



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON PARASTATAL BODIES

ON THE

**PETROLEUM DEVELOPMENT AND MANAGEMENT BILL, N.A.B. NO. 72 OF
2026**

FOR THE

FIFTH SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

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FOREWORD

Honourable Madam Speaker, the Committee on Parastatal Bodies has the honour to present its Report on the Petroleum Development and Management Bill, N.A.B. No. 72 of 2026, for the Fifth Session of the Thirteenth National Assembly. The functions of the Committee are set out under Standing Orders 206 (1) and 207 of the National Assembly of Zambia Standing Orders, 2024.

The Committee held five sittings to consider the Bill. To gain insight into the ramifications of the Bill, the Committee sought both written and oral submissions from various stakeholders. The list of stakeholders is at Appendix II of the Report.

The Report is in three Parts. Part I contains the salient provisions of the Bill. Part II highlights concerns raised by stakeholders, while Part III contains the Committee's observations and recommendations.

The Committee wishes to pay tribute to all stakeholders who appeared before it and tendered both oral and written submissions. It further wishes to thank you, Madam Speaker, for affording it an opportunity to consider the Petroleum Development and Management Bill, N.A.B. No. 72 of 2026. The Committee also appreciates the services rendered by the Office of the Clerk of the National Assembly during its deliberations.



Dr Chitalu Chilufya, MP
CHAIRPERSON

May, 2026
LUSAKA

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1.0 MEMBERSHIP OF THE COMMITTEE

The Committee consisted of Dr Chitalu Chilufya, MP (Chairperson); Mrs Mutinta C Mazoka, MP (Vice Chairperson); Mr Anthony Kasandwe, MP; Ms Julien Nyemba, MP; Mr Mubita Anakoka, MP; Mr Vumango P Musumali, MP; Mr Stephen Kampyongo, MP; Mr Brian Mundubile, MP; Mr Herbert Mapani, MP and Mr Stanley Kakubo, MP.

2.0 BACKGROUND

The Petroleum Act, Chapter 435 of the Laws of Zambia, does not adequately address emerging challenges in the petroleum industry, including weak regulation, compliance, and enforcement mechanisms, which have constrained the effectiveness of oversight institutions and service providers. In addition, these deficiencies have contributed to inefficiencies in key price support mechanisms, including the application of uniform petroleum pricing.

The Bill, once enacted, is expected to strengthen regulatory oversight, enhance compliance and enforcement, promote efficient market operations, and ensure the sustainable management of the petroleum industry, while aligning the legal framework with current national and international developments in the sector.

3.0 OBJECTS OF THE BILL

The objects of the Bill are to:

- a. provide for the management of the importation, exportation, transportation, distribution, retail, wholesale marketing and storage of a petroleum product;
- b. establish the Uniform Petroleum Pricing Fund;
- c. repeal and replace the Petroleum Act, 1930; and
- d. provide for matters connected with, or incidental to, the foregoing.

PART I

4.0 SALIENT PROVISIONS OF THE BILL

The provisions of the Bill are as set out hereunder.

Part One

Clauses 1 and 2 - Preliminary Provisions

This part provides for preliminary provisions, among them, the interpretation clause, which seeks to define various words and phrases used in the Act.

Part Two

Clauses 3 and 4: Administration

This part establishes the Petroleum Department within the Ministry responsible for energy as the body charged with administering the Act under the supervision of the Permanent Secretary. It also provides for its functions, including coordination of petroleum procurement, policy guidance, and promotion of investment, as well as the appointment of a Director and supporting staff to manage its operations, with authority for delegation to enhance efficiency.

Part Three

Clauses 5 to 10: Supply, Procurement and Specification of Petroleum Product

This part provides for the regulation of the supply, procurement, distribution, and quality assurance of petroleum products in the country. It prohibits the importation, exportation, transport, distribution, retailing, wholesaling, or marketing of petroleum products without a valid licence issued under the Energy Regulation Act, and provides penalties for any breach of this requirement. It further provides for the establishment of a National Bulk Procurement System through a statutory instrument to govern the bulk importation of petroleum products.

This part also sets out procurement and operational frameworks for both the public and private sectors. It requires that public procurement of bulk petroleum products be undertaken in accordance with the Public Procurement Act, while private sector procurement is to follow procedures prescribed by subsidiary legislation. Further, it restricts bulk supply to contracted suppliers under the National Bulk Procurement System, with limited ministerial discretion to permit alternative supply in emergency situations, and exempts certain oil marketing companies. Finally, it ensures that petroleum products and biofuels meet approved quality, blending, and environmental standards, with sanctions for non-compliance and a requirement to adhere to relevant environmental legislation.

Part Four

Clauses 11 to 16: Offloading and Transportation of Petroleum Product

This part regulates the offloading, transportation, and associated cost recovery mechanisms for petroleum products in the country. It requires that all petroleum products be offloaded in accordance with procedures prescribed by the Minister through statutory instrument, and generally restricts offloading of products transported by foreign-registered tankers to bulk depots, except in limited emergency situations subject to approval and compliance with national standards. It also prohibits the offloading of petroleum products in transit within the Republic and requires proper declaration of volumes at points of entry and exit.

Further, this part sets out requirements for the safe transportation and designated parking of petroleum tankers. It establishes a financial framework for transport cost equalisation, requiring retail licence holders to contribute to the Uniform Petroleum Pricing Fund where actual transport costs are below regulated benchmarks, while also allowing claims where costs exceed the approved benchmarks. It also provides for the remittance of transport differentials by pipeline importers to the Energy Fund, thereby ensuring standardisation and regulation of petroleum transport costs across the supply chain.

Part Five

Clauses 17 to 24: Licence for Storage of Petroleum Product

This part provides for the licensing and regulation of the storage of petroleum products within specified capacity limits. It prohibits the storage of petroleum products without a valid licence and sets out procedures for application, renewal, suspension, revocation, and transfer of storage licences, all administered by local authorities in accordance with prescribed requirements and procedures.

It further requires licensees to notify authorities of any changes in their details and provides for the issuance of duplicate licences where originals are lost or destroyed. In addition, it mandates local authorities to maintain a public register of all petroleum

storage licences, including those that are active, suspended, or revoked, thereby promoting transparency and regulatory oversight in the storage of petroleum products.

Part Six

Clauses 25 to 28: The Uniform Petroleum Pricing Fund

This part establishes the Uniform Petroleum Pricing Fund and provides for its financing, purposes, and governance framework. It sets out the sources of monies for the Fund and specifies the purposes for which the Fund shall be utilised. It further provides for the management and administration of the Fund through regulations issued by the Minister, on the recommendation of the Department, and requires the establishment of prudent fiscal controls, accounting systems, reporting mechanisms, and investment guidelines. The Fund is also subject to proper financial accountability, including maintenance of books of accounts, annual audits by the Auditor-General or an appointed auditor, and submission of annual reports by the Fund Manager to the Minister for tabling before the National Assembly within the prescribed timeframe.

Part Seven

Clauses 29 to 31: Enforcement

This part provides for the enforcement of the Act through the appointment and regulation of authorised officers. It empowers the Civil Service Commission to appoint suitably qualified persons to serve as authorised officers responsible for ensuring compliance with the Act.

It further sets out the powers of authorised officers, including the authority to enter, inspect, and search premises where there is reasonable suspicion of an offence, with safeguards such as same-sex searches and the requirement to issue receipts for any items removed and to return them once the purpose of removal has been achieved. In addition, it creates offences relating to obstruction, including delaying or hindering authorised officers, providing misleading information, refusing assistance, or impersonating an authorised officer, and prescribes penalties for such conduct.

Part Eight

Clauses 32 to 42: General Provisions

This part provides for general administrative, regulatory, and oversight mechanisms under the Act. It establishes requirements for maintaining strategic petroleum reserves to ensure security of supply, financed through the Energy Regulation Fund, and empowers the Department to request relevant information from stakeholders in the petroleum sector. It also requires licensees to submit stock reports and notify the Energy Regulation Board of any supply disruptions or risks affecting availability and quality.

Further, it grants the Energy Regulation Board powers to conduct inspections of retail stations, examine records, and seize relevant materials where necessary, subject to safeguards on receipts and return of items. It provides for general offences and penalties, establishes an appeal process from decisions of the Director or local authorities up to the Minister and ultimately the High Court, and grants immunity to officials acting in good faith. The Act also introduces corporate liability for offences committed with the knowledge or consent of senior officers.

Finally, it empowers the Department to issue guidelines and the Minister to make regulations for effective implementation of the Act, and repeals the Petroleum Act, Cap. 435, while providing savings and transitional arrangements to ensure continuity upon commencement of the new legislation.

PART II

CONCERNS RAISED BY STAKEHOLDERS

Stakeholders who appeared before the Committee supported the Bill. However, in doing so, they raised the concerns outlined below.

i. Clause 2 - Interpretation

Some stakeholders were concerned that the definition of “bio-fuel” did not include the word “liquid” after “any”. They contended that correcting this omission would ensure precision in the definition by limiting its scope to liquid bio-fuels, thereby avoiding ambiguity and potential misinterpretation in the application of the provision.

ii. Institutional Framework and Administration

Some stakeholders were concerned that the framework under clauses 3 and 4 centralised operational and policy functions within the Ministry. They were of the view that while this provision might enhance coordination, it concentrated authority within the Executive. The inclusion of this function under the executive might limit institutional checks and balances, particularly given the strategic and commercial significance of the petroleum sector. Regarding pricing mechanisms, they contended that this might create overlaps and potential conflict between the Energy Regulation Board (ERB) and the Ministry. They argued that the Bill should be amended to strengthen institutional independence.

iii. Licensing and Market Entry Controls

Stakeholders noted that clause 5 strengthened regulatory oversight by introducing licensing requirements across the petroleum value chain to ensure safety, compliance, and standardisation. However, they were concerned that the breadth and rigidity of the licensing regime might create barriers to entry for smaller or emerging operators, particularly where processes were complex, costly, or slow, and could potentially limit competition and innovation.

They were further concerned that overlapping or poorly coordinated regulatory mandates might result in duplication, delays, and increased compliance costs.

iv. National Bulk Procurement System

Some stakeholders noted that the introduction of the National Bulk Procurement System (NBPS) had the potential of improving coordination, strengthening the bargaining power, and achieving economies of scale, which could have contributed to more stable and lower procurement costs. However, they were concerned that centralising procurement might reduce competition, limit private sector participation, and weaken efficiency if processes were not sufficiently open and transparent. They were also concerned that giving the Minister discretion to authorise alternative supply arrangements in emergencies, might create governance risks if not clearly defined.

v. Uniform Petroleum Pricing Mechanism

Some stakeholders were concerned that, while clause 3(2) appropriately assigned the Department of Petroleum key functions relating to procurement, strategic reserves, and policy support, the specific treatment of the Uniform Petroleum Pricing (UPP) mechanism raised issues of clarity and coherence. They were further concerned that the provision appears to isolate only the validation of claims and contributions as the Department’s function under the UPP, while other operational aspects of the framework

were not expressly allocated, thereby creating uncertainty as to institutional responsibility.

They further noted that the current operational arrangement since December 2024 had seen the ERB administering the UPP framework in its entirety, with the Ministry of Energy only involved in the validation of claims and contributions.

In this regard, they were of the view that if the policy intention was to retain this arrangement, the Bill should have reflected it clearly.

vi. Offloading and Transportation of Petroleum Product

While some stakeholders supported the provisions under clauses 11 to 13 regulating the transportation and offloading of petroleum products, particularly the restrictions on foreign registered tankers and bulk suppliers in transit, they were of the view that the scope of clause 12 was unduly narrow. They observed that limiting the prohibition on offloading to bulk suppliers might create a regulatory gap that could be exploited by other persons transporting petroleum products through the Republic.

It was therefore, suggested that the provision be broadened to apply to all persons transiting petroleum products through Zambia, to strengthen enforcement of the third country rule, enhance regulatory consistency, and prevent circumvention of the law.

vii. Contributions and Claims

Some stakeholders were concerned that while Sections 14 and 15 relating to claims and contributions were important, their placement under Part IV might create ambiguity regarding their application. They noted that these provisions were specifically linked to the UPP mechanism and would therefore be more appropriately situated under Part VI of the Bill, which dealt comprehensively with the UPP.

Stakeholders were of the view that retaining these provisions in a general part of the Bill could inadvertently allow ineligible parties, such as pipeline transporters, to claim under the UPP framework.

viii. The Uniform Petroleum Pricing Fund

Some stakeholders noted that the UPP mechanism operated as a self-financing model based on cross-subsidisation of transportation costs, whereby retail sites closer to distribution hubs contributed to the Fund, while those located further away received compensation through verified claims. They noted that this financing model was inherently a pricing function, which fell within the statutory mandate of the ERB under the *Energy Regulation Act, No. 12 of 2019*.

They were, therefore, concerned that the involvement of the Ministry in functions relating to pricing could create operational challenges and undermine the sustainability of the Fund. They further cautioned that such involvement might give rise to a conflict of roles, as it would blur the distinction between policy formulation and regulatory oversight. Accordingly, they emphasised the need to maintain a clear separation between policy and regulation to ensure transparency, efficiency, and accountability in the administration of the UPP mechanism.

PART III

COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

The Committee supports the Bill and in doing so, makes the observations and recommendations outlined below.

i. Lack of Clarity in the Definition of “Bio-fuel”

The Committee observes that the omission of the word “liquid” in the definition of “bio-fuel” will work against the intention of the Bill. The Committee, therefore, recommends that the definition be amended accordingly to include the word “liquid.”

ii. Institutional Clarity and Separation of Functions

The Committee observes that the inclusion of pricing-related functions may create overlaps and conflict with the statutory mandate of the ERB.

The Committee, therefore, recommends that the Bill should clearly delineate the roles and responsibilities of the Petroleum Department, the ERB, and other relevant stakeholders, and should strengthen the framework with robust accountability, reporting, and oversight mechanisms to enhance transparency, good governance, and institutional clarity in the petroleum sector.

iii. Licensing and Market Entry Controls

The Committee appreciates that clause 5 of the Bill seeks to strengthen the regulatory oversight by introducing licensing requirements across the petroleum value chain to ensure safety, compliance, and standardisation. However, the breadth and rigidity of the licensing regime may create barriers to entry for smaller or emerging operators, particularly where administrative processes are complex, costly, or slow, and may inadvertently limit competition and innovation. The Committee further observes that overlapping or poorly coordinated regulatory mandates may result in duplication, delays, and increased compliance costs.

In this regard, the Committee recommends that the licensing framework be supported by clear, transparent, and streamlined procedures, including defined eligibility criteria, standardised application requirements, enforceable timelines, and the digitalisation of processes. The Committee further recommends strengthened coordination between regulatory authorities and the incorporation of competition safeguards to promote efficiency, facilitate market entry, and support an inclusive petroleum sector.

iv. National Bulk Procurement System

The Committee observes that the NBPS framework requires clear and transparent procurement guidelines, strengthened oversight mechanisms, and enhanced accountability through audit and parliamentary reporting. The Committee, therefore, recommends that the National Bulk Procurement System framework be strengthened by establishing clear and transparent procurement guidelines

v. Uniform Pricing Mechanisms

The Committee observes that the apparent isolation of the validation of claims and contributions, without expressly allocating the full spectrum of UPP functions, creates uncertainty regarding institutional roles and responsibilities. The Committee further observes that clarity is required to align the Bill with the existing operational arrangement and the intended policy direction.

In this regard, the Committee recommends that the Bill should clearly state whether the ERB will continue to administer the UPP framework in its entirety, or whether such functions are to be fully transferred to the Department of Petroleum. The Committee, further, recommends that all UPP related functions should be comprehensively provided for under Part VI to ensure coherence, clarity, and institutional certainty.

vi. Extending Scope of Clause 12

The Committee observes that the scope of clause 12, as currently framed, is limited to bulk suppliers and may create a regulatory gap which could potentially be exploited by other persons transporting petroleum products through Zambia. The Committee, therefore, recommends that clause 12 be amended to extend its application to all persons transiting petroleum products through the Republic to strengthen enforcement and ensure regulatory consistency.

vii. Placement of Claims and Contributions under the Uniform Petroleum Pricing Framework

The Committee observes that the placement of Sections 14 and 15 under Part IV may create ambiguity regarding their application, as the provisions are intrinsically linked to the Uniform Petroleum Pricing mechanism and would be more appropriately situated under Part VI of the Bill. The Committee further observes that retaining these provisions in a general part of the Bill may lead to misinterpretation and unintended eligibility for claims by parties not envisaged under the Uniform Petroleum Pricing framework.

In this regard, the Committee recommends that Sections 14 and 15 be placed under Part VI of the Bill to ensure coherence, clarity, and proper alignment with the Uniform Petroleum Pricing framework.

viii. Uniform Petroleum Pricing Institutional Alignment and Functional Separation

The Committee observes that the Uniform Petroleum Pricing mechanism is a self-financing system based on cross-subsidisation of transport costs and requires clear alignment with the regulatory pricing mandate of the Energy Regulation Board. It further observes that overlapping roles between policy and regulatory functions may create inefficiencies and affect the sustainability of the Fund.

The Committee, therefore, recommends that the administration of the Uniform Petroleum Pricing mechanism should be aligned with the statutory mandate of the Energy Regulation Board, and that a clear separation between policy formulation and regulatory functions be maintained to ensure transparency, accountability, and the sustainability of the Fund.

CONCLUSION

The Petroleum Development and Management Bill, 2026 represents an attempt to comprehensively modernise Zambia's petroleum sector by strengthening regulation, improving supply coordination, and introducing mechanisms for price stabilisation and energy security. The Bill addresses critical areas such as procurement, pricing, storage, and enforcement, and has the potential to enhance sector stability and national energy resilience.

However, there are key areas requiring refinement, particularly regarding governance concentration, market competition, regulatory clarity, and implementation capacity. The centralisation of procurement and pricing mechanisms, while beneficial for coordination, may introduce inefficiencies and reduce private sector participation if not carefully managed. Similarly, broad enforcement and regulatory powers require stronger safeguards to ensure fairness, accountability, and predictability.

With targeted refinements, particularly in strengthening institutional oversight, enhancing transparency in procurement and pricing, and balancing regulation with market efficiency, the Bill can provide a robust and sustainable framework for petroleum sector development.



Dr Chitalu Chilufya, MP
CHAIRPERSON

May, 2026
LUSAKA

APPENDIX I
LIST OF NATIONAL ASSEMBLY OFFICIALS

Mr Stephen Chiwota, Director (Financial Committees)
Mr Geoffrey Zulu, Deputy Director (Financial Committees)
Mr Charles Chishimba, Senior Committee Clerk (FC1)
Ms Carol Ndoti, Committee Clerk
Ms Anita Mulale, Administrative Assistant
Mr Daniel Lupiya, Senior Committee Assistant
Mr Muyembi Kantumoya, Committee Assistant

APPENDIX II
LIST OF WITNESSES

Ministry of Justice
Ministry of Energy
National Economic Advisory Council
Energy Regulation Board