCE	Link
Ndola Quarries Limited, 20501-HQ-LML, Proposed Program of Mining Operations, 2008	2008	Proposed Program of Mining Operations	Cobalt Copper Gold Limestone Manganese Silver Zinc	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-6787180000/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-6787180000/view#/</a>
Ndola Quarries Limited, 20501-HQ-LML, Concession, 2008	2008	Concession Agreement	Cobalt Copper Gold Limestone Manganese Silver Zinc	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-3879559974/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-3879559974/view#/</a>
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>
Spearnet Zambia Limited, 7073-HQ-LML, Licence Certificate, 2000	2000	Licence Certificate	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-2831187441/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-2831187441/view#/</a>
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>
Mopani Copper Mines, Mufulira-Nkana, Concession, 2000	2000	Concession	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-0639959550/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-0639959550/view#/</a>
Spearnet Zambia Limited, 7073-HQ-LML, Proposal for Promotion of Local Business Development, 2000	2000	Proposal for Promotion of Local Business Development	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-7883962326/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-7883962326/view#/</a>
Spearnet Zambia Limited, 7073-HQ-LML, Proposed Program of Mining Operations, 2000	2000	Proposed Program of Mining Operations	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-5193269701/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-5193269701/view#/</a>
Ruida Investments Limited, 20584-HQ-LML, Proposal for Promotion of Local Business Development, 2008	2000	Proposal for Promotion of Local Business Development	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-7376198922/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-7376198922/view#/</a>
Ruida Investments Limited, 20584-HQ-LML, Environmental Project Brief, 2008	2000	Environmental Project Brief	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-6985429506/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-6985429506/view#/</a>
Spearnet Zambia Limited, 7073-HQ-LML, Proposal for Employment and Training of Citizens, 2000	2000	Proposal for Employment and Training of Citizens	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-4755817121/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-4755817121/view#/</a>
Spearnet Zambia Limited, 7073-HQ-LML, Environmental Impact Assessment, 2000	2000	Environmental Impact Assessment	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-5992192366/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-5992192366/view#/</a>
NFC Africa Mining, China Nonferrous Metal Industry's Foreign Engineering and Construction Corporation, Chambishi, Concession, 1998	1998	Concession Agreement	Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-3064471719/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-3064471719/view#/</a>
Chambishi Metals, Chambishi, Concession, 1998	1998	Concession Agreement	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-2310104390/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-2310104390/view#/</a>
Chibuluma Mines PLC, Chibuluma West-Chibuluma South, Concession, 1997	1997	Concession Agreement	Cobalt Copper	<a href="https://www.resourcecontracts.org/contract/ocds-591adf-5982022106/view#/">https://www.resourcecontracts.org/contract/ocds-591adf-5982022106/view#/</a>

## **Annex 19 - Legal and beneficial ownership of the in-scope companies**

Annexe provided as a separate Excel Sheet

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