



SUMMARY REPORT

Tracking How Mining Resources Have Flowed To Local Councils To Meet Local Development Priorities

Acknowledgments

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Acronyms

ZEITI.....Zambia Extractive Industries Transparency Initiative

GEITI.....Ghana Extractive Industries Transparency Initiative

Executive Summary

The issue of mining revenues not benefiting host communities is a critical concern. Many of these communities are facing high levels of poverty, currently at 60%, and inadequate developmental progress, despite significant financial contributions to government entities through levies and payments.

The activities of mining companies, who extract mineral resources worth billions of dollars, raise important questions about the equitable distribution of these resources and the transparency of revenue allocation.

This report presents findings from a comprehensive study that examines how mining revenues paid to local councils are used to address the developmental needs of communities near mining operations in Zambia. Despite receiving substantial

financial support from mining companies, these communities continue to grapple with poverty and limited access to the benefits generated by the mining sector. The study emphasizes the critical importance of good governance and transparency in managing mineral resources, highlighting issues such as inadequate citizen participation, governance inefficiencies, and limited community engagement in mining-related matters.

The research was conducted in two dioceses: Lufwanyama District under Ndola Diocese and Nyimba and Lusangazi Districts under Chipata

Diocese. The methodology included a combination of data collection methods, such as reviewing secondary data and conducting interviews with mining companies, local councils, community members, and chiefs. This approach provided a comprehensive understanding of the challenges and opportunities related to the allocation of mining revenue and community development.

Findings from Lufwanyama District indicated that while mining activities had some positive impacts, including improved healthcare and job opportunities, there were also concerns about environmental degradation and the lack of full-time jobs. Additionally, the insufficient involvement of traditional leaders in decision-making regarding mining revenue collection was identified as a significant challenge, resulting in disparities and inequitable resource distribution.

Similarly, in Nyimba and Lusangazi Districts, the lack of collaboration and communication between mining companies, local councils, and communities impeded effective resource allocation and development. The study highlighted the necessity of transparent

- governance, community empowerment, and inclusive decision-making processes to ensure that mining revenues benefit local communities.

- Based on the findings, several recommendations were proposed to tackle the challenges identified in the study. These include enhancing transparency and communication, strengthening community participation, improving

governance and accountability, promoting collaboration, and advocating for policy reforms. The study stressed the importance of involving traditional leaders in decision-making, as they play a vital role in ensuring equitable resource allocation and community

- development.

- In conclusion, the study highlighted the complex dynamics of mining revenue allocation and its impact on local communities. The findings underscored the need for transparent, accountable, and inclusive approaches to resource management and community engagement. By implementing the recommendations proposed in the study, mining host communities can better harness the potential of mining activities to

Findings from Lufwanyama District indicated that while mining activities had some positive impacts, including improved healthcare and job opportunities, there were also concerns about environmental degradation and the lack of full-time jobs.

Background and Introduction

The study carried out in Ndola diocese under Lufwanyama district and Chipata diocese in Nyimba and Lusangazi districts, focusing on public finance management of natural resources and how it impacts service delivery by local authorities.

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oth dioceses are rich in mineral resources but face significant challenges related to transparency and accountability in the management and distribution of these resources.

For instance, Lufwanyama, Nyimba, and Lusangazi districts contain large-scale mines, but existing reports indicate that there is minimal compliance by these companies in paying local levies. The failure to remit funds and adhere to corporate social responsibility by mining companies has resulted in numerous social and economic injustices for local community members. Consequently, many local residents see little benefit from the mining activities occurring in their vicinity, which is evident in the lack of infrastructure development in these communities.

Lufwanyama is particularly resource-rich, with deposits of cobalt, copper, gold, quartz, silica, gemstones, manganese, silver, lead, limestone, and beryllium, among others. According to the 2021 Extractive Industries Transparency Initiative (EITI) analysis, Lufwanyama alone has over 249 active mining licenses, yet only five companies remit revenue to local councils.

Furthermore, communities that host mining activities tend to be the least developed, often facing high poverty levels in various districts. The 2022 Poverty Assessment in Zambia reported a national poverty incidence of 60.0 percent, up from 54.4

percent in 2015, indicating that 60 out of every 100 people in Zambia live in poverty. In the same report, poverty levels in the Eastern and Copperbelt provinces increased from 70% to 70.6% and from 30.8% to 35.9%, respectively, between 2015 and 2022.

There are instances where local authorities receive substantial levies and rates from mining companies, but these funds often fail to benefit the communities through improved services. Some mining companies have made no payments to local authorities while continuing to extract minerals worth billions of dollars. This has created challenges in utilizing resources to promote equitable benefits through effective, transparent, and accountable channels.

With good governance and transparency, the exploitation of mineral resources could generate significant revenues that would foster growth and reduce poverty. In recent years, there have been serious concerns regarding citizen engagement in policy formulation and implementation, governance, and community participation in matters related to mining and the extractive industries in Zambia. These issues have been compounded by a lack of information, resulting in diminished interest from the communities in policy discussions, as well as limited community capacity to effectively contribute to mining and development processes.

As a result, incidents of misappropriation of funds and corruption in the extractive industry

have been increasing in recent years. In response, Caritas Zambia has decided to address these issues at the grassroots level. They believe that transparency and accountability in the mining sector are crucial for the country's development, emphasizing the importance of engaging various stakeholders.

This report presents the findings of an extensive study aimed at addressing the challenges faced by communities in areas where mining operations occur, focusing specifically on Zambia. It highlights how mineral revenues paid to local authorities are utilized to meet the developmental priorities of host communities. Despite the substantial financial support provided by mining companies, these communities often find themselves in poverty. The study underscores the critical importance of good governance and transparency in managing mineral resources, while also highlighting the insufficient involvement of citizens, ineffective governance structures, and inadequate community engagement in mining-related matters.

This summary report outlines the study context, objectives, and key findings. The sixth section includes a brief conclusion, along with key recommendations and policy options that should be considered to enhance mineral revenues collected by local authorities in order to meet community development priorities.

Objectives of the Report

The main objective is to identify how mining resources have flowed from national and local governments towards meeting the local development priorities of the communities.

Specific objectives

The specific objectives of this report are as follows;

- To identify the amount and type of revenue generated from mining activities, including taxes, royalties and other payments.
- To assess the effectiveness of current revenue management systems in ensuring that mining revenues are collected, managed and distributed in a transparent and accountable manner.
- To assess the impact of mining revenue on local communities including the provision of basic services such as health, education, water, sanitation and infrastructure.

Significance of the Study

The study sheds light on the challenges faced by communities in mining regions, underscoring the critical need for transparent and accountable management of mining resources. It highlights the importance of tracking resource allocation and utilization to ensure that these assets contribute effectively to the development goals of the local populations. Key findings from the study aim to guide policymakers in assessing the impact of existing policies while offering insights that can inform the creation of more effective strategies for resource allocation and management. Furthermore, the study serves as a foundation for fostering collaboration among various stakeholders, including local communities, government bodies, and mining companies, to ensure that all parties are united in pursuit of shared development objectives.

Study Findings

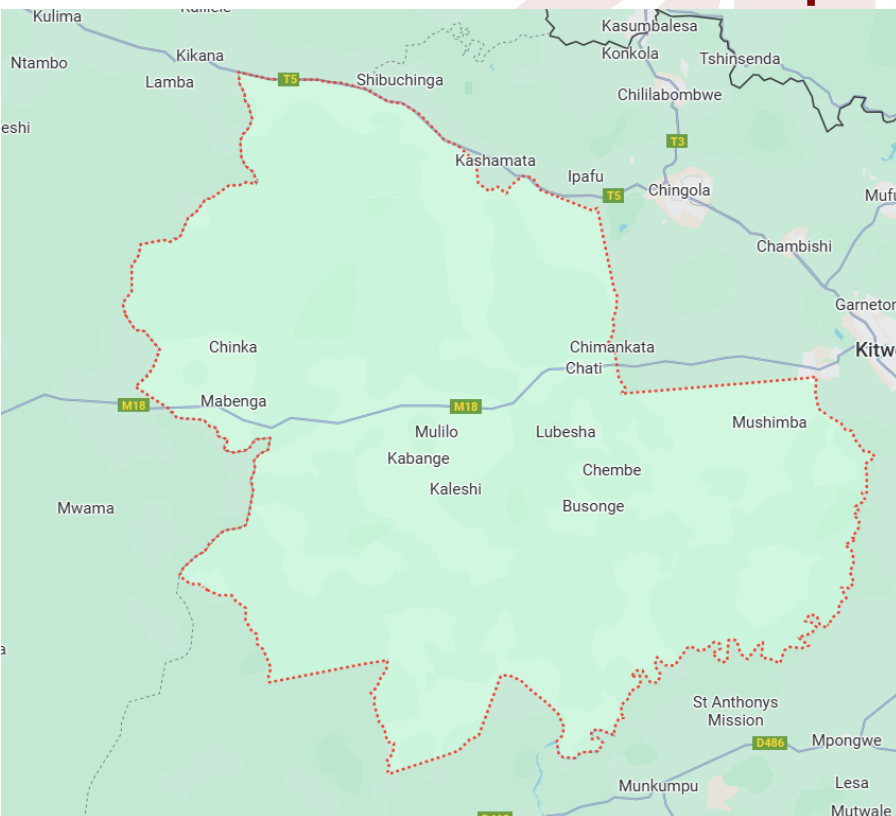
After conducting a thorough analysis, the research team compiled a detailed summary of findings categorized by district.

These insights highlight significant trends, challenges, and opportunities specific to each area, providing a comprehensive understanding of the local landscape.

Lufwanyama District

- Lufwanyama district is recognized for its significant contribution to the global emerald market through the Kagem emerald mine, the world's largest emerald mine, as well as the operations of Grizzly Mining Company, known for yielding some of the heaviest emerald crystals. Several prominent mining corporations, including Kagem and Grizzly, play a pivotal role in the district's mining industry, extracting a variety of valuable minerals such as emeralds, cobalt, copper, gold, iron, and manganese.

Emeralds, treasured for their exquisite beauty, are in high demand for fine jewellery. Cobalt, on the other hand, is essential in numerous industrial applications, notably in advanced battery technologies for electric vehicles. Copper is a vital component in electrical systems and a wide array of everyday products, while gold is revered for its worth in jewellery and electronic devices. Iron serves as the backbone of steel manufacturing, vital for a multitude of industrial applications, underscoring its critical



role in modern infrastructure and technology.

Manganese, an essential metal, plays a key role in steel production and the creation of alloys, in addition to its applications in batteries, fertilizers, and ceramics. Recognized as a critical mineral, manganese's importance extends to energy storage and environmental technologies. This study highlights the necessity of understanding mineral classification and usage—especially for critical minerals like manganese and cobalt to grasp how mining activities affect local communities and to assess their implications for sustainable development.

Revenues Collected by the Council

Following the implementation of the Rating Act No. 21 of 2018, the Lufwanyama Council conducted a Supplementary Valuation Roll in 2019, which became operational in 2020. Despite having 277 mining licenses, only 5 mines are currently operational. The council reported that its revenue predominantly comes from levies,

property rates, and annual business fees collected from these mining companies: Kagem Mine, Grizzly Mine, Chibuluma Mine, Mukula Mine, and Melzier Mine.

The annual property rates are as follows: Chibuluma pays K1,701,915, Kagem pays K2,650,000 quarterly, and Grizzly pays K1,087,000 annually. Melzier Mine pays K121,000 in property rates, while Mukula Mine contributes K180,000.

The number of mining companies contributing to levies and property rates increased from four before the Rating Act to five currently, with Mukula Mine being the latest addition.

Trends in Revenue Collection-Lufwanyama Council

In relation to the aforesaid, a review of the ZEITI report which provides valuable insights into the transparency and accountability issues surrounding the management and administration of mining revenues in Zambia's local councils as well as the Auditor general's report



Figure 2 Collection by local Councils 2021 EITI report

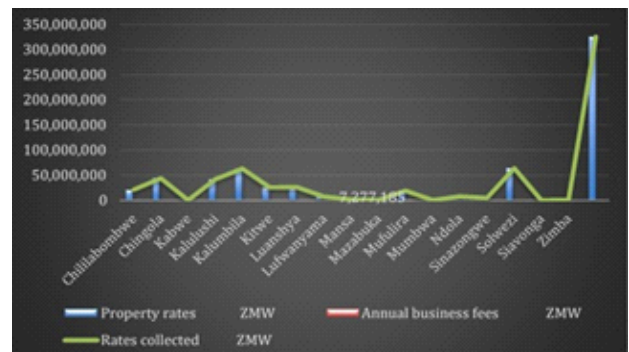


Figure 3 Collection by local Councils 2022 EITI Report

between 2020 and 2021 revealed that Lufwanyama district has over 400 mining licenses but only three mines are fully operational, and pay property rates and annual business fees. The revenue gotten from, or paid by these mining companies is far below what they make. As such, the 2021, and 2022 ZEITI reports revealed the reported revenues received by local councils in property rates as shown below;

According to the Auditor General's Report for 2020, Lufwanyama Council was expected to collect K 982,858 in property rates; however, they only managed to collect K 935,562, leaving an outstanding balance of K 47,296 as of September 30, 2021. In 2021, the Lufwanyama local council reported a variance of K 47,296 from property rates, attributing this discrepancy to the effects of COVID-19, which made it difficult for some clients to fully meet their payment obligations. Despite these

- challenges, the council received K 385,800, distributed as follows: Grizzly Mining Limited paid K 341,600.25, Melzier paid K 43,345, and Kagem Mining contributed K 864.50, respectively.

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- and administration of mining revenues.
- The reports highlight the importance of robust internal controls and adherence to financial regulations to prevent mismanagement, corruption, and revenue leakages. Additionally, they emphasize the necessity of regular audits and training programs to ensure compliance and build capacity within local councils.

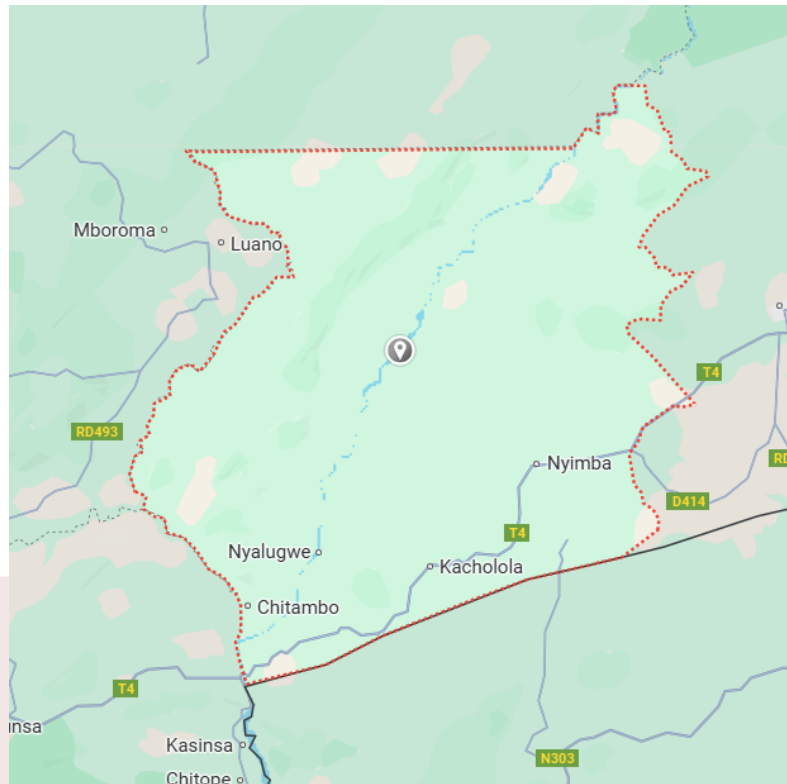
Nyimba and Lusangazi Districts

Interviews conducted with respondents from Nyimba and Lusangazi uncovered that these regions are rich in a variety of valuable natural resources, including lithium, gemstones, pegmatite, white quartz, tourmaline, zinc, limestone, gold, and copper.

Nyimba District

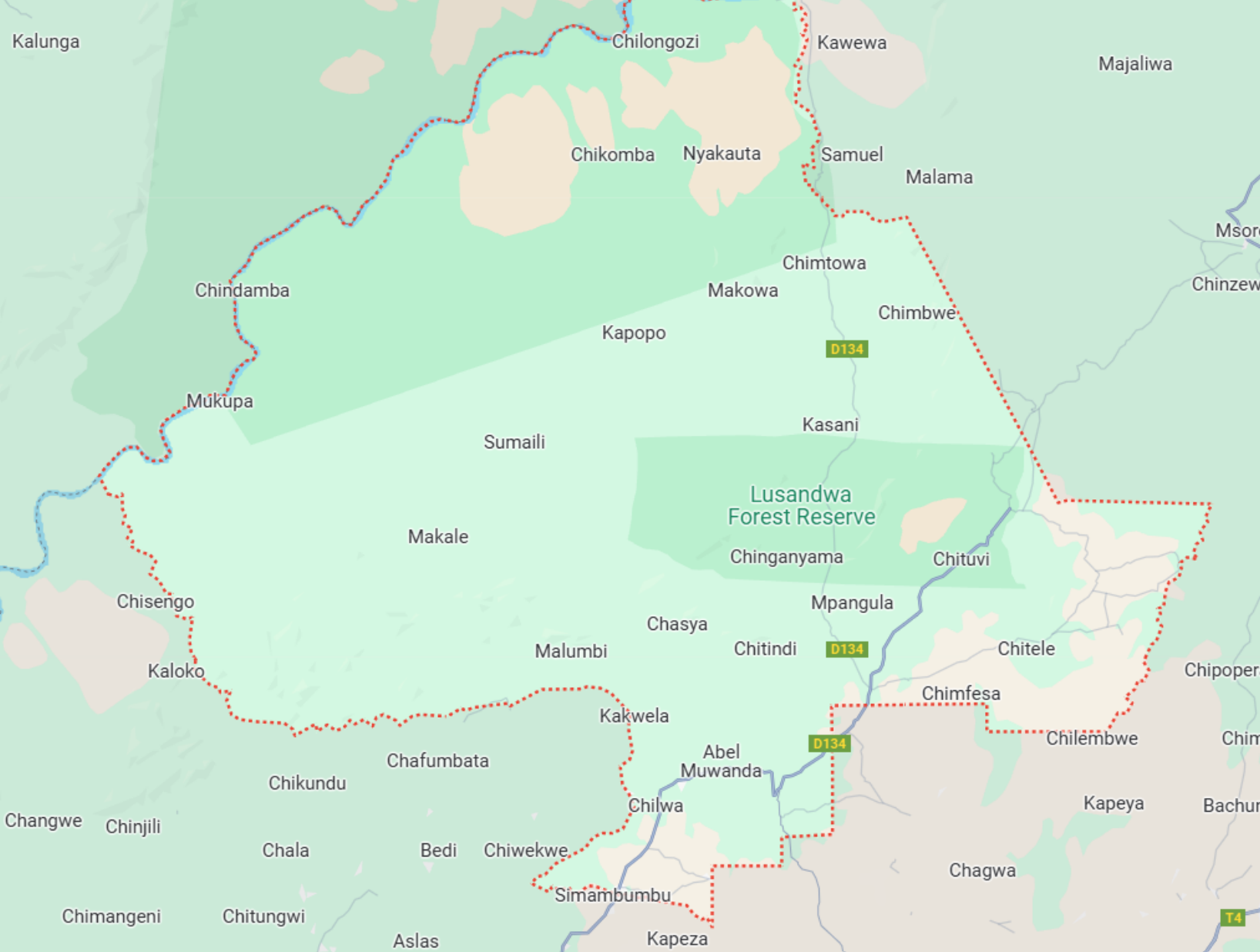
Nyimba is a small town where the economy is predominantly driven by mining activities within the town and its surrounding district. According to insights from Chief Ndake and local council members, mining in Nyimba primarily involves artisanal and small-scale operations that extract valuable minerals such as lithium, gemstones, tourmaline, pegmatite, and white quartz.

Gemstones, celebrated for their beauty and rarity, are particularly prized in the jewelry and luxury markets. Tourmaline, a semi-precious crystalline boron silicate mineral, is available in a wide array of colors and enjoys high demand. However, the recent closure of active mining



- operations has led to a surge in illegal and unsafe mining practices, resulting in tragic fatalities among miners. These illegal operations continue to extract crucial minerals like lithium, gemstones, pegmatite, and quartz. For example, lithium is being sold at a low price of K2.5 per kg, allowing miners to earn a significant amount in a single day under favorable conditions.

- The only operational mine in Nyimba for over four years, was the Malubambe Silver Shell, which halted its operations in December 2022 due to soaring costs driven by fluctuating fuel prices. The owner has since shifted processing activities to Lusaka while sourcing raw materials from Nyimba, a strategy considered unsustainable for the long term.



Lusangazi District

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usangazi District is celebrated for its rich mineral resources, particularly gold and copper, attracting several mining

companies to the region. In addition, there are promising opportunities for granite mining, gold panning, and the development of lime plants. The local council of Lusangazi highlights the importance of numerous small-scale mining operations, which significantly contribute to the socioeconomic development of both local and non-local communities, while also promoting small-scale trading

activities.

Despite a recent influx of mining companies, only three out of the 116 issued mining licenses are currently active. These include Beka Zulu, which focuses on limestone extraction and operates two functional kilns, although construction is still ongoing; Sinazoche Mining Company, which has been extracting copper since 2021; and Chinkombe Mine, also established in 2021, which concentrates on gold mining. Currently, the operations at Chinkombe are managed by cooperatives, but they are not yet fully operational.

Revenues Collected by the Councils

Responses from the Nyimba and Lusangazi councils reveal that they primarily rely on two types of revenues from mining companies: levies and owner's rights.

However, representatives from Lusangazi have expressed concerns about the limited contributions from mining companies, citing their current operational challenges. For instance, Beka Zulu mining company reportedly owes K72,000 in property and land fees that remain unpaid since the onset of its operations. Although Beka Zulu has initiated conversations with the local council and community regarding potential social and economic benefits, the company is still in the construction phase.

There are also growing suspicions that Beka Zulu might be extracting more than just limestone, possibly uncovering gold deposits in the process. In Nyimba, mining companies have not been remitting revenues to the local council, primarily because they are not yet operational. However, it's worth noting that Silver Shell was making annual payments of K12,000 before ceasing operations in December 2022.

Reports from the Extractive Industries

- Transparency Initiative (EITI) and the Auditor General indicate a concerning lack of transparency and accountability in managing mining revenues within these councils, as they were not mentioned in those reports between 2020 and 2021. The findings highlight the pressing need for improved reporting mechanisms and more robust financial management systems to ensure compliance from mining companies regarding the remittance of fees and rates to local councils.

- Furthermore, the Auditor General's reports point to several challenges, including weak internal controls and incomplete financial records in the management of mining revenues within Zambia's local councils. In both Nyimba and Lusangazi, artisanal miners predominantly operate in the informal sector, selling minerals at low prices, which does not significantly benefit local council revenues.

- The underperformance of larger mining companies, which are not operating at full capacity, further exacerbates the revenue collection issues faced by the councils, explaining their absence in EITI and Auditor General reports.

Comparisons Of Host Communities Per District's Knowledge Levels On How Much Revenue Is Collected From Mining Companies

The study aimed to assess the respondents' awareness of the mining revenues paid to the district.

In Lufwanyama, a significant portion of community members recognized that mining companies generate revenue and pay taxes to the government as well as rates to the local council. This indicates that the community is relatively well-informed about the financial aspects of mining in their district. However, a larger segment of the population demonstrated a lack of knowledge regarding mining revenue, suggesting that most community members do not have sufficient information about mining finances in their area.

In contrast, the findings in Nyimba and Lusangazi uncovered notable disparities in the awareness of mining revenue among the communities. In both areas, none of the respondents demonstrated any understanding of mining revenue, revealing a significant gap in knowledge pertaining to the financial aspects of mining operations. These findings emphasize the critical need for improved

- communication and educational programs to equip residents with accurate and transparent information regarding mining finances. Addressing these knowledge gaps is vital for fostering transparency, accountability, and informed decision-making within these communities as they engage with mining activities.

Mechanisms to allocate mining revenue to development priorities

- Lufwanyama, Nyimba, and Lusangazi councils actively engage with their communities through town hall meetings, public consultations, and forums to gather input on revenue allocation. Each council follows a structured budget process that incorporates feedback from Ward Development Committees (WDCs), which are responsible for submitting priority projects for funding and implementation. In Lufwanyama, the council placed a strong emphasis on community consultation regarding the allocation of

mining revenue to address specific development needs. They host engagement meetings that invite discussions on the support required from mining companies. These consultations are designed to be inclusive, ensuring the participation of youth, women, and persons with disabilities. The council collaborates with mining companies to establish Memorandums of Understanding (MoUs), which outline financial contributions, specific projects, implementation timelines, and reporting mechanisms. To prioritize community development effectively, a needs assessment is conducted, with ongoing collaboration between the council and mining companies during project planning. Maintaining regular communication is vital to keep all parties informed of progress and any necessary adjustments. Interviews with local councils in Nyimba and Lusangazi indicated that they implement quarterly budget guidelines and reviews to evaluate potential revenue from local businesses. These councils have also set up checkpoints to monitor the movement of minerals within their jurisdictions. However, they face a significant challenge due to their reliance on levies for revenue, especially as mining companies are not included on the valuation roll, which complicates accurate revenue tracking. Council representatives acknowledged the limitations of their current revenue collection methods and propose the introduction of a by-law requiring mining

firms to disclose their production and revenue figures. Although existing collection techniques have yielded some success—evidenced by the annual revenues generated from mining companies—there is an urgent need to enhance the councils' capabilities. This includes strengthening their understanding of relevant legislation, such as the Rating Act No. 21 of 2018 and EITI reports, to support the development of more sustainable revenue mechanisms. Concerns regarding transparency and accountability are prevalent, with fears that some companies may not contribute their fair share to local development. The report advocates for the establishment of improved systems designed to ensure equitable allocation of funds for community benefits and sustainable development. Nonetheless, challenges remain, particularly in Nyimba and Lusangazi, where low revenue at both district and community levels is exacerbated by certain companies' failure to make timely payments.

This information is critical for understanding local development resources and enabling councils to allocate revenue effectively. Feedback from local councils in these three areas reveals that the revenue collected serves various purposes, for example, road maintenance as evidenced by Lufwanyama council's utilisation of revenues from mining companies to purchase a grader. Other essential

services funded by this revenue include fire services and waste management. This report emphasises the importance of transparent reporting of contributions and maintaining ongoing engagement with both councils and their communities.

Community Involvement and collaboration

The study explored the role of community involvement in shaping development priorities, revenue distribution from mining activities, and local needs. It revealed that community engagement was notably limited, with residents having little influence over these critical issues. A significant concern highlighted was the absence of effective channels for community members to express their opinions or provide feedback, which led to their exclusion from the decision-making process. The findings underscored the urgent need for enhanced engagement strategies to enable communities to actively participate in determining their priorities and addressing their needs. By improving community involvement, we can empower local residents and foster a more inclusive and effective decision-making process that truly reflects the aspirations of those directly impacted.

Assessing the impact of mining revenue on local communities including the provision of basic services such as health, education, water and sanitation and infrastructure

The study examined the significant effects of mining in Zambia's Lufwanyama,

Nyimba, and Lusangazi Districts, highlighting its dual role in promoting economic growth and presenting challenges such as environmental degradation and job scarcity. While mining has boosted local economies and improved public services like healthcare and education, it has also disrupted traditional lifestyles and social structures. Interviews with community members revealed a nuanced view of mining's impact. Although there have been advancements in healthcare and resource accessibility, many locals still face poverty and lack awareness of how mining revenues are allocated for social services. This underscores the need for balanced policies that consider both the benefits and drawbacks of mining, calling for inclusive development strategies that prioritize environmental sustainability and address the diverse needs of affected communities.

Social and Economic benefits

Education and health

In Lufwanyama, respondents reported several positive impacts resulting from the activities of mining companies, particularly in the realm of corporate social responsibility. Notable contributions include the establishment of Bulaya and Chapula secondary schools, as well as healthcare facilities such as Nkana and Lumpuma health posts. These efforts have also extended support to local farmers through cooperatives, fostering a sense of community development.

In contrast, communities in Nyimba and Lusangazi expressed their frustration over the apparent lack of benefits from nearby mining operations. Many residents cited deficiencies in essential services, including inadequate healthcare facilities, insufficient schools, limited access to clean water, and poorly maintained roads. Although a few individuals in Nyimba acknowledged minor advantages associated with mining, those in Lusangazi reported experiencing little to no positive effects. Furthermore, despite the presence of artisanal small-scale mining, community members indicated that they have seen few financial benefits, with the profits mainly accruing to the individuals engaged in mining activities rather than the broader community.

Employment

In the districts of Lufwanyama, Nyimba, and Lusangazi, respondents emphasised the significant employment opportunities, both direct and indirect, created by the mining sector—encompassing formal and informal jobs. Beka Zulu from Lusangazi noted that approximately 298 community members have found employment thanks to these mining activities. In the Pilala area of Lufwanyama district, residents remarked that these mining operations have provided access to the Grizzly dumping site. Here, locals sift through the material to discover emeralds, which they identified as a vital empowerment tool for the youth of Lufwanyama. This practice not only enhances the living standards of the

community but also enables individuals to extract valuable resources from the waste produced in the mining process. In Nyimba and Lusangazi, empowerment has manifested through mining rights granted to local operators like Hofmyr and Chinkombe mines. Respondents shared that local cooperatives have been permitted to engage in mining activities as a means of earning a livelihood, despite these operations occurring outside the formal legal framework.

Water and sanitation

In Lusangazi, Beka Zulu initiated a project to install a 200-meter-deep borehole powered by solar panels, describing it as a pilot initiative to explore the potential of local water resources. However, community members expressed concerns that the borehole is situated far from many neighbourhoods, leaving only a few villagers with access to it. This issue is particularly evident in Amos village, where residents frequently share limited water sources with livestock in shallow dams, highlighting the scarcity of clean water. In Nyimba district, the organization Silver Shell has also drilled boreholes to benefit local communities.



Negative Impacts of Mining

Environmental Degradation

Mining activities have led to significant environmental degradation, notably characterized by open and unreclaimed pits, where, as reported by Chief Ndake of Nyimba district, a body was discovered. These abandoned pits are widespread in Nyimba district, with numerous illegal miners continuing their operations despite the tragic incidents that have already occurred.

Additionally, respondents highlighted serious concerns regarding land and air pollution, particularly in the Lufwanyama area of Chief Nkana's jurisdiction. Interviews revealed that the deteriorating road conditions contribute to health risks faced by local communities, as the dust generated by passing vehicles exacerbates respiratory issues. Many residents reported suffering from health problems attributed to this dust. Moreover, the state of the roads complicates transportation for informal small

- businesses that rely on these routes for the movement of goods, services, and people, illustrating significant gaps in service delivery.

- Furthermore, interviews with residents in the Nkana community revealed that those living near the Chibuluma mine's tailing dams faced relocation due to the identification of harmful particles in the dust from these dams. This dust was found to pose serious health risks, resulting in severe respiratory conditions among community members.

Displacements

- The issue of displacement and inadequate compensation has become increasingly prevalent with the expansion of mining operations. This report shed light on the troubling case of Amos village in the Lusangazi district, where numerous farmers have been forcibly displaced from their lands without receiving compensation. One respondent shared his experience of being uprooted from his farm, along with several other landowners, who were promised compensation that has never materialized. While some farmers received full compensation, he

has been left without recompense, significantly impacting his livelihood.

In another distressing example, a family in Nyimba faced the destruction of their home, situated on a lithium-rich land, without any form of compensation. This unfortunate circumstance forced them to build a new dwelling using only clay, just to have a roof over their heads. These cases highlight the urgent need for fair compensation policies and protective measures for those affected by mining operations.

Overall, the report illustrated that the

- effects of mining are multifaceted and not easily categorized. Outcomes can differ greatly from one community to another due to various influencing factors. For instance, communities in Lufwanyama reportedly experience more benefits compared to those in Nyimba and Lusangazi. Therefore, effectively addressing the challenges and opportunities related to mining necessitates careful, nuanced policy development and targeted intervention strategies.

Challenges

Challenges Identified in the Study by Key Respondents were as follows;

Local Councils

1 Compliance Issues: The study highlighted a growing number of mining companies in Lufwanyama that are meeting their obligations by paying property rates and business fees. However, representatives from Nyimba and Lusangazi councils pointed out that many mining companies still fail to remit their dues, leading to significant revenue shortfalls. The funds collected at district and community levels are so minimal that the costs associated with revenue collection often exceed the actual revenue generated.

2 Lack of Monitoring Mechanisms: Councils in Nyimba and Lusangazi expressed concerns about the absence of sustainable systems to track revenue from mining companies against local development priorities. In Lufwanyama, the council has attempted to engage mining companies by sending invitations regarding fees owed; however, many companies argue that the fees are excessive, resulting in delayed payments. Additionally, the Lufwanyama Council is exploring the possibility of recommending non-active mines to the Ministry of Mines for re-evaluation.

3 Transportation Deficiencies: Transportation inadequacies were mentioned by both Nyimba and Lusangazi councils, limiting their ability to monitor mining operations and engage with local communities effectively.

Skills Gap: Local councils struggle with a lack of capacity and expertise to monitor and collect mining revenues effectively from operating companies.

Communities

1 Infrastructure Development Gaps: Communities in Nyimba and Lusangazi have not seen the anticipated development benefits from mining revenues. Basic infrastructure, including roads, schools, and hospitals, remains severely underdeveloped. Conversely, Lufwanyama has made progress by investing in equipment such as a grader to improve infrastructure and channel mining revenues towards community development.

2 Employment Opportunities: While mining has created some local jobs, communities continue to face high unemployment rates. Local residents are hopeful that mining activities will lead to more job openings.

3

Artisanal Mining Concerns: The rise of illegal and unsafe artisanal mining practices in Nyimba and Lusangazi was noted by local councils. Although these practices may provide some livelihood for individuals, they do not contribute to the councils' overall resource mobilization efforts.

Traditional Leaders and Small-Scale Miners:

1

Investment Incentives Shortcomings: The experience in Nyimba illustrates the challenges faced by mining operations due to high operational costs, exacerbated by fluctuating energy prices. Chief Ndake pointed out that while the council did benefit from some projects—such as the construction of 42 houses and the drilling of boreholes—these efforts have been hindered by a lack of political will and urgency in providing reliable electrical power to attract sustainable investments.

2

Insufficient Consultation: Chief Ndake emphasized the need for better consultation among traditional leaders, local councils, and mining companies concerning the allocation of mining revenues for community development.

3

Environmental Concerns: Chief Ndake raised alarm over environmental degradation, citing unregulated open pits in Nyimba and Lusangazi, which pose significant safety risks, including reports of a body being found in one such pit. In Lufwanyama, residents have reported the adverse health impacts associated with poor road conditions, which exacerbate respiratory issues and overall community health.

This consolidated overview highlights the multifaceted challenges facing local councils, communities, and traditional leaders in relation to mining activities and their impacts on development and well-being in the region.

Conclusion

This qualitative study examined how local authorities in the mineral-rich regions of Ndola and Chipata are leveraging mining revenues to meet community development priorities.

Using a range of qualitative methods, the research uncovered a significant knowledge gap concerning mining revenues among local communities and councils. It highlighted several issues, including non-compliance with revenue remittance, limited community engagement, and varying perceptions of the impacts of mining activities.

In Lufwanyama District, the findings revealed both benefits and drawbacks associated with mining, including environmental degradation. Conversely, in Nyimba and Lusangazi Districts, opinions were divided, underscoring the lack of

community involvement in decision-making processes and collaboration with mining companies.

The study emphasized the critical need for transparency, collaborative efforts, and active community engagement to improve the effectiveness of revenue allocation. It called for systemic reforms to ensure compliance with revenue regulations and a more equitable distribution of mining benefits, ultimately fostering sustainability and enhancing the well-being of communities affected by mining activities. The conclusions offer a strategic roadmap for policymakers, mining companies, and local communities to work together toward these objectives.

Recommendations

A series of recommendations that addressing various aspects related to the topic under consideration are as follows;

Role of Government Institutions (Local Councils)

- **Enhancing Compliance and Monitoring Measures:** Local councils must strengthen compliance and monitoring frameworks concerning mining companies that fail to remit taxes, levies, and fees while falsely claiming to be non-operational. It's crucial to implement stringent penalties for non-compliant companies to address the revenue generation imbalance and its fair distribution for community welfare. Such actions will improve social service delivery and effectively tackle existing challenges in areas like water, health, education, roads, and overall infrastructure.
- **Building and Strengthening In-House Capacities:** Councils should partner with civil society organisations to bolster their capacity to review and interrogate relevant legislation, including the Rating Act No. 21 of 2018, EITI reports, and auditor's reports. This collaboration will help identify weaknesses in existing systems and develop sustainable mechanisms to enhance compliance and increase revenue collection.
- **Actualizing Integrated Development Plans:** Many communities remain unaware of how their developmental priorities are being addressed, often facing persistent issues over time. It is essential for councilors and Ward Development Committee (WDC) representatives to provide clear feedback on unmet developmental needs. This transparency fosters inclusivity and builds trust in the governance system while promoting accountability.
- **Enhancing Transparency and Accountability in Revenue Management:** There must be increased transparency in how revenues generated from mining activities are managed and utilized. Local communities deserve access to information regarding revenue collection and expenditure, ensuring they are informed participants in the process.
- **Considering Electrification of Mining Areas:** The government should prioritize electrifying high-potential mining sites in Nyimba and Lusangazi to stimulate investment and enhance productivity for mining companies. Access to reliable energy sources is vital for fostering growth and development in these regions.
- **Strengthening Community Engagement:** Involving local communities in decision-making processes is critical, especially in areas impacted by mining activities. Strengthening the

capacity of WDCs and improving feedback mechanisms will help ensure that community voices are heard and their concerns addressed.

- **Enhanced Collaboration and Consultations:** Fostering stronger collaboration between local councils and traditional leadership is essential for advancing community development priorities. This collaboration will facilitate effective communication and create feedback channels that engage communities in local developments. Additionally, it will assist in resolving investor-related issues that impede investment opportunities in the region.
- **Monitoring Implementation and Impact:** It is vital to continuously evaluate the effectiveness of initiatives and policies implemented. Regular assessments will ensure that desired outcomes are achieved and facilitate necessary adjustments to enhance impact.
- **Promoting Sustainable Mining Practices:** Local councils should collaborate with the Ministry of Mines and Minerals Development and the Ministry of Green Economy and Environment to adopt environmentally and socially sustainable mining practices. This approach will help ensure that natural resource exploitation does not negatively impact the environment or local communities. Furthermore, it will enhance the monitoring of mining sites, particularly those operating illegally and with open, unclaimed pits.
- **Advocacy for Policy Reform:** Efforts should focus on formalizing and regulating illegal mining activities, while providing incentives for the formation of cooperatives and the official recognition of these mining operations. This approach should be embedded within a comprehensive mineral resource policy that needs to be implemented effectively.
- **Empowering Indigenous Voices:** Indigenous communities possess invaluable knowledge and insights that deserve recognition and respect. Empowerment involves acknowledging their expertise and actively including them in discussions and decision-making processes that impact their lives.
- **Market Access:** The government should establish a gold mining marketing centre in the Lusangazi district, allowing local residents easy access to the mineral market. This centre would facilitate the purchase and sale of gold mined in the area, supporting local economic growth.

Role of Civil Society Organizations (CSOs):

- **Ongoing Research and Data Collection:** Continuous research and data gathering are vital for comprehensively understanding the situation and making informed policy decisions. This underscores the importance of persistent information collection and analysis regarding the effects of various interventions.

- **Capacity Building:** CSOs should enhance the capabilities of local councils regarding existing legislation, such as the Rating Act of 2018, and support policy document implementation to ensure compliance from mining companies.
- **Strengthening Human Rights:** CSOs must also work to empower communities in understanding their rights and advocating for social justice, enabling them to participate meaningfully in decision-making processes.
- **Amplifying Community Voices:** CSOs should mobilize communities to raise awareness and facilitate dialogue with stakeholders, emphasizing the need for inclusive approaches in assessing community needs and priorities.

Community Actions

- **Advocating for Social Justice:** Communities need to vocalize social injustices and assert their rights to quality service delivery, rejecting the long-standing status quo.
- **Legalizing Mining Activities:** Communities should proactively form cooperatives and apply for mining rights to legitimize their operations.
- **Educational Initiatives and Capacity Building:** Investing in education and skill development will empower community members to pursue better opportunities and articulate informed perspectives on pertinent issues.

Mining Companies' Responsibilities

- **Ensuring Compliance:** Mining companies must adhere to regulations by remitting all property rates and business fees to local councils, promoting transparency and accountability in their operations.
- **Enhancing Employment Opportunities:** Companies should prioritize creating equitable employment and skill development opportunities that benefit the entire community.

About Caritas Zambia

Caritas Zambia is a faith-based organisation affiliated with the Catholic Church, under the Zambia Conference of Catholic Bishops (ZCCB). It is dedicated to fostering a Zambian society where every citizen can achieve integral human development, an approach that emphasizes the holistic well-being of individuals, including their spiritual, social, and economic needs. Guided by the principles of Catholic Social Teaching, Caritas Zambia engages in a multitude of initiatives designed to uphold human rights and the inherent dignity of every individual. The organization recognizes the interconnectedness of societal issues and addresses them comprehensively through advocacy and community support.

Key focus areas include economic and social accountability, livelihoods and climate adaptation, democracy and governance, child protection and peacebuilding. Through these initiatives, the organization not only meets immediate needs but also promotes hope and empowerment in communities. By collaborating with local communities, government entities, and civil society, Caritas Zambia strives for a more equitable and prosperous society, championing respect for human dignity, compassion, justice, transparency, and shared responsibility.

Making Mining Money Work (3MW): Follow the Money

Why is this campaign necessary?

The 3MW is focused on highlighting the crucial importance of utilizing revenues generated from mining to address the developmental needs of local communities. This initiative aims to ensure that the financial benefits from mining activities are effectively channelled and distributed, promoting sustainable growth and development in these areas.

What do we expect?

We expect to educate and empower local authorities, other government officials as a whole, community members and all citizens on enhancing mining revenue collection and utilisation by engaging in comic illustrations. This is vital for enhancing revenue collection and ensuring that mining revenues are directed towards essential development projects that improve the quality of life for all host communities.

Why should everyone get involved?

To create a transparent and accountable framework for managing mining revenues by raising community awareness and understanding, encouraging responsible governance and participatory decision-making regarding the allocation of these funds. This collaborative approach will enhance trust between local authorities and community members while ensuring that development efforts align with the specific needs and aspirations of the people.

How can we collectively impact the future of Zambia?

By following the money and advocating for accountability, we can work together to build a brighter and more prosperous future for Zambia. This will empower communities and strengthen their resilience for generations to come.

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