THE 4th ZAMBIA ALTERNATIVE MINING INDABA

“Our Natural Resources, Our future, Putting Local Communities First”

Ndola, Copperbelt
23rd - 26th June 2015

Declaration

We, Civil Society Organisations, Faith Based Organisations, Academia and Development Partners that met for the Zambia Alternative Mining Indaba (ZAMI) held at Fatmols Lodge in Ndola, Copperbelt from the 23rd to the 26th of June 2015 under the theme, “Our Natural Resources, Our Future, Putting Local Communities First,” deliberated on different issues of the Zambian extractive industries. We recognize that there is potential for the country’s mineral resources to be leveraged for economic transformation and broad based economic development. However, we note with dismay that Zambians continue to experience debilitating poverty. Consequent to our deliberations, we reached a shared understanding and adopted the resolutions below;

Illicit Financial Flows (IFF’s) and Beneficiary Ownership

The Indaba noted with concern that Zambia is estimated to have lost US$ 8.8 billion in tax revenue between 2002 and 2012 due to illicit financial flows. Some of the main ways in which this manifests in Zambia, is through transfer pricing, related party loans, round tripping and the non-implementation of the arms-length principle. We also noted with concern that multinational enterprises use complex tax planning methods which lead to shifting of taxable profits to other jurisdictions with low tax rates or no taxes at all, prejudicing Zambia of the resources for socio-economic development.

We further noted that despite Zambia’s adoption of the Arm’s Length Principle in 1999, the government is still grappling with transfer-mispricing, because of the existence of anonymous shell companies which make it extremely difficult to identify the beneficial owners of such companies. Therefore:

i. We call upon the Zambian government to strengthen the capacity of the Zambia Revenue Authority, the Financial Intelligence Centre and other relevant bodies to track, monitor and put in place measures to stop illicit financial flows

ii. We call on the Zambian government to encourage the AU to expeditiously develop a roadmap to implement the High Level Panel report on IFF’s

iii. We call upon the government to review and terminate tax incentives given to mining companies, especially those proven to engage in tax dodging tactics

iv. We call on government to ensure that financial institutions and designated non-financial institutions conduct proper customer due diligence

v. We call upon the government to embrace automatic exchange of information among governments and to facilitate improved sharing of information among mining regulators.

vi. We call upon the government to put in place a policy directive that promotes disclosure of beneficial ownership. This would ensure that the core owners who control accounts of
companies, trusts and foundations of companies exploiting our natural resources are publicly known.

vii. We call on the government to expedite the development and tabling of the Access to Information Bill to facilitate the tackling of illicit financial flows.

**Free, Prior and Informed Consent (FPIC)**

The Indaba notes with concern continued human rights violations in natural resource rich communities through displacements, poor compensation, land alienation and lack of consultation. We demand that:

i. The government and private investors obtain and respect the Free, Prior and Informed Consent of local people for decisions that may require displacement of people to pave way for mining projects.

ii. The negotiations of lasting agreements on the use of resources have to recognize the rights of local communities and the FPIC principle must be embedded in the policy and legal frameworks.

iii. Government to develop specific policies that address involuntary displacement.

**Environment, Climate Change, Forestry, and Mine Workers’ Rights**

We observe the high level of environmental degradation emanating from mining sector activities and the weak enforcement of rules and regulations. We also note with concern the deplorable working conditions of casual mine workers. We are concerned that some mining companies do not comply with the environmental laws and regulations. Deforestation and forest degradation are areas that the government urgently needs to look into as these are greatly contributing to climate change. We recommend that:

i. Regulatory authorities ensure that all mining companies are compelled to contribute to the Environmental Protection Fund, and that the Fund be transparently used to mitigate environmental degradation.

ii. Mining companies facilitate and fund independent research on cumulative impacts of pollution on mine-workers and surrounding communities.

iii. Government reforms the mining policy and extractive industries monitoring tools such as the environmental impact assessment to ensure that they address impacts of extractive industries especially on women and children.

iv. Government enforces assessment reports in ecologically sensitive areas to ensure a balance between mining exploration and forest conservation.

v. The government should provide adequate financial and technical resources to the Ministry of Mines, Energy and Water Development to enable it to enforce legislation on occupational health and safety of mine-workers and to conduct regular monitoring visits to mine-sites.

vi. The government and other stakeholders take deliberate steps to come up with reforestation and forestation programmes and assess local community energy needs.
Mining Revenue Management, Transparency and Accountability

We note with concern that Zambia does not have a mineral resource account, where the proceeds from the natural resources sector are deposited. The allocation and use of mineral resources continues to be ad hoc rather than being guided by a predetermined mechanism.

The Indaba further notes the poor inter-ministerial coordination between Ministry of Finance, Ministry of Mines and Ministry of Local Government and Housing. We also note the need for improved transparency and accountability through the enactment of the EITI bill. Therefore,

i. We encourage the government to implement the Mineral Revenue Sharing Mechanism (MRSM) as stated in the 2008 Mines and Minerals Act.
ii. The government should develop operational guidelines for the decentralisation of mineral revenue sharing
iii. We challenge the government to enhance the capacity of institutions that independently verify mining production figures and mining operations to ensure that all citizens have access to comprehensive geological data
iv. We call upon government to demonstrate its accountability in the utilisation of mineral revenues through public reporting systems
v. We ask the government to define and clarify the long term fiscal vision for the mining sector
vi. We call upon the government to establish and operationalize a Sovereign Wealth Fund as mentioned in the 2015 national budget
vii. We urge government to consult all stakeholders in the development of a mining tax regime that is stable, certain and predictable

Sustainable Development and Corporate Social Responsibility (CSR)

We express our concern about the lack of a deliberate plan to ensure that proceeds from mining are prudently used to advance human development, especially in mining communities.

The government has seemingly abandoned its core responsibility to provide basic social services to its citizenry. Communities are now demanding for basic services and development projects from mining companies through corporate social responsibility (CSR) projects. We have also observed the minimal participation of the communities in the conceptualisation and identification of CSR projects by the mining companies, which undermines sustainability and ownership. Therefore,

i. We urge the government to take lead in providing basic social services in mining communities instead of surrendering their core responsibility to the mining companies through CSR.
ii. We urge the mining companies to involve communities in conceptualisation, identification and implementation of CSR projects
iii. We call for mining companies to collaborate with local councils to align their CSR plans with district development plans.

iv. We urge mining companies to disclose their CSR budgets and beneficiaries of the same.

**Artisanal Small Scale Mining, Oil and Gas**

The Indaba observed that there is poor monitoring of Artisanal and Small-scale Mining (ASM). ASMs also suffer from lack of skills, finance, marketing and technology. As a result, Zambia has failed to optimise ASM in line with best practice.

We further note that government is in the process of reviewing the Petroleum and Gas and the Mines and Minerals Development Act. It is also noted that there are huge capacity and technological gaps resulting in the absence of proper and accurate information on potential deposits of oil and gas or base minerals in Zambia. Therefore:

i. We demand for stakeholders to be involved in the review of the Petroleum and Gas and the Mines and Mineral Development Acts.

ii. We call upon the government to strengthen institutions that should monitor the ASMs.

iii. The Government should come up with deliberate policies that will facilitate the empowerment of artisanal and small-scale miners to play a major role in the growth of the Zambian economy. These policies should also help to regulate small scale mining e.g. through putting in place regulations to compel foreign investors to partner with the local Zambian miners.

iv. Government must improve the capacity of the Ministry of Mines, Energy and Water Development (MMEWD) by creating an adequately staffed and resourced exploration department that will carry out exploration activities of oil, gas and base metals without leaving it to non-Zambian firms or institutions.

v. We ask Government to be more transparent in the process of issuing mining, oil and gas exploration licenses through engaging a wide array of stakeholders.

**The Extractive Industry, Women and Children**

We note with concern that the costs of mining, disproportionately fall on women and children, while the benefits mostly accrue to men. Mining mostly disturbs the social context of communities, and this leads to socio-cultural impacts such as increased gender based violence, increased spread of HIV&AIDS, displacement of women from farming lands and food insecurity. There are increased incidences of child labour in the extractive industry, leading to high school dropout rates. Therefore:

i. We demand that government set minimum standards for housing to be provided by mining firms to mitigate the impact of mining on women and children;

ii. We demand that mining companies conduct social impact assessments to address the impact of mining on men, women and children.

iii. We encourage CSOs to have programmes that address the impacts of mining activities on women and children.
Value Addition in the Extractive Industries

The Indaba observed that policies and legislation need to be strengthened to encourage value addition, for increased employment opportunities and revenues from the natural resources exploitation and development. We also noted that the Zambian government is party to the Africa Mining Vision which provides for down-stream value addition. Therefore;

i. We implore the government to develop policies and incentives that would encourage extractive industries to focus on value addition

ii. We call upon government to set up mineral development funds (from mineral revenues), which can be invested into appropriate knowledge-creating capacities including; human resources and research infrastructure and innovation systems to support value addition

We further continue our quest for social and economic justice in the management of our natural resources to benefit all Zambians.

Signed

Chairperson of Indaba