

# **A NEGOTIATION HANDBOOK FOR COMMUNITIES AND TRADITIONAL LEADERS**



## **BOOK 2: OBLIGATIONS OF CORPORATES**

Strengthened Accountability Programme  
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# Acronyms

CDA	Community Development Agreement
CLC	Community Liaison Committee
CSRM	Centre for Social Responsibility in Mining
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
CSPR	Civil Society for Poverty Reduction
EITI	Extractive Industries Transparency Initiative
ESCR	Economic Social and Cultural Rights
FQM	First Quantum Minerals
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
ILO	International Labour Office
JCTR	Jesuit Centre for Theological Reflection
PAYE	Pay As You Earn
SAP	Strengthened Accountability Programme
SWASCO	Southern Water and Sewerage Company
ZEITI	Zambia Extractive Industries Transparency Initiative
ZMW	Zambia Kwacha
ZRA	Zambia Revenue Authority

# 1. INTRODUCTION

***This Book is the second in a series of three books that together constitute the “Negotiation Handbook for Communities and Traditional Leaders”.*** The series of books is a product of the Jesuit Centre for Theological Reflection (JCTR) partnership with Diakonia and the Embassy of Sweden, under which the JCTR has been implementing the Strengthened Accountability Programme (SAP) in Solwezi in the North Western Province since 2014. One of the activities under the SAP was to produce a negotiation handbook for communities and traditional leaders to help them negotiate with local authorities and corporates. The series contributes to meeting the project outcome: “Targeted corporate sector acts transparently, are accountable to the rights holders, and contribute to socio – economic justice in targeted districts of North Western Province.”

**Book 2 (Corporate Social Responsibility)** provides basic information on various aspects of Corporate Social Responsibility and Corporates tax obligation. This information will assist traditional leaders and communities understand what Corporate Social Responsibility means in order to help them to negotiate with duty bearers and demand for good corporate citizenship from companies operating in their communities. The section also reviews some laws of Zambia that provide traditional leaders and communities’ space to engage duty bearers and corporates.

This book should be read together with **Book 1 (Rights and Responsibilities)** which provide the information that the traditional leaders and community members need to know to help them engage government and corporates; and **Book 3 (Negotiation Skills)**, which defines negotiations and outlines the steps that traditional leaders and community members should follow in their engagement with government and corporates.

## 1.1 Who is this handbook for?

The negotiation handbook is a tool to be used by traditional leaders and their communities to enable them to demand accountability from local state institutions and compel corporates to demonstrate good corporate citizenship. The handbook will help traditional leaders, community leaders and members so that they can represent their communities and participate in making the decisions that affect them and to raise awareness of important issues when dealing with local and national government, and the large companies that operate in their areas.

## 1.2 Methodology

The methodology used in the development of this handbook was largely based on secondary data. This involved the review of the literature and laws on the rights and responsibilities of rights holders that traditional leaders and communities need to know as rights holders before they embark on any negotiations. The study also reviewed the literature and laws on corporate social responsibility that traditional leaders and communities need to be aware of, to enable them to negotiate and demand for good corporate citizenship from corporates operating in their communities. Through the JCTR office in Solwezi and project reports, the study obtained input from Traditional leaders, North-Western Council of Elders and communities on how best to involve communities and traditional leaders in negotiating with local government authorities and corporates operating in their communities.

## 2. CORPORATE SOCIAL RESPONSIBILITY

### 2.1 What is Corporate Social Responsibility?

Corporate Social Responsibility (CSR) refers to initiatives and practices that are undertaken by businesses to benefit society. In Zambia, like in many countries, CSR is a voluntary, enterprise-driven plan and refers to activities that exceed what the company is supposed to do in terms of its legal requirements.<sup>1</sup> For example, a company may pay its taxes as required by the Zambia Revenue Authority (ZRA) and still contribute to other development programmes, such as constructing a school for the local community, which they are not legally bound to support. CSR contributions can be made in monetary or in-kind. In-kind payments are contributions made to finance infrastructure projects, health, education, roads, market places and so forth. Monetary payments are made to support local communities including compensation and grants provided directly to individuals or groups.



There are four types of corporate social responsibility activities that many of today's businesses do:

#### Box 1: Types of corporate social responsibility<sup>2</sup>

- a) **Environmental efforts:** One primary focus of corporate social responsibility is the environment. Businesses regardless of size affect the environment. Any steps they can take to reduce the negative impact on the environment as a result of their operations are good for both the company and society as a whole.
- b) **Charity and community investment:** Businesses also practice social responsibility by donating to national and local charities and investing in various social projects and local community programmes such as health and education.
- c) **Good labour practices:** By treating employees fairly and respecting workers' rights, companies can also demonstrate their corporate social responsibility.
- d) **Volunteering:** Company staff volunteer to provide a community service such as cleaning a hospital. By doing good deeds without expecting anything in return, companies are able to express their concern for specific issues and support for certain organizations and vulnerable groups.

<sup>1</sup> ILO and Italian Ministry of Foreign Affairs, 'Sustainable Development through the Global Compact International Instruments and Corporate Social Responsibility A Booklet to Accompany Training the Labour Dimension of CSR: from Principles to Practice', 2009

<sup>2</sup> Sammi Caramela, What is Corporate Social Responsibility? <http://www.businessnewsdaily.com/4679-corporate-social-responsibility.htm>





In some countries, CSR is compulsory with a legal framework to back it. The law regulates how much a company will spend on CSR and what activities will be covered.

#### **Box 2: Corporate social responsibility law<sup>3</sup>**

*India's Companies Act 2013* (Companies Act) compels companies of a certain size to undertake Corporate Social Responsibility. Every qualifying company is required to spend at least 2% of its average net profit on CSR activities. The Act also specifies the activities that can be done by the company to achieve its CSR obligations, and include eradicating extreme hunger and poverty, promotion of education, promoting gender equality and empowering women, reducing child mortality and improving maternal health, combating HIV and AID, malaria and other diseases, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women. Preference for CSR activities should be given to the areas where the company operates.

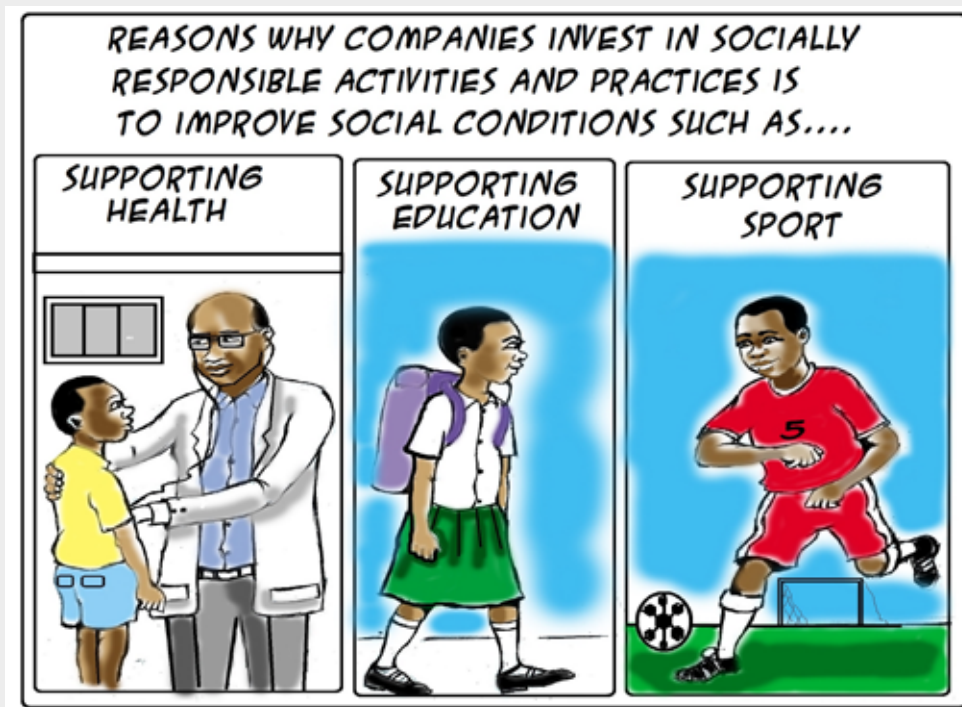
<sup>3</sup> Mansukhlal Hiralal & Company, 2015, *India: Corporate Social Responsibility - Indian Companies Act 2013*  
<http://www.mondaq.com/india/x/366528/Corporate+Governance/Corporate+Social+Responsibility+Indian+Companies+Act+2013>

## 2.2 Why do companies invest in corporate social responsibility?

There are a number of different reasons why companies carry out corporate socially responsible projects and programmes.

### **Box 3: Reasons why companies invest in corporate socially responsible activities practices<sup>4</sup>**

- a) Contribution to broad-based wealth creation through support for income generating activities
- b) Contribution to improving social conditions within the mining communities by supporting health, education, cultural/ sports activities etc.



- c) Contribution to improving social conditions outside the mining communities by supporting health, education, cultural/ sports activities etc.
- d) Enhance respect for workers labour rights at work
- e) Improving relations with staff and local communities
- f) Increasing productivity in the long run
- g) Public relations exercise to improve company image
- h) To attract and maintain a qualified and motivated workforce
- i) To complement government regulations in applying good working environment at the workplace

<sup>4</sup> G Nyirongo, "Mining Sector Actors Mapping Study", ILO Office Lusaka, 2015



## 2.3 What are some of the policies companies have to implement corporate social responsibility?

Mining companies have developed various policies through which CSR programmes are carried out. These policies guide the companies in developing appropriate programmes in response to particular concerns.

### **Box 4: Company CSR policies in place and objectives<sup>5</sup>**

- a) **Safety and health policy** -to provide personnel protective equipment and a working environment that is favourable to good health and safety
- b) **Environmental policy**- to protect the local community, land and vegetation from harm resulting from mining operations/ activities
- c) **Human rights policy**- to protect the rights of employees and others as guided by internationally recognized human rights principles, such as, the Universal Declaration of Human Rights
- d) **Social policy**- to engage local communities to build mutually beneficial relationships and improve community development through investment in projects and programmes that benefit the community
- e) **Security policy**- To establish programs that protect employees, company assets and shareholders from loss from theft, fraud, etc.
- f) **Supplier code of ethics**- To ensure that the company gets its supplies from suppliers who have safe working conditions for all of their workers and work against corruption in all its forms
- g) **Code of business conduct and ethics**- To ensure that the company and employees act in an honest and ethical manner at all times
- h) **Gender policy**- To increase the number of female employees through affirmative actions



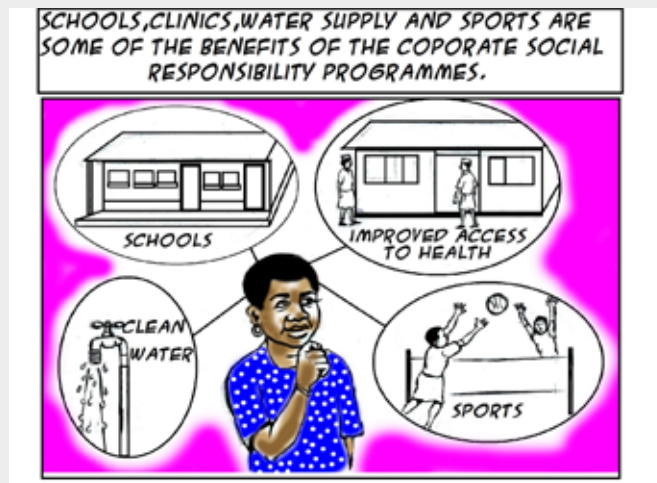
<sup>5</sup> G Nyirongo, "Mining Sector Actors Mapping Study", ILO Office Lusaka, 2015

## 2.4 What are the benefits of corporate social responsibility?

CSR activities are intended to benefit both the company and the community. The following are areas in which CSR activities by the mining companies have benefitted both the mining companies and the local communities they operate in.

### **Box 5: Benefits of corporate social responsibility programmes<sup>6</sup>**

- a) *Pollution control*
- b) *Improved productivity*
- c) *Improved social services (schools, clinics, water supply, sports)*



- d) *Improved relations with local communities*
- e) *Improved image of mining companies*
- f) *Skills training for persons who may otherwise not have had access to training*
- g) *Reduced work place accidents*
- h) *Reduced industrial unrest*
- i) *Investment in employees training has improved workers skills and capabilities and economic opportunities*
- j) *Improved livelihoods of local communities*
- k) *Increased access to learning and improvement in quality of education*
- l) *Increased access to health and improvement in quality of health*
- m) *Improved community trust and relations*



6 ibid

## 2.5 What are the main causes of conflict between mining companies and local communities?

Despite the CSR investments that mining companies make and the benefits that the local community get from them, there have been cases of misunderstanding and conflict between the mining companies and the host communities. In some countries the conflicts have been so violent that they have disrupted the operations of mining companies.

### **Box 6: Causes of conflict between mining companies and host communities<sup>7</sup>**

- a) *Displacement of communities to pave way for mining activities and housing development*



- b) *Spillage of acid into the streams and rivers resulting in the destruction of the aqua life*



- c) *Dust emissions and sulphur dioxide pollution*

<sup>7</sup> G Nyirongo, "Mining Sector Actors Mapping Study", ILO Office Lusaka, 2015 and JCTR, "Promoting Faith and Justice", Strengthened Accountability Programme Annual Report 2015



- d) *Cracking houses near the mines due to the tremors caused by mining blasting*
- e) *Companies prefer to employ outsiders instead of local people*
- f) *Projects being implemented by mining companies considered to be of poor quality due to limited consultation and involvement of government departments in the implementation of projects*
- g) *Weak consultation of communities by mining corporates in implementing social and community projects*
- h) *Unfulfilled promises by mining firms*
- i) *Lack of clearly outlined policy or legislation on, for example, compensation*
- j) *Lack of access to information on, for instance, developmental issues in their areas and platforms that can enhance communities' abilities to make demands with the duty bearers including the mining firms and local authorities*
- k) *High unemployment in host community resulting in expectation that the company should employ everyone*
- l) *Expectations that companies should provide all social services*

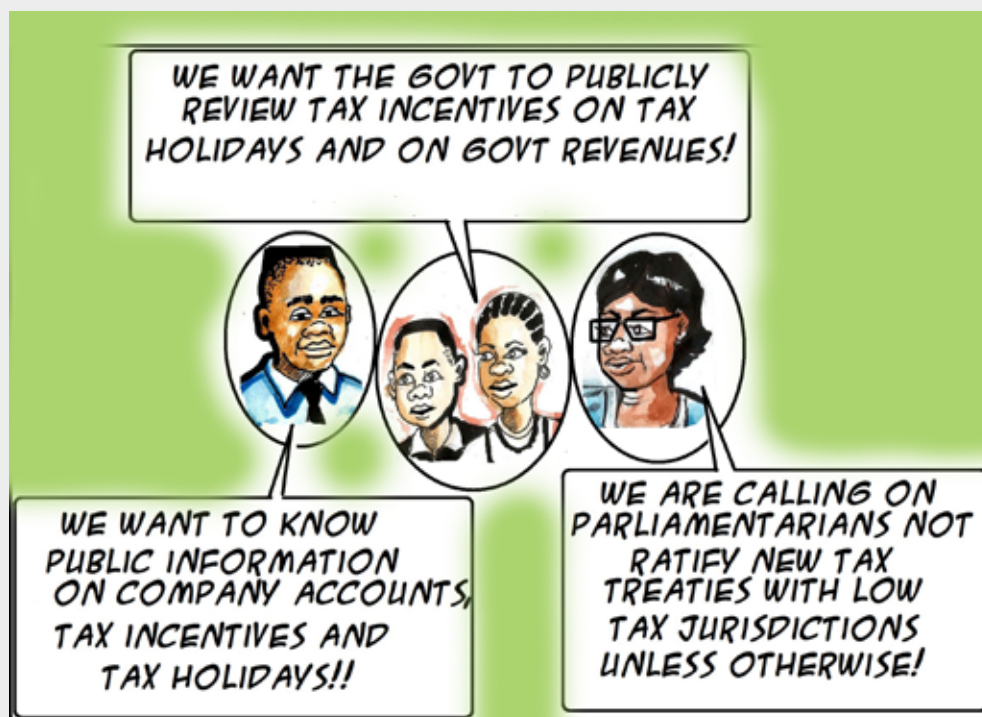


## 2.6 What measures can help to reduce conflict between mining companies and local communities?

There are a number of measures that can be put in place to reduce conflict between mining companies and local communities they operate in. If not handled well conflicts can disrupt the mining operations.

### **Box 7: Measures to reduce conflict between mining companies and local communities<sup>8</sup>**

- a) *Strengthen dialogue and engagement with affected communities by establishing platforms that can enhance communities' abilities to make demands with the duty bearers including the mining firms and local authorities*
- b) *There must be regular open and transparent round table discussions between community representatives, the mining companies and the local and central government authorities to ensure that issues of concern are addressed*



- c) *Companies must observe national regulations and stiffer penalties must be handed for non-compliance*
- d) *Government must ensure that environmental impact studies have been carried out and approved before any operations start*
- e) *Include clauses in the contracts for contractors for government departments such as Ministry of Education and Ministry of Health to monitor the quality of CSR projects in the education and health sectors respectively*
- f) *Design adequate guiding policy and legislation on how to resolve some issues around negative impact of mining on host communities*

<sup>8</sup> ibid

- g) *Build negotiation skills capacity among traditional leadership and communities to effectively negotiate with mining companies and local authorities*



- h) *Provide access to information on developmental issues in their areas*
- i) *Whilst companies can contribute to provision of social services, the community should be made to understand that the company is not there to take over the role of government in providing social services*
- j) *Establish village sub-committees to be responsible for compiling village development needs and then submitting them through the Community Liaison Committee (CLC), a wider chiefdom body, for consideration*

## **2.7 What have other countries done to reduce or avoid conflict between mining companies and local communities?**

Some countries have put in place regulations on how companies and communities can work together for the benefit of both the companies and communities. These regulations require companies to engage and involve communities before any mining development can start. There are laws that guide negotiations under which communities and mining companies sign social and economic agreements before any developments can be made.



#### **Box 8: Community Development Agreements (CDAs)<sup>9</sup>**

##### **Community development agreements have worked well:**

- a) **Where governments have imposed a specific obligation on developers to formally enter into a CDA**  
- For example, the Papua New Guinea Mining Act 1992 specifies that a company cannot occupy or operate on land until they have established and registered an agreement with landowners regarding compensation. The Act also requires the convening of a Development Forum with various stakeholders to negotiate how best to use mining royalties and coordinate development spending
- b) **Where there is a legal regime that requires developers seeking access to Indigenous lands to negotiate the conditions of access or use with the traditional custodians of that land** - In Australia, for example, the Native Title Act 1996 gives recognised Traditional Owners a 'right to negotiate' over land use. This is not a right of veto; however, the alternative to reaching an Agreement – a process to obtain intervention of a Tribunal – has created a strong incentive for both parties and developers in particular, to negotiate an outcome

## **2.8 Where can you find information about the mining companies' corporate social responsibility activities?**

The most common reporting framework that companies use to report CSR activities is the Global Reporting Initiative (GRI) framework. The GRI is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts, whether they are positive or negative, on issues such as climate change, human rights and corruption.<sup>10</sup> As of 2015, 7,500 organizations used GRI Guidelines for the sustainability reports. A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities, and its commitment to a sustainable global economy.<sup>11</sup>

For payment of taxes to the national government and rates and other levies to local authorities, companies voluntarily report under the Extractive Industries Transparency Initiative (EITI).

#### **Box 9: Sources of CSR Information and tax payments by mining companies**

- a) **Kansanshi Mining Plc:** First Quantum Minerals (FQM) 2016 Sustainability Report<sup>12</sup> and Seventh Zambia Extractive Industries Transparency Initiative (ZEITI) Reconciliation Report<sup>13</sup>
- b) **Kalumbila Minerals Limited:** FQM Sustainability Report and Seventh ZEITI Reconciliation Report
- c) **Lumwana Mining Plc:** Barrick Gold 2015 Responsibility Report<sup>14</sup> and Seventh ZEITI Reconciliation Report

Payments from the mining companies to local government authorities contribute to local development. Mining companies are important contributors to local finances. For example, mining houses' contributions to the Solwezi Council in 2014 accounted for 15% of their yearly budget and 51% of the rates collected.<sup>15</sup> In Solwezi, one company provided an additional grant to pave 2.4 kilometres of road leading to the local airport. At the national level, the mining sector contributes about 30% of government revenue. According to

the ZETI reconciliation report 2013, Kansanshi Mine is the highest mining company contributor to government revenue, contributing 27.3% of mining sector revenue, while Lumwana and Kalumbila are fourth and sixth contributing 8.2% and 7.1% respectively.

9 Centre for Social Responsibility in Mining (CSRMI) Good Practice Note - Community Development Agreements, 2011

10 Global Reporting Initiative (GRI) <https://www.globalreporting.org>

11 Also known as Responsibility Report/ Ecological Footprint Reporting / Environmental Social Governance /reporting, Triple Bottom Line reporting, and Corporate Social Responsibility reporting

12 FQM 2016 Sustainability Report [http://s1.q4cdn.com/857957299/files/doc\\_presentations/2016/july/6833\\_FQM\\_Design\\_ClientDraft\\_V8.pdf](http://s1.q4cdn.com/857957299/files/doc_presentations/2016/july/6833_FQM_Design_ClientDraft_V8.pdf) (<http://www.first-quantum.com/Corporate-Responsibility/>)

13 Seventh Report of the Zambia Extractive Industries Transparency Initiative (ZEITI) for the year ended 31 December 2014 [http://www.zambiaeiti.org/phocadownload/2014\\_ZEITI\\_report.pdf](http://www.zambiaeiti.org/phocadownload/2014_ZEITI_report.pdf) (<http://www.zambiaeiti.org/>)

14 Barrick Gold 2015 Responsibility Report <http://www.barrick.com/files/responsibility/Barrick-2015-Responsibility-Report.pdf> ([www.barrick.com/responsibility](http://www.barrick.com/responsibility))

15 Dwight Ordenez, "Impact assessment: The Effects of the Mining Industry on Workers' Rights and Sustainable Business Practices in Zambia", ILO, 2015

### 3. GOVERNMENTS AND CORPORATES OBLIGATION ON TAXES

Governments all over the world have a duty to provide security and basic social services to its citizens. In order to do so, governments' must raise money to undertake various activities to promote the citizens welfare. Governments' main source of revenue is through taxes. Citizens and corporates operating in the country have a duty to pay taxes. It is from taxes that governments in both developing and developed countries' pay teachers, train nurses, build and maintain roads, deliver medicine, and provide clean water. Tax is the most important and main source government finance for almost all countries. Citizens and corporates also pay rates and levies to local authorities to provide various services such as sanitation and water.

In most developing countries including Zambia, funding is not sufficient for the public health services and agricultural assistance that can help reduce the burden of hunger; for the teachers, classrooms and schoolbooks that can help reduce poverty. There are challenges to raise sufficient revenue from taxes in Zambia.

In general, a tax system should closely follow the growth of the economy. As economic activity grows, tax revenues should also increase. A simple way to measure this is to look at the ratio of total tax revenues to Gross Domestic Product (GDP). The Zambian economy has registered positive, economic growth over the last 16 years averaging 6% per annum, yet incomes, education, child mortality and nutrition have failed to catch up.

#### 3.1 Why does Zambia struggle to increase revenue from taxes?

The share of total tax revenue as a percentage of GDP in Zambia has averaged 18 percent in the last decade, which is lower than the desired 20 percent if Zambia is to meet its development goals.<sup>16</sup> There are a number of reasons why Zambia struggles to raise domestic revenue, of which two are particularly important.

##### **Box 10: Factors why Zambia struggles to increase tax revenues**

- a) *The Zambian economy remains largely in the informal sector, which means that too few companies are paying tax. In 2012, 4.6 million people were employed in the informal sector while only around 850,000 worked in the formal sector: this translated into only K62 million being collected as tax revenue from the informal sector compared with close to K5billion from Pay As You Earn (PAYE) Tax from the employees in the formal sector. Currently, the informal sector employs over 70% of the labour force but contributes less than 5% in tax revenue.*
- b) *Loopholes in the tax system allow large Multinational companies – in particular, the mining companies – to avoid taxation. It has been observed that some Multinational Companies mostly in the mining sector are using legal tax avoidance measures to escape paying taxes.*

#### 3.2 Is there a mismatch between mining revenue and tax remittances?

Zambia has rich natural resources – including minerals and agriculture – yet gains little tax revenue from the extraction of its resources. This results in the country failing to meet its obligations to invest in social services such as education and health which are essential in tackling poverty. Mining companies are supposed to pay taxes to the national government and rates and levies to the local authorities. It has been estimated that Zambia loses up to \$3 billion in taxes due to tax avoidance and tax evasion by multinational corporates.<sup>17</sup> This is also in partly due to the very generous tax incentives provided to companies by the Zambian government.

When measured against production levels payment only Kansanshi Mine Plc pays over 11% of its production as tax to the central government.

<sup>17</sup> War on Want, "Extracting minerals, Extracting wealth: How Zambia is losing \$3 billion a year from corporate tax dodging", [http://www.waronwant.org/sites/default/files/WarOnWant\\_ZambiaTaxReport\\_web.pdf](http://www.waronwant.org/sites/default/files/WarOnWant_ZambiaTaxReport_web.pdf)

**Box 11: Top five mining companies tax payments to central government<sup>18</sup>**

	<b>Production (\$billion)</b>	<b>Tax paid (\$million)</b>	<b>Tax paid as % of production value</b>
<i>Konkola Copper Mine</i>	2.16	105	4.9
<i>Kansanshi Mining Plc</i>	2.04	853	42.0
<i>Mopani Copper Mines</i>	0.894	77	8.6
<i>Lumwana Mining Company</i>	1.03	110	10.7
<i>Luanshya Copper Mine</i>	0.205	18	2.3

Mining companies also pay rates and levies to the local authorities in the areas that they operate in.

**Box 12: Solwezi Municipal Council receipts from mining companies<sup>19</sup>**

	<b>Property rates (ZMW)</b>	<b>Annual Business Fees (ZMW)</b>	<b>Total (ZMW)</b>
<i>First Quantum Mining</i>	2,357,251	24,000	<b>2,381,251</b>
<i>Lumwana Mining Company Limited</i>	5,524,500	-	<b>5,524,500</b>
<b>Total</b>	<b>7,881,751</b>	<b>24,000</b>	<b>7,905,751</b>

### 3.3 What measures can be put in place to improve tax collections?

If Zambia is to eradicate poverty and hunger, then they will need to do so by increasing the amount of money they collect in taxes and use the resources for the benefit of the citizens.

**Box 13: What can government do to improve tax collections?<sup>20</sup>**

- Enhance the collection of revenues from the informal sector by incorporating local councils in taxing the informal sector. Incorporating local councils in the system of taxation for the informal sector would be more effective as informal activities largely take place around the marketplaces, which Councils have the mandate to oversee. Councils could collect revenue on behalf of the Zambia Revenue Authority (ZRA), with incentives to collect more from the informal sector.*
- Develop a comprehensive and stable settlement on taxation of mining in Zambia. Piecemeal amendments to the mining tax regime have included among others, increased taxation of royalties, reduction of capital allowances from 100% to the standard 25% and taxation of income earned from the processing of purchased mineral ore, concentrates, and semi processed minerals. However, big problems remain: dividends paid by large-scale mining companies are taxed at 0% and mining companies enjoy a 10 year period of carry forward losses. This reduces tax gains from the sector.*
- The government must increase the network of Double Taxation Agreements to enable ZRA exchange information with countries where multinationals operating in Zambia does business in and with. This is to assist ZRA to have enough information to counter tax avoidance and evasion schemes like transfer pricing and thin capitalization<sup>21</sup>*

<sup>18</sup> *ibid*

<sup>19</sup> ZEITI, Seventh Report of the Zambia Extractive Industries Transparency Initiative (ZEITI) for the year ended 31 December 2014 final report, 2016, [http://www.zambiaeti.org/phocadownload/zeiti\\_2014\\_reconciliation\\_report\\_december\\_2015.pdf](http://www.zambiaeti.org/phocadownload/zeiti_2014_reconciliation_report_december_2015.pdf)

<sup>20</sup> Musonda Kabinga, Jesuit Centre For Theological Reflection Policy Brief Enhancing Tax Revenue Collection In Zambia Promoting Sustainable Development and Eradicating Poverty, JCTR, [http://www.jctr.org.zm/images/stories/Tax\\_study/TAX\\_POLICY\\_BRIEF\\_-\\_FINAL\\_FOR\\_PRINT-Musonda.pdf](http://www.jctr.org.zm/images/stories/Tax_study/TAX_POLICY_BRIEF_-_FINAL_FOR_PRINT-Musonda.pdf)

<sup>21</sup> Wisdom M. Nhekairo, "The Taxation System in Zambia" Final Report, Jesuit Centre for Theological Reflection, [http://www.jctr.org.zm/images/stories/Tax\\_study/updatedtaxstudy.pdf](http://www.jctr.org.zm/images/stories/Tax_study/updatedtaxstudy.pdf)

### 3.4 How can citizens influence payment of more equitable taxes from corporates?

Citizens have a role to hold their governments accountable for their tax policies and the companies accountable for their tax behaviour.

#### **Box 14: Role of citizens<sup>22</sup>**

- a) Citizens should demand to obtain public information about company accounts, tax incentives and tax holidays
- b) Citizens should demand that the government publicly review tax incentives on the impact of tax incentives and tax holidays on government revenues
- c) Citizens should call on their parliamentarians not to ratify new tax treaties with low-tax jurisdictions, unless such tax treaties do not deny Zambia taxing rights

### 3.5 How effective is government and local councils in spending the money that they raise in taxes?

There are concerns on how the government and local authorities use the money that it collects from taxes and that the money collected from taxes government is in not always used efficiently the for the well-being of the citizens. Funding continues to fall short for the public health services and agricultural assistance that can help: reduce the burden of hunger; increase the supply of teachers, classrooms and schoolbooks; and provide better nutrition and health services.

Zambia's performance in budget execution and service delivery to the poor has generally been poor.

#### **Box 15: Performance of Key Pro-Poor Programmes<sup>23</sup>**

	<b>Programme</b>	<b>Score</b>
<b>Agriculture</b>	<i>Extension services</i>	1 (Very bad)
	<i>Credits and inputs</i>	1 (Very bad)
	<i>Market Access and Information</i>	2 (Bad)
<b>Education</b>	<i>Learning Materials -</i>	2 (Bad )
	<i>Infrastructure and Equipment</i>	2 (Bad)
	<i>Accessibility</i>	3 (Average)
<b>Health</b>	<i>Quality of Health Centre Services -</i>	2 (Bad)
	<i>Human Resources of staff</i>	2 (Bad)
	<i>Infrastructure and equipment-</i>	2 (Bad)

Key: 0 The Service is not available; 1 A Very Bad Situation is prevailing; 2 A Bad situation is prevailing; 3 An Average Situation is prevailing; A Generally Good Situation is prevailing; An Ideal Situation is prevailing

<sup>23</sup> CSPP, Budget Execution and Service Delivery Barometer, January to December 2013

<sup>24</sup> CSPP, Budget Execution and Delivery Barometer, 2013

### 3.6 How can citizens influence government to utilise the taxes for the benefit of citizens?

The budgeting process is essentially “top-down” as much of citizen participation is only visible after budget bill has already been presented, at which stage any real influence is unlikely<sup>24</sup>. There are no access points for citizens’ participation in the budgetary process. Although citizens may not play a direct role in the preparation process of the Budget, they can contribute to holding government accountable by monitoring the implementation of the public resources. In order to participate effectively in the budget process and ensure that government is accountable, there is need to ensure that citizens and Civil Society Organisations (CSOs) participate in the process.

**Box 16: Measures citizens can take to participate in budget process and hold government accountable<sup>25</sup>**

- a) Monitor the implementation of the use of public resources to ensure that the *money allocated is channelled to the planned projects and the workmanship is good*
- b) *Engage CSO involved in advocacy to input into the budget and monitor disbursements and implementation*
- c) *Engage the Parliamentary Constituency Offices to provide information on the budget and to input into the budget*

25 Economics Association of Zambia, Memorandum: The Budget Process in Zambia, 2012

## 4. STORIES OF CHANGE AND EXAMPLES OF GOOD PRACTICES

There are a number of lessons and good practices that citizens can learn from in demanding for good citizenship from corporates and greater accountability from central and local governments.

### **Box 17: JCTR Stories of Change<sup>26</sup>**

*This story of change is from Mr Eastern Muyabila of House number DC 80 in Dambwa Central in Livingstone District who highlights how citizens can claim for their rights. Mr Muyabila first became involved with JCTR in the early 2000s during the Debt Cancellation campaign hosted by JCTR, popularly known as the Jubilee 2000 and since then he has been an active outreach member and is currently the Chairperson of the Water and Sanitation Subcommittee in Livingstone. From his point of view the most significant change in his life came after being involved in Advocacy for Basic Human Rights (ESCR), most especially the right to Water and Sanitation. "This change took place in a place called Zambezi Saw Mills, where we have been engaged in advocacy for Human Rights (ESCR) for the people to have clean & safe drinking water. Zambezi Saw Mills is one of the densely populated areas of Livingstone. It is also one of the oldest, with poor water reticulation and no sewer line since the colonial era. The compound began as a settlement in the 1940s. According to a man named Mulonda, who has lived in the compound since 1951, people had been using buckets as toilets. Every evening a containerized lorry would pass through the compound with buckets full of fickle matter/rubbish for disposal at a place called "Malabo" or sewer storage for rubbish. According to Mr Mulonda, the buckets were mostly used for female folks as the men and younger children would use the bush. This was very unhygienic and exposed people to diseases. Mostly there was no privacy for the women as people would see them entering the booths with these buckets.*

*After associating with JCTR, we had workshops in Active Citizenship and Human Rights (ESCR) and we have also been attending stakeholder meetings. This made us to start continuous advocacy with government, the council, MP and water company Southern Water and Sewerage Company (SWASCO). We also sensitized the community on the rights, especially ESCR, and mobilized them to speak with us to the council, MP and SWASCO to erect water taps and a sewer line in the area. Due to our advocacy the people in this area have become enlightened and began to claim their rights. They joined us in demanding that the service providers elect modern water taps. Last year 2014, a water reticulation line was laid in this area for the first time, and this year, last month (May 2015), a cheque to the tune of K200, 000 plus was presented to the residents via SWASCO the service provider for them to build a complete new sewer line for the first time in Zambezi Saw Mills.*

*It's so wonderful for these residents who were depending on an old toilet/latrine having a new sewer system that they will have flushable ones. Since the project is still on-going we will be monitoring and providing updates." According to Mr Muyabila the story is of high significance because "it is up-lifting people's living conditions. It also gives a realization that when citizens know what they want and their entitlements, they can begin to demand. Here is a typical example of citizens that spoke and they were listened to." We thank JCTR for enlightening us".*

### **Box 18: Sustained political attention on revenue transparency<sup>27</sup>**

*Sustained attention by the highest political level has played an important role in pioneering transparency initiatives for extractives-sector revenues east Timor. After achieving independence in 2002, the then Prime Minister of East Timor played a crucial role in championing East Timor's efforts to build transparent and accountable institutions for managing the revenues from its rich hydrocarbon resources. The Petroleum Fund Act of 2005 requires all state revenues from natural resources to be deposited in a separate fund. This is overseen by an independent board made up of high-level representatives from different branches of government and from political parties and civil society. Quarterly and annual reports must account for the fund's activities, including a company-by-company breakdown of revenues. The government faces strict limits in terms of the amounts it can withdraw from the fund each year, and additional withdrawals must be approved by the parliament. As a result, the fund had grown from an initial deposit of \$250 million in 2005 to nearly \$12 billion by the end of 2012. The government is also prohibited from using the fund as debt collateral.*

26 JCTR, "Stories of Change", [http://www.jctr.org.zm/images/stories/Stories\\_of\\_Change.pdf](http://www.jctr.org.zm/images/stories/Stories_of_Change.pdf)



**Box 19: Careful revenue management<sup>28</sup>**

*Botswana's export revenue depends almost entirely on the diamond industry, but it has managed to avoid many of the problems of revenue volatility afflicting other Sub-Saharan African mineral-exporting countries. Botswana's success is chiefly attributed to the development of broad and stable political environment since independence. As a consequence, high state capacity and pro-growth policy institutions were forged in order to maximize the returns from the diamond sector through prudent resource management. Its success is also due in part to the nature of the diamond trade. The country also developed a public-private partnership with De Beers in which the national company now owns a 15 per cent share. Taking the route of democracy and the rule of law has meant a more stable investment environment and mutual trust between company and government. Botswana's government has managed to sustain fiscal surpluses and a steady stream of productive public investment in areas such as infrastructure, health and education.*

## 5. CONCLUSION

Knowledge of what is expected by citizens from corporates and central and local governments will help the traditional leaders and community members make demands to the duty bearers based on informed positions. Though there is scope to expand the formal space for citizens to engage duty bearers and corporates opportunities to make demands, there are opportunities within the exiting legislation which citizens can be heard and make demands upon duty bearers.

<sup>27</sup> Paul Stevens, Jaakko Kooroshy, Glada Lahn and Bernice Lee, "Conflict and Coexistence in the Extractive Industries", A Chatham House Report [https://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Energy,%20Environment%20and%20Development/chr\\_coc1113.pdf](https://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Energy,%20Environment%20and%20Development/chr_coc1113.pdf)

<sup>28</sup> *ibid*

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## Vision:

***"A just Zambian society guided by faith, where everyone enjoys fullness of life"***

## Mission Statement:

***"From a faith inspired perspective the JCTR promotes justice for all in Zambia, especially for the poor, through research, education, advocacy and consultations"***

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Handbook

Advocacy on Economic, Social and Cultural Rights (ESCR)

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