



## JOINT STATEMENT

# REINSTATE MINERAL REVENUE SHARING MECHANISM

## FOR IMMEDIATE RELEASE

11<sup>th</sup> October, 2019

**Lusaka-** The Strengthened Accountability Programme (SAP) II implementing partners would like to urge the government to reinstate the Mineral Revenue Sharing Mechanisms in form a Local Authority Development Fund.

The Jesuit Centre for Theological Reflection (JCTR), Caritas Zambia, Extractive Industry Transparency Alliance (EITA) and Youth Alliance for Development (YAD) are calling on the government to reinstate the Mineral Revenue Sharing Mechanism for the benefit of the local authorities and ultimately the communities hosting the mining firms.

This is in response to its absence in the 2020 budget, and a statement issued in parliament by Minister of Finance, Dr. Bwalya Ngandu, where he stated that the Mineral Revenue Sharing Mechanism will not be included in the 2020 budget as aspects of sharing revenue with mine host communities' forms part of the Local Government Equalization Fund.

As provided for in the African Mining Vision of 2008, of which Zambia is a signatory, it is only rational for the country to develop a dedicated mechanism to make use of revenues from these finite resources, considering they form part of the nation's subsoil capital wealth. Article 253(h) of the amended constitution of the Republic of Zambia of 2016 on Land Environment and Natural Resources, states that; "investments in land to also benefit local communities and their economy". As such, such a provision is recognized by the supreme law of the land

We demand for the reinstatement of the Mineral Revenue Sharing Mechanism, as we believe that it's relevant in safeguarding the livelihoods and mitigating impacts of environmental degradation in Mine Host Communities. It is worth noting that the Local Government Equalization Fund, does not take into parameters of loss of livelihood and environmental degradation in allocating resources to local authorities. Furthermore, we note that the according to the Local Government Act No. 2 of 2019, 20% of the Local Government Equalization Fund is meant for capital expenditure by a Local authority, while the mechanisms for utilization of the funds (80%) is not inclusive and participatory for right holders to participate in decision making, planning, budgeting,

utilization, distribution and management of the funds. This often leading to most the expenditure being spent on emoluments and other administrative costs leaving little for communities.

The mentioned SAP II Implementing partners recognize that the Mines and Mineral Development ACT of 2008 had the promise that communities would start benefiting from mining revenue sharing mechanism. Unfortunately, this ACT failed to live to that expectation as the clause providing for this was removed.

In view of the loss of livelihoods, environmental degradation and poor living standard and lack of access to essential social amenities, a Mineral Revenue Sharing Mechanism (MRSM) will allow for a percentage of mineral taxes paid to the central government to be channeled to Local Authorities, with a bias to those hosting mining firms. We as SAPII partners, believe that this will allow for local authorities to empower local communities with alternative livelihoods while mitigating some of the impacts of resource extraction.

We would also like to remind the Minister of Finance, Dr. Bwalya Ngandu, of his own work in a publication on called The Contribution of mining taxes to Zambia's Economic Development 2011:43 where he stated that ***“Local communities in places like the Copper belt and Kolwezi, where actual mining takes place, should share in the benefits of mineral royalty revenue. It is increasingly becoming acceptable around the world, that part of royalty collected, should be allocated to the communities that are directly affected by mining activities.”***

We therefore, appeal to the government through the Ministry of Mines, Ministry of Finance and Ministry of Local Government to;

1. Amend the Local Authority Equalization Fund to increase the quarter of resources to be allocated towards community developmental project.
2. Ensure that in the absence of a Mineral Revenue Sharing Mechanism, local authorities, especially those hosting mining activities allocate a reasonable portion of their budget towards community development and environmental related programs to mitigate the effects of mining.
3. Expedite the process of enforcing the provisions of the Decentralization Policy and the Local Government Act to foster Social Accountability and Service Delivery through Equalization Fund.

We expect the Minister of Finance to amend the proposed 2020 budget to include;

1. Strategies for investing windfall earning and mineral rent into sovereign wealth funds including stabilization funds.

This should actually be used as a strategy out of our current fiscal deficit, and

2. A rent distribution system for allocating part of mineral revenue to communities near mining areas and local authorities.

## **ABOUT SAP II**

*The Strengthened Accountability Programme (SAP) II is a programme under diakonia with an objective of empowering citizens who are the rights holders in holding duty bearers accountable and fully benefiting from the nation's resource endowment.*

*The programme seeks to see an improved quality of life for Rights Holders (RHS) specifically women, youth, the poor and the vulnerable groups in natural resource rich, rural and peri-urban areas of zambia.*

*SAP II addresses challenges of vulnerable communities in predominantly rural areas to achieve meaningful impact and reach more areas that are affected considering that there is a lot which needs to be done in strengthening the rights holder's participation in enhancing equality, transparency and accountability in national resource management, particularly at local level.*

*This programme has over ten implementing partners with a wealth of experience in gender equality, building democratic culture and social economic justice working in 4 provinces of zambia including; Luapula, North-Western, Southern, Copper Belt and Lusaka Province.*

*The Strengthened Accountability Programme (SAP) II'S an overall objective is to see that targeted duty bearers are transparent and are accountable to rights holders in the equitable administration.*

**Implementing partners in the SAP II include; JCTR, Caritas Zambia, EITA, YAD, SACCORD, Women for Change, FODEP, NGOCC and MISA Zambia.**

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**Jesuit Centre for Theological Reflection (JCTR)**

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**Jesuit Centre for Theological Reflection**

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