

PUBLISH WHAT YOU PAY ZAMBIA 2015-2017 NARRATIVE REPORT- JUNE 2015 TO JUNE 2017

"Paying taxes is a pain, no doubt about it, but it's less of a pain if everyone bears their fair share of the tax charge. It's intolerable, however, when not everyone pays their contribution: and the poor end up paying for the rich. Worse still when the rich choose every now and then to raise the level of taxes, but the poor are made to pay for them. What a scandalous confiscation!"

(Salvien of Marseille, a priest who lived in the 5th century)¹

A. SITUATIONAL ANALYSIS

i. Internal Environment

During the period under review the PWYP Coalition has a membership of 16 Civil Society Organization. Recruitment of new members of the coalition had stalled during the period under review as the General Meeting (GM) had only mandated the steering committee to adopt new members for an interim period of 3 months.

PWYP Secretariat; hosted by Caritas Zambia had two staff dedicated to PWYP work; a Coordinator² and Full time Assistant coordinator³. However in order to assist in the work of the coalition, PWYP hired an Intern⁴ and also entered a one(1) month Memorandum of Understanding (MOU) with the African Forum for Debt and Development to second a member of staff⁵ to assist the coalition.

ii. External Environment

Despite Zambia's rich mineral endowments, both internal and external factors have influenced the contribution of mining to the economy. On the domestic front, government continues to struggle in finding a workable tax regime for the mining sector. Barely, 8 months after passing a new Mines and Minerals law (that amongst others; the revision of royalty rates from the ones proposed in the 2015 national budget). Cabinet in February 2015 announced

¹ Cited on; http://www.taxjustice.net/cms/front_content.php?idcatart=175&lang=1&client=1.

² Mr. Edmond Kangamungazi- An economist with 13 years working experience on issues of policy and economic justice

³ Mr. Mtwalo Msoni- Economist, with over 4 years, CSO experience in evidence based advocacy

⁴ Ms Lwizya Chanda- Assisted on the Zambia Alternative Mining Indaba (ZAMI) work

⁵ Ms Tafadzwa Mabenge- Assisted on African Mining Vision Analysis work

a new and improved sliding mineral royalty rate dependant on metal prices on the London Metal Stock exchange, however sadly, the improved royalty rate also came with suspension of export duty on ores and concentrates had no processing facilities in Zambia.

On the external front, economic growth in China and consequently her demand for copper have continued to wane. Copper prices dropped from \$7,360.00 per tonne in December 2013 to \$7,010.0 in February, 2014 to \$4700 per tonne as of March 2016. This development too brought with it challenges in mining operations as well as pressure on the exchange rate.

Zambia Consolidated Copper Mines-Investment Holding (ZCCM-IH), government's investment arm, had recorded a loss after tax of K987.1 million in 2015 compared to a profit of K277.2 million in 2014. ZCCM-IH had a turnover of K242.0 million in 2015, down from K1.0 billion in 2014. ZCCM-IH primarily holds interests in the mining industry, but has recently branched into agriculture⁶

PWYP Zambia noted the inability of government to contain pressure from mining companies to continuously revise the mining tax regime. This has negatively affected government revenues and its ability to meet the needs of citizens through service delivery. The coalition hence continued to focus on policy advocacy in the extractive sector; while demanding transparency and accountability in the sector; and building capacities in communities to enable them demand accountability and equitable share of the mineral resources revenues.

iii. **Our proposed interventions during the period under review**

Prior to the approval of the proposed advocacy strategy, PWYP Zambia held a series of planning activities meant to identify the priority issues that formed the core of its Advocacy Plan. Specifically, a stakeholders' planning workshops was held in 2014 and early 2015 and this was followed by a series of planning meetings with the PWYP international secretariat and also the PWYP steering committee. Further, a comprehensive identification of issues was conducted, as this helped PWYP Zambia to be clear on what change it was attempting to bring about and the ways in which it could make that change to happen. Substantial research and analysis of the priority issues was conducted and the issues identified the follows as areas of intervention. These are;

1. Participatory mining legislation, policy and planning framework developed
2. Advancement and Legislation of Extractive Industries Transparency Initiative (EITI)
3. Tackling illicit financial flows, transfer pricing, budget prioritization and monitoring
4. Strengthening the PWYP coalition's governance systems

⁶ <http://www.luse.co.zm/wp-content/uploads/2016/04/ZCCM-IH-SUMMARY-RESULTS-31-03-16.pdf>

During the period under review, PWYP Zambia has accomplished significant strides in the implementation of the project. In relating these achievements to outcomes, the project activities have taken steps in the direction of its overall goal.

B. ON PARTICIPATORY MINING LEGISLATION, POLICY AND PLANNING FRAMEWORK DEVELOPED



During the period under review, PWYP Zambia hosted PWYP Zimbabwe and PWYP Malawi in the inception meeting. The inception meeting that saw participant from PWYP region was held in August 2015 with the objective of clearing setting the project roadmap by agreeing on amongst other things the projects framework, including goals, activities, monitoring and reporting processes, country budgets and allowable expenses.

The inception meeting also aimed at discussing strategies for effective stakeholder engagement, including wider PWYP member involvement throughout the project life cycle. The inception meeting saw all the project members creating country budgets and work plans which clearly set benchmarks for the implementation of the project for the implementation of the projects.

In attendance was also UNCEA representative Dr Oliver Maponga who made a presentation on "Implementation of the AMV-Potential Engagement Points for CSOs". The objective of this presentation was to present the key elements of the AMV and identify/highlight the potential points of engagements for various stakeholders, including CSOs, in the Vision domestication and implementation.

In trying to analyse the progress made by Zambia in domestication and consideration of the AMV in its mining legislation and policy, PWYP Zambia analysed its new Mines Act of 2015 and also the Mine and Mineral Development Policy of 2013. This was done with the support from AFRODAD whose seconded their staff for an exchange period of 1 month at PWYP Zambia secretariat.

PWYP Zambia conducted a desk research on the gaps and misalignments of Zambia's Mine legislation and policy framework from the African Mining Vision (AMV). The study is basically aimed at pin pointing Zambia's legislative and policy misalignments from the African Mining

Vision, based on five(5) of the eight(8) AMVs clusters. The research not only reviews AMV misalignments and gaps in the Mines and Minerals Act of 2015, Minerals Development Policy of 2013 and other key pieces of legislature pertinent in the mining sector, but gives an overview of how far Zambia has gone in implementing the AMVs short term strategies (0-5 years) 2011-2016.

To inform and validate the desk research, PWYP Zambia Member organizations actively participated in the Centre for Trade Policy and Development (CTPD) and Southern Africa Resource Watch (SARW) national-wide consultative meeting whose aim was to seek input on the Mines and Minerals Act of 2015 and Minerals Development Policy of 2013. PWYP spearheaded the consultative process in the Copper-belt and Muchinga provinces. The consultative meeting saw participants ranging from; community members affected by mining, community leaders, headmen, local church leaders and small scale miners

The desk study notes that despite recent amendments to mining codes indicating commitment by government to in domesticating the AMV, Zambia's policy and regulatory framework has not sufficiently been referenced from the AMV. *This is so apparent that both the Minerals Development Policy of 2013, and Mines and Minerals Act of 2015 make no mention of the African Mining Vision of 2009.* The report is expected to be ready for print and distribution by end of March 2016

To help with CSO speak with one consolidated voice on the AMV and have one common position, PWYP Zambia under the period under review held a CSOs meeting to meet review and validate the desk research study that was mentioned above-AMV implementation and domestication. The meeting also helped in providing input on the document to ensure it was a true reflection of the member organizations positions on the AMV.

The meetingsaw the development of a PWYP final position paper on the implementation of the AMV in Zambia.



During the period under review PWYP Zambia in collaboration with Caritas Zambia



organized a University forum debate hosted the University of Zambia. The University forum and debate was open to the public and saw over 220 participants attending and actively following in the meeting. The debate was between the University of Zambia and University of Lusaka arguing for and against the notion that “Zambia Shaping its legislative framework towards the African Mining Vision?”. Amongst the speakers invited for the University forum/debate were, the Norwegian Church Aid (NCA), Diakonia in Zambia, Oxfam and Center for Trade Policy and

Development. This forum was covered live on “UNZA RADIO”, which has an audience in and outside surrounding areas outside of Lusaka.

The also helped to raise awareness on pertinent issues on the implementation of the AMV and assist in the conscientization of the student population on the African Mining Vision and its ability to respond to pertinent issues in Zambia Extractive Industry. This forum also helped in the efforts of intensifying national and community level sensitization,

PWYP Zambia during the period under the review also held an open discussion forum in the copperbelt province which was attended by among church leaders and communities affected by mining. It was however, noted people had little knowledge and understanding of the AMV as of them only heard about the document at the forum. The forum was complemented by and 4 radio programmes on radio ichengelo depicting the concerns of the communities .



During the period under review, Publish What You Pay Zambia received favourable radio coverage with the aim of creating national and community awareness on the African Mining Vision. The radio coverage includes; live coverage of the University Forum by "UNZA RADIO" and **four** radio programme recordings to be aired on "RADIO ICHENGELO" which has coverage through town on the copperbelt province



In order to enhance national and community level awareness on the AMV,

PWYP launch the "#atishaniAMV" which is since the harsh-tag for the campaign. PWYP Zambia has started using social media platforms such as facebook and twitter in addition to the website where; radio recordings/pictures/engagement meeting will be shared.

During the period under review, the new PWYP Assistant coordinator also undertook a provincial monitoring visit in to gain a better understanding of PWYP members on the copperbelt and to take note of emerging issues of concern on the province on Mining and AMV. One such issue was the pending environmental disaster in mufulira in the kankoyo community who have continued to face on going environmental pollution and damage to housing infrastructure due to their proximity to Mopani mine and also concerns on women and mining. This helped gain insights in advocacy issues around the AMV.

During the period under review the PWYP Assistant Coordinator also continued to build strategic partnerships with TJN/ Action Aid platforms on Tax justice, IFF and other like-minded organisations. For instance the Publish What You Pay Assistant Coordinator participated in the preparatory Meeting for the African Union High level Roundtable on "The Africa Mining Vision and Extractives Sectors", with respect to their participation, they made a presentation on the research findings of the desk research that was done on the "AMV policy and legislative framework misalignment asks paper."



Subsequently following his participation, the PWYP Assistant Coordinator had been invited and participated in the African Union High level round table consultative meeting at the UNECA headquarters in Addisabba and the Ghana that sort to develop a monitoring framework

for the implementation of the African Mining Vision in Zambia

The a draft framework has since been developed following inputs from various stakeholders and the PWYP assistant coordinator was hence nominated to be part of the technical team to scrutinize the drafted framework, and develop a structure in which the draft framework would be implemented in Accra Ghana from the 11-14th of April 2016.



Some media coverage linking the African Mining Vision to specific extractive taxation issues

Outcomes:	
a.	Government working to set up AMV Secretariat and conducted a desk analysis research similar to that of PWYP, PWYP managed to submit its desk analysis to feed into that of government
b.	UNDP working with government developed an advocacy and communication strategy for domesticating the African Mining Vision; PWYP Secretariat and member organizations were key on civil society input of the strategy
c.	In engagements and forums were PWYP secretariat shared the report; AU has adopted the methodology for the AMGF, however the tool is yet to be complete
d.	Member organizations mainstreaming the AMV in their work; e.g. DECOP and Green and Justice had a meeting with the mayor and councilors which picked out specific AMV domestication issues at council level

C. Advancement and Legislation of Extractive Industries Transparency Initiative

During the period under review, PWYP Zambia raised awareness in communities in the Copperbelt on EITI and PWYP through a radio programme which was recorded and aired on radio Icengelo which was identified as a platform for information dissemination due to its wide coverage of 120km from Kitwe covering the entire Copperbelt province whose population is directly affected by mining activities and some parts of neighbouring provinces. To raise awareness among the public on mining and EITI, Caritas Zambia conducted radio programmes in Mansa, Luapula province on Radio Yangeni which has a coverage reaching the 179,000 people in the district and parts of surrounding districts



The Publish What You Pay Secretariat also spearheaded the Civil Society EITI-MSG representation elections meeting which was held at government complex on the 11th of September 2015, this saw Caritas Zambia being re-elected to sit as one of the 6 Civil Society representatives on the MSG. Four (4) of the 6 members on the EITI MSG are PWYP Zambia members.

In 2015, in the interests of engaging with various stakeholders, Publish What You Pay Zambia also carried out an EITI reconciliation report dissemination and training workshop for 45 councilors in Luanshya and the deputy mayor and also the Luanshya District Commissioner Harold Mbaulu and the MP representatives attended the meeting. The event appeared was captured on the electronic media.

In addition, PWYP also produced short information clips on PWYP and EITI as messages to raise awareness among the public on issues around the extractive industry, how it affects them and existing interventions being made to address the challenges that come with extractives.



During the period under review, the PWYP Assistant Coordinator along with other PWYP member organizations continued to attend the Zambia Extractive Industries Transparency Initiative multi-stakeholder quarterly meetings.

It is worth noting the PWYP member CSOs have been chairing the MSG meeting in the absence of the Chairperson.

Amongst the key success stories on the involvement of PWYP member organization on the PWYP multistakeholder group has been the improvement in the reporting standards of the EITI reports following submissions from the sector

In addition to this, during the period under review the PWYP Chairperson also attended and supported initiatives by PWYP member organizations that were aimed at not only popularising the EITI but also influencing the EITI draft bill and policy.



Amongst key to influencing this objective of the PWYP coalition is the analysis of the 2014 2015 EITI reports. 47 and 32 People were in attendance for the analysis meetings respectively and advocacy messages were developed and the meeting allowed the CSO members representing the CSO on the ZEITI Multi-Sector Stakeholders to give feedback to the people that they are representing.

This gave the opportunity for participants to share experiences on the progress being made on EITI in Zambia and the various challenges it continues to face.

The analysis documents were well validated and; CTPD printed a booklet of the 2012/2013 analysis while a web version of the 2014/2015 analysis has been made available by the PWYP Zambia secretariat.

Going a step further; the analysis papers have informed the coalitions advocacy messages on the EITI and have equally informed subsequent meetings hoping to address concerns and recommendations from the analysis.

Notable activities following the EITI Analysis meeting are

- a. Development of the community CSR Index tool
- b. EITI trainings for all copperbelt province extracting councils, from which advocacy messages were popularized, which led to;
- c. CSOs and Council technocrats meeting on tracking the expenditure from extractive revenues collected by local councils
- d. Training of lufwanyama councilors, mayor and traditional leaders, which led to;
- e. Dialogue meeting amongst local councils and mining companies seeking to collect missing revenues as revealed by the
- f. EITI reports.

During the period under review, PWYP also facilitated the drafting and hence release of 3 press statements responding to pertinent issues relating to Balance of payments and the mining sector on the EITI, these were captured by both print and audio media and had been widely circulated on social media platforms.



Also influencing the EITI process, the PWYP Coordinators d under review, EASP attended EITI Global conference and EITI board meeting in Lima. However on the eve of the 2016 Global EITI conference, more than 100 civil society representatives took a principled stance to boycott the members' meeting, the highest governing body of the EITI.



The impetus for the boycott was the improper and illegitimate interference in civil society's right to self-selection of their representatives to the EITI International Board and the addition of a civil society candidate to the list of civil society nominees, without the support of the broad civil society constituency. This was in violation of the agreed procedures for nominating civil society representatives to the board. In advance of the meeting, civil society tried to work toward resolution by demanding that the illegitimate candidate's name be removed.

PWYP Zambia at the EITI conference side event also made a presentation on Mandatory



reporting. An event that allowed panellists to provide updates on the development and implementation of legislation, as well as challenges, lessons learned and opportunities created by these legislative efforts. This was even was important because of the trend toward extractive sector transparency grows, a number of jurisdictions have developed domestic legislation requiring extractive

companies to report all material payments to all governments around the world on a country and project basis. Canada's Extractive Sector Transparency Measures Act (ESTMA), the EU Accounting Directive, and the US Dodd Frank Act (s. 1504)

PWYP member, Caritas Zambia, also continued to be in the elite family of data extractors whose objectives to extract data on extractive industries have made meaning to the numbers and their impact on the different regions, countries and communities. The group first met in Jakarta in 2015 and the next met Harare in May 2016 where PWYP Zambia was amongst the 12 members who showed their case stories.

Publish what you pay also seats on the informal advisory group to the EITI secretariat on Beneficial ownership.

Outcomes
a. Increased interest and debate amongst stakeholders; for example a training meeting with Lufwanyama council resulted into their 1 st dialogue meeting with mining companies where the council demanded unpaid fees and the companies committed to fulfilling their tax obligations
b. 2 coalition EITI analysis papers have been completed and widely popularized
c. 4 of the 6 EITI MSG seats are taken by PWYP Zambia members.
d. Development of a community CSR Index from the recommendations of the EITI analysis papers on social payments

c. On Tackling illicit financial flows, transfer pricing, budget prioritization and monitoring

Objective 3: Tackling Illicit Financial Flows and Influencing budget prioritization

During the period under review CTPD, Action Aid and Diakonia partnering with PWYP Zambia launched the stop the bleeding campaign for Zambia. The campaign aimed at curbing the illicit flow of revenues through clear tax legislation revisions and inter-government coordination.

To further strengthen the coalitions capacity to interrogate IFFs, PWYP Zambia and member organization DEGHA participated in a capacity building workshop in Kenya in August 2016;

amongst the key output of this was the development of blog on IFFs and sharing of materials and content with the rest of the coalition members

In a bid to advocate for legislative framework that addresses issues of Illicit Financial Flows (IFFs) During the period under review, the PWYP assistant coordinator lead the PWYP Zambia's participation in TV programmes and radio interviews on budget prioritization and how sealing loopholes on IFFs can help this, amongst notable TV and radio interviews are ZNBC TV appearance, Prime TV interviews, MUVI TV, Hot FM, QFM, Radio phoenix and 5FM. Furthermore the Assist Coordinataor also made a presentation at the international peoples conference on mining on mining plunder

During the period under review the coalition PWYP secretariat, CCZ, Caritas built the capacity of CBOs, CSOs to understand IFFs in Solwezi, this was done at the dissemination of the PWYP Report on the African Mining Vision Gap analysis paper findings. Amongst the key outcomes of the meeting was local CSOs comitting to adding AMV reports in their advocacy work on illicit financial flows.

During the period under review PWYP also held a meeting targeted at local councils and CSOs on how they could stop illicit financial flows in their jurisdictions. Amongst the key dialogue points was that there was need for legislation that promotes in country business development as this would ensure that renuenues are kept in country and transfer pricing techneques are mininized.

PWYP secreatriat and member organizations also participated in various fora where IFFs was the key focus of discussion, amongst these was the NREGI validation meetng of their paper on IFF held in Lusaka Zambia.

The Community CSR index aimed at scuitinizing social payments by companies are also amongst the key achievements in PWYP efforts to curb illicit financial flows. The index aims at influencing mining companies to actually spend their tax deductatble budgets of visible projects to as to escape a bad report from communities to their investors.

During the period under review PWYP also co-authored two research papers which were linked to curbing illicit financial flows

Outcomes
a. Joint papers that spell out recommendations on what legislative changes need to be effected for Zambia to fight IFFs
b. Recognition by government of the magnitude of IFFs hence taking recommendation from CSOs on their Mineral Value Chain Monitoring Project

D. ON STRENGTHENING THE GOVERNANCE SYSTEMS OF THE PWYP ZAMBIA TO EFFECTIVELY MONITOR AND INFLUENCE THE GOVERNANCE OF THE ZAMBIAN EXTRACTIVE INDUSTRIES BY 2017

Following the GM and as mandated by the PWYP guiding principles; the PWYP coordinator continued to receive and review membership forms that were then reported on to the steering committee pending membership acceptance.

Following the ZAMI of 2015 PWYP secretariat was intruded in hosting the Zambia Alternative Mining Indaba, as such the WYP coordinators ensured that all issues to be followed up the ZAMI had been taken up building upto the 2016 and 2017 ZAMIs.

250 participants from Civil Society Organizations, Faith Based Organizations, Academia, Development Partners based in Zambia and strategic partners from Kenya, Ghana, South Africa, Uganda, Mozambique, Zimbabwe and Australia that met for the fifth Zambia Alternative Mining Indaba (ZAMI) held at Cresta Golfview Lusaka, from the 21st to 23rd of June 2016 under the theme, "Our Natural Resources, Our Future! Extraction for Sustainable Development".



The indaba deliberated on different issues on the Zambian extractive industries and strategic role that government; private sector and civil society should play in the sector. The indaba recognized the potential that the mining sector has as an important ingredient for human, social and economic development in Zambia and it noted with dismay the challenges in the sector including abrogation of human rights that the sector has had in the communities that host them and the continued tax avoidance and evasion by the mining companies robbing the country of billions of dollars that would otherwise be used to uplift the lives of the Zambian people. The declaration was delivered to the Government.

In June 2017, PWYP also participated in the staging of the 1st ever northwestern provincial alternative mining indaba which amongst other things recommended the need for legislation and policy to share some of the royalties from mineral extraction with local communities.

In addition to this, in order to place the PWYP coalition in a better place to host the Zambia Alternative Mining Indaba, secretariat attempted to tap into a number of possible fundraising ventures. Amongst the most successful of these attempts is the Civil Society Environmental

Fund grant on "Enhancing the participation of women, youth and children in extractive sector governance," the project was executed by the PWYP coalition and saw the use of evidence based engagement of mining affected communities in the Zambia Alternative Mining Indaba. One output of the project was a research paper.

During the period under review, secretariat, successfully in liaison with the coalition's chairperson facilitated the successful holding of Steering committee meetings; amongst other things the steering committee meetings focused on were the finalization of key PWYP governance documents, and giving strategic direction to the coalition.

To further ensure that the capacities of PWYP members to engage in extractive sector governance had been enhanced. The Secretariat facilitated the participation of two of the PWYP member organizations in UNHRC extractives training in South-Africa. The PWYP Assistant Coordinator also facilitated the participation of the PWYP Chairperson in the SADC Peoples summit in Botswana and Swaziland which saw him share the communiqué from the summit, and ZAMIs in Zimbabwe.

E. CHALLENGES

- There still remains a number of unfunded and underfunded activities from the PWYP Advocacy strategy
- Although meeting the membership criteria and having the mandate of meeting engaging of extractive industry transparency and accountability, some PWYP member organizations make minimal to no contribution towards the campaign
- There is need to build the capacities of both the Assistant coordinator and members of the coalition to better engage on issues of Natural resource governance

F. LESSON LEARNT

- The advocacy strategy has helped focus the work of the PWYP Zambia secretariat

- Social media as a tool for information dissemination has proved to be effective for Public awareness purposes
- There is need to find a “formulae” of how programmes member organizations can complement each other outside the PWYP work-plan

KEY ACHIEVEMENTS

- PWYP Zambia now plays host to the Zambia Alternative Mining Indaba
- PWYP Zambia has received increasing media coverage over the past years
- 5 research papers completed
- PWYP Zambia now has legit membership
- PWYP Zambia has an increasing funding base and continues attempting to tap into a number of fundraising opportunities
- Influenced the Preparatory AMV process for domestication



Publish
What You Pay
Zambia