ZAMBIA'S DOMESTICATION OF THE AFRICA MINING VISION: A GAP ANALYSIS

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1. Executive summary

The study employed a gap analysis to assess the extent to which Zambia's mining policies and legislation are aligned with the Africa Mining Vision (AMV). The assessment was based on three focal pillars namely fiscal regime and revenue management; geological and mineral information systems and environmental and social issues.

(a) Fiscal regime and revenue management

Under fiscal regime and revenue management, the following key issues were unveiled:

- The Zambian mining fiscal regime has not been consistently applied over time;
- The current fiscal regime does not encapsulate important tax instruments like the windfall tax and capital gains tax;
- ZRA still seems to have challenges with administrative capacity. Radical shifts from profit-based to revenue-based tax instruments in recent years seem to confirm this; and
- All mining revenue is deposited in the consolidated fund. This makes it lose identity because it cannot be tracked to any public expenditure.

(b) Geological and mineral information systems

Under geological and mineral information systems, the following key issues were noted.

- The Geological Survey Department (GSD) is underfunded or poorly resourced making it difficult to effectively discharge its responsibilities; and
- Secondly, there are no enforceable arrangements for mining companies to deposit information with the Department. This makes mining companies have a monopoly on geological and mineral information.

(c) Environmental and social issues

Under Environmental and social issues, the following key issues were unveiled

- No clear policy framework and legislation exists to deal with post-mine closure issues;
- Mining companies voluntarily undertake Corporate Social Responsibility (CSR); and
- Current legislation does not contain any land use policy and law.

In the context of the above key issues under each AMV pillar, the following are some of the policy recommendations to the government.

(i) Maintain stability in the mining fiscal regime by designing a tax system that will stand the test of time;

(ii) Design and implement an excess profit tax and capital gains tax in the current regime;

(iii) Match the administrative complexity of the designed tax instruments with the administrative capacity of Zambia Revenue Authority;

(iv) Establish an independent mineral stabilisation fund that is not tied to the consolidated fund;

(i) Legislate an Act of Parliament that transforms the Geological Survey Department into a state agency with its governing board;

(ii) Sustainably fund the Geological Survey department using a portion of mineral royalty;

(iii) Establish compelling mechanisms that force mining companies to deposit geological information with the government;

(iv) Develop clear land-use policies and laws; and

(v) Develop policies and laws for the management of post-mine closure issues; and

(vi) Develop a framework and criteria for CSR projects for mining areas.

2. Introduction

The Africa Mining Vision (AMV) is a continental policy framework that was created by the Africa Union (AU) in 2009 to ensure that Africa prudently utilises the wealth of its natural resources. The AMV seeks to promote transparent, equitable, and optimal exploitation of mineral resources to underpin broad-based sustainable growth and social-economic development. This shared vision will comprise:

- A knowledge-driven African mining sector that catalyses & contributes to the broad-based growth & development of, and is fully integrated into, a single African market.
- A sustainable and well-governed mining sector that effectively garners and deploys resource rents and that is safe, healthy, gender & ethnically inclusive, environmentally friendly, socially responsible and appreciated by surrounding communities;
- A mining sector that has become a key component of a diversified, vibrant and globally competitive industrialising African economy;
- A mining sector that has helped establish a competitive African infrastructure platform, through the maximisation of its propulsive local & regional economic linkages;
- A mining sector that optimises and husbands Africa's finite mineral resource endowments and that is diversified, incorporating both high-value metals and lower value industrial minerals at both commercial and small-scale levels;
- A mining sector that harnesses the potential of artisanal and small-scale mining to stimulate local/national entrepreneurship, improve livelihoods and advance integrated rural social and economic development; and
- A mining sector that is a major player in vibrant and competitive national, continental and international capital and commodity markets.

The African Minerals Development Centre (AMDC) as a technical agency of the AU commission provides technical support and limited financing to AU member states for the implementation of the AMV at the country level. AU member states need to approach the AMDC to request support for the AMV national implementation.

3. A brief overview of Zambia's mineral sector

Zambia has a large reserve base of copper, gemstones, industrial minerals, and other deposits. Despite cyclic mineral commodity prices in the recent past, the mining industry remains the mainstay of Zambia's economy. Mining accounts for 12 percent of the Gross Domestic Product (GDP), over 70 percent of export earnings, and over 26% of domestic revenues **(Stephen, 2018)**. The sector is also is a significant source of formal employment contributing to over 50,000 jobs both directly and indirectly **(Stephen, 2018)**.

Zambia's copper production increased from 799,329.12 metric tonnes in 2017 to 861,946.19 metric tonnes in 2018, representing a 7 percent increase. This increase in copper production is attributed to:

(i) Ramp up production at Kalumbila Mine;

(ii) Improved plant availability and utilisation at the tailings leach plant at Konkola Copper Mine (KCM) coupled with higher grades

(iii) Commissioning of the Synclinorium shaft at Mopani Copper Mine in Kitwe.

Since the early 2000s, the mining sector has attracted investment of over USD 8 billion **(Stephens, 2018)**. It is projected that investments in the mining sector will reach approximately USD 15 billion on account of new projects under implementation and/or exploration by the year 2020 if the international average metal prices hold above those recorded in the year 2014 **(Stephens, 2018)**.

Although Zambia is richly endowed with a vast amount of mineral resources, there is still public concern among the citizenry as to whether this has translated to economic benefit for all. There is a continued call to look at areas that need improvement so that natural resource wealth can be harnessed not only for current but also for future generations. The current poverty levels give a contradictory story when one considers our mineral wealth as a country.

4. Measuring Zambia's progress towards the AMV

The AMV is an important policy framework that Zambia can effectively utilise to ensure that minerals are used for social-economic development. Although the Government of the Republic of Zambia (GRZ) is currently making some positive strides in domesticating the AMV, it needs to pick up its pace to expedite the process. The AMV is structured around nine programme areas/clusters set out in its Action Plan. These include:

(i) Mining revenues and mineral rents management

(ii) Geological and mining information systems

(iii) Environmental and social issues

(iv) Building human and institutional capacities

(v) Artisanal and small scale mining

(vi) Mineral sector governance

(vii) Research and development

(viii) Linkages and diversification

(ix) Mobilising mining and infrastructure development

The implementation of the AMV has been slow and there is low-level awareness of the framework among key stakeholders in Zambia's mineral sector. This paper examines the first three key areas of the AMV and the extent to which Zambia has the relevant legislation and policies in place. Each section has a short overview of the key goal of the AMV under each theme/cluster. Each section concludes with key strategies that GRZ can undertake for Zambia to fully realise and domesticate the AMV.

4.1 Fiscal regime and revenue management

According to the AMV action plan, there are two expected outcomes under this thematic area. The first is the optimised share of mineral revenue accruing to resource-rich countries and the second is the improved management and use of mining revenue.

(a) Optimising share of mining revenue accruing to the government

At present, Zambia's mining fiscal regime is primarily governed by the Mines and Minerals Development (Amendment of the 2015 Act) Act No. 18 of 2018, The Public Finance Management Act, 2018, the Value Added Tax Act (Chapter 331 of the laws of Zambia) and the Income Tax Act (Chapter 323 of the laws of Zambia). **Table 1** shows a description of the main taxes currently applied to the Zambian mining sector. Some features of the mining fiscal regime have been individualised between the state and mining ventures in what is called Development Agreements (DAs). These features differ from mine to mine. It must be noted that these agreements have not been made available to the public for scrutiny despite the call among civil society organisations to allow transparency.

Table 1: Key features of Zambia's mining fiscal regime

MINING TAX INSTRUMENT	TAX RATE
Company Income Tax (CIT)	
Mineral processing and tolling	35%
Mining operations	30%
Mining operations engaged in beneficiation	15%
Revenue tax types (Mineral royalty)	
Copper	5.5 -10% of norm value (based on norm price of copper)
Cobalt or vanadium	8% of norm value
Any other base metal except copper or vanadium	5% of norm value
Industrial minerals	5% of gross value
Gemstones	6% of gross value
Precious metals	6% of norm value
Other tax types	
Export duty	15% on precious metals
Import duty	5% on all copper and cobalt concentrates
Value Added Tax (VAT)	Exports are zero-rated (16% paid on input purchases)

Figure 1 shows Zambia's mining revenue collection framework. Zambia Revenue Authority (ZRA) receives most of the revenue whilst other payments are made to local councils, Ministry of Lands (MoL), and the Ministry of Mines and Minerals Development (MMMD). Payments are also transferred to the Environmental Protection Fund (EPF), which sits under the MMMD.

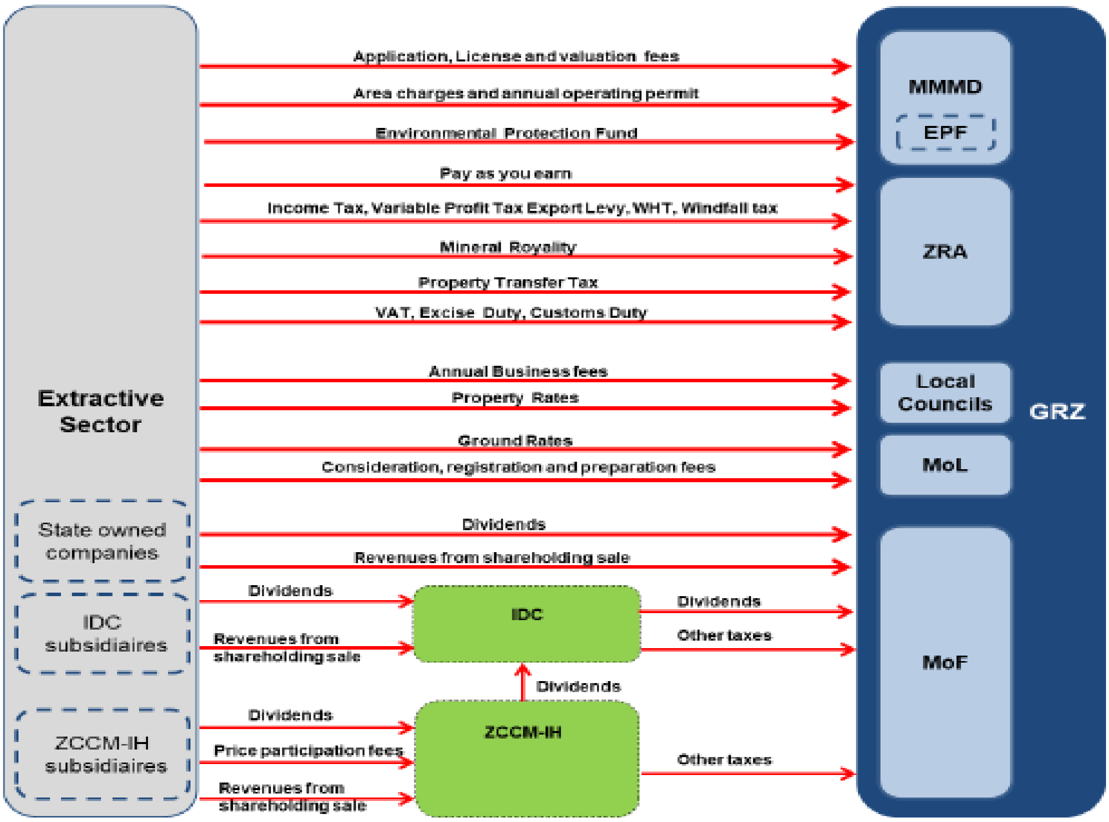

Figure 1: Mining revenue collection framework (Stephens, 2018)

The Zambia Consolidated Copper Mines – Investment Holding (ZCCM-IH), Industrial Development Corporation (IDC), and Ministry of Finance (MoF) are also integrated into the revenue collection framework through investments held in some Zambian mining companies.

The following discusses the extent to which the specific features of the existing fiscal regime align with or deviate from the AMV's perspective of optimizing government's share of mining revenue:

(i) Stability of mineral tax policy: There has been public concern over the past few years of the inconsistency of the Zambian mining taxation regime. For instance, in the past five years, the copper taxation regime has been structurally reformed four times going against standards of good taxation **(Table 2)**. In principle, it is demanded that a fiscal regime ought to be predictable and stable to help mining companies undertake fiscal planning. Mineral tax reforms ought to focus on the long term rather than short term objectives and should not be altered on a temporal basis for whatever reason. Where the fiscal change is merited, the measures should be aligned to long-term objectives.

Table 2: Key changes to the copper taxation regime

TYPE OF TAX		DA	2008	2009	2012	2015	POST-2015	2016	2019
Profit based tax									
Company income tax (% of profit base) – Mining operations (%)		25	30	30	30	0	30	30	30
Variable profit tax in effect?		No	Yes	Yes	Yes	No	Yes	No	No
Revenue tax types									
Mineral royalty (%)	*Underground Mining*	0.6	3	3	6	8	6	4% - 6%	5.5% - 10%
	Open cast Mining	0.6	3	3	6	20	9	4% - 6%	5.5% - 10%
Windfall tax in effect?		No	Yes	No	No	No	No	No	No

(ii) Breadth of tax base: A major connecting link between the level of taxation and structure of taxation is the breadth of the tax base **(International Monetary Fund (IMF), 2005)**. Tax base broadening is, therefore, an important feature that must be embraced to optimise revenue generation. It has been argued that Zambia needs to widen its tax base through the implementation of a capital gains tax. Secondly, it needs to limit the excessive use of tax incentives to prevent revenue losses. Tax incentives do not rank superior among factors that attract mining investment. Arguably, mineralisation or quality of a deposit is the most important factor an investor assesses before he/she commits any capital investment.

(iii) Excess profit taxation: The current mining fiscal regime has no excess profit tax instrument. This limits the country to benefit a share of windfall gains experienced in mineral price booms. Zambia in the past years has applied some form of excess profit taxation. In 2008, the variable profit tax and the windfall tax were introduced **(Banda, 2018)**. This was the first attempt made to tax windfall gains of mining ventures. Due to their structural deficiencies, these tax instruments were later repealed. It must be posited that a lack of an excess profit tax instrument, does not guarantee the country of receiving an appropriate share of mining revenue in high price cycles. Hence, the dire need for GRZ to implement one.

(iv) **Progressivity of taxation regime:** Zambia has made an immense stride in formulating progressive tax instruments. Although a revenue-based tax, the sliding scale mineral royalty on copper is one such tax instrument. Employing a price sliding mechanism, the mineral royalty ensures that the government receives a rising share of revenue with rising copper prices. It also gives financial relief to mining companies in bad economic times through a reduced royalty rate.

(v) **Efficiency of mining tax administration:** ZRA has undertaken some institutional and administrative efforts to improve its operational efficiency and effectiveness with the view of increasing mining tax revenue performance. For instance, ring-fencing of mining operations and application of thin capitalisation rules are some legislations that have been enacted to curb illicit financial flows. However, ZRA still seems to have challenges with mining tax administration. In the recent past, radical shifts from profit-based taxation to revenue-based tax instruments seem to confirm this. However, this issue needs further research. Mineral royalties are easy to administer than profit-based taxes. This is because the latter requires sophisticated skills to verify mining firms' reported profits **(Baunsgaard, 2001)**.

The above discussion is not exhaustive but the issues raised need to be considered carefully when designing a country's mining fiscal regime. High-level questions in **Table 3** were employed to assess the gaps in Zambia's mining fiscal regime in attaining the AMV's perspective of optimising the share of mineral revenue accruing to resource-rich economies. The questions have been sourced from the country mining vision guidebook **(African Minerals Development Centre (AMDC), 2014)**. The questions are not exhaustive but surely provide a robust assessment.

Table 3: Gap analysis – optimisation of mining revenue share to the government

SN	Questions	Comment
1	Does the fiscal regime deliver value for the country over the long-term?	No, fiscal regime lacks a mining excess profit tax instrument
2	Does the fiscal regime ensure that the government receives a rising share of the revenues with rising profitability of mining activities? (progressivity)	Fiscal regime encompasses a sliding scale mineral royalty. Although revenue-based, mineral royalty ensures that the government receives a rising share of revenue with rising prices
3	Does the fiscal regime guarantee an appropriate minimum government revenue in all production periods and price cycles? (stability)	Lack of excess profit tax instruments does not guarantee an appropriate share of government revenue in high price cycles. However, the sliding scale mineral royalty somewhat helps to achieve this.
4	Does the fiscal regime ensure robustness to changing circumstances (stability and flexibility)?	Unable to maximise revenue generation during high mineral prices because of the lack of excess profit tax instruments.
5	Does the fiscal regime limit opportunity or create loopholes for tax avoidance and evasion?	Implementation of ring-fencing and thin capitalisation rules has helped to limit illicit financial flows.
6	Does the government offer stability clauses? Are they the appropriate instruments to achieve the desired outcomes and are they limited in duration?	Some of these are included in the DAs. However, this has not been made public concerning the duration.
7	Does the fiscal regime contain provisions for capital gains tax?	Fiscal regime has no capital gains tax instrument
8	Are the instruments of the fiscal regime easy to implement?	Tax instruments such as mineral royalty are easy to implement. However, VAT and CIT are still difficult to implement because they are susceptible to tax planning schemes.
9	Does the fiscal regime inspire confidence that the country is collecting what is due or owed and what is fair?	A lack of excess profit tax instruments in the current regime inhibits this.
10	Does the country have adequate administrative capacity and institutions with clear roles/mandates to collect all revenues	ZRA still seems to have challenges with administrative capacity. Radical shifts from profit-based to revenue-based tax instruments in recent years seem to confirm this.

The following are some of the key strategies the government can undertake to optimise the share of mining revenue in the mineral sector:

(i) Introduction of an excess profit tax instruments to capture mining revenue for the government in times of high mineral prices;

(ii) Limiting the over-generous tax incentives given to mining companies e.g. loss carry forward period of 10 years;

(iii) Introduction of capital gains tax on beneficial transfers of mineral rights, including offshore changes in control of the Mother Company or ultimate controlling company to widen tax base;

(iv) Replacement of the Value Added Tax (VAT) by a non-refundable sales tax; and

(v) Allowing for transparency in the DAs.

(vi) Strengthening of ZRA and other government agencies to improve the collection of mining revenue

(b) Improved management and use of mining revenue

Effective management of mining revenue is critical in initiating broad-based sustainable economic and social development. Just like most resource-dependent countries, the management of mining revenue is a pressing challenge for Zambia. The establishment of a general consolidated fund under the Public Finance Management Act, 2018 makes mining revenues lose identity. Apart from mining revenue, this fund is authorised to receive other public revenue. This makes it difficult for mining revenue to be tracked to any public expenditure once deposited in this fund.

Transfer of mining revenue to a sub-national level also remains a challenge. Firstly, the delivery of public goods and services is highly centralised. The budget shows expenditure by line ministries and not by rural or urban areas. This being the case, it becomes difficult to establish where the funds are spent. Secondly, the Mines and Minerals Development Act, 2015 does not have any mineral revenue sharing mechanism of distributing mining revenue.

The Public Finance Management Act, 2018 has a legal provision that directs the Minister of Finance to develop a regulatory framework for the establishment and management of the Sovereign Wealth Fund (SWF). The fund is for investment purposes and is focused on stimulating investment in strategic non-mining industries to increase exports.

Zambia joined the Extractive Industry Transparency Initiative (EITI) in 2009 and became fully compliant with the 2011 standard in 2012. The Zambia EITI as a body ensures transparency and accountability in the management of mining revenues.

The above discussion is not exhaustive but the issues raised provide an insight into the current management and use of mining revenue in Zambia. High-level questions in **Table 4** were employed to ascertain the extent to which the overall thrust and specific features of Zambia's revenue management constrain or help to achieve desired development outcomes for citizens. The questions have been sourced from the country mining vision guidebook **(AMDC, 2014)**.

Table 4: Gap analysis – Improved management and use of mineral revenue

SN	Questions	Comment
1	Does the country have a well-established resource revenue management system?	All mining revenue is deposited in the consolidated fund. This makes it lose identity because it cannot be tracked to any public expenditure.
2	Does the country have a comprehensive long-term development plan/strategy?	Zambia has a comprehensive seventh national development plan but lacks a mineral resource development plan
4	Are there clear legal rules on spending/savings of mineral revenue?	No legislation currently governs the spending/savings of mineral revenue
6	Is a reasonable proportion of resource revenues invested in assets to support sustainable development, such as physical infrastructure, education, and health?	This is difficult to ascertain because revenue is deposited in a consolidated fund with other public revenue and income.
7	Does the country's revenue use and management provide reasonable safeguards for sharing the benefits from resource revenues with future generations?	Does not have any legislation about the sharing of benefits from resource revenues with the future generation.
8	Are there provisions of public accountability and transparency?	The ZEITI ensures transparency and accountability in the way mineral resources are managed.
10	Are there opportunities for public oversight?	The National Assembly and parliamentarians play some oversight roles.

The following are some of the key strategies the government can undertake to improve management and use of mining revenue:

(i) Establish a mining revenue sharing framework or mechanism so that local communities where mining companies operate from fully benefit;

(ii) Establish an independent mineral stabilisation fund that is not tied to the consolidated fund;

(iii) Provide some legal rules on spending/savings of mineral revenue;

(iv) Improve the management and use of mining revenue in line with the Seventh National Development Plan; and

(v) Develop a mineral sector development plan that is going to govern mineral resource development in the mining sector and that feeds into the Seventh National Development Plan.

4.2 Geological and mineral information systems

According to the AMV action plan, there is one expected outcome under this thematic area, which is to improve geological and mining information systems to underpin development in exploration and mine development. Improved geological and mining information systems can provide better options for government decision making and the capacity to negotiate mineral resource development contracts with foreign investors. Additionally, they can reduce investor risk and cost in exploration when selecting areas needing detailed exploration.

Zambia's Geological Survey Department sitting under MMMD is mandated to compile and provide geoscience data and information aimed at primarily encouraging investment in the mineral sector and non-mining sector investment. It also undertakes regional geoscience and geological resource mapping and compiles high-quality geological maps as outputs. The Mines and Minerals Development Act, 2015 allows for the appointment of the 'Director of Geological Survey' who undertakes the geological mapping of Zambia and exploration operations on behalf of the Republic. The 'Director of Geological Survey' also advises the Minister on geological matters and provides data concerning the geology and mineral resources of Zambia, and assists members of the public on information concerning geological matters. The Mines and Minerals Development Act, 2015 also allows for the appointment of the 'Director of Mining Cadastre' who is responsible for the administration of mining rights and mineral exploration licenses.

Just like most geological survey institutions across Africa, Zambia's Geological Survey Department faces several challenges. The Geological Survey Department is underfunded or poorly resourced making it difficult to effectively discharge its responsibilities. Secondly, there are no enforceable arrangements for mining companies to deposit information with the Department. This makes mining companies have a monopoly on geological and mineral information.

The following key strategies can be adopted by GRZ to address some of its challenges:

(vii) Legislate an Act of Parliament that transforms the Geological Survey Department into a state agency with its governing board;

(viii) Sustainably fund the Geological Survey department using a portion of mineral royalty; and

(ix) Establish compelling mechanisms that force mining companies to deposit geological information with the government.

4.3 Environmental and social issues

The AMV's goal under this thematic area is to promote "*A sustainable and well-governed mining sector that effectively garners and deploys resource rents and that is safe, healthy, gender and ethnically inclusive, environmentally friendly, socially responsible and appreciated by surrounding communities*."

The national policy on the environment established in 2007 provides a comprehensive framework for environmental governance in Zambia and prescribes the management structure in this regard. The policy's main goal is to ensure sound environmental management within a framework of sustainable development. The policy's objective with regards to the mining sector is to ensure that mining activities conform to sustainable natural resource utilisation and protection of the environment. In this regard, the policy advocates for the use of environmental guidelines and Environmental Impact Assessment (EIA) before mining sites are developed and application of a monitoring and auditing system for operating mines.

The Mines and Minerals Development Act, 2015 (Part VI) is important legislation that speaks to issues of safety, health, and environment in the mining sector. The Act is cognizant of the importance to maintain safety, health, and environmental protection in the exploitation of minerals. For instance, it prohibits the undertaking of exploration, mining or mineral processing activities without obtaining the prior written approval of the EIA relating to exploration, mining or mineral processing operations by Zambia Environmental Management Agency (ZEMA).

The Mines and Minerals Development Act, 2015 also makes it mandatory for a holder of mining rights or mineral processing license to inform the 'Director of Mines Safety' of any accidents and dangerous occurrences that occur at exploration, mining, gold panning or mineral processing areas. It also provides for the establishment of an Environmental Protection Fund (EPF), which is administered and managed by the Environmental Protection Fund Committee. The EPF aims to **(Stephens, 2018)**:

(i) Provide assurance to the Director of the Mines Safety' that the developer shall execute environmental and social impact statements in accordance with the Mines and Minerals (Environmental) Regulations 1997; and

(ii) Provide protection to the Government against the risk of having the obligation to undertake the rehabilitation of mining areas where the mining license holder fails to do so.

The Mines and Minerals Development Act, 2015 also goes further to mandate the mining license committee to cancel any mining license that fails to cease the use of wasteful mining practices or to remedy any damage caused by the wasteful mining practice within the time specified in the notice.

The Environmental Management Act, 2011 is another important piece of legislation that complements the Mines and Minerals Development Act, 2015 on safety issues. The Act provides for some of the following:

(i) An integrated environmental management and the protection and conservation of the environment and the sustainable management and use of natural resources;

(ii) Prevention and control of pollution and environmental degradation;

(iii) Public participation in environmental decision making and access to environmental information;

(iv) The conduct of strategic environmental assessments of proposed policies plans and programmes likely to have an impact on environmental management;

(v) Environmental audit and monitoring; and

(vi) Facilitate the implementation of the international environmental agreements and conventions to which Zambia is a party.

When it comes to social issues as articulated by the AMV, Zambia's legislation is found to be moderately weak. For instance, no clear legislation exists that prohibits mining activities in certain areas such as burial grounds or sacred sites. Secondly, no legislation exists that governs Corporate Social Responsibility (CSR) by mining companies, instead, mining companies voluntarily undertake CSR.

The above discussion is not exhaustive concerning Zambia's environmental and social governance but the issues raised provide an insight into the current social and environmental laws and frameworks. High-level questions in **Table 4** were employed to ascertain the extent to which the overall thrust and specific features of Zambia's environmental and social framework help to promote an AMV's perspective of an environmentally friendly and socially responsible mining sector.

Table 4: Gap analysis – Environmental and social issues

SN	Questions	Comment
1	What land-use policy and laws exist and what criteria do they provide for permitting or prohibiting mining activities in specified areas?	ZEMA is mandated to establish and review land-use guidelines. However, no clear legislation or policy exists that prohibits mining in certain areas.
2	What policies and legislation are in place to prevent and mitigate the environmental and social impacts of mining?	Mines and Minerals (Environmental) Regulations 1997 assures that the developer shall execute environmental and social impact assessment before commencing any exploration, mining or mineral processing operations
4	Do you have a policy framework, legislation, and regulations for dealing with post-mine closure issues such as the rehabilitation of mine sites?	No clear policy framework and legislation exist to deal with post-mine closure issues.
5	Is there a framework, which establishes criteria for corporate social responsibility (CSR) projects by mining companies?	Mining companies voluntarily undertake CSR.
6	What strategies are in place to address grievances, disputes, and conflicts arising from mining?	The Mines and Minerals Development Act, 2015 provides for the establishment of the Mining Appeals Tribunal to address grievances, disputes, and conflicts arising from mining.

The following are the key strategies that the Government of the Republic of Zambia (GRZ) can undertake to create a mining sector that is environmentally friendly, socially responsible, and appreciated by surrounding communities.

(i) Develop clear land-use policies and laws;

(ii) Develop policies and laws for the management of post-mine closure issues; and

(iii) Develop a framework and criteria for CSR projects for mining areas.

5. Conclusion

This study assessed the extent to which Zambia's mining policies and legislation are aligned with the Africa Mining Vision (AMV). Three AMV pillars or clusters were assessed i.e., fiscal regime and revenue management, geological and mineral information systems, and environmental and social issues.

The government has reviewed and amended the Mines and Minerals Development Act, 2015 to improve fiscal regime and revenue management. The implementation of a sliding scale mineral royalty at a higher rate is one change that has been made to capture a fair share of mining revenue. The Government's commitment to the EITI also reveals that the country is moving in the right direction. However, the government still needs to implement an excess profit tax instrument to capture high mineral revenue in mineral price booms. Secondly, it needs to widen its tax base by introducing some form of capital gains taxation. Additionally, it needs to prevent revenue losses by limiting over-generous tax incentives given to mining companies. Lastly, it needs to allow for greater transparency in the DAs.

When it comes to geological and mineral information systems, Zambia's Geological Survey Department is underfunded or poorly resourced making it difficult to discharge its responsibilities. A funding mechanism ought to be established to strengthen its operations. A portion of mineral royalty revenue can be used to sustainably fund the Department.

The Mines and Minerals Development Act, 2015 and Environmental Management Act, 2011 regulates environmental and social issues in the mining industry. These Acts need to be reviewed to include clear land-use practices, post-mine closure issues, and a mining CSR framework.

From the results of the analysis, Zambia has made some significant progress in implementing the AMV based on these cluster points i.e., fiscal regime and revenue management, geological and mineral information systems, and environmental and social issues. However, much work requires to be done if Zambia is to fully domesticate and realise the AMV.

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