



## Technical Study

*Tracking How Mining Revenue Flows from Mining Companies to Local Councils to Meet Local Developmental Priorities.*

**Brot**  
für die Welt



# *Abstract*

*This report examines how mining revenues have flowed from mining companies to local governments in meeting community developmental priorities. Issues include governance inefficiencies, limited citizen participation, and the increasing disparities in mining revenue knowledge by the communities. Non-compliance by some mining companies exacerbates social and economic inequalities, leaving communities in persistent poverty. The study advocates holistic solutions, emphasizing the importance of compliance, governance, transparency, and community involvement. Conclusions stress transparency, collaboration, and community engagement as core principles. Recommendations aim to foster an inclusive and accountable mining sector, achieving fairer distribution of benefits and reducing negative impacts for sustainable community well-being.*

# *Acknowledgments*

*It is with great gratitude the Caritas Zambia Team wishes to acknowledge the efforts of the many individuals that made this research report a reality. We would like to thank Bread for the World, for believing in our vision and extending both technical and financial support towards this research. To Ndola and Chipata dioceses as well as the Justice and Peace members, your overwhelming support on and off the field is immeasurable. Further we would like to extend its appreciation to the Traditional leaders, local councils, the mining companies and community members of Lufwanyama, Nyimba and Lusangazi districts, whose contributions were insightful and valuable to meeting the objectives of the report.*

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# *Acronyms*

*ZEITI.....Zambia Extractive Industries Transparency Initiative*

*GEITI.....Ghana Extractive Industries Transparency Initiative*



## *Introduction*

*In an era marked by increasing global interconnectedness and rapid globalization, the harnessing of mineral resources towards enhancing economic and social development has been an ongoing conversation for over 100 years in Zambia*

**T**he concern of mining revenues not

trickling down to mining host communities has always emerged as a critical for these communities often find themselves grappling with elevated levels of poverty, currently at 60% and

inadequate developmental progress, despite substantial financial contributions in the form of levies and payments directed towards government entities. The activities of mining companies, frequently involved in the extraction of mineral resources worth billions of dollars, have underscored pertinent questions surrounding the equitable distribution of resources and the transparency underpinning the allocation of generated revenue.

This study, however, is specific to local councils, underpinning the extent to which the mineral revenues paid to local authorities are utilised to meet developmental priorities for communities in Nyimba, Lusangazi and Lufwanyama districts. This report is

organized in the following manner: The first part provides a brief introduction and highlights the study context, background and objectives. This is followed by the second section which highlights relevant literature reviewed. Part three of the report describes the methodology used in the study and also highlights some of the key challenges and limitations of the study. The fourth part states the Key findings, with the six's section providing a brief conclusion and key recommendations, and policy options that should be explored to enhance mineral revenues collected by local authorities' meeting community developmental priorities.



# Background



*Caritas Zambia is a faith-based institution under the Zambia Conference of Catholic Bishops, whose aim is to have a Zambian society where every citizen attains human integral development*

**T**his overtime has been implemented through different institutional programmes, in this case the Economic and Social Accountability programme (ESAP), whose thematic focus is bordered around natural resources governance, community voices as well as public finance

management. This study however, focuses on Ndola diocese (Lufwanyama district) as well as Chipata diocese (Nyimba and Lusangazi districts), taking the public finance aspect of natural resources management and how it translates to improved service delivery by local authorities.

The two dioceses have rich mineral resource deposits, with prevailing challenges bordering around transparency and accountability, in the management and distribution of resources. For instance, Lufwanyama and Nyimba and Lusangazi districts have large scale mines but a check on existing reports on the local authorities' state of finances and operations showed that there is little to no compliance by these large mining companies in paying local levies. Non-compliance to remittance of funds and corporate social responsibility by mining companies in the said regions has resulted into a lot of social and economic injustices for local community members and most local people have little benefits from mining activities that are carried out in their backyard, this is evident by lack of infrastructure development in the local communities where mining activities are done. Lufwanyama particularly is heavily endowed with resources such as Cobalt, Copper, Gold, Quartz, Silica, Gemstone, Manganese, Silver, Lead, Limestone and Beryllium to mention just a few. A look at the 2021 EITI analysis reveals that

Lufwanyama alone has over 249 active mining licenses out of which only 5 remit revenue to the local councils.

Furthermore, mining host communities are known to be the least developed and experience high poverty levels in different districts. According to the 2022 Poverty Assessment in Zambia, at National level, the poverty incidence was estimated at 60.0 percent as opposed to 54.4 percent in 2015, showing an increase in the rate of poverty, entailing that 60 out of 100 persons in Zambia were poor. From the same report poverty levels in Eastern and Copperbelt provinces increased between 2015 and 2022 from 70% to 70.6% and 30.8% to 35.9% respectively.

There are instances where substantial levies and rates are paid to the local authorities but do not trickle down to the communities in the form of improved service delivery. There have also been instances where mining companies have not made any payments to the local authorities, yet they have been allowed to continue extracting minerals worth billions of dollars. It's been a challenge to channel resources to promote equitable benefits through effective, transparent, and accountable channels that respond to their needs.

With good governance and transparency, exploiting these mineral resources can generate substantial revenues that can cultivate and help sustain growth and

poverty reduction. In recent years, there have been serious concerns raised regarding citizen engagement in policy formulation and implementation, governance and to the broadening of community participation and decision making in issues relating to mining and extractives industries in the country. This has been exacerbated by not only lack of information resulting in little interest in policy deliberations by the communities, but also little capacity of the communities in contributing effectively to the process of mining and development in the country and communities at large. As such, even the level of misappropriation of funds and corruption in the extractive industry has been increasing over the past years thus prompting Caritas Zambia to consider tackling the issue at grassroots level.

Caritas Zambia believes that transparency and accountability in the mining sector is an important ingredient to

the development of the country, even so that engagement of different stakeholders is important.

This report unveils the results of an extensive study that centers on tackling the issues experienced by communities living in areas where mining operations take place, with a special focus on Zambia. It focuses on how mineral revenues paid to local authorities are utilized to meet developmental priorities of host communities. Despite the substantial financial support provided by mining companies, these communities frequently find themselves in poverty. The study underscores the pivotal importance of good governance and transparency when it comes to managing mineral resources. It also sheds light on the insufficient involvement of citizens, the limited effectiveness of governance structures, and the lack of community engagement in matters related to mining.

# Objectives of the Study

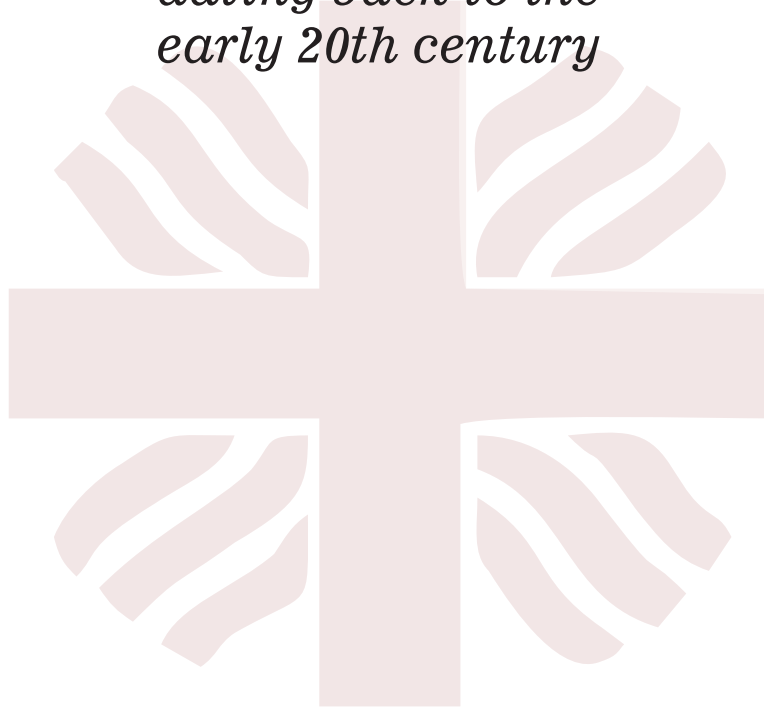
*The main objective was to identify how mining resources have flowed from national and local governments towards local development priorities.*

## *Specific objectives*

- 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 and sanitation and infrastructure

# *Literature Review*

*Zambia's mining sector is a vital contributor to the country's economy, with a rich history dating back to the early 20th century*



**T**

he nation is endowed with abundant mineral resources, including copper, gold, cobalt, and silver. Copper mining represents Zambia's largest and most dominant industry, predominantly operating through open-pit mines. The Copperbelt Province, which shares its border with the Democratic Republic of Congo, serves as the epicenter of the country's copper mining activities

and is home to some of the world's most substantial copper mines, including Kansanshi, Kagem, and Mopani.

In recent years, the mining industry has seen a discernible shift towards private sector-led investment and development. The Zambian government has implemented policies to attract foreign investment and stimulate local economic growth. Furthermore, the country has diversified its mining portfolio beyond copper and has emerged as a significant producer of cobalt and other minerals.

However, the Zambian mining industry continues to grapple with challenges related to environmental degradation, community displacement, and issues of transparency and accountability. The government has also faced scrutiny for its management of mineral revenue and taxation policies.

In summary, Zambia's mining industry is a multifaceted and intricate sector that has undeniably shaped the country's economy and society.

Mining activities generate significant revenues for local governments in Africa, which can be used to fund public services, infrastructure development, and social programs. Effective revenue collection mechanisms ensure local governments receive their fair share of mining profits and promote transparency, accountability, and good governance.

Furthermore, proper management of mining revenues can contribute to sustainable development by fostering economic growth, reducing poverty, and promoting environmental conservation. However, inadequate revenue collection systems, corruption, and other challenges often hinder local governments' ability to maximize their share of mining revenues and utilize them effectively for community development purposes.

Therefore, exploring and understanding the different mechanisms African local governments use to collect mining revenue is crucial for policymakers, researchers, and stakeholders aiming to enhance local government finances and promote sustainable development in mining communities.

This literature review will examine available literature on the mining industry in Africa and how it contributes to local government revenue, which in turn meets the needs of the mining host communities.

The mining industry in Africa plays a significant role in generating revenue for local

governments. Africa is rich in mineral resources, including gold, diamonds, copper, coal, emeralds, and oil, among others. The mining and extractive sector has contributed and continues contributing a significant share of Africa's exports, revenue and GDP annually. In 2019, minerals and fossil fuels accounted for over a third of exports from at least 60% of African countries

Ghana's local government revenue mechanism is one to be inspired by; according to the 2011 GEITI Report, the tracking of the payments over the years has brought clarity to if and how the revenues reach the mining communities. The flow of revenues works as follows: 80% of all royalties are paid into the government's consolidated fund to support the budget. The remaining 20% is destined for the sub-national level. As such, it is earmarked for sharing between various national regulatory and oversight bodies, the local government authorities (district and municipal assemblies), the traditional land-owning authorities, and other communities that are impacted by the mining activity.

These 20% are split in two: half is paid into the Mineral Development Fund (MDF), established in 1992. The MDF supports public mining agencies, funds research, training, and special projects aimed at promoting the mining industry, and, where necessary, supplements the operating budget of the sector Ministry and institutions.

The other half is transferred on a quarterly basis through the Office of the Administrator of Stool Lands (OASL) for onward distribution to the various local levels of government to compensate for any detrimental effects of mining on the communities and to support development in the local level

This 20% received by the local government authorities is made possible by the Minerals Development Fund Act 2016 (Act 912), which was passed with the objective of providing financial resources for the direct benefit of mining communities through a Mining Community Development Scheme, which receives 20% of mineral royalty payments made to the Fund by the Ghana Revenue Authority. This ensures that the local communities benefit directly from the mining revenues and that their developmental needs are met.

Mali is the third largest gold producer in Africa after South Africa and Ghana. Mali is a decentralized country, and its fiscal system is also decentralized, so fixed percentages (ranging from 60% to 15% on various taxes and licensing fees) are transferred back to the local area government. The mining code in Mali requires mining companies to pay various dues and taxes, and with the advent of decentralization local governments now receive some of this revenue through business taxes on industrial and commercial

activities within their territory.

Law N° 00-044 of 17th July 2000 regarding the fiscal resources of municipalities, districts, and regions stipulates that 60 percent of the business tax paid by industrial enterprises – which include mines – goes to municipalities, 25 percent to districts and 15 percent to the regions; while 80 percent of the tax on artisanal gold production and quarrying goes to municipalities, 15 percent to districts and 5 per cent to the regions. Apart from heavy plants used exclusively for mining operations, 60 percent of the revenue from tax discs on vehicles goes to municipalities, 25 percent to districts, and 15 percent to the regions. This is the only income that local governments receive from mining

Various challenges hinder the promotion of transparency, accountability, and good governance in the management and administration of mining revenues in Zambia's local councils. These include weak legal frameworks, institutional weaknesses, and corruption. The legal framework for revenue management is weak, resulting in inadequate legal provisions for transparency and accountability. Moreover, institutional weaknesses such as poor financial management systems and lack of capacity exacerbate the problem

Transparency and accountability are critical elements in ensuring the effective management and administration of mining revenues. According to Kolala et al. (2019), transparency refers to the availability and accessibility of information about government revenues and expenditures. Transparency enhances accountability by enabling stakeholders to monitor and evaluate government actions and hold officials accountable for their decisions.

Zambia can take a leaf from the two countries and put deliberate legislation in place to ensure that the local governments get their fair share of the mining revenue to develop local communities without burden.



# Methodology



**T**he technical study was executed within the confines of the Ndola (Lufwanyama district, (Pilala of Chief Lumpuma's chiefdom and Nkana area of Chief Nkana's chiefdom)) and Chipata (Nyimba and Lusangazi districts) dioceses – regions characterized by their mineral resource wealth.

The study employed a qualitative methodology that was designed to capture in-depth insights on the mining revenues paid to local governments and how they are channeled towards meeting community developmental priorities through a combination of various data collection methods which included Desk Review, questionnaire structures one-on-one interviews Semi Structured Interviews, and Field Observations.

473 questionnaires were distributed for one-on-one interviews: 205 in Lufwanyama, 140 in Lusangazi, and 128 in Nyimba.

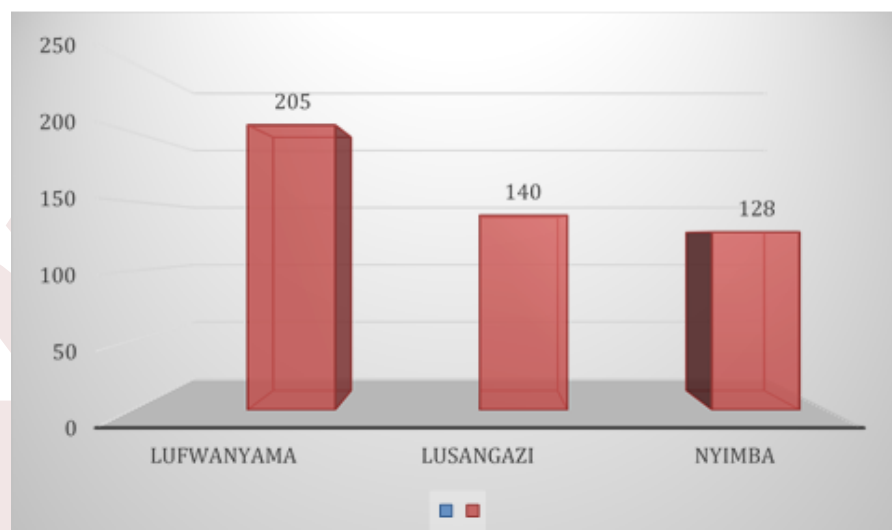
# Sources of Data

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Using a combination of qualitative methods outlined above, primary and secondary data was collected from existing research reports. Key Informants included the following;

## Total Number of Interviews

Figure 1 above shows a total of 473 interviews conducted, with Lufwanyama having the highest number of interviews with 205, followed by Lusangazi with 140 and Nyimba



**Mining Companies:** An essential facet of the study involved direct face-to-face interactions with representatives from mining companies. Through structured interviews, the study endeavored to fathom the policies and practices that govern the allocation and distribution of resources within these corporations. Moreover, these interactions unveiled the extent of engagement between mining companies, local communities, and governing councils, thereby illuminating the manner in which community needs are addressed.

**Local Councils:** Interviews with Nyimba, Lusangazi and Lufwanyama local councils constituted another crucial aspect of the study. These interactions sought to unravel the intricate processes by which resources originating from mining companies are received and subsequently allocated towards specific community-centric priorities. Moreover, these interviews aimed to ascertain the level of community involvement in pivotal decision-making processes and the modalities adopted for resource allocation.

**Community Members:** The study further delved into the experiences and perspectives of selected community members through direct face-to-face interviews. A total of 473 interviews were conducted, with 128 from Nyimba, 140 from Lusangazi, and 205 from Lufwanyama districts. These interviews provided a firsthand glimpse into the allocation and distribution of mining resources, shedding light on the tangible impact on both individuals and communities. The challenges encountered by these community members in accessing and benefiting from these resources were also explored in detail. The study in Lufwanyama District (pilala and Nkana) revealed a balanced gender distribution, attracting both male and female respondents, which indicated that both genders were equally affected by and interested in the outcomes of mining activities. In terms of age, respondents spanned a broad range, with the majority falling in the 36 to 46 age group showcasing that the impacts of mining affect a diverse array of community members. In Nyimba (Amos village) and Lusangazi (Ngozi, Paulo and Chikowa villages) districts, the majority of respondents were from Nyimba, with

male respondents being the majority as compared to female respondents. Regarding age distribution, the study ensured that all respondents were consenting adults, and the majority fell within the 36 to 46 age group.

**Chiefs:** Recognizing the pivotal role of community chiefs and Traditional headmen in the allocation of resources, the study sought to engage them through targeted interviews. Chief Ndake of Nyimba district, Chief Nkana and Headman of section 16 representing Chief Lumpuma of Lufwanyama district. These interactions aimed to uncover the extent of their involvement in resource allocation decisions and their consultation by local governing councils. The insights gleaned from these interviews offered a deeper comprehension of community engagement and the mechanisms governing decision-making processes.

**Secondary Data:** The study conducted in-depth desk reviews of secondary data sources, including reports from the Extractive Industries Transparency Initiative (EITI), official governmental documentation, and the Auditor general's report.

## *Selection Methods*

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election of respondents was based on availability at the time and identified by diocese officers working in these respective areas. Camera photographs were used to capture visual data relating to this study.

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## *Data Analysis*

**D**

ata collected was analyzed using qualitative methods, which involved generating patterns in response to the questionnaires administered during in-depth interviews with a diverse range of participants, to gain a deeper understanding of the research topic. This approach allowed for the identification of themes, patterns, and relationships that emerged from the data, providing a nuanced and rich understanding of the research phenomenon.

In summary, the technical study was designed to amalgamate the strengths of desk review and face-to-face questionnaires, culminating in a comprehensive evaluation of the allocation and distribution of mining resources within host communities.

## *Limitations*

**T**

he limitations stated below do not in any way compromise the quality of the study.

- 1** Out of eight Traditional leaders in Lufwanyama district, we only interviewed two traditional leaders, with one having been represented by the Headman.
- 2** Accessing the target sites involved covering long distances moving from one chiefdom to the next.
- 3** Collecting data from some mining companies was a challenge for they did not respond to the introductory letters sent.

# *Study Findings*

*Identifying the amount and type of revenue generated from mining activities, including taxes, royalties and other payments*

*The survey findings, gathered from local councils in all three districts, indicating the presence of mining companies holding mining rights, some of which may or may not be fulfilling their payment obligations to the local councils.*

## *Lufwanyama District*

Lufwanyama district is famous for housing the Kagem emerald mine, which is the biggest emerald mine in the world with another Grizzly mining company, extracting the heaviest emerald crystal in the world. According to the interviews held with Lufwanyama local council, the mining operations in the district are large-scale and mined by big mining corporations. The mining companies the local council referred to are, Kagem emerald mine Zambia/ Gemfields, Grizzly mining company, Chibuluma mining company, Mukula mine, Melzier mine and Gourok. These mining companies mine precious gemstones, emeralds, cobalt, copper, gold, iron and manganese.

The world values precious gemstones for their rarity and employs them to fashion stunning jewelry and decorative items. This group encompasses diamonds, rubies, sapphires, and emeralds.

Emeralds, prized for their captivating green color, are in high demand because of their beauty. These captivating gemstones are often shaped into elegant jewelry like rings, necklaces, and earrings.

Cobalt, a durable and shiny metal, plays a critical role in various uses. It is indispensable in manufacturing aircraft components, high-performance magnets, cutting tools, as well as in batteries and ceramic pigments, displaying its versatility and importance in industrial processes.



devices. Moreover, it serves as a secure form of investment due to its enduring allure and stability.

Iron, a versatile and robust metal, is fundamental in the manufacturing sector. It is indispensable for producing steel, essential machinery, vehicles, and various construction materials. Furthermore, iron is utilized in the creation of tools and diverse industrial applications, demonstrating its pivotal role in modern infrastructure and technology.

Manganese, a durable and essential metal, is extensively used in steel production and diverse alloys. It also plays a significant role

Also, cobalt is classified as a crucial mineral due to its essential significance in battery technologies for electric vehicles and renewable energy storage systems.

Copper is a fundamental metal extensively utilized in industries and everyday items. It is vital for electrical wiring, plumbing systems, roofing materials, and industrial machinery. Additionally, copper is a pivotal element in the production of coins, jewelry, and various household products.

Gold, celebrated for its lasting value and radiance, is used to craft exquisite jewelry, intricately designed coins, dental restorations, and a wide range of electronic

in the manufacturing of batteries, fertilizers, and ceramics. Manganese is regarded as a critical mineral due to its importance in steel production and its potential applications in energy storage, renewable energy, and environmental technologies.

In the context of our study, the classification and uses of minerals hold significant importance in understanding the impact of mining activities on local communities. In addition to the aforementioned minerals, it is crucial to recognize critical minerals such as cobalt and manganese, which play pivotal roles in various industrial and technological applications. Understanding

the utilization and significance of these minerals provides valuable insight into the complex dynamics of resource extraction and its implications for sustainable development within host communities.

### Type of Revenue collected and Amount

Following the implementation of the new Rating Act No. 21 of 2018, the Council carried out the Supplementary Valuation Roll in 2019 and operationalized it in 2020. According to the Valuation roll, Lufwanyama has 277 mines, but only 5 are operational.

Respondents from Lufwanyama local council stated that there are mainly two types of revenues that they receive from five mining companies, despite the district sitting on 277 mining licenses, types of revenues paid are mainly levies, property

rates and annual business fees. The council commented that the five mining companies that pay levies and property rates include Kagem Mine, Grizzly Mine, Chibuluma Mine, Mukula Mine, and Melzier Mine. According to the Lufwanyama council financial records, Chibuluma pays K2.9 million annually in property rates, with Mukula paying K180,000 and Melzier paying K121,000 in property rates. Kagem pays K2.7 million per quarter while Grizzly pays K1.2 million per year in property rates. The council stated the increase in the number of mining companies paying levies and property rates before the implementation of the Rating Act No. 21 of 2018, which increased to four as illustrated below and currently five as mentioned earlier.

Figure 2 shows the number of mining companies remitting revenues to the council.

No	Name of Mine	Before the Implementation of Rating Act No. 21 of 2018 (ZMW)	After Implementation of Rating Act No. 21 of 2018 (ZMW)	Revenue Increase (ZMW)
1	Chibuluma	1,198,085.00	2,396,170.00	1,198,085.00
2	Kagem	50,000.00	3,080,864.50	3,030,864.50
3	Grizzly	113,000.00	819,333.75	706,333.75
4	Melzier	0.00	92,345.00	92,345.00
<b>TOTAL</b>		<b>1,361,085.00</b>	<b>6,388,713.25</b>	<b>5,027,628.25</b>

Name of Mine	Before Implementation of Rating Act No. 21 of 2018	After Implementation of Rating Act No. 21 of 2018	Amounts received as of 2023	Changes in Revenue as of 2023
Chibuluma	1,198,085.00	2,396,170.00	2,900,000	1,701,915
Kagem	50,000.00	3,080,864.50	2,700,000	2,650,000
Grizzly	113,000.00	819,333.75	1,200,000	1,087,000
Melzier	0	92,345.00	121,000	121,000
Mukula	0	0	180,000	180,000
<b>Total</b>	<b>1,361,085.00</b>	<b>5,569,379.50</b>	<b>7,101,000.00</b>	<b>5,739,915.00</b>

Figure 3  
Current state  
of affairs

### Changes in Revenue-Lufwanyama Council

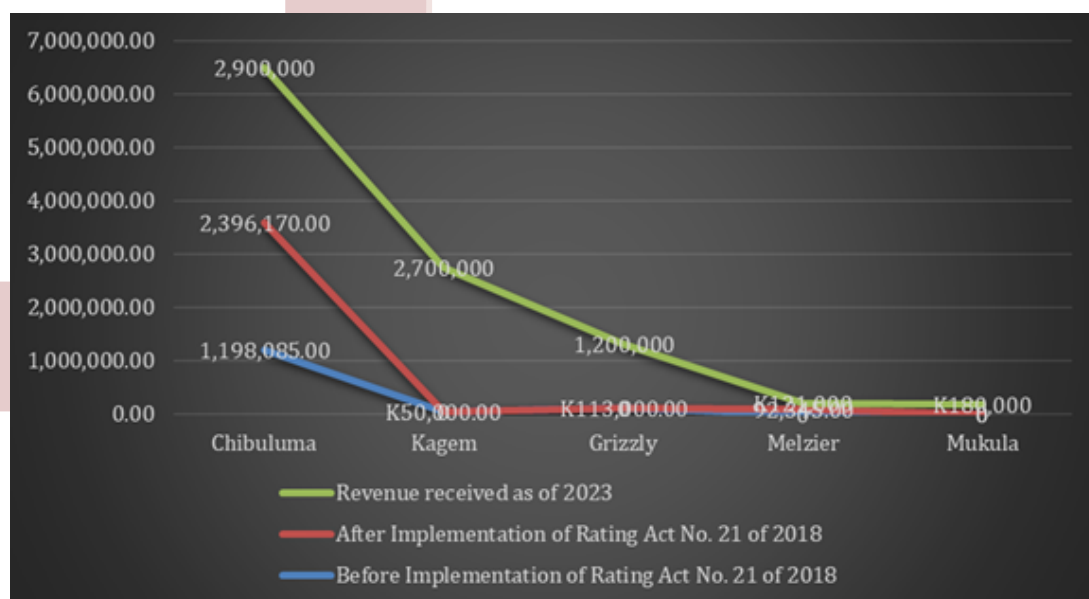


Figure 4 Graph shows Changes in Revenue amounts received by Lufwanyama council

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 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 2022, 2021, and 2019 ZEITI reports revealed the reported revenues received by local councils in property rates as shown below.

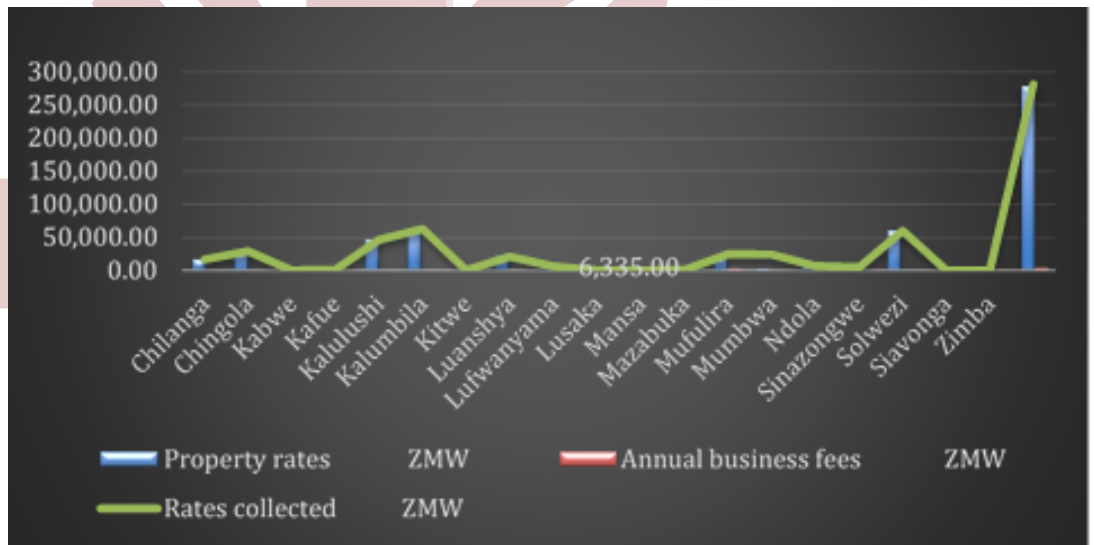




Figure 4 Collection by local councils 2022 EITI Report

### 2021 Local Councils Collection

Figure 5 Collection by local councils 2021 EITI Report



### 2019 Local Authorities Collection



Figure 6 Receipts of Local councils from Mining companies 2019 EITI Report

According to the Auditor General's Report 2020, Lufwanyama Council was supposed to collect K982,858 in rates, but they only managed to collect K 935,562, leaving a balance of K 47,296 as of 30 September 2021.

In 2021, Lufwanyama local council

reported a variance of K771,733 from property rates; according to them, this was due to the effects of COVID-19, as some clients had challenges completely fulfilling their payment obligations. However, the council managed to receive K715,809 broken down as follows:

*2020 Report of the committee on local government accounts*

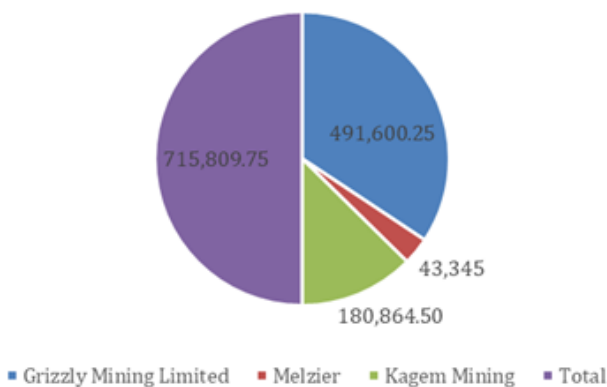
Client	Amount Paid (K)	Receipt no
Grizzly Mining Limited	491,600.25	51123
Melzier	43,345	51132
Kagem Mining	180,864.50	44432
Total	715,809.75	

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Amount Paid (K)



The Auditor General reports' findings underscore the urgent need to enhance transparency, accountability, and good governance in the management 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. They also emphasize the need for regular audits and training programs to ensure compliance and build capacity within local councils.

## Nyimba and Lusangazi districts

Through Interviews with respondents from Nyimba and Lusangazi, the study revealed that the areas are heavily endowed with Lithium, Gemstones, pegmatite, white quartz and tourmaline, Zinc, limestone, gold, and copper.

### *Nyimba District*

Nyimba is a small town whose economic foundation relies primarily on mining activities within Nyimba town and district. According to responses from Chief Ndake and the local council, Mining activities in Nyimba are largely artisanal and small-scale, mining minerals such as Lithium, Gemstones, tourmaline, Pegmatite and white quartz.

Lithium is a lightweight metal commonly used in rechargeable lithium-ion batteries, which power various electronic devices and electric vehicles. Due to its high energy density and efficient power storage capabilities, lithium plays a crucial role in modern technology and energy storage.

Gemstones are precious or semi-precious stones that are valued for their beauty and rarity. They are often used in jewelry and ornamental objects, and their unique colors and compositions make them highly sought after in the fashion and luxury industries.

Tourmaline is a crystalline boron silicate mineral that comes in a variety of colors. It is prized as a semi-precious gemstone and is

used in jewelry and decorative items due to its striking beauty and vibrant hues.

Pegmatite is a type of rock that is often the source of many valuable minerals, including gemstones and industrial minerals. It is commonly mined for its rich concentrations of valuable minerals and is used in various industrial applications.

White quartz, also known as milky quartz, is a variety of quartz valued for its milky white appearance. Due to its attractive and distinctive look, white quartz is used in jewelry, decorative carvings, and as an ornamental stone. Additionally, due to its hardness and durability, white quartz is also used in various industrial processes and applications.

They mentioned that there exist three small-scale mines, namely Hofmeyr, Mindeco, and Silver Shell. Hofmeyr mine, a mine known for mining beautiful tourmaline of all colours, had been dormant for a while and resumed production under a new license held and run by a cooperative run by the local communities in Ndake chiefdom from 2010 to 2023. However, there are no current mining activities taking place at the moment. According to Chief Ndake, Mindeco Small Mines, whose license is running until 2036, has had challenges with documentation and fulfilling statutory requirements for it to be operational. Minerals endowed are Aquamarine, Tamarind, Lithium and Phosphorus which is used in the manufacturing of fertilizer. The

mine not being operational has birthed the mushrooming of illegal unsafe mining activities on the site, where an incidence of death was recorded and found in one of the mining pits. These illegal miners mine minerals such as Lithium, Gemstone, pegmatite, white quartz and tourmaline. Lithium is sold for as low as K2.5 per kg to buyers and on a good day a miner can sell Lithium worth K200.

The only mine that was fully operational for over four years, until recently, was Malubambe Silver Shell, a granite and limestone mining company, that stopped mining operations in December 2022 due to high operational costs emanating from fluctuating fuel prices, as the mine was using a generator to power the processing. It was stated that the owner of the mine moved processing operations to Lusaka and would get the raw materials from Nyimba, which was not sustainable.

### *Lusangazi District*

According to the interviews held and responses given by Lusangazi local council, several small-scale mining activities within Lusangazi exist, which enhances the social economic activities of the local and non-local people, with some Livelihoods also being supported by small-scale trading. In recent years, the district has seen a lot of mining companies get established, but not all of them are fully operational or even formalized. Only three are fully operational mining companies, out of the 116 mining

licenses issued.

These mining companies include Beka Zulu, a limestone mining company that started operations in 2019 and is still under construction with two operational kilns out of four, with rumors of gold deposits in the area. Sinazoche Mining Company has been operating since 2021 and mines copper. Chinkombe mine started operations in 2021 and the company mines gold. However, the mine isn't fully functional, with cooperatives currently running the mining operations.

### **Type of Revenue collected and Amount**

Responses from Nyimba and Lusangazi councils highlighted that there are two types of revenues they collect from mining companies, Levies and owner's rights. According to Lusangazi local council respondents, they stated that the mining companies do not contribute any revenue as they do not have the capacity to. They further stated that Beka Zulu mining company owes the council about K72, 000 in property and land fees which it has not been remitting since it started operations.

They further mentioned that the mine isn't fully engaging the council as it is still undergoing constructions. They however attended the full council meeting that was held and shared the social and economic benefits the area will enjoy with time from them. They also had a similar sitting with the community and showed them their plans. It



*Visual representation of minerals found in the area.*

is however rumored that Beka Zulu may be mining more than limestone, with a possibility of some deposits of gold in the mine.

Similarly, the mining companies in Nyimba do not remit any revenues to the local council as they have not been operating. Silver shell was the only operational mine that paid K12,000 annually in business fees before it shut down due to high costs of running the mine in December of 2022.

When making reference to the EITI report and Auditor general's reports, it was found that the two councils are not mentioned between 2020 and 2021. The findings of the ZEITI report highlights the importance of promoting transparency and accountability in the management and administration of mining revenues. It underscores the need for improved reporting mechanisms to

ensure accurate and reliable data on mineral production and revenues. Furthermore, the report emphasizes the importance of strengthening financial management systems and legal frameworks that demand for mining companies to remit the fees and rates to local councils, this will prevent the misappropriation of funds and non-compliance to remittance of fees.

The Auditor General's reports also shed light on the challenges and deficiencies in the management and administration of mining revenues in Zambia's local councils. The reports consistently highlight issues such as weak internal controls, lack of adherence to financial regulations, and incomplete financial records (Auditor General's Office, 2020). These findings indicate a lack of accountability and proper governance mechanisms in place. The

reports further identify instances of non-compliance with procurement procedures, potential revenue leakages, and irregularities in revenue collection and reporting.

Mining in Nyimba and Lusangazi is mostly conducted by small-scale artisanal miners, with informal mining operations for personal benefits and not resulting in profit-making ventures that can contribute towards revenues received by the local councils. The minerals mined are sold to interested buyers at very low prices. The few bigger mining companies, despite being functional, are not yet operating in full capacity and are unable to pay the property rates and business fees as they do not yield a significant profit from their mining operations. It is for this reason that Nyimba and Lusangazi are not mentioned in the ZEITI reports and the Auditor General's local authorities reports.

### *Comparison of host communities per district's knowledge levels on how much revenue is collected from mining companies*

This study sought to assess the respondents' awareness of the mining revenues paid to local councils in all three districts. The study revealed significant disparities in knowledge about mining revenue across three distinct districts: Lufwanyama, Nyimba, and Lusangazi. From the responses given in Lufwanyama,

a good portion of community members were aware of the fact that mining companies generate revenue and pay taxes to the government and rates to the local council, indicating a well-informed community regarding the financial aspects of mining in their district. Conversely, a larger population of the community exhibited a lack of knowledge on mining revenue, suggesting a lack of information among the majority of community members on mining finances in their community.

In Lusangazi and Nyimba, none of the respondents reported any knowledge of mining revenue, highlighting a substantial knowledge gap regarding the financial aspects of mining activities. These disparities underscore the importance of enhancing communication and educational initiatives to provide residents with accurate and transparent information about mining finances. Bridging these knowledge gaps is essential for promoting transparency, accountability, and informed decision-making in these communities concerning mining activities.<sup>2</sup> Assessing the effectiveness of current revenue management systems in ensuring that mining revenues are collected, managed and distributed in a transparent and accountable manner

### **Mechanisms to monitor the flow of revenue by local councils**

Through interviews conducted with local councils in Nyimba and Lusangazi, the

councils use mechanisms such as quarterly budget guidelines and reviews in a bid to anticipate the amount to be collected from businesses. Also, the checkpoint serves as their other means of tracking the movement of minerals in and out of their jurisdiction of operation. The council representatives further stated that, for now, the local councils primarily rely on levies for revenue, mainly due to mining companies not being part of the valuation roll, making it difficult to monitor flow of revenue. The council representatives noted the weaknesses in the existing mechanisms present in ensuring revenues are collected and proposed the need to come through with better mechanisms if possible, imposing a by-law that will enable the mining firms to disclose their production and revenue amounts.

This to some extent showcased the ineffectiveness of their current mechanisms, stemming from the stated annual revenues collected from the existing mining companies in their areas of jurisdiction. It showed the need to build and strengthen council's capacities to interrogate legislation such as the Rating Act No. 21 of 2018, EITI reports and auditor general's reports to address the weaknesses and come up with more sustainable mechanisms that will promote compliance and enhance amounts of revenues collected.

This raises concerns about transparency and accountability, potentially allowing

companies to avoid their fair contribution to local development. To mitigate this, the study calls for improved mechanisms to ensure fair fund allocation for community benefit and sustainable progress. However, challenges in utilizing mining revenue for local development were stated, with local councils, specifically in Nyimba and Lusangazi encountering low revenue at district and community levels due to some companies constantly defaulting on payments.

### **Mechanisms to allocate mining revenue to development priorities**

This study also noted through interviews held with the local councils that the use of financial audits, local development plans, and community engagement to monitor revenue flow towards developmental priorities is important. These reviews ensure that budgeted projects are implemented, revenue is accurately accounted for, and funds are allocated to areas aligned with community needs. Lufwanyama, Nyimba and Lusangazi councils also mentioned that they engage with the community through town hall meetings, public consultations, and forums to gather input on revenue allocation. The council follows the budget process, including Ward Development Committees (WDCs) who submit priority projects for funding and implementation.

Furthermore, the local council, specifically Lufwanyama council stated that it consults

the community on allocating mining revenue to specific development priorities, holding engagement meetings to discuss assistance needed from mining companies. These consultations are inclusive and involve youths, women, and persons with disabilities. The council and mining companies establish Memorandums of Understanding (MoUs) detailing financial contributions, specific projects, implementation timelines, and reporting mechanisms. A needs assessment is conducted to identify community development priorities, and the council and mining companies collaborate on planning projects. Regular communication is essential, with consultations, meetings, and

updates to stay informed about progress and adjustments.

This information is crucial for understanding local development resources and enabling councils to allocate revenue effectively. According to responses made by local councils in all three areas of focus, the revenue collected by local councils serves various purposes, such as road maintenance, with Lufwanyama council having purchased a grader as a result of the increased revenue from mining companies, fire services, and waste management. The study also highlights the importance of transparency in reporting contributions and engaging with councils and communities.

No	Project	Amount (K)
1	Grader	2,145,885.35
2	Grader Insurance	60,000.00
3	Feeder roads Fuel	482,025.85
4	Construction of 1 x 2 CRB – Kafyanga Comm Sch in Mukumbo	301,739.00
5	Kapilamikwa Market	28,238.80
	<b>TOTAL</b>	<b>3,017,889.00</b>

*The table showcases the Utilization of revenue from the mines and the enlisted Capital projects affecting wards in Communities.*



*Grader purchased by Lufwanyama council*



## **Community Involvement and Collaboration**

The study also looked at how communities participate in decision-making concerning various important aspects, such as setting development priorities, allocating revenues generated from mining activities, and addressing local community needs. It found that there was a limited level of community engagement in these processes, meaning that local people had relatively little say in shaping these crucial matters.

One significant issue identified in all districts by the community members was the absence of proper channels or platforms through which community members could provide feedback or express their opinions about these decisions. This lack of communication channels left community voices unheard and excluded from the decision-making process.

The study emphasized the need to bridge the gap between the current practices, where communities are not adequately involved, and the desired level of community engagement. In other words, it pointed out that there is a significant room for improvement in ensuring that communities have a more active and meaningful role in shaping their development priorities, how mining revenues are distributed, and how local needs are addressed. This would not only empower the communities but also lead to more inclusive and effective decision-

making processes that better reflect the needs and desires of the people affected by these decisions.

### *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 reveals that Lufwanyama, Nyimba and Lusangazi Districts in Zambia are significantly impacted by mining activities. The study highlights both the negative impacts as well as the importance of mining for the local council and local communities as it contributes to economic growth, generates revenue for the local government, increases economic activity, both formally and informally as well as supports public services like healthcare and education. These findings underscore the complexity of mining's effects, emphasizing the need for balanced policies that address both positive and negative consequences while promoting sustainable practices. These diverse communities require inclusive development strategies that accommodate the varying needs of different demographic groups and prioritize environmental sustainability.

Interviews conducted with community members highlighted the benefits of mining include improved healthcare service delivery, access to the Kagem dumpsite,

although concerns exist about environmental degradation and employment opportunities. Mining activities are supposed to contribute to poverty reduction and improve the livelihoods of the locals and enhance their learning of skills or trade practices. Many host community members keep languishing in poverty.

### *Impact on Communities Understanding of Mining and Revenues*

#### **Social and Economic benefits**

##### **Education and health facilities**

From the interviews, many respondents, especially in Lufwanyama districts, mentioned how health facilities and schools have been built due to mining companies operating in the area as their Corporate social responsibility commitments. One of the traditional leaders interviewed mentioned how these companies provide training, education and better healthcare facilities. Examples of some primary and secondary schools built are Bulaya and Chapula secondary schools, Kapila and Masasa primary schools. Further, health posts, such as Nkana and Lumpuma were built, with some respondents also acknowledging the Improved support to local farmers in agriculture business through forming and sponsoring cooperatives.

However, the status quo in Nyimba and Lusangazi despite the responsibility of the provision of social service delivery falling on the government leaves much to be admired. As opposed to the impacts highlighted in Lufwanyama district, respondents from both districts gave divergent views, with half the respondents noting some mining benefits coming especially from Nyimba district as opposed to the respondents from Lusangazi district seeing discernible to no benefits. The community members interviewed in both districts explained how the mining companies have not contributed any health or education facilities. They further mentioned that the communities lack proper health facilities, schools, water sources as well as roads that are in deplorable conditions.

The respondents further mentioned that despite the prominence of artisanal small-scale mining in the district, it is quite difficult, if not impossible, for the community to benefit from the earnings made by artisanal miners, aside from the ones conducting the mining.

##### **Employment**

Respondents in Lufwanyama, Nyimba, and Lusangazi highlighted employment, both direct and indirect, formal and informal, as one of the benefits of mining. Beka Zulu of Lusangazi gave the actual number of community members employed thus far as around 298 workers.

Respondents in Pilala area, of Lufwanyama district also stated that these mining activities have allowed for them to have access to the Grizzly dumping site, where they pick emeralds which they said to have been an empowerment mechanism for

youths in Lufwanyama as a contribution to improving the living standards of the local people by knocking out valuable components from the dumpsite on the fringes of the vast mine, which are dumped after a requisite mining process. Many

*Economic Changes in the Community as a Result of Revenue*

	Frequency	Percent	Valid Percent
<b>None response</b>	123	26	26
<b>Economic changes are taking place</b>	150	31.7	31.7
<b>No economic changes</b>	200	42.3	42.3
<b>Total</b>	473	<b>100.0</b>	<b>100.0</b>

*This table represents community responses of economic changes resulting from mining activities*

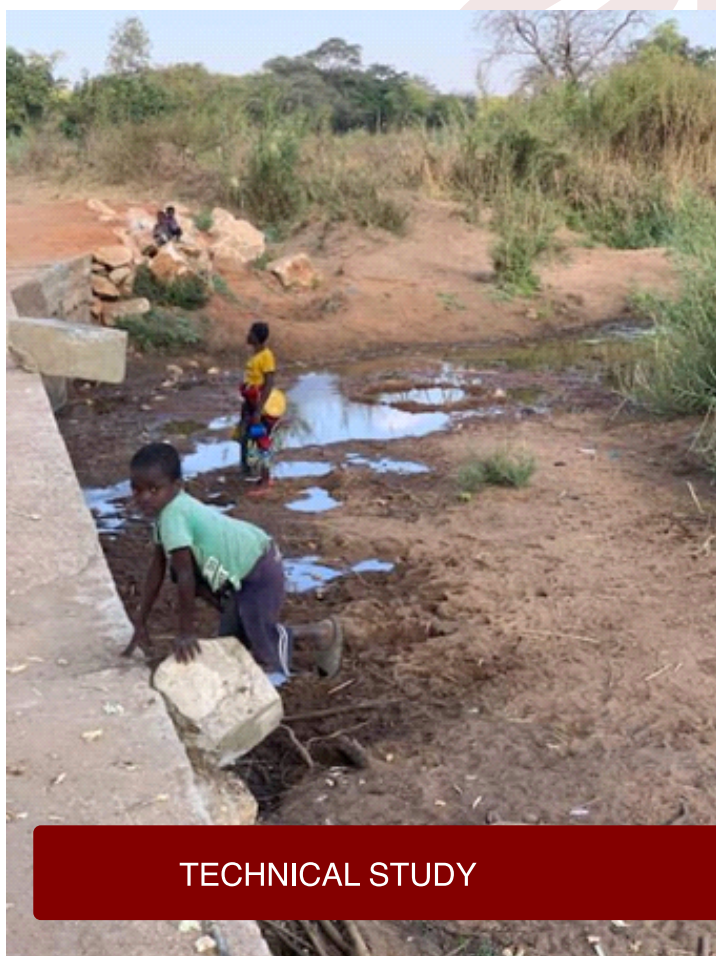
As for Nyimba and Lusangazi, this form of empowerment came in the form of mining rights owners such as Hofmyr and Chinkombe mines. Respondents stated that local cooperatives were allowed to conduct mining activities as a way to make a living despite the practice being conducted

illegally.

Some respondents, especially women, implored the indirect employment benefits these mining activities have brought about. For example, the more miners employed, the more goods and services purchased from these small business owners.

### **Water and sanitation**

In Lusangazi, Beka Zulu commissioned a 200-meter-deep borehole with solar panels, stating that it was a pilot test of technology and the extent to which the water resource is endowed in the area. Community members, however, stated that the borehole is outside the vicinity of many villages, with very few having access to it. This can be evidenced by the limited water sources in Amos village as illustrated below, of how people share water with animals in shallow dams;





*Visual representation of shallow dams in Lusangazi district*

In Nyimba district, silver shell also sank boreholes for the communities.

### *Negative Impacts of Mining in the communities*

### **Environmental Degradation**

Mining has brought about environmental degradation, leaving open and unreclaimed pits, where a body was found as mentioned by Chief Ndake of Nyimba district. These open and unreclaimed pits are very prevalent in Nyimba district, where many illegal miners continue to dig despite the incident of death already recorded.



*visual representation of open and unreclaimed pits*

Further, land and air pollution were mentioned as a negative impact by the respondents especially in Lufwanyama, chief Nkana's area where interviews conducted highlighted that the existing bad road network leaves much to be admired as it possesses health risks on host communities from the dust that is picked every time vehicles pass, with many stating having had health problems as a result of the same already. With many conducting various informal small businesses just along the roadside, the state of the road network poses difficulties during transportation of goods, services and people, further showcasing the prevailing gaps in service delivery.

Interviews with host communities in Nkana community stated that finally, host communities who were residing near the Chibuluma mine's tailing dams were relocated from the mine's danger zone due to the discovery of potent particles in the dust from the mine's tailing dams which

posed various health risks and severe respiratory conditions.

### **Displacements**

Cases of Displacements and lack of compensation have been overtime, been as a result of the coming of mining operations. This study highlights the case of displacement from farm land without compensation, in Amos village of Lusangazi district, where a respondent stated how he and a number of other farm owners were displaced from their farms and promised compensation. However, he was not compensated to date and had to lose out on his mainstay despite other farm owners being fully compensated.

Another case was of a family, where their home, which was sitting on a lithium belt in Nyimba, was destroyed without any form of compensation. She and her family had to build another house, out of soil just to have a roof over their heads.



Visual representation of the lithium mine after displacing the family mentioned

*"Lithium is a critical mineral in modern technology and energy storage, essential for rechargeable lithium-ion batteries used in electronic devices and electric vehicles. It also plays a vital role in grid-scale batteries for storing renewable energy. As demand for lithium grows, sustainable extraction, processing, and recycling become crucial for the future."*

Mining affected your personal lives		Frequency	Percent
<ul style="list-style-type: none"> <li>A notable 27.3%% attribute family support to mining jobs, emphasizing economic benefits</li> <li>Conversely, 25.2% perceive no personal effect</li> </ul>	None response	57	11.9
	Not applicable	3	0.7
	Able to take care of my family because of my job as a miner	138	28.75
	Broken marriages	3	0.7
	Improved healthcare	10	2.1
	Improved living standards	20	4.2
	increased business opportunities	19	4.05
	Increased educational opportunities	20	4.2
	Increased Job opportunities	3	0.7
	It has led to people being displaced	16	3.5
	Negatively as air pollution has increased	16	3.5
	Negatively as it has caused land degradation	23	4.9
	Negatively since my husband was fired after suffering an eye injury while working at a mine	3	0.7
	Negatively as noise pollution and deforestation has increased	6	1.4
	No effect on my personal life	120	25.2
	No favorable marketing environment	16	3,5
	Total	473	100

*Response regarding how mining has affected community member's personal lives*

### **Impact on Communities Understanding of Mining and Revenues**

The study delved into the effects of mining on local communities and how these communities perceive the revenue generated by mining activities. It investigated how mining operations impact various aspects of the lives of people living in these areas, including personal well-being, social services, economic conditions, and how these changes affect the delivery of essential services. The report

also evaluates the quality of social services provided in communities affected by mining.

The findings from the interviews conducted, emphasized that the impact of mining on communities is complex, taking into account not only economic benefits but also the social and personal aspects. They stated that Mining can lead to significant economic changes, such as increased income or employment opportunities, but it can also disrupt traditional ways of life and social structures. Most communities

however, were unaware of how revenues are channeled towards delivering social services.

In essence, the report highlights that the effects of mining are not one-dimensional and straightforward. They can vary widely from one community to another, depending on numerous factors, as illustrated in this report, with more benefits accrued to the council and communities in Lufwanyama as opposed to councils and communities in Nyimba and Lusangazi. As a result, addressing the challenges and opportunities associated with mining requires careful and nuanced policy and development interventions.

## *Challenges*

The following were the challenges this study brought out from all key respondents;

### **Local Councils:**

- **Compliance:** The study showed, especially in Lufwanyama, the increase in the number of mining companies paying property rates and business fees over the years. However, Nyimba and Lusangazi council representatives highlighted that the main challenge was the limited compliance regarding remittance of revenues from mining companies, with many defaulting on payments. The revenue collected is considerably none to low at district and community levels such that more funds are spent to facilitate revenue collection

than the actual revenue collected.

- **Lack of mechanisms:** Nyimba and Lusangazi local councils stated the lack of sustainable mechanisms to monitor the flow of revenues from mining companies to local development priorities. Lufwanyama council writes invitations to mining companies regarding fees to be paid. Companies claim that the fees are on the higher side and hence the delay by mining companies to pay for the offer letters. Further, Lufwanyama Council is working on offering even the non-active mines recommendations to the Ministry of Mines so that they are on offer.
- **Lack of Transportation:** The councils in Nyimba and Lusangazi mentioned that they do not have adequate transportation. This limits their movements, making it extremely difficult for them to monitor the activities of mining companies and conduct regular community engagement.
- **Lack of expertise:** The local councils lack capacity and expertise to monitor and collect mining revenue from mining companies adequately.

### **Communities:**

- **Infrastructure development:** The limited economic and social sphere of Nyimba and Lusangazi do not depict the anticipated development brought about by utilizing the projected revenues that

ought to be paid. The districts lack proper infrastructure such as roads in deplorable states, schools and hospitals. Lufwanyama district however, has made some strides towards enhancing the infrastructure development sphere by purchasing a grader and projecting to channel those mining revenues towards more community development.

- **Employment:** Although mining has provided employment for some locals, communities stated that the Scarcity of jobs is still a problem. The host local communities are hopeful that these mining activities will bring more job opportunities for locals.
- **Artisanal mining:** Councils in Nyimba and Lusangazi highlighted the increase in the number of illegal and unsafe mining practices operated by cooperatives. Despite this practice adding to the miner's livelihoods, it doesn't contribute towards the council's resource mobilization.

#### **Traditional Leaders/ small scale miners:**

Lack of mining incentives for investors/ small scale miners: The case in Nyimba, where the only mining company that was operating exited the district due to high costs of operations as resulting from the increase and fluctuating energy prices that remained unsustainable. According to Chief Ndake, Nyimba council had benefited from silver shell through the 42 houses he built

and paid occupancy licenses for and also drilled boreholes in the same capacity. The challenge was the lack of political will and the lack of urgency in prioritizing bringing electrical power to areas where investment was readily available in a bid to promote sustainable value addition.

**Lack of consultation:** Chief Ndake specifically unveiled the lack of consultation between traditional leaders, local councils, and mining companies regarding the allocation of mining revenue for community development.

**Environmental degradation/pollution-** As stated by Chief Ndake, Nyimba and Lusangazi have unclaimed unregulated open pits, where a case of a dead body being found was reported. As of Lufwanyama, communities mentioned that the roads are deplorable, constantly picking up every time there is movement, causing various health and respiratory conditions.

### *Conclusion*

This qualitative study delved into the dynamics of the mining industry with a specific focus towards how revenues collected by local authorities are channeled to meeting community developmental priorities in these districts. It was executed within the confines of the Ndola (Lufwanyama district) and Chipata (Nyimba and Lusangazi districts) dioceses – regions characterized by their mineral resource wealth. The study employed a qualitative methodology utilizing both a qualitative



methodology that was designed to capture in-depth insights on the mining revenues paid to local governments and how they are channeled towards meeting community developmental priorities through a combination of various qualitative methods which included Desk Review, questionnaire structures one-on-one interviews, Semi Structured Interviews, and Field Observations. This study highlighted issues around the amounts of revenues paid, the existing knowledge gap by both communities and councils regarding mining revenues as well as mechanisms needed to address issues around non-compliance to remittance of revenue to the councils, the lack of engagement with local communities and varying perspectives on the importance and impacts of mining. The findings from Lufwanyama District revealed that while there are some positive impacts of mining, there are also concerns such as environmental degradation and economic instability. Community involvement in decision-making and transparency in revenue allocation were found to be lacking. In Nyimba and Lusangazi Districts, the study found diverse perspectives on the impact of mining, with some perceiving positive changes and others noting negative effects such as environmental degradation, scarce employment opportunities and displacements. Community involvement in decision-making was limited, and collaboration between mining companies, local councils, and communities was limited. It was further established that there exist many loopholes

in the system that need to be sealed to ensure effective compliance of mining companies in remitting revenues to councils, that can be channeled towards meeting developmental priorities of the communities.

In summary, it highlighted the interconnected impacts of mining activities on communities where mining occurs. It underscores the significance of three core principles: transparency, collaboration, and community engagement. Transparency is crucial, as it calls for making all pertinent information about mining openly available to the public to ensure a comprehensive understanding of mining's effects. Collaboration among government authorities, mining companies, and local communities is emphasized to make informed decisions that consider all stakeholders' interests. Community engagement is vital, ensuring that their developmental needs are met. The study's recommendations provide a practical roadmap for policymakers, mining companies, and communities to work together, fostering a more inclusive and accountable mining sector. These suggestions aim to achieve fairer distribution of mining benefits and reduce negative impacts, ultimately promoting the long-term sustainability and well-being of communities affected by mining activities.

### *Recommendations*

The report concludes by putting forward a

series of recommendations aimed at addressing various aspects related to the topic under consideration. These recommendations are as follows:

### *Government institutions (Local Councils) should:*

**Enhance compliance and Monitoring measures:** in light of this report, local councils should enhance compliance and monitoring measures regarding mining companies that are not remitting taxes, levies and fees and claiming to be non-operational when they in the actual case extracting. further, Local councils should impose harsh penalties on non-compliant mining companies that curb the disparity between revenue generation and its distribution for community welfare. This will further enhance social service delivery such as addressing existing issues around Water, health, education, roads and other infrastructural challenges, to the full.

**Build and strengthen in-house capacities:** Councils should, in collaboration with civil society organizations build and strengthen their capacities to interrogate legislation such as the Rating Act No. 21 of 2018, EITI reports and auditor general's reports to address the weaknesses in their systems and come up with more sustainable mechanisms that will promote compliance and enhance increases in amounts of revenues collected.

**Actualize their integrated development plans:** Many communities are yet to see

how their developmental priorities are being met, with many having the same issues from time in memorial. It is cardinal for their councilors or WDC representatives to give feedback as to why certain developmental needs were not met. That would promote inclusiveness and retain their faith in our governance system and at least enhance transparency from their point of view.

### **Enhancing Transparency and Accountability in Revenue Management:**

There should be greater openness and responsibility in how income generated from mining activities is managed and utilized. It implies that the local communities should have access to information about how the revenues are collected and spent.

**Consider Electrifying mining areas:** The government to consider electrifying all high potential mining areas/ sites in Nyimba and Lusangazi to boost and encourage investments and production by the mining companies.

### **Strengthening Community Engagement:**

It's crucial to involve local communities in decision-making processes, especially in areas where these activities are taking place. This ensures that the communities' voices and concerns are heard and addressed. This can be done through strengthening WDCs' capacities and enhancing their feedback mechanisms.

### **Enhanced collaboration and consultations:**

Enhanced collaboration and consultations between local councils

and traditional leadership in forwarding community developmental priorities and ensuring that they are met. This will also facilitate effective communication and feedback channels that will keep communities engaged in the happenings around them. This enhanced collaboration will also aid in resolving investor issues that are hindering investments from coming into the areas of concern in the report.

**Monitoring Implementation and Impact:**

It is vital to continuously assess and evaluate the effectiveness of any initiatives or policies that are put in place. This ensures that the desired outcomes are achieved and that adjustments can be made as needed.

**Promoting Sustainable Mining Practices:**

This recommendation encourages local councils to collaborate with the ministry of mines and minerals development as well as the ministry of Green Economy and Environment in ensuring the adoption of environmentally and socially sustainable practices, so that the exploitation of natural resources does not harm the environment or local communities. Also, this will enhance monitoring of mining sites operating illegally with open and unclaimed pits.

**Advocacy for Policy Reform:** Formalizing and regulating illegal mining activities as well as giving on incentives for formation of cooperatives as well as formalization of these mining activities. This formalizing and regulation of activities is embedded in the

mineral resources policy and should be actualized.

**Empowering Indigenous Voices:**

Indigenous communities often have unique knowledge and perspectives that should be respected and valued. Empowering them means recognizing their expertise and including them in discussions and decision-making.

**Market access:**

Government to set up a gold mining marketing center in Lusangazi district to provide local people with easy access to the market for the mineral. It will be responsible for the purchase and sale of gold extracted in Lusangazi.

**Civil Society Organizations to:**

**Conduct Continued Research and Data Collection:**

Ongoing research and data collection are crucial for a better understanding of the situation and for making informed decisions. It's a call to keep gathering information and studying the impact of various interventions.

**Build Capacities:**

CSOs to build capacities of local councils on existing legislation such as the rating Act of 2018, as well as supporting policy documents legislation to ensure and enhance compliance from mining companies using existing legislation.

Further, they should also build and strengthen communities' capacities on human rights and strengthen their voices to

demand for social justice and the involvement in decision making.

**Amplify community voices:** CSOs to mobilize communities and conduct community awareness raising meetings and facilitate spaces for dialogue with duty bearers on the need for inclusiveness when conducting needs analysis meant to address their developmental needs and priorities.

**Communities to:**

Voice out social injustices: Communities should voice out social injustices and claim their rights to proper service delivery and should not accept the status quo that has been prevailing for years.

Make efforts to legalize mining activities: Communities to form cooperatives and apply for mining rights to legalize their mining activities.

**Educational Initiatives and Capacity**

**Building:** Supporting education and skill development can empower the community members to access better opportunities and improve their overall well-being and help them speak from an informed perspective on issues affecting them.

**Mining companies to:**

improve on compliance: Mining companies comply by remitting all property rates and business fees due to the councils to enhance transparency and accountability in the conduct of their business.

**Employment:** Mining companies should be deliberate when operating in communities by ensuring that employment and skills development cuts across the entire community



# PICTURES

# In the News


**Zambia Daily Mail**  
April 5, 2023

**Gold mining to be formalised in Lusangazi**


Government is making headway in formalising gold mining in Lusangazi, Eastern Province. Ministry of Mines and Minerals Development chief planner Mercy Zulu says this follows a directive by President Hakainde Hichilema to develop an integrated artisanal and small-scale development and marketing model that will capture all the minerals that are being produced in the country.

Ms Zulu said the model was developed and approved by Cabinet last year and all the mining hotspots were captured, which included minerals found in Lusangazi.

"This is a presidential directive. We captured all the hotspots, so now we want to register and license them <https://enews.daily-mail.co.zm/welcome/home>



Mining in Zambia Gold



**ZAMBIA'S GOVT LAUNCHES GOLD MINING MARKETING CENTER IN LUSANGAZI**

MAY 16, 2023 • CONSTANCE

Government to set up a gold mining marketing center in Lusangazi district of the Eastern Province to provide local people with easy access to the market for the mineral.

The gold marketing center will be established at a central location within the district. It will be responsible for the purchase and sale of gold extracted in Lusangazi.

Ministry of Mines and Minerals Development Senior Planner, Angela Zulu, stated that plans are underway to set up additional gold marketing centers in other districts where gold mining activities are taking place.

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**Formalisation of over 15,000 artisanal gold miners advances in Lusangazi**



June 16, 2021

2,065 views

Share

The formalisation process of over 15,000 artisanal gold miners in the Lusangazi District of the Eastern Province has advanced into its finalisation stage.

Migodi-Auric Limited Chief Executive Officer Cletus Mwiinga says that the finalisation stage involves environmental regulatory approval of the artisanal mining operations.

Zambia and Germany Pave the Way for

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# Annex

Local Council	Property rates ZMW	Annual business fees ZMW	Rates collected ZMW
Chililabombwe	20,760,250	169,766	20,930,016
Chingola	43,797,005		43,797,005
Kabwe	115,077	22,975	138,052
Kalulushi	41,790,684		41,790,684
Kalumbila	63,016,860		63,016,860
Kitwe	25,659,982		25,659,982
Luanshya	25,981,113		25,981,113
Lufwanyama	7,277,185		7,277,185
Mansa	1,409,907		1,409,907
Mazabuka	396,000	25,096	421,096
Mufulira	19,008,249	10,000	19,018,249
Mumbwa	171,602	2,000	173,602
Ndola	7,599,401		7,599,401
Sinazongwe	4,557,213	79,500	4,636,713
Solwezi	63,984,488		63,984,488
Siavonga	60,277		60,277
Zimba	66,000	10,000	76,000
	325,651,293	319,337	325,970,630

Collection by local councils 2022 EITI Report

Local Council	Property rates ZMW	Annual business fees ZMW	Rates collected ZMW
Chilanga	16,350.00	-	16,350.00
Chingola	28,947.00	-	28,947.00
Kabwe	154.00	-	154.00
Kafue	638.00	593.00	1,231.00
Kalulushi	46,481.00	-	46,481.00
Kalumbila	62,816.00	-	62,816.00
Kitwe	280.00	-	280.00
Luanshya	20,500.00	-	20,500.00
Lufwanyama	6,335.00	-	6,335.00
Lusaka	-	18.00	18.00
Mansa	187.00	-	187.00
Mazabuka	410.00	40.00	450.00
Mufulira	22,000.00	2,585.00	24,585.00
Mumbwa	2,400.00	-	2,400.00
Ndola	6,560.00	-	6,560.00
Sinazongwe	4,558.00	-	4,558.00
Solwezi	59,734.00	-	59,734.00
Siavonga	-	55.00	55.00
Zimba	-	10.00	10.00
	278,350.00	3,301.00	281,651.00

Collection by local councils 2021 EITI Report



Local Council	Business Fees (ZMW million)	Property Rates (ZMW million)	Manganese Levy (ZMW million)	Total
Chililabombwe council	0.04	11.24	-	11.28
Chingola Council	-	11.00	-	11.00
Kabwe Council	-	0.10	-	0.10
Kafue Council	0.47	-	-	0.47
Lufwanyama Council	-	2.08	-	2.08
Mansa Council	-	-	1.8	1.8
Mazabuka Council	-	0.29	-	0.29
Mumbwa Council	-	0.12	-	0.12
Ndola Council	-	5.05	-	5.05
Siavonga Council	0.03	-	-	0.03
Sinazongwe Council	0.03	1.20	-	1.23
Solwezi Council	-	26.56	-	26.56
Zimba Council	0.01	0.00	-	0.01
Kitwe Council	-	4.10	-	4.10
Luanshya Council	-	10.85	-	10.85
Kalulushi Council	-	22.20	-	22.20
Chilanga Council	0.05	1.74	-	1.79
Kalumbila Council	-	35.75	-	35.75
Mulfulira Council	-	7.50	-	7.50
Total	0.63	139.79	1.8	141.60

*Receipts of Local councils from Mining companies in 2019*



# 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.

# 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.



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