



Zambia Extractive Industries Transparency Initiative



13th Zambia EITI Report

2020

the 1990s, the number of people in the world who are under 15 years of age is projected to increase from 1.1 billion to 1.5 billion.

As the world's population grows, the demand for food and other resources will increase. This will put pressure on the environment and on the world's resources.

One of the main reasons for this is that the world's population is growing so fast that it is putting a strain on the environment and on the world's resources.

Another reason is that the world's population is growing so fast that it is putting a strain on the environment and on the world's resources.

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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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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 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 twelve (12) annual EITI Reports have been produced covering the period from 1 January 2008 until 31 December 2019. ZEITI Reports can be accessed at <https://eiti.org/zambia#eiti-reports-and-other-key-documents>.

This report is the thirteenth (13) EITI report, covering the period from 1 January to 31 December 2020.

1.2. Objective

The objective of this report is to provide extractive sector information through the Zambia EITI Council (ZEC) covering the period from 1 January 2020 to 31 December 2020, in accordance with the 2019 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 in 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) January 1, 2020 through December 31, 2020. The Report also covers mining production, exports and sales, social payments and transactions between Government Agencies and extractive companies made in 2020.

Reporting companies and government entities reported data for payments made or reported in CY 2020 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 only includes information received by the ZEITI Secretariat up to 24 September 2021. Any information received after this date has not, therefore been included in this Report.

1.4. Nature and extent of our work

The Zambia EITI Secretariat role is principally to:

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

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



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 2020, the mining sector remained the country’s major productive industry with the highest contribution to Zambia exports (79.5%) and Government revenues (31.4%).

2.1 Revenues generated from the extractive industry

The receipts reported by the Government Agencies, the extractive companies and ZCCM-IH in 2020, after reconciliation, are as follows:

2.1.1 Payments made by the extractive companies and ZCCM-IH in 2020

According to the data collected from the Government Agencies, the extractive companies and ZCCM-IH, the payments generated by the extractive sector totalled ZMW 25,853.86 million in 2020 against ZMW 18,348.94 million in 2019.

Payments to Government Agencies amounted to ZMW 25,167.75 million, representing 97.34% of the total payments made by the extractive companies and ZCCM-IH in 2020.

Table 1: Payments made by the extractive companies and ZCCM-IH in 2020 and 2019

Payments	2020 (ZMW million)	2019 (ZMW million)	Var
Payments to Government Agencies	25,167.75	17,428.52	7,739.23
<i>Taxes paid to ZRA (including Mineral Royalty)</i>	<i>25,121.51</i>	<i>17,383.20</i>	<i>7,738.31</i>
<i>Royalties, fees and charges paid to MMMD</i>	<i>40.77</i>	<i>41.28</i>	<i>-0.51</i>
<i>Payments to Petroleum Unit</i>	<i>4.88</i>	<i>3.05</i>	<i>1.83</i>
<i>Ground Rents and other payments to MoL</i>	<i>0.59</i>	<i>0.98</i>	<i>-0.39</i>
Dividends paid to ZCCM-IH	128.95	343.77	-214.82
<i>Price Participation Fees paid by KCM</i>	<i>86.88</i>	<i>146.42</i>	<i>-59.54</i>
<i>Dividends paid by KMP</i>	<i>42.07</i>	<i>197.35</i>	<i>-155.28</i>
Dividends paid by ZCCM-IH	40.76	75.96	-35.2
<i>Dividends paid to IDC</i>	<i>31.65</i>	<i>59.13</i>	<i>-27.48</i>
<i>Dividends paid to MoF</i>	<i>9.11</i>	<i>16.83</i>	<i>-7.72</i>
Social payments	251.74	357.86	-106.12
Fees and levies paid to Local Councils	214.03	141.6	72.43
Payments to EPF	50.63	16.4	34.23

2.1.2 Government revenues from the extractive sector in 2020

The extractive revenues collected by the Government in 2020 amounted to ZMW 25,176.86 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 2020 and 2019

Total Extractive Revenues	2020 ZMW million)	2019 (ZMW million)	Var
Tax Revenue	19,860.73	13,182.19	6,679
<i>Import VAT (*)</i>	<i>1,567.22</i>	<i>2,002.92</i>	<i>-436</i>
<i>VAT (**)</i>	<i>8,471.64</i>	<i>3,022.40</i>	<i>5,449.24</i>
<i>Pay as You Earn</i>	<i>2,536.88</i>	<i>2,772.84</i>	<i>-236</i>
<i>Company Income Tax</i>	<i>5,137.40</i>	<i>3,203.09</i>	<i>1,934</i>
<i>Withholding VAT¹</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Other taxes</i>	<i>2,147.59</i>	<i>2,180.95</i>	<i>-33.36</i>
Total Non-tax Revenue	5,316.13	4,263.16	1,053
Fees and Charges	-	45.32	-
<i>Of which revenues collected by MMMD</i>	<i>40.77</i>	<i>41.28</i>	<i>-0.51</i>
<i>Of which revenues collected by Petroleum Unit</i>	<i>4.88</i>	<i>3.05</i>	<i>1.83</i>
<i>Of which collected by MoL</i>	<i>0.59</i>	<i>0.98</i>	<i>-0.39</i>
Dividends (collected by MoF)	9.11	16.83	-7.72
Mineral Royalty (collected by ZRA)	5,260.78	4,201.01	1059.77
Total Domestic Revenue	25,176.86	17,445.35	7,731.51

(*) 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.

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”.

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 2017². These figures include only VAT which is not claimable.

In-scope extractive companies have been requested to report the amount of refundable VAT paid in 2020 and the VAT refunds received from ZRA in the same period. Vat refunds are the refunds actually repaid by ZRA in 2020 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 2020.

¹ Figure for Withholding VAT added to VAT figure

² See Section 3.3.2 for further details about the amendment of the VAT dated January 2017

Table 3: VAT Claimed by and VAT refunds to in-scope companies in 2020²

N°	Companies	VAT Claimed in 2020 (ZMW million)	VAT Refunded in 2020 (Cash and/or Offsets) (ZMW million) ³
1	Kansanshi Mining PLC	1,487.17	1,340.82
2	Konkola Copper Mines PLC	1717.17	613.97
3	Lumwana Mining Company Limited	1253.73	-
4	Mopani Copper Mines PLC	0.00	882.59
5	Kalumbila Minerals LTD	1,561.37	298)
6	First Quantum Mining & Operations LTD	238	324
7	Chambishi Copper Smelter LTD	2,452.14	3,377.23
8	NFC Africa Mining PLC	-	494.15
9	Lubambe Copper Mine LTD	176	273.24
10	Lafarge Cement Zambia PLC	7.38	-
11	CNMC Luanshya Copper Mines LTD	390.66	403.62
Total		9,283.68	8,487.38

2.1.3 Payments received and transfers made by ZCCM-IH in 2020

According to the data provided by the Government Agencies and ZCCM-IH, the dividends and interests received by the SOE amounted to ZMW 356.95 million in 2020 while the transfers of tax and non-tax payments and dividends amounted to ZMW 74.96 million.

Table 4: Receipts and transfers made by ZCCM-IH in 2020 and 2019

	2020 (ZMW million)	2019 (ZMW million)	Var
Payments received by ZCCM-IH	356.95	343.77	13.18
Dividends and interests received from extractive companies	128.95	267.69	-138.74
Price Participation Fees received from KCM	86.88	146.42	-59.54
Dividends paid by KMP	42.07	121.27	-79.20
Dividends received from non-extractive companies	128	76.08	51.92
Dividends paid by Copperbelt Energy Corporation (CEC)	128	76.08	51.92
Transfers made by ZCCM-IH	74.96	102.96	-28
Dividends Transferred	40.76	75.96	-35.20
Dividends paid to IDC	31.65	59.13	-27.48
Dividends paid to MoF	9.11	16.83	-7.72
Tax and non-tax payments	34.20	27.00	7.20
Taxes paid to ZRA	32.68	23.95	8.73
Royalties, fees and charges paid to MMMD	1.36	1.81	-0.45
Ground Rents and other payments to Local Councils	0.16	0.16	0
Payments to MoL	0	0.32	-0.32
Payments to EPF	0	0.76	-0.76

³ Amounts refunded relate to both prior years and 2020 as the majority of mines have historic outstanding VAT refunds.

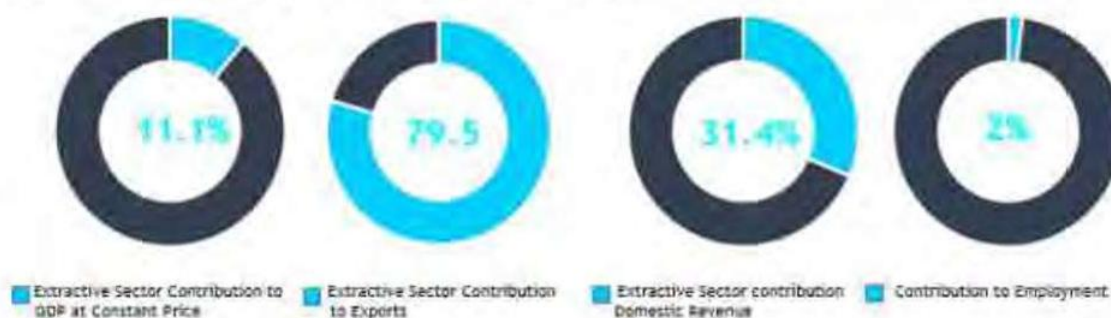
2.2 Contribution to the economy

As shown in table 5 below, the contribution of the extractive sector to Gross Domestic Product (GDP), Exports, and domestic revenues increased in 2020 while the contribution to employment decreased compared to 2019.

Table 5: Contribution of the extractive sector to Zambia economy

	2020	2019	Var
GDP	11.1%	9.9%	1.2%
Exports	79.5%	77.0%	2.5%
Revenues	31.4%	27.8%	3.6%
Employment	2.0%	2.4%	-0.4%

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

Copper production in 2020 increased by 3.7 percent to 837,003.6 Mt from 807,447 Mt in 2019. Production was relatively higher from the second quarter due to increased demand as major economies, in particular China, reopened after stringent lockdown measures in the first quarter of 2020.

Gold production declined to 3,672 Kgs in 2020 compared to 3,913 Kgs produced in 2019. The reduction was due to reduced grades of gold in ores mined at Kansanshi mine Plc. The subsector recorded 93.6 Kg of gold from Zambia Gold Company Limited which commenced mining operations at Kasenseli in Mwinilunga in mid-2020. (2020 Economic Report, Ministry of Finance).

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 2020

Commodity	Unit	Production Quantity	Unit Value (US\$)(*)	Production Value (US \$ Million)
Copper	Metric Tonnes(Mt)	837,003.6	6,168.47	5,163.03
Gold	Kg	3,672	56,692	208.17

(*) The value of production was calculated on the basis of the average LME monthly prices as provided by MMMD. This entails multiplying the production volume figure by the average Monthly LME price for 2020. The Monthly Mineral Royalty prices for base and precious metals in 2020 are attached as Annex 9.

Industrial metals

Coal production increased by 34.0 percent to 448,821.4 Mt in 2020 from 335,042 Mt produced in 2019. The increase was largely on account of increased demand for the commodity for the generation of power.

Emerald production was 9,783.43 Kgs in 2020 compared to 23,704.61 Kgs in 2019. According to the Gemfield Annual report⁴ the decrease in production was as a result of the suspension of operations at both Kagem and Gemcantan due to the COVID-19 Pandemic.

Amethyst production reduced to 518,198.67 Kgs in 2020 from 1,104,372 Kgs recorded in 2019. The decrease was attributed to reduced production by small-scale miners due to Covid pandemic. In terms of sales, only 4 auctions were held in Lusaka, Dubai and online in the year 2020 down from 7 auctions conducted in 2019. Consequently, there was a reduction in revenue from auctions to US \$52.76 million in 2020 from US \$125.5 million in 2019.

Manganese production was 28,409 Mt compared to 15,904 Mt produced in 2019. This was largely on account of additional processing facilities being set up in Serenje district and the increased compliance of the small-scale miners, leading to the rise in the submission of production statistics.

Cobalt production declined by 16.6 percent to 316 Mt in 2020 from 379 Mt produced in 2019. The reduction in production was attributed to operational challenges at Konkola Copper Mine and reduced mineralization (2020 Zambia Economic Report, Ministry of Finance).

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

Table 7: Production of Industrial metals and precious stone in 2020

Commodity	Unit	Production Quantity	Unit Value (US \$)	Production Value (US \$ million)
Coal ⁵	Metric tonne (Mt)	448,821.4	53.76	23.99
Emerald and Beryl ⁶	Kg	9,783.41		10.9
Mn Manganese Ores ⁷	Metric tonne (Mt)	28,409	1,693.32	48.1
Cobalt ⁸	Metric tonne (Mt)	94	32,233.99	0.375
Cement ⁹	Metric Tonnes	2, 796,896.35	124	346.82

(*)Production values_ Own calculations by ZEITI

More details about the minerals production in 2020 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.

Exports

Exports data has been collected from the 2020 Bank of Zambia Annual report and from Ministry of Finance Economic Report. It is worth noting that the total export value for Copper and Gold increased to US (\$) 6,087.7 Million in 2020 from US (\$) 5,190.88 Million in 2019. This is mainly attributed to increased copper export volume in 2020.

The table below summarizes the base and precious metals exports according to BOZ Annual Report 2020:

Table 8: Exports of base and precious metals in 2020

Commodity	Unit	Volume	Export Value (US \$ Million)
Copper	Metric Tonnes(Mt)	930,969	5, 867.7
Gold	Kg	3,491	220.5

Source: BoZ Annual Report 2020, p. 19

⁴ <https://www.gemfieldsgroup.com/annual-report-2020/> page 9

⁵ Production value is estimated from the 2020 mineral prices.

⁶ Production value is estimated from the 2020 Gemfield Annual report

⁷ The value of production of these minerals has been estimated on the basis of the exports volume and value provided by ZRA

⁸ KCM reporting template

⁹ ZEITI own calculation

The table below summarizes the industrial metals and precious stones exports in 2020 according to ZRA data and BOZ Annual Report 2020

Table 9: Exports of industrial metals and precious stones in 2020

Commodity	Unit	Volume	Export Value (US \$ Million)
Cobalt	Metric tonne (MT)	41.48	1.3 ¹⁰
Manganese Ores/Concentrates	Metric tonne (MT)	n/a	9.9
Cement & Lime	Metric tonne (MT)	n/a	191.0
Gemstones	Kg	n/a	68.8

Source: BoZ Annual Report 2020. Page 19

The table below summarises the evolution of the average realised price per commodity between 2020 and 2019:

Table 10: Evolution of the average realised price per commodity between 2020 and 2019

Commodity	2020	2019	Variance
Copper (US\$/MT)	6,106.3	5,972.60	133.7
Gold (US\$/Ounce)	1,793.6	1,421.7	371.3

2.4 Reporting and reconciliation results

2.4.1 In-Scope reporting entities and payment flows

The Zambia EITI Council agreed to select companies making payments above ZMW 100 million to the Government Agencies in 2020. These companies represent 93.2% of the total revenue collected by the Government Agencies from companies operating in the mining sector.

Accordingly, 14 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 adopt 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. Details of submission of the reporting templates by reporting entity are set out in Annex 13 of this report.

2.4.3 Data assurance

Extractive companies were requested to have their reporting templates signed by a senior official. All selected companies complied with this requirement.

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.

In view of the above, the overall compliance of the reporting entities with the data assurance procedures agreed by ZEC is satisfactory.

¹⁰ Value of cobalt was obtained from the KCM reporting template

2.4.4 Data reconciliation

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

Table 11: Coverage of the 2020 reconciliation exercise

	Total payments (ZMW million)	%
Payments in the reconciliation scope	23,463.02	92.41
Payments unilaterally disclosed	1,927.87	7.59%
Total revenues collected by Government Agencies and Local Councils	25,390.89	100%

The reconciled data amounted to 94.41% of total cash flows reported by the Government.

Table 12: 2020 Reconciliation results

Aggregated payments	Initial reporting (ZMW million)	Resolved discrepancies (ZMW million)		Adjusted reporting (ZMW million)
		Companies	Government	
Companies	22,342.37	875.28	-	23,217.65
Government	23,180.95	-	282.07	23,463.02
Discrepancy	(838.58)			(245.37)
%	3.62			1.05

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: 2020 Reconciliation results by company

No	Company	Extractive Companies (ZMW Million)	Government (ZMW Million)	Difference (ZMW Million)
1	KANSANSHI MINING PLC	7,990.74	7,988.89	1.85
2	KONKOLA COPPER MINES PLC	652.20	614.65	37.54
3	LUMWANA MINING COMPANY LIMITED	1,016.13	839.62	176.51
4	MOPANI COPPER MINES PLC	1,749.20	2,061.97	(312.77)
5	KALUMBILA MINERALS LIMITED	3,238.92	3,425.38	(186.45)
6	FIRST QUANTUM MINING AND OPERATIONS LTD BM M S	1,586.41	1,434.99	151.42
7	CHAMBISHI COPPER SMELTER LIMITED	3,216.48	3,344.65	(128.17)
8	ZCCM INVESTMENTS HOLDINGS PLC	24.29	73.60	(49.30)
9	MAAMBA COLLIERIES LIMITED	514.70	646.44	(131.74)
10	NFC AFRICA MINING PLC	1,023.33	954.68	68.66
11	LUBAMBE COPPER MINE LTD	437.53	437.89	(0.37)
12	KAGEM MINING LTD	135.87	168.86	(33.00)
13	LAFARGE CEMENT ZAMBIA PLC	320.78	120.87	199.91
14	CNMC LUANSHYA COPPER MINES PLC	1,311.07	1,350.54	(39.47)
Total		23,217.65	23,463.02	(245.37)

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: 2020 Reconciliation results by revenue stream

No.	Revenue stream	Extractive companies (ZMW million)	Government (ZMW million)	Differences (ZMW million)
1	Import VAT	1,353.83	1,233.01	120.83
2	Company Income Tax (including Provisional Tax)	4,804.96	4,765.46	39.50
3	VAT	474.42	1,182.90	(708.48)
4	Withholding VAT	6,990.54	6,848.21	142.33
	Total payments	13,623.75	14,029.58	(405.82)

Full reporting and reconciliation results for 2020 can be found at Section 3.3 and Annex 15.

The remaining unsolved discrepancies amounting to ZMW 245.37 million represents 1.05% of the revenues reported by the Government and selected for reconciliation. The reconciled amount reported by the government was higher by ZMW 405.82 million than the reconciled amount reported by companies. This is almost within 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 negative difference of ZMW 708.48 million in VAT and a positive difference of (ZMW 142.33 million) in Withholding VAT respectively. It is worth noting that many companies reported Withholding VAT while the payments were not actually made in 2020.

It was noted that in 2020, 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.

On the basis of the reconciliation results as described above and the matter described in Section 2.3.4 “Data Assurance”, it was concluded that the overall comprehensiveness and reliability of the payments reported by government agencies is nearly satisfactory.

2.5 Recommendations

2.5.1 2020 Recommendations

For the 2020 ZEITI report, the ZEC built on the foundation of transparent reporting of extractive industry revenue. Per the EITI Standard, the following recommendations are made to the ZEC for future improvements in transparency and accountability.

1. The Zambia EITI Council (ZEC) should increase their efforts to ensure the comprehensiveness of government and corporate data, and public access, by further advancing systematic disclosures. This report identifies three wider-reaching systems where companies and governments both have responsibility for reporting, collection and (to some extent) publishing data:
 - i. The Mining Cadastre portal of Zambia provides up to date and comprehensive overviews of extractive license locations but does not yet provide easy access to this information in open formats, nor the full texts of contract or license documents. If current systems are not suitable for responding to current information demands of stakeholders and EITI, other solutions should be explored to ensure better public access to the underlying information.
 - ii. PACRA’s corporate registry provides access to key information required by the EITI Standard for a prescribed fee of ZMW 90 per company print out. This information includes BO data and an indication of companies’ compliance with certain reporting obligations to the Government of Zambia. However, the registry could improve on its data access by providing options for broader access to such data in open formats, including access to financial statements by companies.
 - iii. The Mineral Output Statistical Evaluation System (MOSES) monitoring system serves as a potential data collection and reporting tool to facilitate additional disclosures on more disaggregated revenue data for extractive companies.

These provisions would ensure that Zambia EITI assesses whether (i) government and corporate systems contain the relevant information required by the EITI Standard, (ii) that this information is comprehensively collected and assured for all extractive operations, and (iii) that the disclosures are made publicly accessible using open formats with minimum practical, technical or financial barriers.

2. Related to the systematic disclosure focus above, Zambia EITI and the ZEC could further advance and strengthen its work on domestic resource mobilisation through more complex analyses that combine relevant and current disclosures. Zambia EITI has begun its efforts to fully clarify who benefits from extractive sector operations, what work operators are obliged to undertake, and how this translates into national and subnational benefits. However, Zambia EITI could further facilitate analysis that combines such information to provide a comprehensive entity-by-entity overview. As was cited a specific demand from civil society and certain government stakeholders, overviews that holistically cover information available for different extractive companies are challenging to obtain or assess, with a multitude of sources of data and information flows.
3. The ZEC is encouraged to further consider how the Zambian extractive industry contributes and responds to the opportunities presented by the energy transition. Disclosures, especially at a mine (license) level on emissions or carbon intensity, and dissemination activities in local communities could help address stakeholders' demand for information regarding the impact of mining at the local level and contribute to the national debate related to Zambia's position as a key mineral producer in the face of climate change, and the need for critical minerals such as cobalt, manganese and copper, for the energy transition.
4. The ZEC should engage the Ministry of Mines and Minerals Development to consider assigning Mineral production values to the Mineral production figures;
5. The ZEC should engage the ZRA to assign export volumes to all exported minerals;
6. The ZEC should engage the Zambia Revenue Authority (ZRA) on the discrepancy in VAT refunds. There is need to find a mechanism of recording the refunds that are effected either as offsets or cash refunds; and,
7. The ZEC should collaborate with the ACP project to start recording production figures for the industrial Minerals sector.

2.5.2 Results from the 2021 EITI Validation

In the 2021 Zambia underwent an EITI Validation. The scorecard below provides a summary of the assessment on the progress made by Zambia in implementing the EITI. The full Validation report is available at www.zambiaeiti.org

Table 15: 2021 Validation Results

EITI Requirements		Final assessment			
Validation of Zambia (2021): Assessment per EITI Requirement			Level of progress	Score	Direction
Component	Module	Requirements			
Outcomes and impact	Extra points	Effectiveness and sustainability indicators		3	-
	Outcomes and impact	Work plan (#1.5)	Fully met	90	=
		Public debate (#7.1)	Fully met	90	=
		Data accessibility and open data (#7.2)	Fully met	90	→
		Recommendations from EITI (#7.3)	Fully met	90	=
		Outcomes & impact (#7.4)	Fully met	90	=
Stakeholder engagement	Multi-stakeholder oversight	Government engagement (#1.1)	Fully met	90	=
		Industry engagement (#1.2)	Fully met	90	=
		Civil society engagement (#1.3)	Fully met	90	=
		MSG governance (#1.4)	Exceeded	100	→
Transparency	Overview of the extractive industries	Exploration data (#3.1)	Fully met	90	=
		Economic contribution (#6.3)	Fully met	90	=

	Legal and fiscal framework	Legal framework (#2.1)	Fully met	90	=
		Contracts (#2.4)	Fully met	90	→
		Environmental impact (#6.4)	Not assessed	-	-
	Licenses	Contract and license allocations (#2.2)	Exceeded	100	→
		License register (#2.3)	Fully met	90	=
	Ownership	Beneficial ownership (#2.5)	Mostly met	60	→
	State participation	State participation (#2.6)	Fully met	90	=
		In-kind revenues (#4.2)	Not applicable	-	=
		SOE transactions (#4.5)	Fully met	90	=
		SOE quasi-fiscal expenditures (#6.2)	Not applicable	-	=
	Production and exports	Production data (#3.2)	Mostly met	60	←
		Export data (#3.3)	Mostly met	60	←
	Revenue collection	Comprehensiveness (#4.1)	Fully met	90	=
		Barter agreements (#4.3)	Not applicable	-	=
		Transportation revenues (#4.4)	Not applicable	-	=
		Disaggregation (#4.7)	Mostly met	60	→
		Data timeliness (#4.8)	Fully met	90	=
		Data quality (#4.9)	Fully met	90	→
	Revenue management	Distribution of revenues (#5.1)	Fully met	90	=
		Revenue management & expenditures (#5.3)	Not assessed	-	=
	Subnational contributions	Direct subnational payments (#4.6)	Fully met	90	=
		Subnational transfers (#5.2)	Not applicable	-	=
		Social and environmental expenditures (#6.1)	Not applicable	-	=



3 RECONCILIATION SCOPE AND RESULTS OF RECONCILIATION WORKS

3. RECONCILIATION SCOPE AND RESULTS OF RECONCILIATION WORKS

3.1 Scope of ZEITI Report 2020

3.1.1 Sectors covered by the reconciliation exercise

The ZEC decided to include the mining sector (including Cement) in the reconciliation scope for ZEITI Report 2020. Furthermore, the payments relating to the Oil and Gas sector was also included in the ZEITI Report 2020 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 Mines and Minerals Development Act 2015, 4 categories were identified 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	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 2020 ZEITI report.

Overview of payments to ZRA

After reviewing the previous EITI reports and legislations in force, particularly the Mines and Minerals Development Act of 2015, the Income Tax Act, the Property Transfer Tax Act and the Value Added Tax Act, the report has 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 ZRA

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)

The ZEC decided to include the following information relating to VAT refundable and VAT refunds in the scope of ZEITI report 2020 as it allows 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 2020;
- 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 2020.

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

Similar to previous reconciliation exercises, the contribution to the Ministry of Local Government and Housing (MoLGH), and specifically the Local Councils, was restricted to the following fees:

- Property rates
- Annual Business Fees
- Stone levy, and
- Manganese 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

Two 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

The ZEC decided to include the two types of fees in scope of the ZEITI report 2020 in order to ensure completeness of income.

Payments to Environmental Protection Fund

The Environmental Protection Fund (EPF) was set up in 2008 under the Mines and Minerals Development Act 2008. This legislation provides for contributions to EPF by mine operators in form of cash as well as other forms of security. The Mines and Minerals Development Act of 2015 has provisions related to the EPF in Section 86.

ZEC decided to include the payments made to EPF in the scope of the ZEITI Report for 2020.

Payments to Ministry of Finance

The dividends received from State-owned Enterprises in 2020 as well as the revenues received from the sale of GRZ shareholding in these companies, are included in the scope of the ZEITI report for 2020.

Payments to ZCCM-IH

As per the previous ZEITI Reports, ZEC decided to include the following payments in the 2020 ZEITI report.

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 agriculture and the grants provided to the population.

There are no legal or contractual provisions for mandatory social payments in Zambia. However, this report includes the voluntary social payments in the 2020 EITI scope through unilateral disclosure of mining companies. These payments can be summarised as follows.

Table 20: Social payments included in the 2020 EITI Report

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

Table 21: Reconciliation scope for ZEITI Report 2020

N°	Description of payment	Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
MMMD				
1	Application Fees	V		
2	Area Charges	V		
3	Analysis, Valuation, Export permit Fees	V		
4	Other fees & charges	V		
EPF				
5	Environmental Protection Fund	V		
ZRA				
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	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	
	<i>Local Councils</i>			
20	Annual Business Fees	V		
21	Property Rates	V		
	<i>MoL</i>			
22	Ground Rent	V		
23	Registration Fees	V		
	<i>MoF</i>			
24	Dividends from Government Shares	V		
25	Revenues from GRZ shareholding sale	V		
	<i>ZCCM-IH</i>			
26	Dividends from ZCCM-IH Shares	V		
27	Price participation fees	V		
28	Revenues from ZCCM-IH shareholding sale	V		
	<i>Social Payments</i>			
29	Corporate Social Responsibility In kind payments		V	

N°	Description of payment	Unilateral disclosure from Gov Agencies	Unilateral disclosure from companies	Reconciliation
30	Corporate Social Responsibility cash payments		V	
These flows relate to contributions made by extractive companies towards local development. Flows covered in this section include cash payments made by extractive companies to support actions of local communities including compensation granted directly for the individuals.				
Other Significant Payments				
31	Other Significant Payments		V	
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).				

3.1.2.2 Scope of mining companies

Selection of Oil & Gas companies

According to the information made available by MMMD, there were no reported activities carried out by extractive companies during 2020 in the Oil and Gas sector.

The table below shows payments made by Petroleum Exploration Companies in 2020 as follows:

Table 22: Fees and surface rentals (Regulations 40 and 41)

No	Company	Licence No	Block	Annual Licence Fees (K)	Area Charges	Amount Paid
1	ZCCM-INVESTMENT HOLDINGS	PEL 034	52	90,000.00	308,221.50	398,221.50
2	GEO-PETROLEUM LIMITED	PEL 028	31	90,000.00	685,534.51	775,534.51
3	MAFULA ENERGY ZAMBIA LIMITED	PEL 008	32	90,000.00	1,518,086.44	1,608,086.44
4	ZCCM-INVESTMENT HOLDINGS	PEL 012	1	90,000.00	426, 796.39	516,796.39
5	SARGAS OIL LIMITED	PEL 029	54	90,000.00	144,803.05	234,803.05
6	TIISEZA ZAMBIA LIMITED	PEL 035	18	90,000.00	263,224.50	353,224.50
7	ZCCM-INVESTMENT HOLDINGS	PEL 030	39	90,000.00	63,918.32	153,918.32
8	ZCCM-INVESTMENT HOLDINGS	PEL 032	17	90,000.00	334, 803.06	424, 803.06
9	BAROTSE PETROLEUM COMPANY LIMITED	PEL 001 & PEL 002	20&21	-	-	UNDER LITIGATION
10	ZCCM-INVESTMENT HOLDINGS	PEL 033	27	90,000.00	137,738.26	227,738.26
11	ZCCM-INVESTMENT HOLDINGS	PEL 031	44	90,000.00	97,658.28	187,658.28

Selection of mining companies

The Zambia EITI Council (ZEC) resolved to use the 2019 scope for the production of the 2020 ZEITI report. The scope included 14 companies including ZCCM-IH.

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%, NAPSAs with 15% and minority shareholders with 7.47%.

Reconciliation scope of mining companies 2020

The table below shows the number of companies included in the reporting scope for the 2020 ZEITI report.

Table 23: List of companies involved in the reconciliation exercise 2020

N°	Company
Mining companies	
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	LAFARGE CEMENT ZAMBIA PLC
State-owned Enterprise	
14	ZCCM-IH

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 2020 ZEITI Report:

Table 24: Government Ministries/Agencies scope for ZEITI Report 2020

Ministries/Government Agencies			
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 reconciliation 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 have been disaggregated by project. Where payments are levied at an entity level rather than at a project level, the payments were 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 25 below as well as the production and the exports data. Furthermore, an additional column named “Field Name” was added to the reporting templates in order to identify the location and name of the mine.

Based on the previous ZEITI Reports and corrective actions, it was noted that the reporting Government Agencies, namely ZRA, MoL and the local councils were not able to report the payments, production and exports disaggregated by project. Therefore, the 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 25: Payment flows to be disclosed at project level

Reporting Items	Must be Disclosed by project
MMMD	
Application Fees	✓
Area Charges	✓
Analysis, Valuation, Export permit Fees	✓
Other fees & charges	✓
EPF	
Environmental Protection Fund	x
ZRA	
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
Local Councils	
Annual Business Fees	✓
Property Rates	✓
MoL	
Ground Rent	✓
Registration Fees	✓

3.2 Approach and methodology

3.2.1 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 2020, as well as year 2021 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.

The ZEC approved the TORs for flexible reporting. The 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), by disclosing information relevant to inform ongoing discussions on the impact of these crises.

Reconciliation scope of payment streams 2020

In view of the above, ZEC decided to adapt a mixed approach where only risky revenue streams were reconciled. 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. The revenue streams contained in the 2020 report are summarised in the table below.

3.2.2 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.

3.2.3 Reconciliation and investigation of discrepancies

The data reconciliation exercise was carried out between 1st August and 24th September, 2021. In carrying out the reconciliation, the following procedures were performed:

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 Government 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 Government 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 Reconciliation concluded that the discrepancies were not material to the 2020 ZEITI Report.

3.2.4 Basis and period of reporting

In order to comply with the 2019 EITI Standard, the ZEC agreed that the 2020 ZEITI Report would be based on data for the fiscal year 2020 which is from 1st January 2020 to 31st December 2020.

The revenue streams included in the reconciliation scope relate only to the payments made by companies and revenues received by Government Agencies during FY 2020. 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, the average rate was applied for the period as published by the Bank of Zambia (BoZ). The average rate used was US\$ 1 = ZMW 18.29

3.4.5 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 was 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 Zambia EITI Secretariat generic email address: infor@zambiaeiti.org
- 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

Thirteen (13) companies and Four (4) government agencies, Twenty One (21) local councils and the State Company ZCCM-IH submitted their reporting templates. The table below presents aggregated cash flows as reported:

The companies initially reported payments of ZMW 22,342,370,654 to the Government, while the government reported to have received 23,180,949. The payments reported by the companies were ZMW 838,579,134.85 lower than the payments reported by the Government. However, after the final reconciliation there was a difference of ZMW 245,372,912

Table 26: Payment Reconciliation between Extractive Companies and Government Agencies

Aggregated payments	Initial reporting (ZMW)	Resolved discrepancies (ZMW)		Adjusted reporting (ZMW)
		Companies	Government	
Companies	22,342,370,654	875,276,765.53		23,217,647,420.00
Government	23,180,949,789		282,070,542	23,463,020,331.51
Discrepancy	(838,579,134.85)			(245,372,912)
%	3.62%			1.05%

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 27: Results of the reconciliation per company (ZMW)

No.	Company	Templates originally lodged			Adjustments			Final amounts			Amounts in ZMW
		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	KANSANSI MINING PLC	7,931,293,750	7,734,183,132	197,110,618	59,444,527	254,702,500	(195,257,974)	7,990,738,276	7,988,885,632	1,852,644	
2	KONKOLA COPPER MINES PLC	649,654,822	614,651,480	35,003,342	2,540,270	-	2,540,270	652,195,092	614,651,480	37,543,612	
3	LUMWANA MINING COMPANY LIMITED	1,023,274,905	839,619,935	183,654,971	(7,143,307)	-	(7,143,307)	1,016,131,598	839,619,935	176,511,664	
4	MOPANI COPPER MINES PLC	1,749,200,565	2,061,968,870	(312,768,305)	-	-	-	1,749,200,565	2,061,968,870	(312,768,305)	
5	KALUMBILA MINERALS LIMITED	2,831,688,657	3,426,550,082	(594,861,425)	407,235,064	(1,173,911)	408,408,975	3,238,923,721	3,425,376,171	(186,452,450)	
6	FIRST QUANTUM MINING AND OPERATIONS LTD BM M S	1,492,003,468	1,408,250,527	83,752,942	94,405,378	26,734,954	67,670,424	1,586,408,846	1,434,985,481	151,423,366	
7	CHAMBISHI COPPER SMELTER LIMITED	2,967,216,406	3,344,650,996	(377,434,590)	249,260,009	-	249,260,009	3,216,476,415	3,344,650,996	(128,174,581)	
8	ZCCM INVESTMENTS HOLDINGS PLC	24,187,763	73,440,116	(49,252,353)	106,095	160,999	(54,904)	24,293,858	73,601,115	(49,307,257)	
9	MAAMBA COLLIERIES LIMITED	514,831,331	646,440,450	(131,609,119)	(134,613)	-	(134,613)	514,696,718	646,440,450	(131,743,732)	
10	NFC AFRICA MINING PLC	978,178,520	954,675,502	23,503,017	45,155,276	-	45,155,276	1,023,333,796	954,675,502	68,658,293	
11	LUBAMBE COPPER MINE LTD	421,562,860	437,892,742	(16,329,883)	15,964,621	-	15,964,621	437,527,481	437,892,742	(365,262)	
12	KAGEAM MINING LTD	134,888,863	168,861,621	(33,972,758)	977,732	-	977,732	135,866,595	168,861,621	(32,995,026)	
13	SINO METALS LEACH ZAMBIA LTD	-	-	-	-	-	-	-	-	-	
14	LAFARGE CEMENT ZAMBIA PLC	314,842,016	119,222,453	195,619,564	5,938,009	1,646,000	4,292,009	320,780,025	120,868,452	199,911,573	
15	DANGOTE CEMENT ZAMBIA LTD	-	-	-	-	-	-	-	-	-	

3.3.3 Cash flows per revenue stream

Table 28: Results of the reconciliation per revenue stream

N°	Description of payment	Templates originally lodged			Adjustments			Final amounts		
		Company (e)	Govt (b)	Difference (a-b)	Company (d)	Govt (e)	Difference (d-e)	Company (f)	Govt (g)	Difference (f-g)
	MMMD	62,193,051	6,320,060	55,872,991	170,886	-	170,886	62,363,937	6,320,060	56,043,877
1	Application Fees	1,901,133	69,400	1,831,733	-	-	-	1,901,133	69,400	1,831,733
2	Licence Fees	-	-	-	-	-	-	-	-	-
3	Area Charges	6,213,506	6,199,135	14,371	168,261	-	168,261	6,381,767	6,199,135	182,632
4	Valuation Fees	148,480	28,800	119,680	1,500	-	1,500	149,980	28,800	121,180
5	Chemical Analysis	-	22,725	(22,725)	1,125	-	1,125	1,125	22,725	(21,600)
6	Environmental Protection Fund	-	-	-	-	-	-	-	-	-
7	Other fees & charges	53,929,931	-	53,929,931	-	-	-	53,929,931	-	53,929,931
	ZRA	21,832,154,128	22,796,540,673	(964,386,545)	875,105,880	280,263,543	594,842,336	22,707,260,008	23,076,804,216	(375,764,219)
8	Pay- As-You-Earn	1,908,800,621	2,129,803,400	(221,002,779)	26,012,346	(25,372,027)	51,384,373	1,934,812,967	2,104,431,373	(169,618,406)
9	Import VAT	1,045,380,896	1,233,008,501	(187,627,606)	308,453,797	-	308,453,797	1,353,834,693	1,233,008,501	120,826,191
10	Mineral Royalty	5,163,865,564	5,133,443,311	30,422,252	-	-	-	5,163,865,564	5,133,443,311	30,422,252
11	Company Income Tax (including Provisional Tax)	4,401,799,608	4,765,457,187	(363,657,579)	403,158,237	-	403,158,237	4,804,957,844	4,765,457,187	39,500,658
12	VAT	474,417,050	1,182,901,650	(708,484,599)	-	-	-	474,417,050	1,182,901,650	(708,484,599)
13	Import/Customs Duty	998,669,231	848,960,417	149,708,814	118,930,343	144,893,179	(25,962,836)	1,117,599,574	993,853,597	123,745,978
14	Withholding Taxes	693,339,948	665,243,091	28,096,857	14,423,497	1,788,281	12,635,216	707,763,445	667,031,371	40,732,073
15	Excise Duty - Electrical Energy	109,208,212	105,015,145	4,193,067	-	-	-	109,208,212	105,015,145	4,193,067
16	Property Transfer Tax	659,397	-	659,397	-	-	-	659,397	-	659,397
17	Domestic Excise	-	-	-	-	-	-	-	-	-
18	Withholding VAT	6,990,535,047	6,689,253,374	301,281,673	-	158,954,110	(158,954,110)	6,990,535,047	6,848,207,484	142,327,563
19	Advance Income Tax	-	87,650	(87,650)	27,768	-	27,768	27,768	87,650	(59,882)
20	Export Levy	32,032,986	36,141,389	(4,108,403)	4,099,892	-	4,099,892	36,132,878	36,141,389	(8,511)
21	Other taxes (ZRA)	13,445,568	7,225,558	6,220,010	-	-	-	13,445,568	7,225,558	6,220,010
22	VAT claimed	-	-	-	-	-	-	-	-	-
	Local Councils	168,035,357	208,378,497	(40,343,140)	-	1,806,999	(1,806,999)	168,035,357	210,185,495	(42,150,138)
23	Annual Business Fees	2,265,880	2,973,175	(707,295)	-	-	-	2,265,880	2,973,175	(707,295)
24	Property Rates	165,769,477	205,405,321	(39,635,844)	-	1,806,999	(1,806,999)	165,769,477	207,212,320	(41,442,843)
	MoL	12,217,907	-	12,217,907	-	-	-	12,217,907	-	12,217,907
25	Ground Rent	-	-	-	-	-	-	-	-	-
26	Consideration Fees	3,373	-	3,373	-	-	-	3,373	-	3,373
27	Registration Fees	-	-	-	-	-	-	-	-	-
28	Preparation fees	-	-	-	-	-	-	-	-	-
29	Others-Invitation to Treat / Title Deeds	-	-	-	-	-	-	-	-	-
	MoF	-	9,105,981	(9,105,981)	-	-	-	-	9,105,981	(9,105,981)
30	Dividends from Government Shares	-	9,105,981	(9,105,981)	-	-	-	-	9,105,981	(9,105,981)
31	Revenues from GRZ shareholding sale	-	-	-	-	-	-	-	-	-
	ZCCM-IH	267,770,212	128,952,960	138,817,252	-	-	-	267,770,212	128,952,960	138,817,252
32	Dividends from ZCCM-IH Shares	42,069,760	42,069,760	-	-	-	-	42,069,760	42,069,760	-
33	Price participation fees	225,700,452	86,883,200	138,817,252	-	-	-	225,700,452	86,883,200	138,817,252
34	Revenues from ZCCM-IH shareholding sale	-	-	-	-	-	-	-	-	-
35	Revenues from ZCCM-IH mining rights	-	-	-	-	-	-	-	-	-
	IDC	-	31,651,618	(31,651,618)	-	-	-	-	31,651,618	(31,651,618)
36	Dividends and other revenues from IDC-	-	31,651,618	(31,651,618)	-	-	-	-	31,651,618	(31,651,618)
	Social Payments	-	-	-	-	-	-	-	-	-
37	Corporate Social Responsibility in kind payments	-	-	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash	-	-	-	-	-	-	-	-	-
	Other Significant Payments	-	-	-	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-	-	-	-
	Total payments	22,342,370,654	23,180,949,789	(838,579,135)	875,276,766	282,070,542	593,206,223	23,217,647,420	23,463,020,332	(245,372,912)

3.4 Unilateral Disclosure of Revenues by Government Agencies

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

N°	Description of payment	Revenues Reported Unilaterally by Government Entities in ZMW
MMMD		34,497,134.29
1	Application Fees	6,020,840.00
2	Licence Fees	
3	Area Charges	27,912,084.29
4	Valuation Fees	303300
5	Chemical Analysis	220,710.00
6	Environmental Protection Fund	-
7	Annual Operating Permit	28,200.00
8	Export Permit	-
9	Gemstone Sales Certificate	-
10	Import Permit	-
11	Other fees & charges - ERB	12,000.00
ZRA		2,310,803,432.39
12	Pay- As-You-Earn	407,081,192.56
13	Import VAT	334,215,674.56
14	Mineral Royalty	127,336,424.26
15	Company Income Tax	371,947,618.09
16	VAT	397,665,493.22
17	Import/Customs Duty	196,599,610.23
18	Withholding Taxes	121,373,672.30
	Withholding on Value Added Taxes	210,932,186.03
19	Export Duty	49,319,162.00
20	Property Transfer Tax	205,243.98
21	Domestic Excise	36,010,138.33
22	Other taxes (ZRA)	58,082,195.28
23	Turnover Tax	34,821.55
Local Councils		214,037,627.30
24	Annual Business Fees	502,870.83
25	Property Rates	212,676,506.37
	Stone Levy	333,906.60
26	Manganese Levy	524,343.50
MoL		
27	Ground Rent	
Petroleum		4,880,784.31
Total		2,564,218,978.29

The detail by Company is presented in Annex 17.

3.5 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 2020 and the VAT refunds received from ZRA in the same period. Vat refunds are the refunds actually repaid by ZRA in 2020 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 2020.

In-scope companies have been also requested to disclose the amount of the VAT refundable balance as at 1 January 2020 and 31 December 2020.

Companies	Opening balance of VAT refundable as at 01 January 2020 (ZMW)	VAT Refundable in the calendar year 2020(ZMW)	VAT Refunds in ZMW for the the calendar year 2020 (in the form of cash or offsets) ¹¹	Closing balance of VAT refundable as at 31 December 2020 (ZMW)
Kansanshi Mining PLC	4,958.71	1,487.17	1,340.82	5,105.05
Konkola Copper Mines PLC	998.15	1717.17	613.97	2101.72
Lumwana Mining Company Limited	683.26	1,253.73	479.55	1,457.44
Mopani Copper Mines PLC	-	0.00	882.59	3,367.00
Kalumbila Minerals LTD	2,761.80	1,561.37	298.37	4,024.80
First Quantum Mining & Operations LTD	518.09	272.97	323.83	467.24
Chambishi Copper Smelter LTD	624.43	2452.14	3377.23	-300.66
NFC Africa Mining PLC	-	0.00	494.15	-
Lubambe Copper Mine LTD	135.46	176.36	273.24	38.57
Lafarge Cement Zambia PLC	-	7.38	0.00	-
CNMC Luanshya Copper Mines LTD	253.67	390.66	403.62	240.71
Total	10,933.58	9,318.94	8,487.38	13,134.88

¹¹ Figures are in ZMW Billions and Millions.



4 EXTRACTIVE SECTOR IN ZAMBIA

4. EXTRACTIVE SECTOR IN ZAMBIA

Zambia has a long history of mining, principally of copper. The country copper reserves are estimated at 21 million metric tons¹². In 2020, Zambia was the second-largest copper producer in Africa, after DRC, and the eighth largest worldwide. 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.

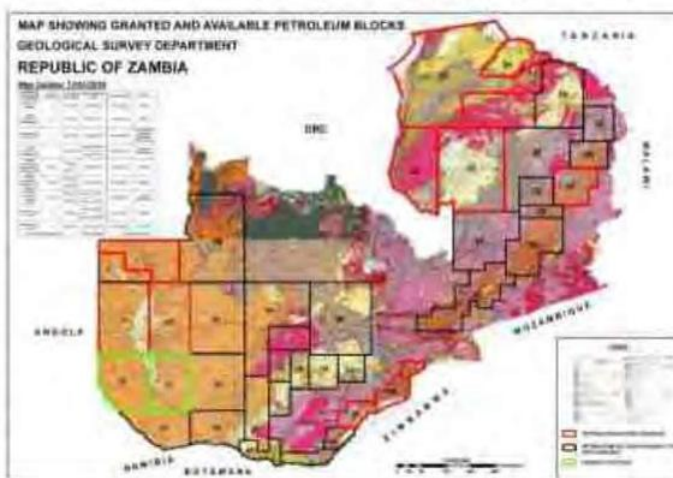
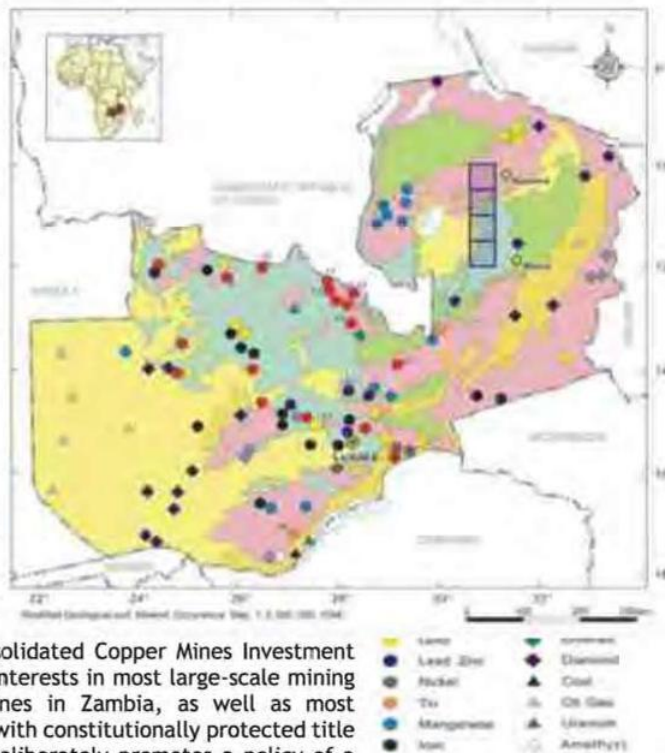
Historically, mining has been concentrated in an area known as Copperbelt Province renowned for its high-grade deposits. However, the mining activity in Zambia has recently diversified out of the Copperbelt Province into virtually all the other nine provinces but mainly the North-Western Province (largely 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.



¹² 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 are still available for licensing.

Tullow Zambia Oil B.V. commenced aerial acquisition of Full Tensor Gradiometry (FTG) on 11th August 2017 and completed this work on 18th September 2017, covering a total line distance of 7076km and an area of 20, 000km². FTG is a survey which is meant to determine the presence of geological basins for possible oil and gas accumulation. Tullow Zambia Oil B.V.'s FTG report indicates the presence of two (2) geological basins around Lakes Mweru and Tanganyika. Tullow Zambia Oil B.V. also conducted passive seismic survey (for determination of the depth of Lake Mweru Geological Basin). From the results of the work done so far, Tullow Zambia B.V. believed that there was a heightened risk in conducting further exploration in Block 31 stating that the depth of the basin was not deep enough for oil and gas generation. The Tullow Zambia B.V - Geo Petroleum Limited project has already made a minimum expenditure of USD 4.8 million in Block 31 regarding all exploration work. However, the minority shareholder in the project, Geo Petroleum Limited, did not share the view of heightened risk in conducting further exploration in Block 31. This led to the transfer of the majority interest by Tullow Zambia B.V. to Geo Petroleum Limited in 2020. Geo Petroleum has committed to undertake exploration work estimated to cost USD 4.3 million from 2021 to 2024. Specifically, the company intends to conduct seismic data acquisition and slime hole drilling. In addition, Geo Petroleum has committed to spend at least USD 10 million for drilling of an exploration well if the results for seismic data acquisition, slime hole drilling and bathymetry surveys come out positive.

Mafula Energy Limited has completed various exploration techniques such as remote sensing direct detection of hydrocarbons (satellite image analysis), oil slick and seep analysis, microbial analysis, geological mapping, and geophysical modelling for identification of features on the surface of the earth that can help us identify potential petroleum systems. This work led to the identification and delineation of a geological basin which was confirmed by stratigraphic drilling and wire logging of a 1km well. Thereafter, an audio -magneto telluric (AMT) survey which determines the depth of a geological basin was successfully done. The company has integrated all the results obtained from all the applied exploration techniques and is currently planning to commence seismic data acquisition in 2021. Between 2013 and 2020, Mafula Energy Limited spent about USD 3million to 4million on oil and gas exploration projects and license fees paid to Government. Going forward (between 2021 and 2023), Mafula Energy Limited working collaboratively with its partners, intends to invest about, USD25 million to USD 30 million for seismic data acquisition and possibly drilling of exploration wells in Block 32 and other blocks in Zambia.

Sargas Oil Limited has completed aerial acquisition of Full Tensor Gradiometry data and an aeromagnetic survey covering a total line distance of 4085.6km and an area of 4100km². The survey results indicate the presence of a geological basin, the Mpulungu Basin, with the potential for oil and gas accumulation. Additionally, the company engaged a consultant who conducted an independent petroleum potential evaluation over Block 54 which was ultimately found to contain high potential for oil and gas. Following these results, the company applied for the renewal of the petroleum exploration licence which was approved by the Petroleum Committee in 2020. Between 2016 to 2020, Sargas Oil Limited spent around USD 1 million on exploration work and license fees paid to Government. From 2021 to 2024 (initial extension period), the company has committed to undertake exploration work estimated to cost USD 3.1 million. The work will include geochemical studies, bathymetry survey and 2D seismic acquisition portion of Lake Tanganyika within Block 54. In the second extension period, Sargas Oil Limited has committed to spend at least USD 10.5 million for drilling of an exploration well if the results for 2D seismic and bathymetry surveys come out positive. The company intends to do more ground-based exploration including geological mapping to identify and assess rock features in relation to oil and gas potential in Block 54 in 2021.

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]¹³ as read together with the Mines and Minerals Development (Amendment) Act [No. 14 of 2016] and Mines and Minerals

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

Development (Amendment) Act [No.18 of 2018]. The Mines and Minerals Development Act became effective on 1 July 2015 although the date of assent is 14 August 2015.

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 29: 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: - Consider applications for mining rights and non-mining rights and grant, renew or refuse to grant or renew mining rights and non-mining rights; - terminate, suspend or cancel mining rights and non-mining rights; amend the terms and conditions of mining rights and non-mining rights; and - advise the Minister on matters relating to its functions under this Act.
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.
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.

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 2020 is summarised below:

Table 30: Zambia's current mineral fiscal regime - effective 1 January 2020

Royalty rate	
Base Metals	5% NORM ¹⁴
Copper (*)	5.5% - 10% NORM
Cobalt and Vanadium	8%
Precious Metals	6% NORM
Gemstones	6% GROSS ¹⁵
Energy Minerals	5% GROSS
Industrial Minerals	5% GROSS
Tax deductible	No
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	20%
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	70%
VAT rebate on electricity	80%
VAT on imported capital equipment & machinery	Zero rated

Input VAT claims on consumables

Claim Disallowed

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%
Custom duties on specified capital equipment & machinery	10%

¹⁴ 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.

¹⁵ Gross Value - this is the realised price free on board at the point of delivery within Zambia or at point of export from Zambia.

Royalty rate	
Base Metals	5% NORM ¹⁶
Copper (*)	5.5% - 10% NORM
Cobalt and Vanadium	8%
Precious Metals	6% NORM
Gemstones	6% GROSS ¹⁷
Energy Minerals	5% GROSS
Industrial Minerals	5% GROSS
Tax deductible	Yes
Corporate Income Tax	
Tax on income from mineral processing	30%
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	20%
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 (mining operations, mineral processing and exploration)	70%
VAT rebate on electricity	80 %
VAT on imported capital equipment & machinery	Zero rated
Input VAT claims on consumables	Claims disallowed
Customs duties	
Export duty (Concs & other semi processed material)	10%
Custom duties on capital equipment & machinery	No Duty
Import duty on copper and cobalt concentrates	5% (though suspended under an S.I)
Export duty precious metals including gold, precious stones and gemstones	15%

(*) Copper Royalty Rate parameters

Copper	Base	2020
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%
Above US\$9,000	norm value	10%

Applicable fiscal incentives

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

¹⁶ 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.

¹⁷ Gross Value - this is the realised price free on board at the point of delivery within Zambia or at point of export from Zambia.

Table 31: Applicable fiscal incentives

Fiscal regimes	Key incentives
CIT	the normal CIT rate is 35 per cent, mining companies carrying out mining operations (for both base metals and Industrial minerals) are taxed for CIT purposes at 30 per cent
WHT	Withholding tax on dividends paid by mining companies is zero per cent whereas it is generally 15 per cent or 20 per cent for other companies depending on whether the recipient is a resident or non-resident
Royalty deferment	This option is available under the Mines Act, in that the Commissioner General may, on application by the holder of the mining right, defer payment of royalty due from the holder if, during any period for which a payment of royalty is due the cash operating margin of the holder in respect of mining operations in the mining area falls below zero.
US dollar accounting	Mining companies may be allowed to maintain account books in US dollars in accordance with generally accepted accounting principles if the Commissioner-General is satisfied that not less than 75 per cent of the gross income is earned in the form of foreign exchange from outside Zambia.
Prospecting expenditure deductions	All prospecting expenditure incurred in a charge year is allowed as a deduction.
Mining expenditure	A deduction is allowed in respect of the capital expenditure incurred on a mine that is in regular production in the charge year.
Capital allowances	- Capital expenditure deduction at 25% for mining operations. - Capital expenditure deduction of 50% on implements, plant and machinery on business exclusively carryout mineral processing. - Capital expenditure deduction at 100% for companies carrying out mineral exploration and prospecting operations.
Carry-forward loss	- Tax loss carry forward period of 10 years for businesses carrying out mining operations. - 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. - Tax loss carry forward period of 5 years for; (a) prospecting and exploration operations and (b) exclusive mineral processing.

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 mining 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 30: 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 ²)	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 years renewable	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 ²)	10 years renewable	
Large Scale Mining Licence	Min 121 Max 7 485	25,000ha (250km ²)	25 years renewable	

*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 31: 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 ²)	25 years renewable	The exclusive rights to carry out mineral processing in the mineral processing area of the minerals specified in the licence and to do all such other acts and things as are necessary for, or reasonably incidental to, the carrying on of those operations.
Mineral trading permit			3 years renewable	The exclusive rights to trade in minerals
Mineral import & Mineral export permits	N/A	N/A	1 year limited to the quantities specified on the permit.	The exclusive rights to import or export any mineral, ore or mineral product.
Gold panning certificate	N/A	N/A	2 years renewable for 1 further period	The exclusive rights to pan for gold and shall be issued only over areas specified by geographical coordinates along water courses and bodies.

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, 2008¹⁸ and Petroleum (Exploration and Production) (General) Regulations 2011 and Petroleum (Exploration and Production) (National Petroleum Company) Regulations, 2011¹⁹.

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 32: 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.

¹⁸ <https://zambialaws.com/principal-legislation/chapter-440petroleum-exploration-and-production-act>

¹⁹ https://www.mmmd.gov.zm/?page_id=5317

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 enacted.

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.

Table 33: Zambia's petroleum fiscal regime

Royalty rate	
Crude Oil	12.5% of the wellhead value
Natural Gas	5% of the wellhead value
Fees for inspection of the Register	
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
Application fee	
For petroleum exploration licence and its renewal	26,389 Fee/Unit
For a development and production licence	52,778 Fee/Unit
Annual licence fee	
Exploration	300,000 Fee/Unit
Production	1,019,444 Fee/Unit
Surface rentals	
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
Corporate Income Tax	
Corporate tax applicable on taxable income of companies holding petroleum development and production licences	35%
Withholding tax	
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 34: Type of petroleum rights

Petroleum right	Duration	Rights conferred
Petroleum exploration licences	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.
Petroleum development and production licences	Period, not exceeding twenty-five years	The exclusive rights: a) to carry on exploration, development and production operations in the development and production area b) to carry on such operations and execute such work in the development and production area as may be considered necessary

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 the Mining 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 process²⁰.

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 Licencing Committee (MLC)²¹, 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;

²⁰ MMDA 2015 - Section 19

²¹ MMDA 2015 - Section 6

- (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.

The criteria considered when assessing the application for a mining exploration and exploitation permit are described respectively in Sections 22 and 31 of the Mines and Minerals Development Act 2015 and are presented in Annex 3. It is understood 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 received²².

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.

In 2020, 1,118 licences were granted to 950 holders. The types of rights granted are set out as follows:

Table 35: Mining rights granted in 2020

Type	Description	2020	
		Granted Licences	Number of Holders (*)
AMR	Artisanal Mining Right	241	241
LEL	Large Scale Exploration Licence	373	373
LML	Large Scale Mining Licence	10	9
SEL	Small Scale Exploration Licence	468	306
SML	Small Scale Mining Licence	26	21
Total		1,118	950

Source: MMMD

(*) 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 Mines and Minerals Development Act, 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 rights²³. In this case, the following procedure is followed:

Table 36: Bidding procedure for awarding mining rights

Stages	Procedure
1. Notice publication	The notice is published in a newspaper of general circulation in Zambia
	The notice is issued by the Minister of Mines and shall include :

²² Mines And Minerals Development Act 2015 - Section 15

²³ Mines And Minerals Development Act 2015 - Section 19

Stages	Procedure
2. Bids invitation notice	- a description of the areas with map and geographical coordinates for which the bids are to be solicited; - the procedures and rules relating to the submission of bids; - the period within which the bids shall be submitted.
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: - the bidder's investment and financial plans; - 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; - the bid price; and - 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 Mines and Minerals Development Act 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 fee²⁴.

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 Mines and Minerals Development Act 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 Mines and Minerals Development Act 2015 are applicable for transfers. These criteria are detailed in Annex 3.

During 2020, 35 licences were transferred. The types of rights transferred are set out as follows:

²⁴ Mines And Minerals Development Act 2015 - Section 66

Table 37: Mining licences transferred in 2020

Type	Description	2020	
		Transferred Licences	Number of Holders (*)
LEL	Large Scale Exploration Licence	8	6
MPL	Mineral Processing Licence	2	2
SEL	Small Scale Exploration Licence	4	4
SML	Small Scale Mining Licence	13	13
Total		35	32

Source: MMMD

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

The details of the transferred licenses are attached in Annex 16 of this report.

According to the letter issued by the Mining Cadastre Department dated 06 October 2021, the decision to award and transfer of mining licences in the year 2020 was done on a first-come first-served basis. The letter further states that the transfer of mining licences was done according to the provisions of section 66 of the Mines and Minerals Development Act (Mines and Minerals Development Act) 2015. The letter also confirms that the decision to award and transfer licenses was made in accordance with the criteria set out in section 22 and 31 of the Mines And Minerals Development Act 2015 and that there were no deviations from the applicable legal and regulatory framework governing licence transfers for the period concerned. The letter is attached as 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 Mines and Minerals Development Act 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 2020. Furthermore, no changes noted 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 2020

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 Mines and Minerals Development Act 2015 and are presented in Annex 3. Those criteria have the same weight in the assessment process.

A summary table of the technical and financial criteria actually used during 2020 for awarding and transferring mining licences in 2020 is presented in the following table:

Table 38: Summary of the technical and financial criteria used for awarding and transferring mining licences

Application for exploration licence (783 ²⁵ granted licences)	Award and Transfer
	Technical criteria:
	<u>Define the technical criteria</u> - The applicant has the technical ability to conduct the proposed exploration optimally in accordance with the exploration work programme - The proposed programme of exploration operations is adequate and makes proper provision for environmental protection - 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 - 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
	<u>Do these criteria have the same weight?</u> YES <u>Do all these criteria apply to obtain a licence?</u> YES
	Financial criteria
Application for mining licence (21 ²⁶ granted licences)	<u>Define the financial criteria</u> - The applicant has the financial resources to conduct the proposed exploration optimally in accordance with the exploration work programme - The estimated expenditure is compatible with the proposed exploration work programme, area size and duration of the exploration work programme
	<u>Do these criteria have the same weight?</u> YES <u>Do all these criteria apply to obtain a licence?</u> YES
	Award and Transfer
	Technical criteria:
	<u>Define the technical criteria</u> Common criteria - Whether there are sufficient deposits or resources of minerals to justify their commercial exploitation - 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 - 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 - Where consent is required for the area under any written law, that the applicant has submitted evidence of that consent - 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 - The applicant is not in breach of any condition of the exploration licence or any provision of MINES AND MINERALS DEVELOPMENT ACT Act In respect of large scale - Whether the applicant has the technical capacity compatible with the programme of mining operations - The applicant's undertaking for the employment and training of citizens and promotion of local business development
	<u>Do these criteria have the same weight?</u> YES <u>Do all these criteria apply to obtain a licence?</u> YES
	Financial criteria
	<u>Define the financial criteria</u> - Whether the applicant has the financial resources - The financing plan is compatible with the programme of mining operations - Whether the applicant's feasibility study report is bankable - The applicant's capital investment forecast
	<u>Do these criteria have the same weight?</u> YES <u>Do all these criteria apply to obtain a licence?</u> YES

²⁵ Cf. Section 4.2.1.1 Table 27: Mining licences granted in 2020²⁶ Cf. Section 4.2.1.1 Table 27: Mining licences granted in 2020

Laws where the financial and technical criteria for the award and transfer of mining licences are defined	Sections 22 and 31 of the Mines And Minerals Development Act 2015
Please summarize the licences that have been granted in the current year under this regime (first come, first served)	Refer to Table 4.1
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. Updated version available.
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

Petroleum sector

4.2.1.4 Petroleum rights allocation process

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

(i) Constitution of blocks

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

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

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

(ii) Advertisement and application

Thereafter, 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.

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.

4.2.1.5 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.

4.2.1.6 The technical and financial criteria used to grant and transfer petroleum licences

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. No bidding round was held in 2020. Further details on the bidding round held in 2016 and in previous years can be found in 2016 ZEITI Report²⁷.

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

According to the letter²⁸ issued by the Geological Survey Department in October 2021, the Petroleum Committee did not grant any petroleum exploration licences in the year 2020.

The letter confirms also that there was one license transfer made in 2020. The letter stipulates that the Petroleum Committee approved Tullow Zambia B.V.'s application to transfer 97.5% interest of petroleum exploration licence PEL 028 over Block 31 to its minority shareholder, Geo Petroleum Limited in accordance with the provisions of Section 21(1), Part III, of the Petroleum (Exploration and Production) Act of 2008.

The letter confirms also that there were no deviations from the applicable legal and regulatory framework governing the grant/transfer of petroleum exploration licences for the period under review. The letter is presented in Annex 5 to this Report.

4.3 Register of licences

According to section 79 of the Mines And Minerals Development Act 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 3, 570 active mining rights in 2020 compared to 3, 329 in 2019. The types of rights are set out in the table below:

Table 39: Active licences 2020

Type	Description	Active Licence	
		2020	2019
AMR	Artisanal Mining Right	387	343
LEL	Large Scale Exploration Licence	1206	1151
LML	Large Scale Mining Licence	111	107
MPL	Large Scale Prospecting Licence	42	24
SEL	Small Scale Exploration Licence	1425	1271
SML	Small Scale Mining Licence	399	433
Total		3,570	3, 329

These licences are detailed in Annex 6 of this report.

²⁷ <https://eiti.org/document/zambia-2016-eiti-report>

²⁸ Letter is attached in the Annex

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 40: List of Petroleum companies 2020

Petroleum Exploration companies	Block number(s)	Licence Numbers	Grant/ Renewal dates	Expiry Dates	Status
GD: 09/05/16					
Geo Petroleum Limited	31	PEL 028	*RD: 09/05/20	08/05/24	Active
*TD: 28/05/20					
Sargas Oil Limited	54	PEL 029	GD: 22/06/16	21/06/23	Active
*RD: 22/06/20					
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	Active

Source: MMMD

*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 of the Constitution of Zambia 2016 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 of the Constitution of Zambia states that the guiding values and principles of the public service include the following; proactively providing the public with timely, accessible and accurate information.

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

In accordance to section 117 of the Mines And Minerals Development Act 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 Mines and Minerals Development Act of 2015;
- 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.

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 MMD Act, 2015 and the terms and conditions of the licence. Since the abolishment of the Mine Development agreements in 2008, there is no contracts signed between the mining companies and the Government of Zambia.

The Section 79 of the Mines and Minerals Development Act 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".

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 Mines And Minerals Development Act 2015 and the Petroleum (Exploration and Production) Act 2008 to make the full text of the licences available to the public.

In general, some concessions agreement, environmental impact assessment dated before the coming into force of the Mines And Minerals Development Act 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	https://www.resourcecontracts.org/contract/ocds-591adf-4735857863/view#/
Kagem Mining Limited, 14105-HQ-LGL, Proposal for Promotion of Local Business Development, 2009	2009	Proposal for Promotion of Local Business Development	Emerald	https://www.resourcecontracts.org/contract/ocds-591adf-6651019126/view#/
Kagem Mining Limited, 14105-HQ-LGL, Proposal for Employment and Training of Citizens, 2009	2009	Proposal for Employment and Training of Citizens	Emerald	https://www.resourcecontracts.org/contract/ocds-591adf-4327835038/view#/
Kagem Mining Limited, 14105-HQ-LGL, Environmental Project Brief, 2009	2009	Environmental Project Brief	Emerald	https://www.resourcecontracts.org/contract/ocds-591adf-3011003868/view#/
Kagem Mining Limited, 14105-HQ-LGL, Proposed Program of Mining Operations, 2009	2009	Proposed Program of Mining Operations	Emerald	https://www.resourcecontracts.org/contract/ocds-591adf-5723387961/view#/
Sino-Metals Leach Zambia Limited, 8474-HQ-LML, Proposed Programme Of Mining Operations, 2007	2007	Proposed Programme Of Mining Operations	Copper	https://www.resourcecontracts.org/contract/ocds-591adf-6422851721/view#/
Sino-Metals Leach Zambia Limited, 8474-HQ-LML, Environmental Project Brief, 2007	2007	Environmental Project Brief	Copper	https://www.resourcecontracts.org/contract/ocds-591adf-8615318190/view#/
Sino-Metals Leach Zambia Limited, 8474-HQ-LML, Licence Certificate, 2007	2007	Licence Certificate	Copper	https://www.resourcecontracts.org/contract/ocds-591adf-5295777094/view#/
CMC Luanshya Copper Mines, 8394-HQ-LML, Licence Certificate, 2006	2006	Licence Certificate	Cobalt Copper	https://www.resourcecontracts.org/contract/ocds-591adf-2862149757/view#/
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	https://www.resourcecontracts.org/contract/ocds-591adf-8569338119/view#/
CMC Luanshya Copper Mines, 8394-HQ-LML, Environmental Impact Assessment, 2006	2006	Environmental Impact Assessment	Cobalt Copper	https://www.resourcecontracts.org/contract/ocds-591adf-4802924721/view#/
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	https://www.resourcecontracts.org/contract/ocds-591adf-5463943075/view#/
CMC Luanshya Copper Mines, 8394-HQ-LML, Proposed Program of Mining Operations, 2006	2006	Proposed Program of Mining Operations	Cobalt Copper	https://www.resourcecontracts.org/contract/ocds-591adf-0648389015/view#/
CMC Luanshya Copper Mines, 8394-HQ-LML, Environmental Project Brief, 2006	2006	Environmental Project Brief	Cobalt Copper	https://www.resourcecontracts.org/contract/ocds-591adf-3200952110/view#/

Description	Year	Type of Document	RESOURCE	Link
Konkola Copper Mines, 7075-HQ-LML, Licence Certificate, 2000	2000	Licence Certificate	Cobalt Copper Gold Silver	https://www.resourcecontracts.org/contract/ocds-591adf-4945060982/view#/
Mopani Copper Mines, 7073-HQ-LML, Licence Certificate, 2000	2000	Licence Certificate	Copper	https://www.resourcecontracts.org/contract/ocds-591adf-0564434683/view#/
NFC Africa Mining, 7069-HQ-LML, Licence Certificate, 1998	1998	Licence Certificate	Copper	https://www.resourcecontracts.org/contract/ocds-591adf-0252994955/view#/
NFC Africa Mining, 7069-HQ-LML, Proposal for Promotion of Local Business Development, 1998	1998	Proposal for Promotion of Local Business Development	Copper	https://www.resourcecontracts.org/contract/ocds-591adf-8871777170/view#/
NFC Africa Mining, 7069-HQ-LML, Environmental Impact Assessment, 1998	1998	Environmental Impact Assessment	Copper	https://www.resourcecontracts.org/contract/ocds-591adf-0534849118/view#/
NFC Africa Mining, 7069-HQ-LML, Proposal for Employment and Training of Citizens, 1998	1998	Proposal for Employment and Training of Citizens	Copper	https://www.resourcecontracts.org/contract/ocds-591adf-8281031874/view#/
NFC Africa Mining, 7069-HQ-LML, Proposed Program of Mining Operations, 1998	1998	Proposed Program of Mining Operations	Copper	https://www.resourcecontracts.org/contract/ocds-591adf-8128230663/view#/
Maamba Coleries Limited, 7058-HQ-LML, Licence Certificate, 1997	1997	Licence Certificate	Coal	https://www.resourcecontracts.org/contract/ocds-591adf-8529375934/view#/

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.

The 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”.

However, the report understands 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 Companies Act No. 10 of 2017 which was enacted into law in November 2017 includes, amongst other things, beneficial ownership disclosure. The Companies Act provides for the disclosure of beneficial owners and the creation of a register of beneficial owners kept at the Patents and Companies Registration Agency (PACRA) ²⁹.

“Beneficial Ownership” is defined under section 3 of Companies Act No 10 of 2017 as read together with the Companies (Amendment) Act No 4 of 2020 which 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; (b) exercises ultimate and effective controls over a legal person or legal arrangement; or (c) effectively controls a legal person or legal arrangement on whose behalf a transaction is conducted; and the terms “beneficially own”, “beneficial ownership” and cognate expressions shall be construed accordingly;

²⁹ <https://www.pacra.org.zm/#/>

For clarity, the Companies (Amendment) Act No 4 of 2020 further defines “substantial economic benefit” as the benefit realised by a natural person from a body corporate legally or equitably, of at least five percent of the – (a) distribution of dividends; or (b) proceeds of a transaction. The word “Substantial interest” in the said Act means at least five percent ownership of shares of a body corporate by a natural person, legally or equitably.

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

The ZEC adopted the BO definition as provided for in the Companies Act 2017 for EITI reporting purposes.

Politically Exposed Persons (PEP)

The Companies Act No. 10 of 2017 must be read together with implementing regulations namely Statutory Instrument No 14 and 21 of 2019. The two Statutory Instruments requires applicants to indicate whether a beneficial owner is Politically Exposed or not at the point of incorporating a company or when they are making changes to shareholders in a company.

In Zambia, a PEP is defined in the Financial Intelligence Centre Act, No, 46 of 2010 (as amended by Act No.4 of 2016)³⁰. 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).

The 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.

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.

³⁰ <https://zambialaws.com/principal-legislation/financial-intelligence-centre-act>

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
- any other particulars as maybe prescribed.

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

Overview of the privacy/data protection situation

The main legislation with regards to data protection in Zambia is the Constitution and Data Protection Act, 2021. 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 premises³¹.

4.5.2.2 Coverage of the BO register

According to the Requirement 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 of oil, gas or mining licence or contract.

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

The report notes also that the Companies Act require BO disclosure from all the companies incorporated in Zambia, including the publicly listed companies and 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 with the Registrar an application for registration accompanied by information about the beneficial ownership of the shareholding in the country of incorporation.

³¹ <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>.

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	➤ 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
Oversight of BO register	➤ Obligation to notify changes Section 21: 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.
	➤ Obligation to maintain a record Section 30: 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. Section 83: 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. Section 195: A company shall maintain a share and beneficial ownership register, in any form and manner that records the shares issued by the company.
	➤ Supervision of the BO register Section 198: 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.
	➤ Obligation to submit an annual return Section 270: 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.
	➤ Obligation to submit and annual report Section 275: the board of directors shall prepare an annual report on the affairs of the company during the accounting period ending on that date. Section 276: 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. Section 277: An annual report shall be in writing, dated and shall include updated beneficial ownership information in respect of shares.
Enforcement	Screening of information against other sources of information, such as BO register of other countries
	Section 124: The Registrar shall ensure that the beneficial ownership of shares is known, ascertained and verified before the shares can be registered and transacted in. Inspection of company's records Section 278: 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.

Layers of data verification	Detail of verification activities
	Penalties and fines Section 364: 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. Section 370: 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

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.

For further details...Pacra website link.

4.6 State participation

4.6.1 Legal framework

The State participation in the mining sector is governed by the provisions of the Mines and Minerals Development Act 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 Mines and Minerals Development Act 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.

At the time of the publication of this report, the ZCCM-IH 2020 annual report had not been published.

4.6.2 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 move 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 owns 100% of KARIBA Minerals, 25% shares in KAGEM Mining limited and 60.3% in ZCCM-IH³². 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 IDC Reporting Template, IDC received dividends for ZCCM-IH amounting ZMW 31,651, 618.31 in 2020.

4.6.3 ZCCM-IH Acquisition of 90 Percent Shareholding in Mopani

Principal Purpose of the Transaction

In 2020 as an investment holding company with a focus on the mining and energy industries, ZCCM-IH has historically held minority equity shareholding stakes in some of the largest mines in Zambia. Whilst the underlying value of these investments is significant, the Company has not generated sufficient return from these investments. As a minority shareholder in these assets, ZCCM-IH has had little to no influence over the operations of its investee companies and has not been able to derive any meaningful value from these investments.

Following a strategic review of investments in 2018, ZCCM-IH developed a 2018-2023 Strategic Plan to ensure ZCCM-IH achieves its full potential in returning value to its shareholders both from the existing portfolio and new investments. This Strategic Plan was refined in 2020 ("the 2020-2026 Strategic Plan") with a clear intent to refocus on investments in mining to create a world-class investment holding company. One of the key focus areas of the Strategic Plan is to increase equity shareholding in mining firms where the Company already has minority stakes and drive the development and growth of the mining sector in Zambia.

During the course of 2020, Carlisa (the combined shareholder of 90 % equity shareholding in Mopani) expressed its intention to place Mopani on care and maintenance. This development presented a significant opportunity for ZCCM-IH to take control of Mopani, one of the oldest and largest copper and cobalt mines in Zambia.

Accordingly, ZCCM-IH reached an agreement with Glencore, representing Carlisa, for the acquisition of the 90% of the issued shares not held by ZCCM-IH in Mopani. The proposed acquisition was a strategic move as the Company looks to unlock and maximise shareholder value for the benefit of all stakeholders.

On 15 January 2021, the Board of Directors of ZCCM-IH gave its approval for the Company to proceed with the Transaction.

Terms of the Transaction

Consideration Details

ZCCM-IH has reached an agreement with Glencore, representing Carlisa, for the acquisition of all of Carlisa's shareholding in Mopani for US\$1. (One United States Dollar only)

Other Terms of the Acquisition

Mopani has historically been funded by shareholder loans from Carlisa and other members of the Glencore group. As at 31 December 2020, the total shareholder loan was US\$4.3 billion. Pursuant to this Transaction, there has been an agreement regarding the Debt Amendment (as defined in this circular) such that the Remaining Debt in Mopani amounted to US\$1.5 billion. Carlisa and Glencore agreed to reduce the outstanding debt on the condition of certain repayment terms (described in more detail in this Circular).

After completion of the sale, Glencore will retain offtake rights in respect of a portion of Mopani's copper production until the Remaining Debt has been repaid in full.

Seller Details

Carlisa Investments Corporation is a company incorporated in the British Virgin Islands and jointly owned by Glencore Plc. (81%) and First Quantum Minerals Ltd (19%). Founded in the 1970s as a trading company, Glencore is one of the world's largest globally diversified natural resource companies.

Effective Date

In accordance with the terms and conditions of the SPA, completion of the Proposed Transaction will occur on or before 31 March 2021 or such other Completion Date as may be mutually agreed in writing by the parties.

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

The Transaction is subject to, inter alia, the fulfilment or waiver of the following outstanding conditions precedent:

1. SEC and LuSE approval of the Proposed Transaction;
2. The Minister of Mines and Mineral Development granting approval of the transfer of control of Mopani;
3. The CCPC's approval; and
4. ZCCM-IH Shareholders' approval.

Share Capital Before and After the Transaction:

Current number of authorized Ordinary Shares 200,000,000

Current number of issued Ordinary Shares of ZMW 0.01 160,800,286

The Circular is available on <https://zccm-ih.financifi.com/download/acquisition-of-shareholding-in-mopani-circular/>

4.6.4 Mineral Production

Base and precious metals

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

Table 41: Production of base and precious metals 2020

Commodity	Unit	Production Quantity	Unit Value (US \$) (*)	Production Value (US \$ million)
Copper	Metric tonne (Mt)	837,003.6	6,168.47	5,163.03
Gold	Kg	3,672	56,692	208.17

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

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

Table 42: Breakdown by company of the production of base and precious metals 2020

Commodity	Company	Unit	Production Quantity	Production Value (US \$ million)
Copper	KALUMBILA MINERALS LIMITED	Metric tonne (MT)	251,175.36	1,549.37
	KANSANSHI MINING PLC	Metric tonne (MT)	221,487.44	1,366.24
	LUMWANA MINING COMPANY LIMITED	Metric tonne (MT)	124,969.86	770.87
	KONKOLA COPPER MINES PLC	Metric tonne (MT)	63,027.71	388.78
	LUANSHYA COPPER MINE	Metric tonne (MT)	56,612.06	349.21
	NFC AFRICA MINING PLC	Metric tonne (MT)	48,883.47	301.54
	MOPANI COPPER MINES PLC	Metric tonne (MT)	34,479.89	212.69
	LUBAMBE COPPER MINE LTD	Metric tonne (MT)	21,062.13	129.92
	SINO METALS	Metric tonne (MT)	13,087.30	80.73
	CHIBULUMA MINES PLC	Metric tonne (MT)	2,218.38	13.68
Gold	KANSANSHI MINING PLC	Kg	3,578.81	202.89
	ZAMBIA GOLD COMPANY LTD	Kg	93.6	5.31

(*) 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 43: Production of industrial metals 2020

Commodity	Unit	Production Quantity	Unit Value (US \$)	Production Value (US \$ million)
Coal (***)	Metric tonne (Mt)	448,821.4	53.76	23.99
Emerald and Beryl (****)	Kg	9,783.41		10.9
Mn Manganese Ores (*)	Metric tonne (Mt)	28,409	1,693.32	48.1
Cobalt (*)	Metric tonne (Mt)	316	33,985.80	10.7
Cement	Metric Tonnes	2, 796,896.35	124	346.82

(*) 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 2020 mineral prices.

(****) Ministry of Mines and Minerals Development

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

Table 44: Breakdown by company of the production of industrial metals 2020

Commodity	Company	Unit	Production Quantity	Unit Value (US \$)	Production Value (US \$ million)
Coal	COLLUM COAL MINING INDUSTRIES LTD	Metric tonne (MT)	265,677	53.76	14.28
	MAAMBA COLLIERIES LIMITED	Metric tonne (MT)	183,144	53.76	9.85
Emerald and Beryl	Grizzly Mining	Kg	7,653.24	N/A	N/A
	Kagem Mining Limited	Kg	2,130.17	N/A	N/A
Mn Manganese Ores	Champion Minerals	Metric tonne (Mt)	950	1,693	1.61
	SAN HE (ZAMBIA) LIMITED	Metric tonne (Mt)	9,157	1,693	15.51
	DANTONG Industries Corp	Metric tonne (Mt)	2400	1,693	4.06
	Other	Metric tonne (Mt)	15,902	1,693	26.93
Cement	Lafarge	Metric tonne (MT)	816,014.00	124	96.45
	Dangote	Metric tonne (MT)	777,803.00	124	82.96
	Mphande limestone limited	Metric tonne (MT)	669,064.00	124	56.38
	Zambezi Portland	Metric tonne (MT)	454,667.26	124	5.20
	Baudot	Metric tonne (MT)	41,960.61	124	4.64
	Scirrocco	Metric tonne (MT)	37,387.48	124	96.45
Cobalt	Konkola Copper Mines Plc	Metric tonne (MT)	94	32,233.99	375,205.65

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.

4.6.5 Exports

Exports data for 2020 has been collected from the BoZ Annual report 2020 and from the Customs Department in ZRA.

The table below summarizes the base and precious metals exports according to BOZ Annual Report 2020:

Table 45: Exports of base and precious metals in 2020

Commodity	Unit	Volume	Exports Value (US \$ million)
Copper	Metric tonne (MT)	930,969	5,867.7
Gold	Kg	3,491	220.5

Source: BoZ annual report 2020, p.19

The table below summarizes the industrial metals and precious stones exports in 2020 according to ZRA data and BOZ Annual Report 2020:

Table 46: Exports of industrial metals and precious stones in 2020

2020			
Commodity	Unit	Volume	Exports Value (US \$ million)
Gemstones	Kg	n/a	68.8
Manganese Ores/Concentrates	Metric tonne (MT)	n/a	9.9
Cement & Lime	Metric tonne (MT)	n/a	191.0
Cobalt	Metric tonne (MT)	41.48	1,337.0

The table below summarises the evolution of the average realised price per commodity between 2020 and 2019:

Commodity	2020	2019	Variance
Copper (US\$/MT)	6,106.3	5,972.60	133.7
Gold (US\$/Ounce)	1,793.6	1,421.7	371.9

4.7 Revenue collection

4.7.1 Sectors covered by the report

The 2020 ZEITI 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.

4.7.2 Cash revenues

4.7.2.1 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 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 and payments relating to possible barter transactions without application of a materiality threshold.

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

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

N°	Description of payment	Unilateral disclosure from Gov. Agencies	Unilateral disclosure from companies	Reconciliation
MMMD				
1	Application Fees	V		
2	Area Charges	V		
3	Analysis, Valuation, Export permit Fees	V		
4	Other fees & charges	V		
EPF				
5	Environmental Protection Fund	V		
ZRA				
6	Pay- As-You-Earn	V		
7	Company Income Tax (including Provisional Tax)			V
8	Withholding Taxes	V		
9	Property Transfer Tax	V		

N°	Description of payment	Unilateral disclosure from Gov. Agencies	Unilateral disclosure from companies	Reconciliation
10	Mineral Royalty	✓		
11	Export Levy	✓		
12	Import VAT			✓
13	Import/Customs Duty	✓		
14	Excise Duty - Electrical Energy	✓		
15	VAT			✓
16	Withholding VAT (WHVAT)			✓
17	VAT refundable		✓	
18	VAT refunds		✓	
19	Balance VAT refundable		✓	
Local Councils				
20	Annual Business Fees	✓		
21	Property Rates	✓		
22	Manganese levy	✓		
23	Stone Levy	✓		
MoL				
24	Ground Rent	✓		
25	Registration Fees	✓		
MoF				
26	Dividends from Government Shares	✓		
27	Revenues from GRZ shareholding sale	✓		
ZCCM-IH				
28	Dividends from ZCCM-IH Shares	✓		
29	Price participation fees	✓		
30	Revenues from ZCCM-IH shareholding sale	✓		
Social Payments				
31	Corporate Social Responsibility In kind payments		✓	
32	Corporate Social Responsibility cash payments		✓	
Other Significant Payments				
33	Other Significant Payments		✓	

The definition and description of each flow is presented in table 21.

4.7.2.2 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 2020 exceeding the threshold of ZMW 100 million. The list of the companies is as follows

Table 47: List of companies involved in the reconciliation exercise 2020

N°	Company
Mining companies	
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

N°	Company
10	NFC AFRICA MINING PLC
11	LUBAMBE COPPER MINE LIMITED
12	KAGEM MINING LIMITED
13	LAFARGE CEMENT ZAMBIA PLC
State-owned Enterprise	
14	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 included in the 2020 ZEITI Report:

Table 48: Government Agencies scope for ZEITI Report 2020

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	26	Mansa District Council

4.7.3 In-kind revenues

According to the provisions of the Mines and Minerals Development Act 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. Therefore, the in-kind revenues stated in the 2019 EITI Standard under Requirement 4.2 are not applicable in the context of Zambia.

4.7.4 Infrastructure provisions and barter arrangements

In accordance with Requirement 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 2020 in application of a Memorandum of Understanding (MoU) signed between both parties on 20th June 2020. 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 4,100,000 for various development projects based on the Council annual work plan and budget. The remainder in sum of ZMW 22,532,723.94 was to be paid to the council in cash in 2020. The MoU shall remained in force up to 20th April 2021 subject to renewal.

The detail of the estimated budget is presented in the tab 9.

4.7.5 Transportation revenues

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

4.7.6 Transactions related to State-owned enterprises (SOEs)

4.7.6.1 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.

4.7.6.2 Transactions with the mining companies

The transfers from the mining companies to ZCCM-IH in 2020 are presented as follows:

Table 49: Transfers from the mining companies to ZCCM-IH

	USD
<i>Dividends and interests received from extractive companies</i>	
Dividends from KMP	2,300,000
Price Participation Fees received from KCM	4,750,000
CEC Dividends	6,993,550.78

4.7.7 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 50: Receipts of the Local Councils from the mining companies in 2020

Local Council	Business Fees (ZMW million)	Property Rates (ZMW million)	Manganese Levy (ZMW million)	Stone Levy (ZMW million)	Total
Chililabombwe Council	0.30	13.51	-		13.81
Chingola Council	-	17.91	-		17.91
Kabwe Council	-	0.10	-		0.10
Kafue Council	0.06	0.48	-	0.33	0.88
Lufwanyama Council	-	0.29			0.29
Mansa Council	-	-	0.52		0.52
Mazabuka Council	0.06	0.36			0.42
Mumbwa Council	-	0.12			0.12
Ndola Council	-	4.14			4.14
Siavonga Council	0.03				0.03
Sinazongwe Council	0.025	4.56			4.58
Solwezi Council		21.08			21.08
Zimba Council	0.01				0.01
Kitwe Council	-	53.49			53.49
Luanshya Council	-	20.50			20.5
Kalulushi Council	-	30.94			30.94
Chilanga Council	0.01	1.88			1.89
Kalumbila Council	-	35.82			35.82
Lusaka Council	0.01				0.01
Mufulira Council	-	7.50			7.50
Total	0.50	212.68	0.52		214.04

4.7.8 Level of disaggregation

4.7.8.1 Level of disaggregation agreed by ZEC

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

- by administration or public entity for each company retained in the reconciliation 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.

4.7.8.2 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 were disaggregated by project. Where payments are levied at an entity level rather than at a project level, the payments were 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 55 below as well as the production and the exports data. Furthermore, an additional column named “Field Name” was added to the reporting templates in order to identify the location and name of the mine.

Based on the previous ZEITI Reports and corrective actions, it was noted 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 officials of these Government Agencies, the actual system used for recording and accounting the receipts does not allow to enter the licence code when recognising the revenues but 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 51: Payment flows to be disclosed at project level

Reporting Items	Must be Disclosed by project
MMMD	
Application Fees	✓
Area Charges	✓
Analysis, Valuation, Export permit Fees	✓
Other fees & charges	✓
EPF	
Environmental Protection Fund	x
ZRA	
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

Reporting Items	Must be Disclosed by project
VAT	x
Withholding VAT (WHVAT)	x
VAT refundable	x
VAT refunds	x
Local Councils	
Annual Business Fees	✓
Property Rates	✓
MoL	
Ground Rent	✓
Registration Fees	✓

4.7.8.3 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 52: Payment flows disclosed at project level

N°	Description of payment	Required to be disclosed by project	Payments reported by in-scope companies in 2020 (ZMW)	Payments disclosed by project (ZMW)
	MMMD		60,311,698.00	57,401,218.00
1	Application Fees	✓	148, 973	148,973
2	Area Charges	✓	6,381,767	4,919,376
3	Other fees & charges	✓	53,929,931	52,332,869
	ZRA		5,163,865,564	137,054,844
4	Mineral Royalty	✓	5,163,865,564	137,054,844
	Local Councils		165,769,477	41,257,377
5	Property Rates	✓	165,769,477	41,257,377
	MoL		4,151,228	440,551
10	Ground Rent	✓	4,151,228	440, 551
	Total		746,618,963	236,153,990

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

Table 53: Details of payment flows disclosed at project level

No.	Company	Licence n °	Applicat ion Fees	Area Charges	Other fees & charges	Mineral Royalty	Property Rates	Ground Rent
1	KONKOLA COPPER MINES PLC	7074-HQ-LML		16,170				7,023,794
		7075 - HQ - LML		176,315				
		7076 - HQ - LML		120,678				
		20945 - HQ - MPL		4,146				
		14523 - HQ - LPL		44,683.68				
2	LUMWANA MINING COMPANY LIMITED	8089-HQ-LML		410,791			35,815,794	
		9000-HQ-LML		402,817				
		9001-HQ-LML		279,806				
		9002-HQ-LML		715,331				
		9003-HQ-LML		144,236				
		9004-HQ-LML		408,961				
3	MOPANI COPPER MINES PLC	7625 HQ -LML		169,357				
		7073 HQ -LML		334,863				
4	KALUMBILA MINERALS LIMITED	15868 HQ LML		416,760		100,255,288		
		15869 HQ LML		409,396				
		15870 HQ LML		403,032				
		15871 HQ LML		125,291				
		15872 HQ LML		236,910				
5	FQMO	8480-HQ-LEL		48,000				
		26433-HQ- LML		183,082.70				
		21957-HQ-MPL		26,993.00				
6	CCS	8403-HQ-LML					8,800,000	
7	MAAMBA COLLIERIES LIMITED	7058 LML	148,973	137,332	52,332869	36,799,556	4,561,583	35,110
		7174 SML		775				
	Sub-total		148,973	5,039,411	52,332,869	137,054,844	41,257,377	7,058,904
	Total reported by extractive companies		148,973	6,381,767	53,929,931	5,163,865,564	165,769,477	12,214,534
	%		100.00%	78.97%	97.04%	2.65%	24.89%	57.79%

4.7.9 Data timeliness

The 2020 ZEITI Report was based on data for the fiscal year 2020, which is from 1st January 2020 to 31st December 2020.

The revenue streams included in the reconciliation scope relate only to the payments made by companies and revenues received by Government Agencies in 2020. 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.

4.7.10 Data quality and assurance

4.7.10.1 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 of the entity. Under the three-tier financial reporting framework, entities are categorized as follows³³:

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 ZMW 20 million.	Zambian Financial Reporting Standard for Micro and Small Entities

Section 252 of the Companies Act of 2017 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:

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

Section 256 of the Companies Act of 2017 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 Management Act, 2018 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.

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.

³³ Source: <https://www.zica.co.zm/financial-reporting/>

The financial statements are prepared according to the International Public Sector Accounting Standards (IPSAS) cash standard. In 2020, The Government of the Republic of Zambia migrated from the cash-based accounting to accrual based on IPSAS. This effectively entails that all Government Ministries, Provinces and Spending Agencies were required to prepare financial statements under accruals IPSAS framework³⁴.

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 last financial year. The annually reports produced since 2003 are publicly available on the OAG website.³⁵

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.

4.7.10.2 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 2020 ZEITI Report incorporated constraints existing in Zambia and insufficiencies noticed during the previous reconciliation.

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

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

In order to comply with EITI Requirement 4.9 of the EITI Standard (2019) which aims to guarantee the credibility of the data submitted by reporting entities, the ZEC agreed the following approach for the preparation of the 2020 ZEITI report.

Extractive companies

The ECAAF 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 ECAAF and thus for the IAA. This report considered the reconciliation findings as well as the identified weaknesses raised in past ZEITI Reports and concluded that this would be consistent with medium ECAAF.

³⁴ Source : <https://www.zica.co.zm/public-sector/>

³⁵ <http://www.ago.gov.zm/report.html>

Based on the above, the ZEC agreed that for the 2020 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

This report 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	13	23,438.83	99.9%	High
Did not provide RT signed by an authorized officer	1	24.19	0.1%	Low
Total	14	23,463.02	100%	

Based on the ZEC agreed assurance procedures, a Final Assessment of Assurance was conducted after the reconciliation of the financial data. For companies, 99.9% of the total revenues reconciled was assessed within high level while 0.1% 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.

4.8 Revenue allocation

4.8.1 Distribution of extractive industry revenues

4.8.1.1 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 (21) of the Public Finance management Act No.1 of 2018 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 centres or project.

4.8.1.2 Revenues allocated to specific funds

(i) Environmental Protection Fund

The Environmental Protection Fund (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.I. 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)).

(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.

4.8.2 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 Mines and Minerals Development Act 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 Mines and Minerals Development Act 2015. The new code does not provide provision for the sharing of royalties. Therefore, subnational transfers are not applicable in Zambia.

4.8.3 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.

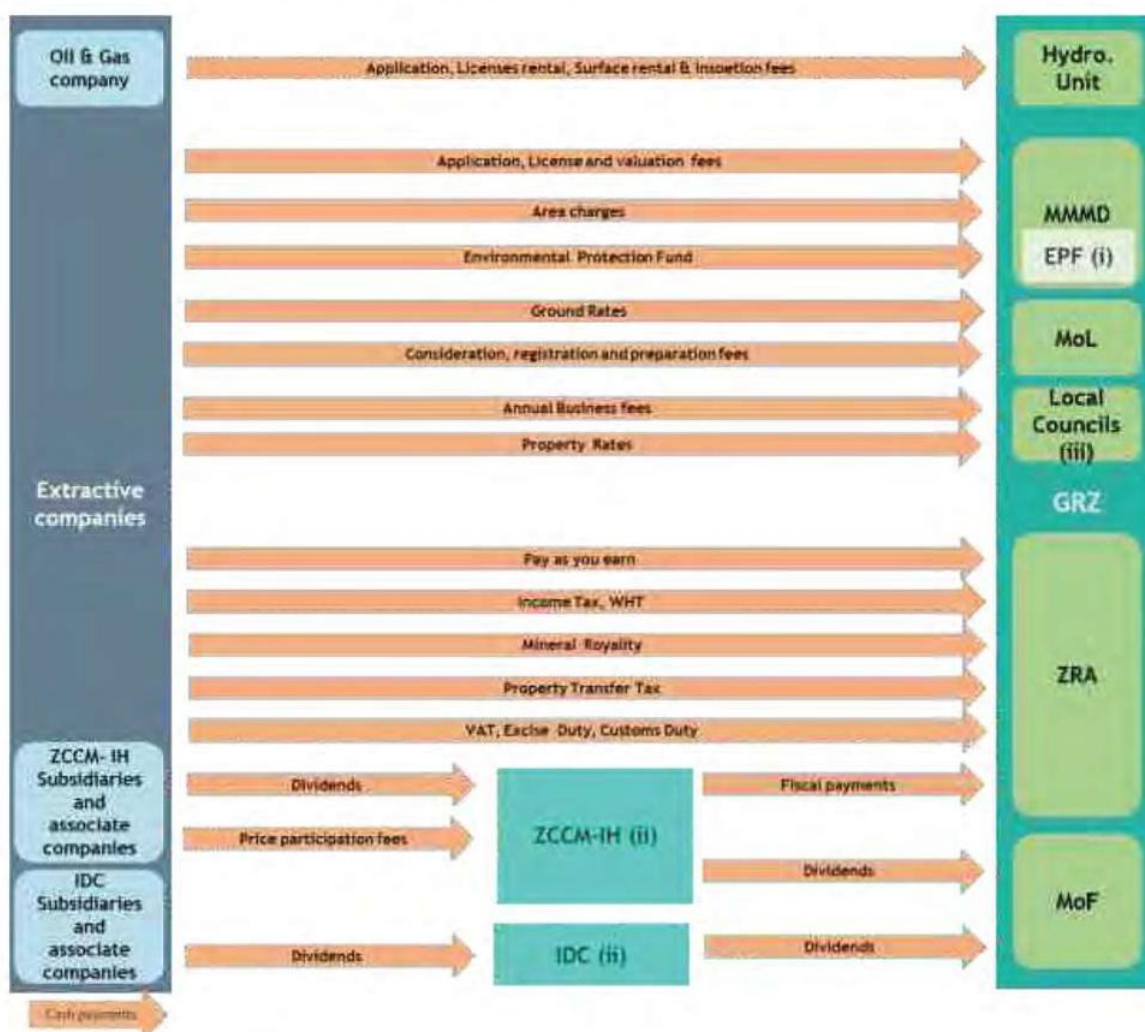
Payments are made by the companies to various Government Agencies. ZRA receives most the revenue from the mining companies. ZRA has two operating divisions which are Customs Services Division and Domestic Taxes Division with both collecting over 94% of mining sector taxes.

The other payments from the mining sector are made to local councils, where mining companies are based, to Ministry of Lands 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.

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

Figure 2: Flow chart of extractive revenue collection



4.8.4 Budget process

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

Stages	Description
Drafting	This is the first phase in the budget process. In the Medium-Term Expenditure Framework (MTEF) arrangement, the government is required to engage in consultations with various stakeholders.
Legislative	Budgets are allocated taking into account the relevant provisions in the constitution. Budgetary allocations are enshrined in Article 117 (1) of the Constitution of Zambia. At this stage, the final result still lies heavily with legislature.
Execution	At the implementation stage, Parliament questions the effectiveness and efficiency with which funds are utilised. Members of Parliament look out for issues of service delivery, overspending, misuse and misapplication - to areas other than those authorised or planned for.
Auditing	The budgeting system in Zambia is audited by the office of the Auditor General which verifies whether funds have been spent on the authorised items. It also checks for any under or overspending, misappropriation, theft and whether resources have been utilised efficiently or not. The Report of the Auditor General on the accounts are available on the OAG website ³⁶ . The Auditor General follows the standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Post-budget period audits are the responsibility of the Public Accounts Committee (PAC). PAC examines historical records for disbursements and budget performance. A substantial part of the supplementary expenditure is often incurred on items and areas other than those which were originally envisaged. PAC has a specific mandate under the standing orders of Parliament and as such cannot initiate an investigation into any matter of public interest. PAC only makes recommendations to the Executive which is expected to enforce them.
Publishing	According to Article 202 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.

4.9 Social and economic spending

4.9.1 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.

It is noteworthy that there are no legal or contractual provisions for mandatory social payments in Zambia. However, the voluntary social payments were included in the 2020 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

The table below the amounts reported by extractive companies:

No.	Company	In Cash (ZMW million)	In Kind (ZMW million)	Total (ZMW million)
1	KANSANSHI MINING PLC		USD 2 million	
2	KONKOLA COPPER MINES PLC			
3	LUMWANA MINING COMPANY LIMITED	ZMW 22.5		
4	MOPANI COPPER MINES PLC	ZMW 223		
5	KALUMBILA MINERALS LIMITED		USD 3 million	
6	FIRST QUANTUM MINING AND OPERATIONS LTD			

³⁶ <http://www.ago.gov.zm>

7	CHAMBISHI COPPER SMELTER LIMITED	
8	ZCCM INVESTMENTS HOLDINGS PLC	
9	MAAMBA COLLIERIES LIMITED	ZMW 0.37
10	NFC AFRICA MINING PLC	-
11	LUBAMBE COPPER MINE LTD	ZMW 3.23
12	KAGEM MINING LTD	ZMW 0.56
13	LAFARGE CEMENT ZAMBIA PLC	
14	CNMC LUANSHYA COPPER MINES PLC	ZMW 2.17

All these payments are voluntary social payments. The breakdown by beneficiary is set out in the Annex 10.

4.9.2 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:

- Zambia Environmental Management Agency (ZEMA);
- the Ministry of Mines and Minerals Development (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 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

Payments are made to the Fund in US Dollars and are retained in a USD bank account outside the State budget. According to the data provided to the ZEITI Secretariat by MSD, payments to the Environmental Protection Fund (EPF) in 2020 amounted to USD 2,767,818.17. The current cumulative figure in the fund as at 11 October 2021 is USD 34,875,000.

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

	Company	Amount (USD)
1	KALUMBILA MINERALS LIMITED	774,288
2	KANSANSHI MINING PLC	1,235,137.59
		2,009,425.59

Mining and Environmental Remediation and Improvement Project

The Government of the Republic of Zambia is 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 ZMERIP is a five-year World Bank funded project with a total sum of USD 65.6 million³⁷.

4.9.3 Quasi-fiscal expenditures

According to Requirement 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.

The definition agreed by the ZEC covers all expenditures introduced by simple administrative decision and that are not recorded in budget reporting and which are initiated by GRZ 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 ZEC 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 2020. ZCCM-IH has confirmed that there were no quasi-fiscal expenditures during the year 2020. Details on the financial relationship of ZCCM-IH with the Government Agencies are presented in Section 4.6.3 of this report. Therefore, quasi-fiscal expenditures as defined in Requirement 6.2 of the EITI 2019 Standard is not applicable for the period covered by this report.

4.9.4 The contribution of the extractive sector to the economy

4.9.4.1 Contribution to GDP

The Zambian GDP (at constant prices) increased by 30.6% between 2020 and 2019. Further, the mining and quarrying GDP's increased by 47.1% between 2019 and 2020. Additionally, the contribution of the sector to the overall GDP increased by 1.2%.

	2020 (ZMW billion)	2019 (ZMW billion)	2018 (ZMW billion)
Mining and quarrying GDP at constant prices	15.3	10.4	14.9
GDP constant prices	137.4	105.2	139.2

³⁷ <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>

	2020 (ZMW billion)	2019 (ZMW billion)	2018 (ZMW billion)
% contribution of mining sector to the GDP	11.1%	9.9%	10.7%
<i>Source: 2020-Economic-Report(Ministry of Finance)</i>			

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

4.9.4.2 Contribution to Government revenues

Total government revenue and grants in 2020, at ZMW 67.4 billion, were 6.1% higher than 2019. This was largely attributed to higher collections in income tax and non-tax revenue. Domestic revenue at 65.7 billion accounted for 97.4% of the total revenue.

The contribution of the mining sector to the total revenues (Tax and non-tax revenues) represents 31.4% in 2020:

Payments	Extractive Revenues (ZMW million) ³⁸	Total Government Revenues (ZMW million) ³⁹
Tax Revenue	17,201.65	52,200
<i>Income tax</i>	<i>7,674.28</i>	<i>29,300</i>
<i>Of which Personal Tax</i>	<i>2,536.88</i>	<i>14,300</i>
<i>Of which Company Tax</i>	<i>5,137.40</i>	<i>9,500</i>
<i>Excise Taxes</i>	<i>11.91</i>	<i>4,800</i>
<i>Domestic VAT</i>	<i>1,582.02</i>	<i>6,800</i>
<i>Other taxes</i>	<i>7,000.65</i>	<i>7,200</i>
International Trade Taxes	2,659.08	14,600
<i>Import Duties</i>	<i>1,006.86</i>	<i>3,400</i>
<i>Import VAT</i>	<i>1,567.22</i>	<i>11,100</i>
<i>Export duty</i>	<i>85</i>	<i>100</i>
Non-tax Revenue	5,316.13	13,500
<i>Fees and Charges</i>	<i>46,240</i>	<i>4,800</i>
<i>Dividends and Interest</i>	<i>9.11</i>	<i>3,200</i>
<i>Extraction Royalty</i>	<i>5,260.78</i>	<i>5,200</i>
Total Revenues	25,176.86	80,300

4.9.4.3 Exports

The extractive sector accounts on average for 79.5% of export earnings in 2020 with a large contribution of Copper which accounts for over 92% of the total sector exports as shown in the table below:

	2020 (US \$ million)	2019 (US \$ million)	2018 (US \$ million)
<i>Mining and quarrying Exports (*)</i>	<i>6,365.32</i>	<i>5,570.20</i>	<i>7,074.40</i>
Zambia Exports (fobs) (*)	8006.7	7,228.1	9,029.40
% contribution of mining sector to Exports	79.56%	77.0	78.4%

(*) Source: Annual economic report 2020, p.59

³⁸ Source : EITI Data

³⁹ Source : BoZ Annual Report 2020, Table 2. 12

4.9.4.4 Employment

According to the Labour Force Survey published by the Zambia Statistic Agency, the mining companies employs directly about 59,371 individuals representing 2.0% of total Country's 2020 employed persons of 2,988,379⁴⁰. Of the people employed in the mining sector, 62,741 are male representing 92.2% while 10,462 are female representing 7.8%.

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

⁴⁰ Labour Force Survey Report 2020
<https://www.zamstats.gov.zm/index.php/publications/category/7-labour>



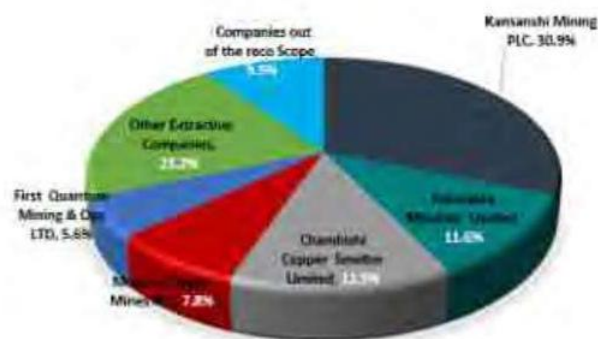
5 ANALYSIS OF REPORTED DATA

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 69.4% to the total payments in 2020 and that Kansanshi Mining Plc. accounted for 30.4% 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	7,988.89	30.90%
2	CHAMBISHI COPPER SMELTER LIMITED	3,344.65	12.94%
3	KALUMBILA MINERALS LIMITED	3,000.26	11.60%
4	MOPANI COPPER MINES PLC	2,061.97	7.98%
5	FIRST QUANTUM MINING AND OPERATIONS LTD	1,434.99	5.55%
6	CNMC LUANSHYA COPPER MINES PLC	1,350.54	5.22%
7	NFC AFRICA MINING PLC	954.68	3.69%
8	LUMWANA MINING COMPANY LIMITED	839.62	3.25%
9	MAAMBA COLLIERIES LIMITED	646.44	2.50%
10	KONKOLA COPPER MINES PLC	614.65	2.38%
11	LUBAMBE COPPER MINE LTD	437.89	1.69%
12	KAGEM MINING LTD	168.86	0.65%
13	LAFARGE CEMENT ZAMBIA PLC	120.87	0.47%
14	ZCCM INVESTMENTS HOLDINGS PLC	73.60	0.28%
	Social payments unilaterally declared by extractive companies	251.74	0.97%
	Receipts from companies out of the reconciliation scope unilaterally declared by Government Agencies	2,564.22	9.92%
	Total	25,853.86	100%

5.1.2 Analysis of payments by contribution flows

The analysis of the payments by flow shows that the top 6 taxes contributed 89% of the total payments collected from the extractive companies. It is also important to note that withholding on value added accounted for the highest proportion of total receipts (26.65%).



No.	Company	Total payments to Government (ZMW)	% of total Government revenues
1	Withholding on Value Added Tax	6,889.62	26.65%
2	Mineral Royalty	5,260.78	20.35%
3	CIT	5,137.40	19.87%
4	Pay- As-You-Earn	2,536.88	9.81%
5	VAT	1,582.02	6.12%
6	Import VAT	1,567.22	6.06%
7	Other payments flows	2,879.94	11.14%
Total		25,853.86	100%

5.1.3 Analysis of payments by Government Agencies

During 2020, ZRA collected the largest value of taxes included in the reconciliation as shown in the table below:

No.	Collecting entity	Total payments to Government (ZMW million)	% of total Government revenues
1	Zambian Revenue Authority (ZRA)	25,121.51	97.17%
2	ZCCM- IH	128.95	0.50%
3	Social Payments	251.74	0.97%
4	Local Councils	214.03	0.83%
5	IDC	31.65	0.12%
6	Ministry of Mines and Minerals Development	40.77	0.16%
7	Environmental Protection Fund	50.63	0.20%
8	Ministry of Finance	9.11	0.04%
9	Petroleum Unit	4.88	0.02%
10	Ministry of Lands	0.59	0.00%
Total extractive sector		25,853.86	100%

Payments by Project reported by the Petroleum Unit

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

Company	License No	Block	Annual License fees (ZMW)	Area Charges (ZMK)	Total (ZMW)
ZCCM-INVESTMENT HOLDINGS	PEL 034	52	90,000.00	308,221.50	398,221.50
ZCCM-INVESTMENT HOLDINGS	PEL 033	27	90,000.00	137,738.26	227,738.26

GEO-PETROLEUM LIMITED	PEL 028	31	90,000.00	685,534.51	775,534.51
MAFULA ENERGY ZAMBIA LIMITED	PEL 008	32	90,000.00	1,518,086.44	1,608,086.44
ZCCM-INVESTMENT HOLDINGS	PEL 012	1	90,000.00	426,796.39	516,796.39
SARGAS OIL LIMITED	PEL 029	54	90,000.00	144,803.05	234,803.05
TIISEZA ZAMBIA LIMITED	PEL 035	18	90,000.00	263,224.50	353,224.50
ZCCM-INVESTMENT HOLDINGS	PEL 030	39	90,000.00	63,918.32	153,918.32
ZCCM-INVESTMENT HOLDINGS	PEL 032	17	90,000.00	334,803.06	424,803.06
ZCCM-INVESTMENT HOLDINGS	PEL 031	44	90,000.00	97,658.28	187,658.28
Total			900,000.00	3,980,784.31	4,880,784.31

5.2 Analysis of Employment Data

Companies were requested their foreign and domestic employees' number during 2020. 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	1,720	47	1,767
		Average number of direct expatriate employees	158	11	169
2	CNMC Luanshya Copper Mines LTD	Average number of direct domestic employees	949	105	1054
		Average number of direct expatriate employees	80	10	90
4	First Quantum Mining & Operations LTD	Average number of direct domestic employees	2,978	301	3,279
		Average number of direct expatriate employees	74	8	82
		Average number of direct domestic contractors	546	74	620
		Average number of direct expatriate contractor	30		30
5	Kagem Mining LTD	Average number of direct domestic employees	688	29	717
		Average number of direct expatriate employees	64	-	64
		Average number of direct domestic contractors	283	1	284
		Average number of direct expatriate contractors	5	-	5
6	Kalumbila Minerals LTD	Average number of direct domestic employees	2,866	254	3,120
		Average number of direct expatriate employees	108	6	114
		Average number of direct domestic contractors	3,125		3,125
		Average number of direct expatriate contractors	186		186
7	Kansanshi Mining PLC	Average number of direct domestic employees	2,297	734	3,031
		Average number of direct expatriate employees	112	8	120
		Average number of direct domestic contractors	1878		1878
		Average number of direct expatriate contractors	28		28
8	Konkola Mines PLC	Average number of direct domestic employees	5048	854	5,902
		Average number of direct expatriate employees	-	-	-
9	Lubambe Copper Mine LTD	Average number of direct domestic employees	1,049	91	1,140
		Average number of direct expatriate employees	22	1	23
		Average number of direct domestic contractors	1,114	-	1,114
		Average number of direct expatriate contractors	30	-	30
10	Lumwana Mining LTD	Average number of direct domestic employees	1,297	194	1,491
		Average number of direct expatriate employees	15	-	15
		Average number of direct domestic contractors	1,957	246	2,203
		Average number of direct expatriate contractors	68	1	69
11	Maamba Collieries LTD	Average number of direct domestic employees	202	18	220
		Average number of direct expatriate employees	21	-	21
		Average number of direct domestic contractors	885	93	978
		Average number of direct expatriate contractors	226	-	226
12	Mopani Copper Mines PLC	Average number of direct domestic employees	4,815	610	5,425
		Average number of direct expatriate employees	38	7	45
		Average number of direct domestic contractors	4,617	285	4,902
		Average number of direct expatriate contractors	109	2	111

No.	Companies	Domestic/expatriate employees	Male	Female	Total
13	NFC Africa Mining PLC	Average number of direct domestic employees	1,729	-	1,729
		Average number of direct expatriate employees	-	-	-
		Average number of direct expatriate employees			
14	Lafarge Cement	Average number of direct domestic employees	320	82	402
		Average number of direct expatriate employees	4	-	4
		Average number of direct domestic contractors	499	37	536
		Total	42,240	4,109	45,813



6 RECOMMENDATIONS

6. RECOMMENDATIONS

For the 2020 ZEITI report, the ZEC built on the foundation of transparent reporting of extractive industry revenue. Per the EITI Standard, the following recommendations are made to the ZEC for future improvements in transparency and accountability.

8. The Zambia EITI Council (ZEC) should increase their efforts to ensure the comprehensiveness of government and corporate data, and public access, by further advancing systematic disclosures. This report identifies three wider-reaching systems where companies and governments both have responsibility for reporting, collection and (to some extent) publishing data:
 - iv. The Mining Cadastre portal of Zambia provides up to date and comprehensive overviews of extractive license locations but does not yet provide easy access to this information in open formats, nor the full texts of contract or license documents. If current systems are not suitable for responding to current information demands of stakeholders and EITI, other solutions should be explored to ensure better public access to the underlying information.
 - v. PACRA's corporate registry provides access to key information required by the EITI Standard for a prescribed fee of ZMW 90 per company print out. This information includes BO data and an indication of companies' compliance with certain reporting obligations to the Government of Zambia. However, the registry could improve on its data access by providing options for broader access to such data in open formats, including access to financial statements by companies.
 - vi. The Mineral Output Statistical Evaluation System (MOSES) monitoring system serves as a potential data collection and reporting tool to facilitate additional disclosures on more disaggregated revenue data for extractive companies.

These provisions would ensure that Zambia EITI assesses whether (i) government and corporate systems contain the relevant information required by the EITI Standard, (ii) that this information is comprehensively collected and assured for all extractive operations, and (iii) that the disclosures are made publicly accessible using open formats with minimum practical, technical or financial barriers.

9. Related to the systematic disclosure focus above, Zambia EITI and the ZEC could further advance and strengthen its work on domestic resource mobilisation through more complex analyses that combine relevant and current disclosures. Zambia EITI has begun its efforts to fully clarify who benefits from extractive sector operations, what work operators are obliged to undertake, and how this translates into national and subnational benefits. However, Zambia EITI could further facilitate analysis that combines such information to provide a comprehensive entity-by-entity overview. As was cited a specific demand from civil society and certain government stakeholders, overviews that holistically cover information available for different extractive companies are challenging to obtain or assess, with a multitude of sources of data and information flows.
10. The ZEC is encouraged to further consider how the Zambian extractive industry contributes and responds to the opportunities presented by the energy transition. Disclosures, especially at a mine (license) level on emissions or carbon intensity, and dissemination activities in local communities could help address stakeholders' demand for information regarding the impact of mining at the local level and contribute to the national debate related to Zambia's position as a key mineral producer in the face of climate change, and the need for critical minerals such as cobalt, manganese and copper, for the energy transition.
11. The ZEC should engage the Ministry of Mines and Minerals Development to consider assigning Mineral production values to the Mineral production figures;
12. The ZEC should engage the ZRA to assign export volumes to all exported minerals;
13. The ZEC should engage the Zambia Revenue Authority (ZRA) on the discrepancy in VAT refunds. There is need to find a mechanism of recording the refunds that are effected either as offsets or cash refunds; and,
14. The ZEC should collaborate with the ACP project to start recording production figures for the industrial Minerals sector.

Annexes

List of Annexes available at: <http://www.zambiaeiti.org>

Annex 1, Annex 6, Annex 10, Annex 12, Annex 16, Annex 17 and Annex 19.

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: +260-211-231917
Telefax: +260-211-231937
Exploration House, Ridgeway*



In reply please quote

No.

REPUBLIC OF ZAMBIA
MINING CADASTRE DEPARTMENT
P.O Box 31969
LUSAKA

06th October, 2021

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 01st October, 2021 in relation to the technical and financial criteria used to award mining rights at the Mining Cadastre.

I wish to state that in 2020, the awarding of mining licences was done on a first-come, first-served basis. We also wish to state that in 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) 2015.

Both the decision to award the licences and also the transfer of licences were decided in accordance with the criteria set out in section 22 and 31 of 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.

See attached table.

Alfred Phiri
Chief Registrar Mining Rights
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 Mines And Minerals Development Act of 2015
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 Mines And Minerals Development Act of 2015
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	Pre-Qualification Documentation 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 N.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: • Zambian in Senior Management • Graduate Zambian • More than five (05) Zambians ii) Training • Plan for professional training • Plan for skills training	1 1 1 1 1
	c) Programme to support local business development (amount spent locally) N.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 N.B. Petroleum exploration experience - 5%, General exploration experience - 3%, and No exploration experience - 0% b) Qualification and experience of key staff • Any Zambians listed as key staff • Highest relevant academic qualification (PhD degree - 5%, Master's degree - 4%, Bachelors' degree - 3%, Diploma - 2%, Certificate - 1%) • Relevant experience (10 years - 5%, 8 years - 4%, 6 years - 3%, 4 years - 2%, 2 years - 1%, 0 years - 0%) N.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 N.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 • Desktop study • Aerial/ground survey • Exploratory drilling • Evaluation and appraisal • Feasibility study b) Exploration programme costs • Desktop study (<10% of total cost - 2%) • Aerial/ground survey (less than or equal to 30% % of total cost - 4%) • Exploratory drilling (less than or equal to 30% % of total cost - 3%) • Evaluation and appraisal (less than or equal to 30% % of total cost - 4%) • Feasibility study (> 10% of total cost - 2%) N.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
	TOTAL	100%

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

Communications should be addressed to:
The Director

Telephone: 21 1 231657/21 1 231677
Telefax: 21 1 231657
Telegrams: GEOCENTRAL
Telex: ZA-00167



In reply please quote:
No. 202/

GSD/101/3/7

MINISTRY OF MINES AND MINERALS DEVELOPMENT
GEOLOGICAL SURVEY DEPARTMENT

P.O. BOX 30130
LUSAKA

7th October 2021

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 exploration licences by the Petroleum Committee.

Kindly be informed that in 2020, the Petroleum Committee did not grant any petroleum exploration licences. However, please note that in 2020, the Petroleum Committee approved Tullow Zambia B.V.'s application to transfer 97.5% interest of petroleum exploration licence PEL 028 over Block 31 to its minority shareholder, Geo Petroleum Limited.

Further, kindly be informed that the transfer of the controlling interest from Tullow Zambia B.V. to Geo Petroleum Limited regarding Block 31 was in accordance with the provisions of Section 21(1), 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/transfer of petroleum exploration licences for the period under review.

Yours faithfully

Chipilauka Mukofu
Director

GEOLOGICAL SURVEY DEPARTMENT

Cc. Acting Permanent Secretary-Ministry of Mines and Minerals Development

Annex 7 - BO declaration form

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

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

15.	Nature of Beneficial Ownership Briefly explain the nature of beneficial ownership (whether trust, legal arrangement etc.) including how ownership control or economic interest is maintained		
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.	DECLARATION: 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 Signature: _____ Date: _____		

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.	Kizhingezhinge - Kawama Road in Sandang'ombe Ward	1.2	▪ Skimming existing subbase material in preparation for base ▪ Construct road formation ▪ Dump, level and mix subbase course ▪ Bridge Extension	
2.	Nkana College Road in Kapijimpanga Ward	1.5	▪ Skimming existing subbase material in preparation for base ▪ Dump, level and mix Base Course ▪ Priming and chip and spray double seal 19/9mm stone ▪ Drainage construction	
3.	Kandemba – Wisdom Road from T5 junction in Sandang'ombe ward	1.5	▪ Skimming existing subbase material in preparation for base ▪ Construct road formation ▪ Dump, level and mix subbase course ▪ Dump, level and mix Base Course ▪ Priming and chip and spray double seal 19/9mm stone ▪ Drainage construction	
GRAND TOTAL				<u>4,100,000.00</u>

Annex 13- Tracking table of certified reporting templates

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

No.	Company	Reporting template received	Reporting Templates signed by the management
Administrations			
1	Zambian Revenue Authority (ZRA)	Yes	NO
2	Ministry of Mines and Minerals Development (MMMMD)	Yes	NO
3	Ministry of Lands (MoL)	Yes	NO
Local Councils			
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 15- Company by company reconciliation sheets

Company name: KANSANZI MINING PLC		Reporting period: 2020						
#	Description of Payment	Original	Per Company Adjust	Final	Original	Per Government Adjust	Final	Final difference
MINING								
1	Application Fee	444,936	-	444,936	442,051	-	442,051	2,945
2	Assay Fee	-	-	-	-	-	10,500	(10,500)
3	Assay Charge	444,936	-	444,936	417,725	-	417,725	27,210
4	Valuation Fee	-	-	-	5,300	-	5,300	(5,300)
5	Chemical Analysis	-	-	-	6,525	-	6,525	(6,525)
6	Environmental Protection Fee	-	-	-	-	-	-	-
7	Other fees & charges - EPR	-	-	-	-	-	-	-
ZMA								
8	Paper Air/Yan-Care	7,955,988,763	59,444,327	7,925,239,290	7,670,590,789	254,782,500	7,925,239,290	0
9	Import VAT	433,508,374	-	433,508,374	412,853,143	(45,944,757)	433,508,374	(0)
10	Mineral Property	295,932,535	7,431,056	303,484,411	303,484,411	-	303,484,411	-
11	Company Income Tax (including Provisional Tax)	1,940,021,326	-	1,940,021,326	1,940,021,326	-	1,940,021,326	-
12	VAT	2,301,151,936	46,546,770	2,037,962,587	3,021,962,587	-	2,037,962,587	0
13	Import/Customs Duty	-	-	-	-	-	-	-
14	Withholding Tax	332,310,819	1,075,552	331,235,267	192,493,452	144,855,175	331,235,267	(0)
15	Export Duty - Electrical Energy	42,440,183	-	42,440,183	42,440,183	-	42,440,183	(0)
16	Property Transfer Tax	-	-	-	-	-	-	-
17	Demerit Excess	-	-	-	-	-	-	-
18	Withholding VAT	(139,268,811)	-	(139,268,811)	(632,308,701)	184,964,790	(139,268,811)	0
19	Advance Income Tax	-	21,760	21,760	21,760	-	21,760	-
20	Export Levy	28,032,966	(1,500)	28,031,466	31,031,466	-	28,031,466	0
21	Other taxes (ZMA)	7,053,330	-	7,053,330	7,053,330	-	7,053,330	-
22	VAT interest	-	-	-	-	-	-	-
Local Councils								
23	Annual Business Fee	22,640,688	-	22,640,688	21,880,531	-	21,880,531	1,560,156
24	Property Rate	22,640,688	-	22,640,688	21,880,531	-	21,880,531	1,560,156
Mut								
25	Gross Rent	289,543	-	289,543	-	-	289,543	-
26	Consideration Fee	-	-	-	-	-	-	-
27	Registration Fee	-	-	-	-	-	-	-
28	Provisional Fee	-	-	-	-	-	-	-
29	Other-Initiation by Trust / Title Deeds	-	-	-	-	-	-	-
Mut								
30	Dividend from Government Share	-	-	-	-	-	-	-
31	Revenue from OFZ Shareholding sale	-	-	-	-	-	-	-
ZCCM-DR								
32	Dividend from ZCCM-DR Share	42,063,760	-	42,063,760	42,063,760	-	42,063,760	-
33	Prior participation Fee	42,063,760	-	42,063,760	42,063,760	-	42,063,760	-
34	Revenue from ZCCM-DR Shareholding sale	-	-	-	-	-	-	-
35	Revenue from ZCCM-DR mining rights transfer	-	-	-	-	-	-	-
ADC								
36	Dividend and other revenue from ADC Share	-	-	-	-	-	-	-
Social Payments								
37	Corporate Social Responsibility (CSR) payments	-	-	-	-	-	-	-
38	Corporate Social Responsibility (CSR) payments	-	-	-	-	-	-	-
Other Significant Payments								
39	Other Significant Payments	-	-	-	-	-	-	-
Total payments								
		7,831,833,710	59,444,327	7,890,738,215	7,734,183,132	254,782,500	7,868,885,632	1,852,644

Company name: LUMVANA MINING COMPANY LIMITED				Reporting period: 2020		
N	Description of Payment	For Company		For Government		Final difference
		Original	Adjust	Original	Adjust	Final
	MINING	2,362,033	-	2,362,033	-	1,645,158
1	Application Fee	-	-	-	-	-
2	Licence Fee	-	-	-	-	-
3	Area Charges	2,362,033	-	2,062,033	-	1,644,709
4	Valuation Fee	-	-	-	-	600
5	Chemical Analysis	-	-	-	-	450
6	Environmental Protection Fund	-	-	-	-	-
7	Other fees & charges - ERB	-	-	-	-	-
	ZRA	381,518,354	(7,143,307)	374,366,047	-	802,158,383
8	Pay-At-Yow-Erm	85,945,079	-	85,945,079	-	85,945,079
9	Import VAT	104,075,235	(7,064,689)	116,930,546	-	116,930,546
10	Mineral Royalty	119,406,398	-	119,406,398	-	133,071,258
11	Company Income Tax (including Provisional Tax)	-	-	-	-	-
12	VAT	490,543,328	-	490,543,328	-	5,487,133
13	Import/Customs Duty	116,160,212	(59,618)	116,321,594	-	116,321,594
14	Withholding Taxes	27,162,095	-	27,162,095	-	2,934,102
15	Excise Duty - Electrical Energy	-	-	-	-	-
16	Property Transfer Tax	-	-	-	-	-
17	Domestic Excise	-	-	-	-	-
18	Withholding VAT	-	-	-	-	237,406,557
19	Advance Income Tax	-	-	-	-	-
20	Export Levy	-	-	-	-	2,202
21	Other taxes (ZRA)	-	-	-	-	-
22	VAT refund	-	-	-	-	-
	Local Councils	36,000,000	-	36,000,000	-	35,815,734
23	Annual Business Fees	-	-	-	-	-
24	Property Rates	36,000,000	-	36,000,000	-	35,815,734
	MoF	3,332,613	-	3,332,613	-	-
25	Ground Rent	3,332,613	-	3,332,613	-	-
26	Consolidation Fees	-	-	-	-	-
27	Registration Fees	-	-	-	-	-
28	Proportional fee	-	-	-	-	-
29	Other levies to Trust / Title Deeds	-	-	-	-	-
	MoP	-	-	-	-	-
30	Dividends from Government Shares	-	-	-	-	-
31	Revenue from GR2 shareholding r/s	-	-	-	-	-
	ZCCM-M	-	-	-	-	-
32	Dividends from ZCCM-M Shares	-	-	-	-	-
33	Price participation fees	-	-	-	-	-
34	Revenue from ZCCM-M shareholding r/s	-	-	-	-	-
35	Revenue from ZCCM-M mining rights transfer	-	-	-	-	-
	IOC	-	-	-	-	-
36	Dividends and other revenue from IOC Shares	-	-	-	-	-
	Social Payments	-	-	-	-	-
37	Corporate Social Responsibility in kind	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-
	Other Significant Payments	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-
	Total payments	1,623,214,901	(7,143,307)	1,616,121,598	-	822,618,923

Company name:		MOPANI COPPER MINES PLC			Reporting period:			2020	
N	Description of Payment	Per Company			Per Government			Final Difference	
		Original	Adjusted	Final	Original	Adjusted	Final		
	MINAMI	533,945	-	533,945	504,220	-	504,220	30,625	
1	Application Fee	-	-	-	-	-	-	-	
2	License Fee	-	-	-	-	-	-	-	
3	Area Charges	504,220	-	504,220	504,220	-	504,220	-	
4	Valuation Fee	90,625	-	90,625	-	-	-	90,625	
5	Chemical Analysis	-	-	-	-	-	-	-	
6	Environmental Protection Fund	-	-	-	-	-	-	-	
7	Other fees & charges - EPD	-	-	-	-	-	-	-	
	ZRA	1,731,478,120	-	1,731,478,120	2,006,645,761	-	2,006,645,761	(265,167,641)	
8	Per-As-Use-Earn	476,350,874	-	476,350,874	476,350,248	-	476,350,248	(2,124,268)	
9	Import VAT	27,683,117	-	27,683,117	20,691,343	-	20,691,343	6,991,772	
10	Mineral Rights	235,918,903	-	235,918,903	235,918,903	-	235,918,903	-	
11	Company Income Tax (including Provisional Tax)	-	-	-	-	-	-	-	
12	VAT	-	-	-	142,836,024	-	142,836,024	(142,836,024)	
13	Imports/Customs Duty	33,532,029	-	33,532,029	27,055,680	-	27,055,680	6,476,349	
14	Withholding Tax	34,887,036	-	34,887,036	34,887,037	-	34,887,037	(1)	
15	Excise Duty - Electrical Goods	-	-	-	-	-	-	-	
16	Property Transfer Tax	-	-	-	-	-	-	-	
17	Domestic Excise	-	-	-	-	-	-	-	
18	Withholding VAT	796,520,361	-	796,520,361	936,434,326	-	936,434,326	(139,913,965)	
19	Advance Income Tax	-	-	-	-	-	-	-	
20	Export Levy	-	-	-	-	-	-	-	
21	Other taxes (ZRA)	-	-	-	-	-	-	-	
22	VAT related	-	-	-	-	-	-	-	
	Local Councils	17,187,400	-	17,187,400	60,810,883	-	57,998,983	(40,811,483)	
23	Annual Business Fee	2,115,000	-	2,115,000	2,220,000	-	2,220,000	(2,115,000)	
24	Property Rates	15,072,400	-	15,072,400	57,998,883	-	57,998,883	(42,826,483)	
	MoU	-	-	-	-	-	-	-	
25	Gravel Road	-	-	-	-	-	-	-	
26	Construction Fee	-	-	-	-	-	-	-	
27	Registration Fee	-	-	-	-	-	-	-	
28	Registration Fee	-	-	-	-	-	-	-	
29	Others invitation to Tender (TTCs Decd)	-	-	-	-	-	-	-	
	MoU	-	-	-	-	-	-	-	
30	Dividends from Government Shares	-	-	-	-	-	-	-	
31	Revenues from GRZ shareholding sale	-	-	-	-	-	-	-	
	ZCCM-IL	-	-	-	-	-	-	-	
32	Dividends from ZCCM-IL Shares	-	-	-	-	-	-	-	
33	Price participation Fee	-	-	-	-	-	-	-	
34	Revenues from ZCCM-IL shareholding sale	-	-	-	-	-	-	-	
35	Revenues from ZCCM-IL mining rights transfer	-	-	-	-	-	-	-	
	IDC	-	-	-	-	-	-	-	
36	Dividends and other revenues from IDC Shares	-	-	-	-	-	-	-	
	Social Payments	-	-	-	-	-	-	-	
37	Corporate Social Responsibility Is fund	-	-	-	-	-	-	-	
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-	
	Other Significant Payments	-	-	-	-	-	-	-	
39	Other Significant Payments	-	-	-	-	-	-	-	
	Total payments	1,749,200,565	-	1,749,200,565	2,061,368,870	-	2,059,348,970	(209,948,305)	

Company name: KALUMULA MINERALS LIMITED				Reporting period: 2020			Final difference
N	Description of Payment	Per Company		Per Government			
		Original	Adjust	Final	Original	Adjust	Final
	MINING	1,534,388	-	1,534,388	1,534,013	-	1,534,013
1	Application Fee	-	-	-	-	-	-
2	License Fee	-	-	-	-	-	-
3	Area Charges	1,531,368	-	1,531,368	1,531,368	-	1,531,368
4	Valuation Fee	-	-	-	1,500	-	1,500
5	Chemical Analysis	-	-	-	1,125	-	1,125
6	Environmental Protection Fund	-	-	-	-	-	-
7	Other fees & charges - CRB	-	-	-	-	-	-
	ZORA	2,630,697,283	487,235,064	3,237,332,333	3,424,956,063	(1,173,911)	3,423,782,159
8	Pay Air-Taxi-Est	168,287,678	-	168,287,678	166,678,733	(1,173,911)	165,504,824
9	Import VAT	320,071,961	66,960,245	320,032,206	320,032,206	-	320,032,206
10	Mineral Rights	1,824,756,251	-	1,824,756,251	1,824,756,251	-	1,824,756,251
11	Company Income Tax (including Provisional Tax)	201,788,824	230,438,834	436,207,418	436,207,418	-	436,207,418
12	VAT	-	-	-	-	-	-
13	Import/Customs Duty	141,472,717	43,056,325	197,329,042	197,329,042	-	197,329,042
14	Withholding Taxes	224,330,100	-	224,330,100	223,751,418	-	223,751,418
15	Excise Duty - Electrical Energy	-	-	-	-	-	-
16	Property Transfer Tax	-	-	-	-	-	-
17	Domestic Excise	-	-	-	-	-	-
18	Withholding VAT	-	-	-	-	-	-
19	Address Income Tax	-	-	-	-	-	-
20	Export Levy	-	-	-	-	-	-
21	Other taxes (ZRA)	6,383,638	-	6,383,638	-	-	6,383,638
22	VAT claimed	-	-	-	-	-	-
	Local Councils	-	-	-	-	-	-
23	Assess Business Fees	-	-	-	-	-	-
24	Property Rates	-	-	-	-	-	-
	MoP	-	-	-	-	-	-
25	Ground Rent	-	-	-	-	-	-
26	Coastal Mine Fees	-	-	-	-	-	-
27	Registration Fees	-	-	-	-	-	-
28	Registration fees	-	-	-	-	-	-
29	Other levies to Trust / Title Deeds	-	-	-	-	-	-
	MoP	-	-	-	-	-	-
30	Dividends from Government Shares	-	-	-	-	-	-
31	Revenue from GPZ shareholding 10%	-	-	-	-	-	-
	ZCCM-IN	-	-	-	-	-	-
32	Dividends from ZCCM-IN Shares	-	-	-	-	-	-
33	Price participation fees	-	-	-	-	-	-
34	Revenue from ZCCM-IN shareholding 10%	-	-	-	-	-	-
35	Revenue from ZCCM-IN mining rights transfer	-	-	-	-	-	-
	ICC	-	-	-	-	-	-
36	Dividends and other revenue from ICC Shares	-	-	-	-	-	-
	Social Payments	-	-	-	-	-	-
37	Corporate Social Responsibility in-kind payments	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-
	Other Significant Payments	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-
	Total payments	2,831,888,657	487,235,064	3,238,923,721	3,426,558,082	(1,173,911)	3,425,316,171

Company name:		FIRST QUANTUM MINING AND OPERATIONS LTD 8M M S			Reporting period:			2020
N°	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
MINING		258,076	-	258,076	258,076	-	258,076	-
1	Application Fees	-	-	-	40,000	-	40,000	(40,000)
2	Licence Fees	-	-	-	-	-	-	-
3	Area Charges	258,076	-	258,076	210,076	-	210,076	48,000
4	Valuation Fees	-	-	-	-	-	-	-
5	Chemical Analysis	-	-	-	-	-	-	-
6	Environmental Protection Fund	-	-	-	-	-	-	-
7	Other fees & charges - ERD	-	-	-	-	-	-	-
ZRA		1,438,136,328	34,465,378	1,585,202,306	1,401,332,451	26,734,354	1,434,127,485	150,414,901
8	Pay-As-You-Exit	331,233,940	26,612,348	417,271,486	332,264,814	24,340,673	411,221,487	(0)
9	Import VAT	241,293,000	-	241,293,000	121,464,363	-	121,464,363	119,828,637
10	Miscel Royalty	-	-	-	-	-	-	-
11	Company Income Tax (including Provisional Tax)	244,481,283	65,833,032	310,354,315	310,354,315	-	310,354,315	-
12	VAT	-	-	-	34,364,478	-	34,364,478	(34,364,478)
13	Import/Customs Duty	231,274,437	-	231,274,437	110,777,435	-	110,777,435	120,497,002
14	Withholding Taxes	11,056,811	2,800,000	13,856,811	31,788,131	1,788,281	13,856,811	(0)
15	Excise Duty - Electrical Energy	-	-	-	-	-	-	-
16	Property Transfer Tax	-	-	-	-	-	-	-
17	Domestic Excise	-	-	-	-	-	-	-
18	Withholding VAT	311,485,363	-	311,485,363	252,377,350	-	252,377,350	59,108,013
19	Advance Income Tax	-	-	-	-	-	-	-
20	Export Levy	-	-	-	-	-	-	-
21	Other taxes (ZRA)	-	-	-	-	-	-	-
22	VAT charged	800,000	-	800,000	-	-	-	800,000
Local Councils		800,000	-	800,000	-	-	-	800,000
23	Annual Business Fees	-	-	-	-	-	-	-
24	Property Rates	800,000	-	800,000	-	-	-	800,000
MoT		148,465	-	148,465	-	-	-	148,465
25	Ground Rent	148,465	-	148,465	-	-	-	148,465
26	Consolidation Fees	-	-	-	-	-	-	-
27	Registration Fees	-	-	-	-	-	-	-
28	Proportional fees	-	-	-	-	-	-	-
29	Other levies/fees to Treat / Tests Double	-	-	-	-	-	-	-
MoT		-	-	-	-	-	-	-
30	Dividends from Government Share	-	-	-	-	-	-	-
31	Recovery from GR2 shareholding sale	-	-	-	-	-	-	-
ZCCM-III		-	-	-	-	-	-	-
32	Dividends from ZCCM-III Share	-	-	-	-	-	-	-
33	Price participation fees	-	-	-	-	-	-	-
34	Recovery from ZCCM-III shareholding sale	-	-	-	-	-	-	-
35	Recovery from ZCCM-III mining rights transfer	-	-	-	-	-	-	-
IDC		-	-	-	-	-	-	-
36	Dividends and other recovery from IDC-Share	-	-	-	-	-	-	-
Social Payments		-	-	-	-	-	-	-
37	Corporate Social Responsibility kind payments	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-
Other Significant Payments		-	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-	-
Total payments		1,432,003,468	34,465,378	1,586,468,846	1,408,250,521	26,734,354	1,434,985,481	151,423,366

Company name:		CHAMBISH COPPER SMELTER LIMITED			Reporting period:			2020	
N	Description of Payment	Per Company			Per Government			Final	Final difference
		Original	Adjust	Final	Original	Adjust	Final		
MINED		117,655	-	117,655	13,950	-	13,950		103,705
1	Application Fee	-	-	-	-	-	-	-	-
2	Licence Fee	-	-	-	-	-	-	-	-
3	Ann Charges	-	-	-	-	-	-	-	-
4	Valuation Fee	117,655	-	117,655	8,100	-	8,100		109,555
5	Chemical Analysis	-	-	-	5,850	-	5,850		(1,850)
6	Environmental Protection Fund	-	-	-	-	-	-	-	-
7	Other fees & charges - ERS	-	-	-	-	-	-	-	-
ZIDA		2,958,244,276	248,250,009	3,207,504,285	3,335,837,046	-	3,335,837,046		(128,332,761)
8	Pay-As-You-Go	46,560,090	-	46,560,090	20,447,345	-	20,447,345		26,112,745
9	Import VAT	-	104,012,714	104,012,714	104,012,714	-	104,012,714		-
10	Mineral Royalty	14,271,321	-	14,271,321	23,274,674	-	23,274,674		(9,003,353)
11	Company Income Tax (including Provisional Tax)	410,358,500	-	410,358,500	410,607,675	-	410,607,675		(249,159)
12	VAT	-	-	-	406,253,199	-	406,253,199		(406,253,199)
13	Import/Customs Duty	-	63,253,507	63,253,507	63,253,507	-	63,253,507		-
14	Withholding Tax	107,243,533	-	107,243,533	306,515,717	-	306,515,717		(199,272,184)
15	Export Duty - Electrical Energy	-	-	-	-	-	-	-	-
16	Property Transfer Tax	-	-	-	-	-	-	-	-
17	Domestic Excise	-	-	-	-	-	-	-	-
18	Withholding VAT	2,070,000,026	-	2,070,000,026	2,082,353,228	-	2,082,353,228		(12,353,202)
19	Advance Income Tax	-	-	-	-	-	-	-	-
20	Export Levy	-	1,633,788	1,633,788	1,633,788	-	1,633,788		-
21	Other taxes (ZRA)	-	-	-	-	-	-	-	-
22	VAT charged	-	-	-	-	-	-	-	-
Local Councils		8,854,475	-	8,854,475	8,800,000	-	8,800,000		54,475
23	Annual Business Fee	-	-	-	-	-	-	-	-
24	Property Rates	8,854,475	-	8,854,475	8,800,000	-	8,800,000		54,475
MoT		-	-	-	-	-	-	-	-
25	Ground Rent	-	-	-	-	-	-	-	-
26	Consolidation Fees	-	-	-	-	-	-	-	-
27	Registration Fees	-	-	-	-	-	-	-	-
28	Preparation fees	-	-	-	-	-	-	-	-
29	Other contribution to Trust / Title Deeds	-	-	-	-	-	-	-	-
MoF		-	-	-	-	-	-	-	-
30	Dividends from Government Shares	-	-	-	-	-	-	-	-
31	Revenue from GRZ shareholding sale	-	-	-	-	-	-	-	-
ZCCM-M		-	-	-	-	-	-	-	-
32	Dividends from ZCCM-M Shares	-	-	-	-	-	-	-	-
33	Price participation fees	-	-	-	-	-	-	-	-
34	Revenue from ZCCM-M shareholding sale	-	-	-	-	-	-	-	-
35	Revenue from ZCCM-M mining rights transfer	-	-	-	-	-	-	-	-
IMC		-	-	-	-	-	-	-	-
36	Dividends and other income from IDC Shares	-	-	-	-	-	-	-	-
Social Payments		-	-	-	-	-	-	-	-
37	Corporate Social Responsibility in kind	-	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-	-
Other Significant Payments		-	-	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-	-	-
Total payments		2,967,216,400	248,250,009	3,215,476,415	3,344,650,936	-	3,344,650,936		(128,174,521)

Company name:		ZCCM INVESTMENTS HOLDINGS PLC			Reporting period:			2020
N	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
	MINING	1,360,513	-	1,360,513	4,425	-	4,425	1,356,088
1	Application Fees	1,360,513	-	1,360,513	3,000	-	3,000	1,357,513
2	License Fees	-	-	-	-	-	-	-
3	Area Charges	-	-	-	-	-	-	-
4	Valuation Fees	-	-	-	300	-	300	(300)
5	Chemical Analysis	-	-	-	1,125	-	1,125	(1,125)
6	Environmental Protection Fund	-	-	-	-	-	-	-
7	Other fees & charges - EFD	-	-	-	-	-	-	-
	ZRA	22,662,531	106,095	22,768,626	32,678,091	-	32,678,091	(9,909,465)
8	Pay-As-You-Earn	20,217,121	-	20,217,121	24,852,329	-	24,852,329	(4,635,208)
9	Import VAT	-	62,140	62,140	62,140	-	62,140	-
10	Mineral Property	131,621	-	131,621	131,621	-	131,621	-
11	Company Income Tax (including Provisional Tax)	-	-	-	-	-	-	-
12	VAT	716,601	-	716,601	566,709	-	566,709	149,892
13	Import/Customs Duty	-	43,955	43,955	43,955	-	43,955	-
14	Withholding Taxes	159,102	-	159,102	7,025,331	-	7,025,331	(5,824,229)
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 charged	-	-	-	-	-	-	-
	Local Councils	164,718	-	164,718	160,333	-	160,333	3,715
23	Annual Business Fees	-	-	-	-	-	-	-
24	Property Rates	164,718	-	164,718	160,333	-	160,333	3,715
	MuF	-	-	-	-	-	-	-
25	Ground Rent	-	-	-	-	-	-	-
26	Consolidation Fees	-	-	-	-	-	-	-
27	Registration Fees	-	-	-	-	-	-	-
28	Preparation Fees	-	-	-	-	-	-	-
29	Other investments to Trust / Trust Deeds	-	-	-	-	-	-	-
	MuF	-	-	-	3,105,381	-	3,105,381	(3,105,381)
30	Dividends from Government Shares	-	-	-	3,105,381	-	3,105,381	(3,105,381)
31	Revenue from GRZ shareholding sale	-	-	-	-	-	-	-
	ZCCM-IM	-	-	-	-	-	-	-
32	Dividends from ZCCM-IM Shares	-	-	-	-	-	-	-
33	Price participation fees	-	-	-	-	-	-	-
34	Price participation fees interest	-	-	-	-	-	-	-
35	Revenue from ZCCM-IM mining rights transfer	-	-	-	-	-	-	-
	IDC	-	-	-	31,651,618	-	31,651,618	(31,651,618)
36	Dividends and other revenues from IDC Shares	-	-	-	31,651,618	-	31,651,618	(31,651,618)
	Social Payments	-	-	-	-	-	-	-
37	Corporate Social Responsibility in kind	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-
	Other Significant Payments	-	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-	-
	Total payments	24,187,163	106,095	24,293,258	73,440,116	160,333	73,601,115	(49,307,237)

Company name: MAAMBA COLLIERIES LIMITED		Reporting period: 2020					
N	Description of Payment	Per Company			Per Government		
		Original	Adjust	Final	Original	Adjust	Final
	Account	52,839,578	-	52,839,578	287,838	-	287,838
1	Application Fee	145,372	-	145,372	-	-	145,372
2	License Fee	-	-	-	-	-	-
3	Area Charge	108,107	-	108,107	282,911	-	282,911
4	Valuation Fee	-	-	-	2,700	-	2,700
5	Technical Analysis	-	-	-	2,025	-	2,025
6	Environmental Protection Fund	-	-	-	-	-	-
7	Other fees & charges - ERB	12,329,436	-	12,329,436	-	-	12,329,436
	ZRA	457,614,889	(154,612)	457,460,276	641,571,444	-	641,571,444
8	Pay-As-You-Earn	20,273,311	-	20,273,311	20,273,311	-	20,273,311
9	Import VAT	5,564,431	2,345,315	8,014,406	8,014,406	-	8,014,406
10	Mineral Rights	36,799,556	-	36,799,556	36,799,555	-	36,799,555
11	Company Income Tax (including Provisional Tax)	54,341,930	-	54,341,930	54,344,609	-	54,344,609
12	VAT	48,146,371	-	48,146,371	318,105,948	-	318,105,948
13	Import/Customs Duty	10,681,394	(2,480,128)	8,170,866	8,170,866	-	8,170,866
14	Withholding Taxes	103,000,140	-	103,000,140	103,001,982	-	103,001,982
15	Excise Duty - Electrical Energy	31,546,171	-	31,546,171	31,546,171	-	31,546,171
16	Property Transfer Tax	-	-	-	-	-	-
17	Domestic Excise	-	-	-	-	-	-
18	Withholding VAT	85,361,651	-	85,361,651	-	-	85,361,651
19	Admission Income Tax	-	-	-	-	-	-
20	Export Levy	-	-	-	-	-	-
21	Other taxes (ZRA)	-	-	-	-	-	-
22	VAT refund	-	-	-	-	-	-
	Local Councils	4,581,370	-	4,581,370	4,581,370	-	4,581,370
23	Assess Business Fees	-	-	-	-	-	-
24	Property Rates	4,581,370	-	4,581,370	4,581,370	-	4,581,370
	MoT	38,483	-	38,483	-	-	38,483
25	Ground Rent	35,110	-	35,110	-	-	35,110
26	Consolidation Fee	3,373	-	3,373	-	-	3,373
27	Registration Fee	-	-	-	-	-	-
28	Proportion Fee	-	-	-	-	-	-
29	Others-tribution to Trust / Title Deeds	-	-	-	-	-	-
	MoF	-	-	-	-	-	-
30	Dividends from Government Share	-	-	-	-	-	-
31	Revenue from GRZ shareholding sale	-	-	-	-	-	-
	ZCCM-IR	-	-	-	-	-	-
32	Dividends from ZCCM-IR Share	-	-	-	-	-	-
33	Price participation fees	-	-	-	-	-	-
34	Revenue from ZCCM-IR shareholding sale	-	-	-	-	-	-
35	Revenue from ZCCM-IR mining rights transfer	-	-	-	-	-	-
	IRC	-	-	-	-	-	-
36	Dividends and other revenues from IDC-Share	-	-	-	-	-	-
	Social Payments	-	-	-	-	-	-
37	Corporate Social Responsibility in kind payments	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-
	Other Significant Payments	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-
	Total payments	514,831,331	(154,612)	514,676,718	846,440,450	-	846,440,450
							(131,763,732)

Company name:		MFC AFRICA MINING PLC			Reporting period:			2020	
N	Description of Payment	For Company			For Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	AGENCY	-	170,886	170,886	170,886	-	170,886	(0)	
1	Application Fees	-	-	-	-	-	-	-	
2	License Fees	-	-	-	-	-	-	-	
3	Area Charges	-	165,261	165,261	165,261	-	165,261	(0)	
4	Valuation Fees	-	(500)	(500)	(500)	-	(500)	-	
5	Chemical Analysis	-	1,125	1,125	1,125	-	1,125	-	
6	Environmental Protection Fund	-	-	-	-	-	-	-	
7	Other fees & charges - ERB	-	-	-	-	-	-	-	
	ZRA	360,376,520	84,384,330	1,005,362,910	337,143,391	-	337,143,391	60,219,609	
8	Pay-As-You-Go	61,423,716	-	61,423,716	50,553,455	-	50,553,455	1,070,261	
9	Import VAT	-	44,384,330	44,384,330	44,384,330	-	44,384,330	-	
10	Mining Royalty	319,267,891	-	319,267,891	316,845,393	-	316,845,393	2,421,898	
11	Company Income Tax (including Provisional Tax)	-	-	-	14,054,082	-	14,054,082	(14,054,082)	
12	VAT	-	-	-	50,376,411	-	50,376,411	(50,376,411)	
13	Import/Customs Duty	49,434,052	-	49,434,052	40,311,900	-	40,311,900	9,122,152	
14	Withholding Taxes	4,075,219	-	4,075,219	3,411,891	-	3,411,891	663,327	
15	Excise Duty - Electrical Energy	-	-	-	-	-	-	-	
16	Property Transfer Tax	-	-	-	-	-	-	-	
17	Domestic Excise	-	-	-	-	-	-	-	
18	Withholding VAT	126,111,251	-	126,111,251	410,243,391	-	410,243,391	(112,867,860)	
19	Advance Income Tax	-	-	-	53,882	-	53,882	(53,882)	
20	Export Levy	-	-	-	6,308	-	6,308	(6,308)	
21	Other taxes (ZRA)	-	-	-	169,628	-	169,628	(169,628)	
22	VAT claimed	17,800,000	-	17,800,000	17,361,315	-	17,361,315	438,685	
	Local Councils	-	-	-	-	-	-	-	
23	Annual Business Fees	-	-	-	-	-	-	-	
24	Property Rates	17,800,000	-	17,800,000	17,361,315	-	17,361,315	438,685	
	Met	-	-	-	-	-	-	-	
25	Ground Rent	-	-	-	-	-	-	-	
26	Consolidation Fees	-	-	-	-	-	-	-	
27	Registration Fees	-	-	-	-	-	-	-	
28	Preparation fees	-	-	-	-	-	-	-	
29	Other levies on Trust / Title Deeds	-	-	-	-	-	-	-	
	Met	-	-	-	-	-	-	-	
30	Dividends from Government Shares	-	-	-	-	-	-	-	
31	Revenue from GRZ shareholding sale	-	-	-	-	-	-	-	
	ZCCM-IL	-	-	-	-	-	-	-	
32	Dividends from ZCCM-IL Shares	-	-	-	-	-	-	-	
33	Price participation fees	-	-	-	-	-	-	-	
34	Revenue from ZCCM-IL shareholding sale	-	-	-	-	-	-	-	
35	Revenue from ZCCM-IL mining rights transfer	-	-	-	-	-	-	-	
	RD	-	-	-	-	-	-	-	
36	Dividends and other revenue from IDC Shares	-	-	-	-	-	-	-	
	Social Payments	-	-	-	-	-	-	-	
37	Corporate Social Responsibility in kind	-	-	-	-	-	-	-	
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-	
	Other Significant Payments	-	-	-	-	-	-	-	
39	Other Significant Payments	-	-	-	-	-	-	-	
	Total payments	378,178,520	45,155,276	1,023,333,796	954,675,502	-	954,675,502	68,658,233	

Company name: LUBAMBE COPPER MINE LTD				Reporting period:		2020		
N	Description of Payment	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
MINING								
		772,581	-	772,581	766,852	-	766,852	5,728
1	Application Fee	383,164	-	383,164	-	-	-	383,164
2	Losses Fee	-	-	-	-	-	-	-
3	Area Charges	330,411	-	330,411	766,328	-	766,328	(375,311)
4	Valuation Fee	-	-	-	200	-	200	(200)
5	Chemical Analysis	-	-	-	225	-	225	(225)
6	Environmental Protection Fund	-	-	-	-	-	-	-
7	Other fees & charges - ERB	-	-	-	-	-	-	-
ZRA								
		436,502,144	15,364,621	432,467,365	432,467,364	-	432,467,364	0
8	Pay-As-You-Go	83,815,533	-	83,815,533	83,815,533	-	83,815,533	-
9	Import VAT	6,351,226	3,064,278	9,415,514	9,415,514	-	9,415,514	-
10	Mineral Royalty	132,827,440	-	132,827,440	132,827,440	-	132,827,440	-
11	Company Income Tax (including Provisional Tax)	1,129,543	-	1,129,543	1,129,543	-	1,129,543	-
12	VAT	-	-	-	-	-	-	-
13	Import/Customs Duty	2,629,355	876,846	3,629,355	3,629,355	-	3,629,355	-
14	Withholding Taxes	46,308,535	11,523,431	60,629,632	60,629,632	-	60,629,632	0
15	Excise Duty - Electrical Energy	-	-	-	-	-	-	-
16	Property Transfer Tax	-	-	-	-	-	-	-
17	Domestic Excise	-	-	-	-	-	-	-
18	Withholding VAT	134,822,148	-	134,822,148	134,822,148	-	134,822,148	-
19	Advance Income Tax	-	-	-	-	-	-	-
20	Export Levy	-	-	-	-	-	-	-
21	Other taxes (ZRA)	-	-	-	-	-	-	-
22	VAT charged	-	-	-	-	-	-	-
Local Councils								
		4,200,000	-	4,200,000	4,650,325	-	4,650,325	(458,325)
23	Annual Business Fee	-	-	-	108,525	-	108,525	(108,525)
24	Property Rates	4,200,000	-	4,200,000	4,550,000	-	4,550,000	(350,000)
MoF								
		86,335	-	86,335	-	-	-	86,335
25	Ground Rent	86,335	-	86,335	-	-	-	86,335
26	Consolidation Fee	-	-	-	-	-	-	-
27	Registration Fee	-	-	-	-	-	-	-
28	Registration Fee	-	-	-	-	-	-	-
29	Others-levies on Trade / Title Deeds	-	-	-	-	-	-	-
MoF								
30	Dividends from Commercial Banks	-	-	-	-	-	-	-
31	Revenue from GRZ shareholding sale	-	-	-	-	-	-	-
ZCCM-GRZ								
32	Dividends from ZCCM-GRZ Share	-	-	-	-	-	-	-
33	Price participation fees	-	-	-	-	-	-	-
34	Revenue from ZCCM-GRZ shareholding sale	-	-	-	-	-	-	-
35	Revenue from ZCCM-GRZ mining rights transfer	-	-	-	-	-	-	-
IOC								
36	Dividends and other revenue from IOC Share	-	-	-	-	-	-	-
Social Payments								
37	Corporate Social Responsibility (CSR)	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-
Other Significant Payments								
39	Other Significant Payments	-	-	-	-	-	-	-
Total payments								
		421,562,860	15,364,621	437,527,481	437,092,142	-	437,092,142	(365,262)

Company name:		LAFARGE CEMENT ZAMBIA PLC			Reporting period:		2020		
N	Description of Payment	Per Company			Per Government			Final difference	
		Original	Adjust	Final	Original	Adjust	Final		
	MINIC	-	-	-	33,503	-	33,503	(33,503)	
1	Application Fees	-	-	-	-	-	-	-	
2	Licence Fees	-	-	-	-	-	-	-	
3	Arre Charges	-	-	-	33,503	-	33,503	(33,503)	
4	Valuation Fees	-	-	-	-	-	-	-	
5	Chemical Analysis	-	-	-	-	-	-	-	
6	Environmental Protection Fund	-	-	-	-	-	-	-	
7	Other fees & charges- EPE	-	-	-	-	-	-	-	
	ZRA	310,313,730	5,938,003	316,251,733	117,264,227	-	117,264,227	198,987,503	
8	Pay-As-You-Go	46,332,546	-	46,332,546	25,303,918	-	25,303,918	21,028,628	
9	Import VAT	7,326,553	5,938,003	13,264,562	13,264,562	-	13,264,562	-	
10	Mineral Royalty	1,342,702	-	1,342,702	1,288,306	-	1,288,306	54,396	
11	Company Income Tax (including Provisional Tax)	82,280,207	-	82,280,207	6,747,226	-	6,747,226	75,532,981	
12	VAT	15,010,073	-	15,010,073	-	-	-	15,010,073	
13	Import/Customs Duty	2,716,254	-	2,716,254	7,123,043	-	7,123,043	(4,406,789)	
14	Withholding Taxes	26,663,641	-	26,663,641	-	-	-	26,663,641	
15	Excise Duty - Electrical Energy	17,343,026	-	17,343,026	13,058,374	-	13,058,374	4,284,652	
16	Property Transfer Tax	-	-	-	-	-	-	-	
17	Domestic Excise	-	-	-	-	-	-	-	
18	Withholding VAT	108,436,658	-	108,436,658	43,783,891	-	43,783,891	64,652,767	
19	Advance Income Tax	-	-	-	-	-	-	-	
20	Export Levy	-	-	-	-	-	-	-	
21	Other taxes (ZRA)	-	-	-	-	-	-	-	
22	VAT claimed	-	-	-	-	-	-	-	
	Local Councils	4,526,286	-	4,526,286	1,324,723	3,646,000	3,570,723	957,563	
23	Annual Business Fees	93,140	-	93,140	44,650	-	44,650	48,490	
24	Property Rates	4,435,146	-	4,435,146	1,880,073	1,846,000	3,526,073	909,073	
	Mot	-	-	-	-	-	-	-	
25	Ground Rent	-	-	-	-	-	-	-	
26	Consideration Fees	-	-	-	-	-	-	-	
27	Registration Fees	-	-	-	-	-	-	-	
28	Registration fees	-	-	-	-	-	-	-	
29	Other-Invitation to Tender / Title Deeds	-	-	-	-	-	-	-	
	Mot	-	-	-	-	-	-	-	
30	Dividends from Government Shares	-	-	-	-	-	-	-	
31	Revenue from GRZ shareholding role	-	-	-	-	-	-	-	
	ZCCM-It	-	-	-	-	-	-	-	
32	Dividends from ZCCM-It Shares	-	-	-	-	-	-	-	
33	Price participation fees	-	-	-	-	-	-	-	
34	Revenue from ZCCM-It shareholding role	-	-	-	-	-	-	-	
35	Revenue from ZCCM-It mining rights transfer	-	-	-	-	-	-	-	
	IDC	-	-	-	-	-	-	-	
36	Dividends and other revenue from IDC Shares	-	-	-	-	-	-	-	
	Social Payments	-	-	-	-	-	-	-	
37	Corporate Social Responsibility Is 144	-	-	-	-	-	-	-	
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-	
	Other Significant Payments	-	-	-	-	-	-	-	
39	Other Significant Payments	-	-	-	-	-	-	-	
	Total payments	314,842,016	5,938,003	320,780,023	119,222,453	3,646,000	120,868,452	209,911,573	

Company name:		CNMC LUANSHYA COPPER MINES PLC			Reporting period:		2020	
N°	Description of Payment	Per Company			Per Government			Final Difference
		Original	Adjust	Final	Original	Adjust	Final	
	MINMAC	1,594,601	-	1,594,601	220,647	-	220,647	1,373,954
1	Application Fee	-	-	-	-	-	-	-
2	Licence Fee	-	-	-	-	-	-	-
3	Area Charge	-	-	-	210,022	-	210,022	(210,022)
4	Violation Fee	-	-	-	1,500	-	1,500	(1,500)
5	Chemical Analysis	-	-	-	1,125	-	1,125	(1,125)
6	Environmental Protection Fund	-	-	-	-	-	-	-
7	Other fees & charges - ERB	1,594,601	-	1,594,601	-	-	-	1,594,601
	ZRA	1,266,215,651	1,527,105	1,267,742,756	1,329,621,237	-	1,329,621,237	(42,013,601)
8	Pay-As-You-Go	46,000,292	-	46,000,292	46,775,790	-	46,775,790	(2,775,498)
9	Import VAT	23,632,253	79,896	23,632,253	23,632,253	-	23,632,253	-
10	Mineral Royalty	443,366,843	-	443,366,843	333,872,741	-	333,872,741	109,494,102
11	Company Income Tax (excluding Provisional Tax)	370,016,401	-	370,016,401	370,016,401	-	370,016,401	-
12	VAT	-	-	-	58,210,467	-	58,210,467	(58,210,467)
13	Import/Customs Duty	12,626,167	1,441,003	13,626,167	13,626,167	-	13,626,167	-
14	Withholding Taxes	1,461,129	-	1,461,129	1,444,355	-	1,444,355	(16,774)
15	Excise Duty - Electrical Energy	-	-	-	-	-	-	-
16	Property Transfer Tax	-	-	-	-	-	-	-
17	Domestic Excise	-	-	-	-	-	-	-
18	Withholding VAT	382,374,013	-	382,374,013	413,781,182	-	413,781,182	(31,407,169)
19	Advance Income Tax	-	-	-	-	-	-	-
20	Export Levy	-	-	-	-	-	-	-
21	Other taxes (ZRA)	-	-	-	-	-	-	-
22	VAT claimed	-	-	-	-	-	-	-
	Local Councils	20,500,000	-	20,500,000	20,500,000	-	20,500,000	20,500,000
23	Annual Business Fee	-	-	-	-	-	-	-
24	Property Rates	20,500,000	-	20,500,000	20,500,000	-	20,500,000	-
	Mot	1,230,475	-	1,230,475	-	-	-	1,230,475
25	Ground Rent	1,230,475	-	1,230,475	-	-	-	1,230,475
26	Consideration Fee	-	-	-	-	-	-	-
27	Registration Fee	-	-	-	-	-	-	-
28	Preparation fees	-	-	-	-	-	-	-
29	Others-Investments to Trust / Title Deeds	-	-	-	-	-	-	-
	Mot	-	-	-	-	-	-	-
30	Dividends from Government Shares	-	-	-	-	-	-	-
31	Revenue from GRZ shareholding sale	-	-	-	-	-	-	-
	ZCCM-M	-	-	-	-	-	-	-
32	Dividends from ZCCM-M Shares	-	-	-	-	-	-	-
33	Price participation fees	-	-	-	-	-	-	-
34	Revenue from ZCCM-M shareholding sale	-	-	-	-	-	-	-
35	Revenue from ZCCM-M mining rights transfer	-	-	-	-	-	-	-
	ICC	-	-	-	-	-	-	-
36	Dividends and other revenue from ICC-Shares	-	-	-	-	-	-	-
	Social Payments	-	-	-	-	-	-	-
37	Corporate Social Responsibility linked	-	-	-	-	-	-	-
38	Corporate Social Responsibility cash payments	-	-	-	-	-	-	-
	Other Significant Payments	-	-	-	-	-	-	-
39	Other Significant Payments	-	-	-	-	-	-	-
	Total payments	1,303,546,127	1,527,105	1,311,074,432	1,350,341,684	-	1,350,341,684	(39,447,451)

Annex 9: Monthly Mineral Royalty prices for base and precious metals

Month	Copper	Cobalt - LG	Nickel	Zinc	Iron ore	Manganese	Ferrous Manganese (min 78% Mn, max 7.8%)	Ferrous Manganese (min 65% Mn, max 7.0%)	Manganese Ore	Lead	Gold	Silver
	\$ per tonne	\$ per tonne	\$ per tonne	\$ per tonne	\$ per tonne	\$ per tonne	\$ per tonne	\$ per tonne	\$ per tonne, metal contained	\$ Per Tonne	\$ per tray oz	\$ per tray oz
Jan-20	6,048.8500	31,738.8902	13,340.4300	2,336.6000	31.3500	1,679.7500	1,112.3500	828.3470	4,2250	1,924.6900	1,560.6700	17.9650
Feb-20	5,683.8800	37,522.6334	12,799.5000	2,119.9000	42.8900	2,138.4400	1,130.0000	824.6330	4,4650	1,471.7500	1,597.9600	17.9230
Mar-20	5,178.3600	37,048.8391	13,870.3900	1,805.5200	80.3600	1,711.4400	1,235.0000	820.6520	4,1400	1,744.3400	1,782.8420	16.9182
Apr-20	5,048.2500	34,877.0900	11,713.2000	1,894.0800	82.5000	1,806.1100	1,265.0000	831.4780	6,5800	1,651.5300	1,881.4300	13.1170
May-20	5,233.8200	33,223.6234	12,135.3200	1,862.5000	90.3000	1,812.7800	1,222.5000	882.5630	6,0200	1,818.1800	1,718.0400	13.1089
Jun-20	5,742.3900	29,102.3700	12,765.3700	2,020.8100	181.9900	1,812.3200	1,233.8000	883.8500	6,1000	1,738.8800	1,732.3833	15.7118
Jul-20	6,332.7600	28,558.5200	13,341.3500	2,162.2400	114.2100	1,833.1700	1,233.8000	879.5400	5,3400	1,811.1700	1,841.3356	20.2020
Aug-20	6,496.7000	31,344.8775	14,468.2500	2,408.1000	122.1900	1,587.1800	1,160.0000	786.3900	4,1350	1,933.2600	1,968.8700	26.8925
Sep-20	6,712.4100	34,248.7717	14,866.3700	2,430.3000	121.2500	1,855.5520	1,211.2700	783.9350	4,5300	1,881.5600	1,922.8450	23.8881
Oct-20	6,782.7790	34,700.7188	15,219.3600	2,441.3500	118.2500	1,818.3350	1,182.5000	772.5660	4,0450	1,777.6700	1,901.4039	24.2481
Nov-20	7,063.4300	34,744.8112	15,795.0500	2,668.6800	139.3100	1,723.1150	1,265.0000	794.4210	3,8900	1,914.4800	1,866.8970	24.0433
Dec-20	7,725.2400	34,722.7850	16,857.0500	2,782.8600	158.1500	1,725.3130	1,370.0000	882.2080	4,1950	2,018.2000	1,854.8800	24.8874

Note that price for manganese ore is based on Manganese ore 37-44%min, max. 0.1% FeO. Metallurgical. \$ per metric tonne unit of metal contained.

