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## **CARITAS ZAMBIA STATEMENT ON ZAMBIA'S NEW SPV FOR MINERAL INVESTMENT AND TRADING;**

*- WEDNESDAY 7TH FEBRUARY 2024 -*

Caritas Zambia observes with interest the recent cabinet decision to establish a Special Purpose Vehicle (SPV) for mineral resource investment and trading within the mining sector. This initiative holds the promise of enhancing national revenue, solidifying control and transparency in mining operations, and fostering local development, thereby potentially contributing to the economic stability and growth of the nation. We urge the government to engage with all relevant stakeholders, including local communities, industry experts, and civil society organizations, to ensure that the SPV is inclusive and reflective of diverse interests. By doing so, we can collaboratively ensure that the proceeds from mineral resources are directed to benefit all Zambian citizens and that community interests are taken into account, paving the way for a sustainable future.

The Zambian government's move to create a Special Purpose Vehicle (SPV) for the investment and trading of the country's mineral resources is a commendable strategic decision with the potential to strengthen Zambia's financial and developmental landscape. Caritas Zambia welcomes this initiative, which promises to improve the management of Zambia's significant mining exports – especially copper – that account for a substantial part of the country's export earnings.

Anticipated benefits from the establishment of the SPV include increased governmental revenue through more consistent income, enhanced management over mineral exploitation, improved transparency in resource management, and the channeling of funds towards local development projects, more especially the Mineral Sharing mechanism which Civil society have advocated for a very long time. This new approach is in line with successful international models such as Norway's approach to oil revenue and Botswana's diamond industry, which have successfully turned natural resources into a source of national prosperity.

Nevertheless, the governance of the SPV requires careful attention to avoid potential hazards such as mismanagement, corruption, excessive dependency on mining, environmental damage, and social issues. To this end, we emphasize the importance of establishing a governance framework with clear mandates and the involvement of experts to mitigate these risks.

In conclusion, the formation of a dedicated SPV for Zambia's mineral resources is a strategic opportunity to foster a brighter future for the Zambian populace. It represents a chance for the government to harness the nation's mineral wealth for comprehensive social and economic progress and could potentially provide a mechanism to ensure local communities benefit directly from shared mineral revenues. This initiative could be pivotal in achieving Zambia's national development goals, provided it is carried out with a steadfast commitment to transparency,



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accountability, and long-term sustainability. The government must act with urgency and precision to fulfill the potential of the SPV and to protect against the possible drawbacks.

Our mining resources are finite, and without proper management and investment, along with fair collection of revenues from mining operations through royalties, dividends, corporate taxes, and other means, we risk depriving future generations of any benefits from our mineral wealth. We implore the government to accelerate the process of revising mining fiscal regulations and legislation to meet international standards and the expectations of the Zambian populace. There is a concerning degree of laxity in the government's administration and management of natural resource extraction and revenue management that must be addressed.

Issued By

A handwritten signature in blue ink, appearing to read "G. Mapulanga", is written over a faint, large, light-red watermark of the Caritas Zambia logo.

Fr. Dr. Gabriel Mapulanga  
Executive Director