EXTRACTIVES QUESTIONNAIRE

RESPONSES TO INTERGENERATIONAL EQUITY

1. **ENVIRONMENT**: Mining is a worst asset and I totally agree that our intergenerational Equity will blame us for not holding Multinational Companies Accountable for their bad mining methods and lack of Environmental Protection measures. Here in Mufulira Copperbelt Province where I reside we have a Mine Called Mopani Copper Mines owned by Glencore and during the sale of the Mines our Government did not negotiate properly and following benchmarks were agreed upon:

* Selling 90% shares to Glencore and remained with 10% however the currently the Government has retained 100% shares despite owing Glencore $ I.5 Billion. Glencore still enjoys returns from Mopani Copper Mines.
* On the Environment our Government and the Mine signed the Environmental Liability Agreement (ELA) which indemnified Mopani Copper Mines against been liable for all Environmental losses. Now how do we overlook the Polluter Pay Principle because the mine is still polluting the Air, Water and Soil. Government agreed that they will take care of all environmental losses of which they have lamentably failed to control. On top that they borrowed $ $ 65.5 million from the World Bank to remediate and vegetate 3 districts on the Copperbelt and 1 District in Central Province. Our District is a beneficially of this project, alas noting tangible have come out this World Bank funded project. **Quoting from your words for sure our Children will be the ones paying back the $65.5 million dollars loan from** **World Bank.**

**HISTORY OF THE PROJECT**

During the Privatization Mopani Copper Mines only bought Economic Assets and they left Historical Mining Liabilities with the Zambian Government through Zambia Consolidated Copper Mines PLC (ZCCMIH) and TD 10 was among the Liabilities that was handed over to Government.

i) Copperbelt Environmental Project (CEP) was established between 2003 to 2010 as an Institution meant to counter long time challenges of the Environment in the 3 Districts namely Mufulira, Kabwe and Kitwe at that time and the Project was supported by the World Bank.

1. The CEP was closed in 2010 due to the delayed implementation of the project as per the World Bank guidelines of the planned Project Timeframe.

**STATUS OF THE PROJECT**

The World Bank was written to once again in the quest to finance the same projects with a view to initially start with the Rehabilitation and Closure of TD 10.Zambia Mining and Environmental Remediation and Improvement Project (ZMERIP) in collaboration with the Ministry of Mines Safety Department was constituted to carry out the remediation program in the 4 Districts of Zambia namely Mufulira, Kabwe, Chingola and Kitwe. The main mandate of the Project is to reduce Environmental losses so as to albeit Climate Change Impact as well as to meet the following benchmarks:

1. Improvement of Environmental Infrastructure.
2. Enhance Institution Capacity Building of Zambia Environmental Management Agency (ZEMA) and Mine Safety Department of the Ministry of Mines.
3. Reducing Risks by using intervention of Mitigating the Impact of Environmental Pollution.

**WHY REHABILITATION AND CLOSURE OF TD 10?**

1. To restore the Environment into a stable condition.
2. To enhance self-sustaining by planting Trees around the rehabilitated TD 10 as way of restoring the dilapidated Vegetation and the surrounding Environment.
3. To allow provision of safe and Healthy Environment in the surrounding Community.

* Rehabilitation of the active Tailing Facility number 11 is also a challenge because the it is overburden and it is a threat to host mining communities.
* All the above proposals have not yielded any results and Host Mining Communities are in suspense.

1. FPIC: On Free Prior and Informed Consent we do have a challenge usually Communities are left out during the Sale of mines in our Country .In our Environment Impact Assessment Standard it is a precondition that before a mine Company starts operating People must be consulted, however we only observe foreign and Local Mining Companies been shown areas were people and Animals habitat and eventually People and Animals are displaced. Zambia CSOs advocated against Government that wanted to give MNE a license to start mining operations in the Lower Zambezi Game Park and the project was halted. I support what you mentioned about protected Areas which is our heritage of which our intergeneration equity can benefit from in terms cultural and traditional ecological formation and creation.

Another example is Mopani Copper Mines which claims ownership of a vast Land where the former employs of Zambia Consolidated Copper Mines was resettling its Employees before it sold the mine to Mopani Copper Mines. This Land in question is very far away from the Mine plant and it is Farm block.

ATTACHED IS A SUMMARY OF A CASE STUDY THAT WE DID WITH MY CO-AUTHOR

Lack of land tenure security is the case of Mitundu Farm Block; whose occupants abide by a set of rules to occupy the land. Since the establishment of the farm block in the 1960s, security of tenure has been positively correlated to the changes of governments. The changes of government came along with them the nationalization, then later, privatization of the mines.

Mitundu Farm block settlement of Mufulira first came to existence in a bid to resettle former mine workers upon retirement in the 1960. Mitundu area was administered by Roan Selection Trust (RST), Secondly by Roan Consolidated Mines (RCM and by then government owned Zambia Consolidated Copper Mines (ZCCM), in the early 1970s. However, during and after the privatization of Zambia’s Copper Mines in the early 2000s, which saw Mopani Copper Mines (MCM) took over, Mitundu was included in the assets bought by the mine hence the mine owning both underground and surface rights of the farm block.

The project will explore the effects of the lack of land tenure on 399 farmers in Mitundu area with a looming of displacement and the effects of Climate Change Adaptation and its resilience, while also identifying workable solutions to curb the negative effect of lack of land tenure security. In doing so, the activities will focus on the current conjuncture looking at political realities and social and economic conjuncture as the first part and second part looks at “Resistance and Alternatives” looking at “strategies, projects, policy concepts and agrarians’ alternatives in theory and practice. The project will make use of the already secondary and primary data collection that is in public domain to inform the findings.

Among the key finding of the effects of lack of land tenure security included; the restriction of local residents to; build permanent structures, restrictions of the local residents to plant long maturing duration crops like cassava and fruits, from non-complying farmers and the insecurities of owning long term assets. The ongoing flush floods due to the heavy rains that the entire district and the Country is currently facing. The currently suffers from the following impacts;

1. *No food security.*
2. *No capital projects investment.*
3. *Low farm output productivity.*
4. *No access to bank loans for Agro- Business.*
5. *No future prospects for children and grandchildren.*
6. *Farmers live in fear because they don’t know when evictions will be done.*
7. *No alternatives land for resettlement since land in Mufulira has dwindled.*
8. *No permanent shelters for farmers and their families.*
9. *No title Deeds to Land, no letters of offer on land that they occupy.*

The project recommended that;

1. *There is need for government to transparently allocate arable titled land to the poor in communities in Mufulira.*
2. *Government must revise the land alienation procedures that do not favor the poor in society.*
3. *Mopani Copper Mines must clearly indicate how they obtained both the underground and surface rights, so that a lasting solution to the land impasse can be resolved.*
4. *Ministry of Agriculture and Cooperatives must ensure timely supply of farming inputs in time to avoid poor yields so that food security can be enhanced and albeit climate change hazards.*
5. *Compensation to land displacements must be clearly stipulated so that the affected can be empowered and have their lives secured.*
6. *The community in the 3 areas need clean water by sinking boreholes so that lives of the people are safe guarded.*
7. JOB AND INCOME FROM EXTRACTION

Jobs in the Mining Sector in Zambia are mainly Contractual and they is no Job security especially Mines owned by the Chinese and including local contractors. This is compounded by Weaker Labour Local Laws that is superseded by International Laws. There isn’t decent work for all has indicated in the SDGs and ILO work standards. The involvement of Politically Exposed Persons in the contract awarding of mining Companies compromises the spirit of ensuring transparency and Accountability in the deploying local qualified personnel, and at times we do observe that the local employees orients expatriate who eventually gets remuneration of over 100% more than the local Employees who guides him or her.

INCOME

According to the data collected from Government Agencies, revenue generated from the extractive sector totalled **ZMW 38.98 billion** in 2021 against ZMW 25.85 billion in 2020 after the reconciliation work. This revenue includes dividends and other investment income of ZMW ZMW 2.2 billion collected by ZCCM-IH and IDC from their subsidiaries which operate in the mining sector, as well as social payments of ZMW 15 million paid by companies, while payments to the Environmental Protection Fund (EPF) amounted to ZMW 0.3 million.

Government Revenues increased by ZMW 13.13 billion from 2020. However, over the same period, social payments decreased by over ZMW 0.2 billion. The decrease in social payments is mainly explained by the fact that the companies selected in the reconciliation reduced production activity and were in care and maintenance in 2021.

Table below sets out the variances in the sector revenues.

*Table 1: Payments made by the extractive companies and ZCCM-IH in 2021 and 2020*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Payments** | **ZMW Million** | | |  |
| **2021** | **2020** | **Variance** |  |
| *Payments to Government Agencies* | *36,438* | *25,168* | *11,270* |  |
| *Tax paid to ZRA (including mineral royalties)* | *36,373* | *25,122* | *11,251* |  |
| *Royalties, fees and charges paid to MMMD* | *61* | *41* | *20* |  |
| *Payments to Petroleum Unit* | *-* | *5* | *(5)* | *Why was the payments for petroleum not paid in 2021* |
| *Ground rents and other payments to MoL* | *4* | *1* | *3* |  |
| *Dividends paid to ZCCM-IH* | *942* | *129* | *814* |  |
| *Price participation fees paid* | *942* | *87* | *855* |  |
| *Dividends paid* | *-* | *42* | *(42)* |  |
| *Dividends paid by ZCCM-IH* | *1,300* | *41* | *1,259* |  |
| *Dividends paid to IDC* | *0.03* | *32* | *(31.97)* |  |
| *Dividends paid to MoF* | *1,300* | *9* | *1,291* |  |
| *Social payments* | *15* | *252* | *(237)* |  |
|  |  |  |  |  |
| *Fees and levies paid by Local Councils* | *281* | *214* | *67* |  |
|  |  |  |  |  |
| *Payments to EPF* | *0.3* | *51* | *(50.7)* |  |

This is an example of Zambia’s Revenues that are paid by mining Companies to Government and how much Government receives from mining Companies comparisons of 2020 and 2021.

When you look at the figures what the mining Companies is far lesser than the profits that they accumulate from their Sales.

NOTE: Actually I’m one of the 6 proxies in the EITI MSG Member in Zambia and in total we are 12 MSG Members.

This qualifies your mention of calling were income as Revenues which is an error and a big loss.

1. OPPORTUNITY TO USE THE MINERAL FOR USEFUL THINGS

The opportunity that we have to ensure intergeneration Equity to benefit from our Minerals to promote the Value addition our Minerals into finished Products that we are able to export and earn enough revenues to support our Children in the Comprehensive Education for all.

Equally the promotion of Local Content so that local Mine Suppliers are supported fully rather depending mainly on foreign suppliers.

## *Recommendations*

I have provided the following recommendations on what we would like to see happen in our mining sector:

1. Improvements to the beneficial ownership information management
2. Improvements to the MOSES system (Mineral Output Statistical Evaluation System)
3. Improvements in the licence allocation
4. Improvements to the Environmental Protection Fund Management
5. Improvements to the Zambia Revenue Authority on Mining Data Management
6. Follow up on previous EITI recommendations and Validation
7. Follow up to the Office of Auditor General’s special report on parastatals and MNEs
8. DEVELOP OTHER ASPECTS OF THE SOCIETY

CORPORATE SOCIAL RESPONSBILITY

* **CSR is Voluntary –**This is a problem because Copper is ours God planted the Minerals in the Soil so that we can enrich ourselves however they are Good and Badguys in the ExtractiveIndustry. ‘**There must be a win** **win situation and not a Win lose situation.** In Botswana it is called Corporate Social Investment and Mining Companies give Monies direct to Community Projectsand it is sustainable. Mopani pays little revenues to Mufulira and Kitwe Councils in terms Property Rates and Business Fees respectively. Extractive Industries Transparency Initiative (EITI} Reports indicates payments to Government annually. DeCoP is one of the Alternate Member of EITI we were elected 3 Months ago among 12 Members in the Country. We verify payments that goes to Government Coffers and counter check how much Mining Companies actually pays, thereafter we make follow up where the Money goes.
* **TAXATION**
* **Publication by Oxfam on the Estimates Tax Revenue gains from addressing Profit shifting or revising profit allocation Rules. A case study of Mopani Copper Mines. Published on December 9th 2021**
* **(Summary} The report presents a Quantitative Tax analysis to determine the Potential level of Mopani’s profit shifting (and of foregone Zambian Tax Revenue}**
* **Determining the true level of profit is a complex and imprecise exercise .The report relies on several methods for estimating Mopani’s profits, using taxable profit allocation principles contained in both existing tax rules using Transfer Pricing methods as well as proposed alternative rules to allocate profits and Tax via formulary apportionment.**
* **The estimated profit shifting has potentially significant in income tax implications, both for Mopani and for Zambia. Based on Oxfam estimates, Zambia should have been collecting up to US $ 102 Million per year in extra in Income Taxes from Mopani .That is more than half of Zambia’s National Water supply and Sanitation Budget for 2020.**

**6 . CONCLUSION**

**My responses on behalf of my Organization Development Education Community Project on intergeneration equity is that the extraction of Oil, Gas and Mineral as quoted is effectively the sale of our inheritance with Royalties and other proceeds being consideration paid in Exchange for the Mineral wealth Extracted. Unfortunately our Governments all over the World treat the proceeds obtained from selling their Mineral Wealth as revenues or Income is a crucial error.Im equally in support of the following Five Principles as illustrated.**

1. **Fair**
2. **Ethical**
3. **Moral**
4. **Just and**
5. **Right**