



**REPUBLIC OF ZAMBIA**

**REPORT**

**OF THE**

**COMMITTEE ON NATIONAL ECONOMY, TRADE AND LABOUR MATTERS ON  
PUBLIC PROCUREMENT IN ZAMBIA**

**FOR THE**

**SECOND SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY**

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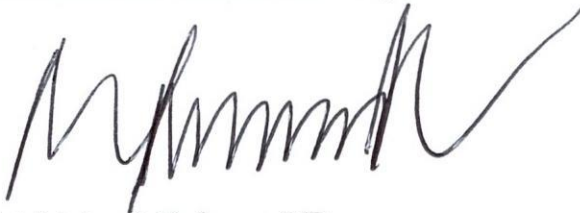
## FOREWORD

The Committee on National Economy, Trade and Labour Matters has the honour to present its Report for the Second Session of the Thirteenth National Assembly on the topical issue the Committee was interrogating namely: ***Public Procurement in Zambia***. The Committee undertook its functions as set out in Standing Orders No. 197 (b) and 198 of the National Assembly of Zambia Standing Orders, 2021.

In order to fully interrogate the topical issues, the Committee requested detailed memoranda from various stakeholders, who were later invited to speak to their written submissions and made clarifications on issues arising there from. The list of stakeholders who made submissions to the Committee is at Appendix II. The Committee held twelve meetings during the period under review to consider the topical issue.

The Committee's Report is organised in two parts: Part I presents the findings from the Committee's deliberations on the topical issue, including the findings from the local and foreign tours; while Part II outlines the Committee's consideration of the Action-Taken Report on the Report of the Committee for the First Session of the Thirteenth National Assembly.

The Committee is grateful to all stakeholders who tendered both written and oral submissions. The Committee further wishes to thank you, Madam Speaker, for affording it an opportunity to carry out its work. It also appreciates the services rendered by the Office of the Clerk of the National Assembly and his staff throughout the Committee's deliberations.



Mr Mutotwe L Kafwaya, MP  
**CHAIRPERSON**

June 2023  
**LUSAKA**

## **LIST OF ACRONYMS**

<b>ZPPA</b>	<b>ZAMBIA PUBLIC PROCUREMENT AUTHORITY</b>
<b>MPI</b>	<b>MARKET PRICE INDEX</b>
<b>E-GP</b>	<b>ELECTRONIC GOVERNMENT PROCUREMENT</b>

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## **1.0 MEMBERSHIP OF THE COMMITTEE**

The Committee consisted of Mr Mutotwe L Kafwaya, MP (Chairperson); Ms Sefulo Sibeso Kakoma, MP (Vice Chairperson); Mr Sialubalo Simuunza Gift, MP; Mr Mubika Mubika, MP; Mr Binwell Mpundu, MP; Mr David Mabumba, MP; Mr Elliot Kamondo, MP; Mr Ronald Chitotela, MP; Mr Davies Chisopa, MP; Mr Njavwa Simutowe, MP.

## **PART 1**

### **CONSIDERATION OF THE TOPICAL ISSUE**

## **2.0 PUBLIC PROCUREMENT IN ZAMBIA**

### **2.1 Background**

Public procurement is a fundamental, crucial component of democratic governance, poverty reduction and sustainable development. It is a key component of expenditure management which accounts for an estimated 10 percent of Zambia's Gross Domestic Product (GDP). This entails that Public Procurement should be based on the principal of "value for money" which will result in the government acquiring the best quality of goods and services for the benefit of the Zambian people.

By law, public procurement in Zambia refers to procurement carried out by procuring entities using public funds. These procuring entities include government agencies, parastatals, and units mandated by the government to carry out procurement using public funds. It is anchored on the core principals which included; economy, efficiency, effectiveness, transparency, competition and fairness.

Zambia Public Procurement Agency (ZPPA) had introduced an electronic government procurement (E-GP) system in an effort to enhance the process of public procurement. The purpose of developing such as system was for purposes of enhancing efficiency in public procurement, which enabled the government to make significant savings, prevented corruption, opened markets to international competition, and encouraged the growth of local and small firms. However, the slow rollout of the E-GP system was concerning and could explain the lingering inefficiencies in the procurement system. ZPPA also published Open Contracting Data (OCD) which was crucial for real-time evidence-based policy formulation. However, the OCD was not fully functional and had limited usage among key stakeholders.

Despite all the legislative powers and performance enhancing investments in Information Technology (IT) for purposes of enhancing Public Procurement, the Auditor General's (AG) report had regularly highlighted reports of procurement irregularities in the public sector. The AG reports raised questions about the efficiency of the Authority in fulfilling its mandate of monitoring and regulating procurement in the public sector.

## **3.0 OBJECTIVES**

The objectives of the study were to:

- (i) Ascertain the sufficiency of the policy and legal framework governing the public procurement process in Zambia;
- (ii) Appreciate the functions of the Zambia Public Procurement Authority and ascertain the effectiveness of its operations;

- (iii) Appreciate the level of collaboration between the Zambia Public Procurement Authority and other institutions in order to curb any irregularities or malpractices in the public procurement process;
- (iv) Appreciate the challenges, if any, faced in the procurement process by procuring entities, bidders and suppliers in Zambia; and
- (v) Make recommendations on the way forward.

#### **4.0 SUMMARY OF SUBMISSIONS FROM STAKEHOLDERS**

The Committee requested for input from selected stakeholders that made written and oral submissions to it on the topical issue. A synopsis of the submissions made by the various stakeholders on the topical issue is presented below.

#### **4.1 Legal and Institutional Framework Governing Public Procurement In Zambia**

##### **4.1.2 Legal Framework**

*(i) The Constitution Amendment Act No.2 of 2016*

The Committee was informed that the *Constitution (Amendment) Act No. 2 of 2016* was the Supreme Law of the Republic of Zambia. According to Article 1, all laws, written law or customary law, must be consistent with it and any law which is inconsistent with its provisions was void to the extent of its inconsistency. According to Article 210 (1) the Constitution stated that “*State organ, State institution and other public office shall procure goods or services, in accordance with a system that is fair, equitable, transparent, competitive and cost-effective, as prescribed*”.

Based on the above, it was clear that the Constitution incorporated policies of a good procurement system which entailed that any Government procurement policies and legislation that stifle a competitive and robust regime, which failed to promote financial probity, fairness or accountability, were unconstitutional and therefore void.

*(ii) The Public Procurement Act No.8 of 2020*

The Committee was informed that the *Public Procurement Act No. 8 of 2020*, hereinafter referred to as the Public Procurement Act, repealed and replaced the *Public Procurement Act No.12 of 2008* and was assented to in November 2020, and its aim was to revise the law relating to procurement so as to enhance transparency, efficiency, effectiveness, economy, value for money, competition and accountability in public procurement. The Public Procurement Act was the principal legislation governing public procurement in Zambia, and it gave powers for the existence of the Zambia Public Procurement Authority (ZPPA) hereinafter referred to as the Authority.

One of the major gaps in the *Public Procurement Act No.12 of 2008* was the lack of clarity or guidance on pricing of goods and services. In the 2008 Act, pricing of procured goods and services was not an issue for as long as the procedure was correctly followed. A classic example was that of the procurement of 42 fire trucks in 2017 at USD1 million per unit when the market price was around a third of that amount. To seal the pricing gap, the Public Procurement Act introduced the Market Price Index (MPI), outlined in Section 12 (1) of the *Public Procurement Act No. 8 of 2020*. The MPI is a metric that represents price position relative to competitors across key categories and brands, suppliers of goods, works and services. The Authority produced the MPI quarterly to guide pricing in public sector

procurements. The MPI was based on current market prices of commonly procured goods and services, and this information was collected regularly.

The Public Procurement Act also provided the procurement of goods or services which were not listed in the Market Price Index (MPI). Section 12 (4) of the Act stated that “A *procuring entity shall, where an item to be procured is not covered in the quarterly market price index, undertake a price reasonableness analysis subject to the approval of the Authority, as prescribed*”.

*(iii) The Public Finance and Management Act No.1 of 2018*

Stakeholders stated that the *Public Finance and Management Act No. 1 of 2018* offered the institutional and legal framework for managing public finances, oversight, improving accountability, and controlling. This Act sought to address issues which related to compliance to procurement requirements and irregular expenditure incurred in contravention of the Public Procurement Act, 2008 – thus required an amendment to the effect. The Act also offered the institutional and legal framework for managing, oversight, controlling improving accountability in public finances of which public procurement was at the centre.

*(iv) The Public Private Partnerships (PPP) Act No.14 of 2009*

Stake holders submitted that the *Public Private Partnership (PPP) Act No 14 of 2009* anchored the legal and regulatory framework for procuring services and goods through PPPs in Zambia and its role was acknowledged in the *Public Procurement Act. Section 52 of the Public Procurement Act*, in particular, stated that contracts for the construction, rehabilitation, or operation of public infrastructure and other public goods, services, concessions, and comparable forms of contracting financed through the PPP models must follow the procedures outlined in the *PPP Act, 2009*.

#### **4.1.2 Functions of ZPPA and its Effectiveness**

The stakeholders submitted that ZPPA was an independent regulatory body which was responsible for making policies, setting standards, monitoring compliance and performance, managing performance development, and disseminating information on public procurement. However, the ZPPA had no powers to punish or sanction an officer that was found in breach of the procurement guidelines. The responsibilities for contract management were stated in the Act and Regulations. It established open tendering as the default method and provided conditions for use of less competitive methods.

Further, the ZPPA housed the Electronic – Government Procurement (E-GP) system, which was introduced in 2015, which was an online platform for public procurement.

The Committee was informed that the E-GP Platform was a web-based, collaborative system which facilitated the full lifecycle of a tendering process, for both buyers and suppliers. It offered a secure, interactive, dynamic environment for procurements of any nature, complexity or value, enforcing (where appropriate) and encouraged recognised best practices. The E-GP Platform therefore supported the process of procuring works, services and supplies electronically. Different public procurement procedures were supported for both one-off or repetitive purchases through several dedicated sub-modules providing facilities for user registration, tender notification, bid preparation and submission, online bid evaluation, contract awarding, creation and management of catalogue-based information, placement of electronic purchase orders, electronic Invoicing and order tracking.



#### **4.1.3 Level of collaboration between the Zambia Public Procurement Authority and other institutions**

The stakeholders submitted that ZPPA had limited powers in terms of punishment, convictions and sanctions. Therefore, in a situation where a government institution or procuring entity or officer had operated outside the prescribed guidelines of public procurement, the ZPPA was only able to recommend action to Zambia Institute of Purchasing and Supply (ZIPS) and the investigative and enforcement wings such as the Anti-Corruption Commission (ACC), Drug Enforcement Commission (DEC), Zambia Police (ZP) and the Financial Intelligence Centre (FIC). The stakeholders stated that based on the recommendations of the ZPPA, the investigative and enforcement wings would then proceed with the necessary sanctions.

### **4.2 CHALLENGES FACED BY PROCURING ENTITIES, BIDDERS AND SUPPLIERS IN THE PROCUREMENT PROCESS**

#### **4.2.1 The Legal and Institutional Framework**

The stakeholders submitted that the *Public Procurement Act No.12 of 2020*, had provisions which were intended to increase the involvement of citizen owned companies in the procurement process, but this only applied to national bidding among the other forms of bidding. This meant that other forms of bidding would create a missing opportunity for citizen owned companies and give an upper hand to foreign bidders. For instance, anecdotal reports in 2022 on the procurement of fertiliser, where ZPPA cancelled the tender which was initially advertised under National Bidding, but implemented it under Direct Bidding thereby leaving out citizen-owned companies.

The stakeholders also stated that under simplified bidding, the *Public Procurement Act No.12 of 2020* prescribed that if any institution was found to be in breach of competitive practices, such as submitting two or more quotations from one bidder registered with different names, that bidder would be blacklisted. However, this did not apply to other forms of bidding, which creates an avenue for uncompetitive practices.

The committee was further informed that ZPPA did not have a national presence and this weakened its oversight role.

#### **4.1.3 Anti-Competitive Bidding**

It was submitted that the procurement process in Zambia suffered from deficiencies such as anti-competitive bidding. This could be seen from common practises such as inadequate timelines, non-compulsory publishing of tender results and restrictive tendering practices. The Committee was informed that the procurement process in Zambia was marked by significant departures from competitive bidding which was seen through the absence of standard contracts and tender documents in some instances, absence of public access to tender documents and pre-qualifying criteria, short timelines and non-enforced publishing of tender results.

#### **4.1.3 Procurement of Goods and Services at Higher than Market Prices**

Based on the submission from stakeholders, the Committee was informed that despite putting safety mechanisms in the Public Procurement Act, with regard to pricing, Government Ministries, Provinces and Spending Agencies (MPSAs) continued to procure goods and services at prices higher than the market value. This could be seen from the Auditor General's report. For instance, the 2021 Auditor General Report highlighted that Ministry of

Health (MOH) failed to establish reasonableness price analysis and procured uncompetitively (single-sourcing) 10,000 Oxygen Cylinders at contract sum of US\$13,000,000 from Acute Investments Limited. Other sources of over priced goods and services are those in the road sector. Based on anecdotal evidence, road construction in Zambia costs were around US\$1.6 million per km, which was not very different from the average in Kenya of US\$1.5 per km.

#### **4.1.4 Complex Bidding Procedures**

The stakeholders submitted that the bidding procedures were overly complex, required excessive documentation and compliance which deterred small and medium-sized enterprises (SMEs) from participating in public procurement, thus restricting competition and innovation. This was mostly common in the rural areas of Zambia where internet connectivity was also a very serious challenge.

#### **4.1.5 Late Payments**

The stakeholders submitted that delayed payments to successful bidders was a significant challenge, particularly for smaller suppliers, impacting their cash flow and sustainability. The Committee was informed that this was what led to prices being extremely high for most public goods.

### **5.0 TOURS**

#### **5.1 Local tour**

The Committee undertook its local tour to Southern and Copperbelt Provinces and toured institutions listed hereunder.

- (a) Livingstone General Hospital;
- (b) Livingstone City Council;
- (c) Livingstone College of Education;
- (d) Ndola Teaching Hospital;
- (e) Kitwe Teaching Hospital;
- (f) Mopani Copper Mine; and
- (g) Mine Suppliers and Contractors Association.

The tour provided an opportunity for the Committee to appreciate the progress made, as well as the challenges on the subject *Public Procurement in Zambia*.

Some of the findings of the Committee are as set out below.

- i. Suppliers of goods and services were not conversant with the electronic government procurement (E-GP) platform, which is a web based collaborative system that facilitates the full life cycle of a tendering process, for both buyers and suppliers.
- ii. The prices listed in the Market Price Index (MPR), as determined by the Zambia Public Procurement Authority (ZPPA), in some instances did not reflect the actual value of goods and services on the market.
- iii. The long procurement procedures negatively affected the achievement of efficiency and value for money, as most government projects and contracts took up

to four or more months to commence, from recognition of the need to actual procurement.

- iv. The provisions of the *Public Procurement Act No 8 of 2020* did not favour hospitals and mines who needed a fast track system of procurement due to the nature of their operations.
- v. Having stores under the supervision of the Director of Finance had proved problematic as accountants were being used to manage stores despite them not having the qualifications in stores management.

Based on these submissions from stakeholders, Committee highlighted a number of recommendations that they viewed would be of great value to the enhancing public procurement in Zambia. One of the recommendations sited was in relation to the enhancement of the technical capacity to allow for sector specific Public Procurement processes. In this regard, the Committee recommended that the Ministry of Finance should come up with regulations that exempt life-saving institutions, such as Hospitals from tedious procurement processes as most of their needs were urgent in nature.

The committee further recommended for the enhancement of free public procurement sensitisation programmes for both new and old bidders, suppliers, inclusive of non-procurement personnel in public institutions by various stake holders.

## **5.2 Foreign tour**

The Committee undertook its foreign tour to Tanzania in order to learn and appreciate how Tanzania had over the years progressed in enhancing public procurement. During its tour, the Committee interacted with various Government institutions as listed here under:

- (a) The University of Dar es Salaam;
- (b) Petroleum Development Cooperation
- (c) Medical Store Department of Tanzania;
- (d) Public Procurement Regulatory Authority; and
- (e) Other senior government officials.

Public procurement in Tanzania is governed by the Public Procurement Act of 2011 and its regulations. The objective of the public procurement system in Tanzania is to ensure transparency, competitiveness, fairness, and value for money in the acquisition of goods, works, and services by public entities.

### **5.2.1 Key features of the Public Procurement system in Tanzania**

#### **i. Procuring Entities**

The Act applied to all government ministries, departments, agencies, and other public entities that received public funds for procurement purposes.

#### **ii. Procurement Method**

The Act provided for various procurement methods, including open competitive bidding, restricted tendering, request for proposals, and direct procurement methods. The selection of the appropriate method depends on the value and complexity of the procurement.

### **iii. Thresholds**

The Act established different thresholds for procurement processes based on the estimated value of the procurement. These thresholds determined the applicable procurement method and the level of oversight required.

### **iv. Procurement Process**

The procurement process generally involved the following steps:

**Planning:** The procuring entity identified its procurement needs and prepares procurement plans.

- (i) **Tendering:** The entity issued tender documents, advertises procurement opportunities, and invites interested bidders to submit their bids.
- (ii) **Evaluation:** The entity evaluates the bids received based on predetermined criteria and selected the successful bidder.
- (iii) **Contracting:** The entity entered into a contract with the successful bidder and it required performance guarantees.
- (iv) **Implementation and Monitoring:** The entity oversaw the implementation of the contract and monitored the performance of the supplier.
- (v) **Procurement Oversight:** The Public Procurement Regulatory Authority (PPRA) was responsible for regulating and overseeing the public procurement process in Tanzania. The PPRA provided guidelines, capacity building, and oversight to ensure compliance with the procurement regulations.
- (vi) **Transparency and Accountability:** The procurement system emphasized on transparency and accountability. The Act required procuring entities to publish procurement opportunities, bid evaluation results, and contract awards in the Government Procurement Portal and other designated platforms.
- (vii) **Preference for Local Suppliers:** The Act encouraged the participation of local suppliers and contractors in public procurement. Preference was given to Tanzanian suppliers, provided they met the specified criteria.

#### **5.2.2 Steps taken to enhance public procurement in Tanzania**

To enhance public procurement in Tanzania, several steps had been taken to improve transparency, efficiency, and effectiveness in the procurement process. Here are some key initiatives:

**Legal and Regulatory Reforms:** Tanzania had enacted the Public Procurement Act of 2011, which provided a comprehensive legal framework for public procurement. The act and its regulations established clear guidelines and procedures for procurement, ensuring transparency, fairness, and accountability.

**Capacity Building and Training:** To enhance procurement expertise, capacity-building programs and training workshops had been conducted for procurement professionals. These programs aimed to improve the understanding of procurement principles, procedures, and best practices among procurement officers and stakeholders.

**Technology Adoption:** Tanzania had embraced technology to streamline the procurement process and enhance transparency. The Government Procurement Portal and other online platforms had been established to provide information on procurement opportunities, tender

notices, and contract awards. These platforms enabled suppliers and contractors to access procurement information and allowed them to submit bids electronically.

**Procurement Planning:** Effective procurement planning was crucial for optimizing resources and achieving value for money. Procuring entities were encouraged to develop comprehensive procurement plans that aligned with their organizational objectives. This helped ensure that procurement was well-budgeted, timely, and responsive to the needs of the government and the public.

**Monitoring and Evaluation:** Robust monitoring and evaluation mechanisms had been put in place to assess the performance of the procurement system. This included regular audits, inspections, and assessments of procurement processes to identify gaps, irregularities, and areas for improvement.

**Anti-Corruption Measures:** Measures had been implemented to combat corruption in public procurement. Whistleblower protection mechanisms, code of conduct for procurement officials, and stringent penalties for corruption offenses were some of the steps taken to promote integrity and deter fraudulent practices.

These steps demonstrated Tanzania's commitment to enhancing public procurement by promoting transparency, accountability, and efficiency. Continued efforts in these areas will contribute to improved service delivery, value for money, and overall development outcomes.

## **6.0 COMMITTEES OBSERVATIONS AND RECOMMENDATIONS**

Having considered the submissions made by various stakeholders and taking into consideration the findings from the foreign and local tours, the Committee makes the observations and recommendations as set out below.

### **(i) LEGAL IMPEDIMENTS**

The Committee appreciates the efforts that government is making to ensure that there is a sufficient legal framework to govern public procurement in Zambia. However, the Committee notes that this legal framework has not fully encouraged the participation of citizen owned companies in public procurement.

In this regard, the Committee recommends for an amendment to the legal framework for purposes of promoting more citizen owned companies to participate in public procurement. The Government, through the Ministry of Housing and Infrastructure Development should increase from twenty (20) percent sub contraction policy to thirty (30) percent sub contraction to allow for more citizen owned companies participate in public procurement.

The Committee further recommends that Government should ensure that foreign contractors adhere to this policy.

### **(ii) STIFFER PENALTIES BY LAW ENFORCEMENT AND INVESTIGATIVE WINGS**

While noting the important role the law enforcement and investigative wings play by among other things, exposing abuses in the procurement process, corruption and other such vices, there has been little or no action on procurement cases reported by the Auditor General and other enforcement wings.

In this vein, the Committee recommends for the enforcement and investigative wings to be more vigilant and pro-active in ensuring that there are stiffer penalties for would be offenders. These penalties are backed by the law and can be found in the *Public Procurement Act Section 106 and 107*.

**(iii) REGULAR REVIEW OF THE MPI**

The Committee notes with concern that the monthly price adjustments of petroleum products adversely affected the prices at which procurement entities purchased public goods. An increase in the price of the petroleum products resulted into an increase in the price of public goods.

The Committee, therefore, recommends adjustment in the price of public goods in the MPI be aligned to the adjustment in the price of petroleum products.

In addition, the Committee is of the view that the MPI be reviewed regularly, for instance every month and ZPPA should ensure that all the necessary items appear in the next or latest MPI considering the changes in prices.

**(iv) ESTABLISHMENT OF AN INDEPENDENT COMPLAINTS REVIEW COMMISSION**

Based on the submissions from stake holders, the Committee raised concerns about ZPPA's involvement in complaints review from bidders and suppliers.

In this regard, the Committee recommends for the establishment of an independent Complaints Review Body as is the case in Tanzania. This commission acts as an independent and impartial body responsible for reviewing complaints. It ensures that all bidders and stakeholders are treated fairly and that procurement decisions are made based on merit and compliance with regulations. By holding accountable those responsible for any breaches or irregularities, it helps maintain integrity and trust in the procurement system.

**(v) FULL ROLL OUT OF THE E-GP SYSTEM**

The Committee observes that the E-GP system is not being implemented to its fullest capacity by most Procurement Entities. The Committee is of the view that a full roll out of this system is a needed and therefore government must expedite the e-GP system roll out. This will curb corruption, reduce resource wastage, enhance efficiency in public procurement, and strengthen Public Finance Management, contributing to the attainment of fiscal sustainability.

The Committee, therefore, recommends that Government expedites the country wide roll out of the E-GP system. The Government, through ZPPA needs to show commitment to the E-GP implementation by ensuring that Procurement Entities within the country have the capacity to keep the system fed with relevant data to promote open contracting. Open Contracting is the practice of publishing and using accessible procurement cycle information to ensure that huge sums of public money are spent honestly, fairly, and effectively. Transparency should transcend at each stage of the procurement cycle, from pre-tendering to service delivery.

**(vi) INFRASTRUCTURE DEVELOPMENT**

The Committee notes with concern that one of the major impediments for the full roll of the E-GP system can be attributed to lack of infrastructure to support internet services in most parts of the country. The Committee is of the view that as is the case in Tanzania, investment

in broadband infrastructure enables seamless communication and collaboration among individuals and organizations. It supports real-time video conferencing, voice calls, and messaging applications, allowing people to connect and collaborate across distances.

In this regard, the Committee recommends for the development of broadband infrastructure including fibre-optic networks, to improve internet connectivity across the country. This infrastructure expansion will increase the availability of high-speed internet, making it more accessible for users, including those involved in public procurement.

**(vii) CAPACITY BUILDING**

The Committee notes that many Procurement Entities lack adequate training in the use of the E-GP system. The Committee is of the view that proper use of the E-GP system by procurement professionals will greatly enhance public procurement.

The Committee, therefore, recommends that to enhance internet usage for public procurement, that there is need to focus on capacity building initiatives. Training programs and workshops should be conducted to familiarize procurement officials with e-procurement systems and ensure their effective utilization. These capacity-building efforts equip procurement professionals with the skills to leverage internet technology in their procurement activities.

**(viii) STANDARDIZATION AND SIMPLIFICATION**

The Committee observes that in some instances, bidding procedures were complex and require excessive documentation and compliance which prevented small and medium-sized enterprises (SMEs) from participating in public procurement. The Committee is of the view that simplification of procurement processes such as reduced paperwork will minimise delays and improve participation in public procurement.

In this regard, the Committee strongly recommends for standardization of procurement documents, templates, and procedures as this will promote and improve efficiency and reduce ambiguity.

**(ix) ENHANCED INFORMATION SHARING AND TRANSPARENCY**

The Committee notes with concern that most Procurement Entities did not adequate information with regards to public procurement. The Committee is of the view that wider internet connectivity can greatly contribute to ensuring information that relates to matters of procurement reaches a wider audience.

In this regard, the Committee recommends greater information sharing and transparency in public procurement. Procuring entities can disseminate procurement-related information through online channels, making it accessible to a wider audience. This promotes competition, increases supplier participation, and enhances transparency throughout the procurement process.

**(x) DELAYS IN THE PROCUREMENT PROCESS**

The Committee notes that the procurement process was characterised by delays caused by the long ques that people stand in when they physically take documents to the ZPPA offices. The Committee further notes that further delays are caused by the Government which takes a lot of time to pay suppliers.

The Committee, therefore, recommends enhancement of online Payment Systems which will enable suppliers to make payments electronically for bid documents, registration fees, and performance guarantees and for government to settle supplier bills. This reduces the need for physical cash transactions, enhancing convenience and efficiency in the procurement process.

**(xi) ATTAINMENT OF THE PRINCIPAL OF VALUE FOR MONEY**

The Committee further observes that delays at various stages in the procurement process did not promote value for money. The time lapse between the floatation period and the time the public goods reached the end user caused price changes in the cost of certain products.

In this regard, the committee recommends that there should be a reduction in the floatation period for open bidding which currently takes 4-6 weeks to between 14 to 21 days.

**(xii) MONITORING MECHANISMS**

The Committee observes the increase in public sector expenditure for instance in the Constituency Development Fund from 1.6 million to 28.3 million per constituency. The Committee is of the view that there is need for accountability and transparency in public procurement as it involves huge sums of money.

In this regard, the Committee recommends that ZPPA in collaboration with Zambia Institute of Purchasing and Supply (ZIPS) and other law enforcement agencies should ensure that they curb mal practices in public procurement. ZIPS must play a greater role in regulating the professional conduct of procurement professionals and revoke licenses/memberships where gross misconduct is detected.

In addition to this, there is need to revise all the solicitation documents so that they are in tandem with the current *Public Procurement Act No 8 of 2020*. This will enable both the Ministry of Local Government and Rural Development through the Councils to have standard procurement documents to make their procurement processes effective and efficient.

**(xiii) CONTRACT APPROVAL BY THE ATTORNEY GENERAL**

The Committee agrees with some stakeholders who observe that lack of a specific time frame in which the Attorney General approves public procurement contracts contributes to an ineffective procurement system.

In view of the foregoing, The Committee recommends that contract approval by the Attorney General should not exceed 10 working days from the date they are submitted to the office.

**(xiv) ESTABLISHMENT OF THE OFFICE OF A DIRECTORATE OF PROCUREMENT**

The Committee observes that Procuring entities are in some instances not following the advice given by procurement professionals.

In this regard, the Committee recommends for reforms in government human resource structures on procurement to provide for a Directorate for procurement in various Ministries and Agencies in addition to an overall figurehead equivalent to the Accountant General for them to ultimately report in order to reduce them being completely under controlling officers.



## **PART II**

### **7.0 CONSIDERATION OF THE ACTION TAKEN REPORT ON THE REPORT OF THE COMMITTEE ON NATIONAL ECONOMY, TRADE AND LABOUR MATTERS FOR THE FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY**

#### **ECONOMIC DIVERSIFICATION: THE CASE OF THE ZAMBIAN MINING SECTOR**

##### *i) Streamlining the Legal and Regulatory Framework*

In the previous session, the Committee strongly urged the Government to urgently conduct a broad based and comprehensive review of the policy, legal and institutional framework guiding the non-copper mining subsector, so that the country could reap greater benefits from investment in the subsector. These strategies included the identification of the most strategic minerals and put into place separate measures tailored to each mineral.

##### **Government Response**

In the Action-Taken Report, Committee was informed that the Ministry of Mines and Minerals Development was in the process of revising the 2013 Mineral Resources Development Policy, as well as the *Mines and Minerals Development Act No. 11 of 2015*. In addition, Government through the Ministry of Commerce, Trade and Industry (MCTI) and the Ministry of Mines and Minerals Development had developed a strategy called Export Diversification for Gold and Gemstones. This strategy was aimed at promoting the growth and development of the sector. Therefore, Zambia Export Diversification Strategy for Gold and Gemstones would facilitate the formalization of gold and gemstones mining activities and contribute to Government's overall diversification and job creation agenda. The ideas, principles and recommendations presented in the strategy were intended to anchor the development of mechanisms to address the challenges of Gemstones and Gold Mining in the country. Further, Government was implementing the National Investment Promotion Policy.

The National Investment Promotion Strategy was an investment framework that incorporated various policies currently in place for attracting investments in the country. This strategy also addressed the existing inadequacies in monitoring investment flows and fragmented investment promotion activities.

Furthermore, the Strategy consisted of an implementation and monitoring plan that assigned roles and responsibilities and gave direction to the legal framework regarding investment promotion, facilitation and investment sustainability for the benefit of the nation's economic growth.

##### ***Committee's Observations and Recommendations***

In noting the submission, the Committee requests for a progress report on the matter.

##### *ii) Mining Sector Development Plans*

In the previous session, Committee urged the Government to formulate a mining sector development plan that would specifically guide the development of the mining sector and in which the non-copper mining subsector should be given prominence.

### **Government Response**

Committee was informed that the Ministry of Mines and Minerals Development was in the process of developing the 2022 – 2026 Strategic Plan in line with the Eighth National Development Plan.

### ***Committee's Observations and Recommendations***

The Committee notes the submission and requests for a progress report on the matter.

#### *iii) Geological Exploration and Mapping*

The Committee strongly urged the Government to urgently put in place measures that would ensure that the rest of the country was surveyed. One such measure was the provision of adequate resources to the Geological Survey Department in the Ministry of Mines and Minerals Development. Further, the Committee recommended that exploration services should be ramped up through providing well-structured incentives to private sector players. The Government needed to actively incentivize exploration with policies that acknowledged that exploration was a loss-making research and development activity that generated no income, but whose success was in the national interest.

### **Government Response**

In the Action-Taken Report, the Committee was informed that despite the limited resource envelop, coupled with the weather patterns limiting work to 8 months, Geological mapping and exploration was an ongoing process.

### ***Committee's Observations and Recommendations***

The Committee in noting the submission considers that this is work in progress, therefore the Committee requests for a progress report on the matter.

#### *iv) Issuance of Mining Licenses*

In the previous session, the Committee urged the Government to ensure that all issues pertaining to the issuance of licenses in the non-copper mining subsector were made transparent and affordable.

### **Government Response**

In response, the Committee was informed that the Ministry of Mines and Minerals Development had prioritised stringent evaluation of applications for mining licences as well as compliance inspections. This was in order to decentralize issuance of licences. Further, the Ministry had begun rolling out online platforms to enhance efficiency in the issuance of licences.

### ***Committee's Observations and Recommendations***

The Committee acknowledges the Governments submission and requests for a progress report on the matter.

#### *v) Mining Tax Regime*

In the previous session, the Committee urged the Government to ensure that a stable fiscal regime be designed with in-built flexibility to both automatically capture increased government revenue when mineral prices rose and automatically reduce the tax burden for mining firms during periods of low prices without requiring frequent legislative changes.

### **Government Response**

In response, the Government informed the Committee that the Ministry of Mines and Minerals Development, in consultation with stakeholders, was in the process of reviewing the *Mineral Resources Development policy of 2013* to ensure that policy objectives which included the mining tax regime were stable and consistent.

In addition, the Ministry was undertaking the review of the *Mines and Minerals Development Act No. 11 of 2015* to provide for consistency and stability in the Mining Tax regime. Further, some of the measures introduced in the 2022 National Budget was the re-introduction of deductibility of mineral royalty for cooperate income tax assessment and increased the period for disallowed interest deduction carried forward to 10 years from 5 years. This followed a National Mining Indaba that was convened on 29<sup>th</sup> and 30<sup>th</sup> April, 2022 and Budget Consultative Meetings in which several submissions were received for consideration. The Committee was informed that Government had taken note of the recommendation of the Committee and would endeavour to preside over a more stable and predictable mining tax regime in the medium – term.

### ***Committee's Observations and Recommendations***

While noting the submission, the Committee urges the Government to strategically review the *Mineral Resources Development Policy of 2013* and *Mines and Minerals Development Act No. 11 of 2015* so as to have a more stable and predictable mining tax regime. The Committee requests for a progress report on the matter.

#### *vi) Illegal Mining Activities*

The previous Committee noted the submission and strongly urged the Government to step up efforts to formalise the non-copper mining subsector and to curb illegal mining activities. The Committee further urged the Government to ensure that the institutions charged with the responsibility of monitoring the small-scale mining activities step up their efforts.

### **Government Response**

In response to the Committee, the Ministry of Mines and Minerals Development was in the process of formalizing the Artisanal and Small-Scale Miners (ASM). To further this cause, the Ministry undertook a study tour to Ghana and Tanzania to learn and appreciate how the two countries had managed to formalize their ASM. The two countries had successfully formalized their ASM by among others;

1. Established a mining commission to regulate the mining industry; and
2. Provided market centers where the ASM sold their products.

Therefore, the Ministry was reviewing legislation to provide the best fit model for the Zambian ASM subsector. In addition, the Ministry had decentralized some monitoring operations by capacitating regional mining bureaux in some provincial centers.

### ***Committee's Observations and Recommendations***

The Committee in noting the submission resolves to request for a progress report on the matter.

vii) *Incentives for Artisanal and Small-Scale Miners*

The previous Committee recommended that some of the incentives that should be provided to the non-copper mining subsector included, but were not limited to, provision of access to affordable financing, provision of tailor-made training programmes in various aspects of the subsector and access to affordable technology through tax rebates.

**Government Response**

In the Action Taken Report, the government informed the Committee that one of the proposed amendments to the Mines and Minerals Development Act of 2015 was to have a separate fiscal regime for the ASM. Currently the Ministry through the ACP/EU Project had been providing training and some level of financing to the ASM engaged in mining of low value minerals. The Ministry provided training to the ASM when funds were available. The committee was informed that the ASM had been given a tax rebate on mining equipment and machinery which was procured duty free.

**Committee's Observations and Recommendations**

The committee notes the submission and awaits a progress report on the matter considering that it is an ongoing process.

ix) *Employment in the Non-Copper Mining Subsector*

In the previous session, the Committee reiterates its recommendation on the need to formalise the activities of the non-copper-mining subsector and provide training opportunities. This would result in more formal employment opportunities and help to mitigate against the country's high unemployment levels.

**Government Response**

In the Action-Taken Report, the government informed the Committee that more than 60% of the world's employed population earned their livelihood in informal employment. In Zambia, the informal economy comprised more than 85.1% of employment. Informal employment provided an opportunity to secure basic survival needs for many people and under some circumstances it provides opportunities for flexible jobs with relatively high earnings. At the same time, persons in informal employment obtained no contributory social security from the working relationship and were often exposed to pervasive decent work deficits, working in jobs with low wages and in dangerous working conditions.

The term informal economy was used to refer to all economic activities in informal sector units as well as economic activities by workers in informal employment. It encompassed a broad range of vulnerabilities, such as limited access to social protection, denial of Labour rights, and lack of organization and representation.

The informal economy was important in employment creation, income generation, and in reducing outright unemployment. Informal employment had great flexibility and lower costs than formal employment and showed up in the form of subcontracting, home-based work, agency-work, casual employment and so on.

The importance of formalizing the informal economy was highlighted in the Sustainable Development Goals, Vision 2030 and the Eighth National Development Plan (8NDP). The need to measure and monitor the informal economy had also been given high priority in Recommendation 202: Concerning the transition from the informal to the formal economy, which specified that countries should collect data in line with international standards on both

the informal sector and informal employment, on a regular basis, in order to make it possible to monitor and evaluate countries' progress towards formalization.

Zambia had limited information on informal employment and employment in the informal sector in the non-copper mining subsector. To this end the Ministry of Labour and Social Security was working on a methodology to conduct an Informal Economy Survey.

### **Committee's Observations and Recommendations**

The Committee notes the submission and urges the government to be proactive in conducting the informal economy survey so that information is available for use. Therefore, the Committee seeks for a progress report on the matter.

#### *x) Working Conditions in the Non-Copper Mining Subsector*

In the previous session, the Committee recommended that occupational health and safety standards should be adhered to by all employers in the subsector, failure to which sanctions as provided for in the Occupational Health and Safety Act No 36 of 2010 should be applied against erring employers.

### **Government Response**

In the Action-Taken Report, the government stated that Non-copper mines included coal mines, gemstone mines and manganese mines. Non-copper mining subsector on mining licences were regulated by *Mines and Minerals Act. No. 11 of 2015* and Mines Regulations and were enforced by Mine Safety Department. Non-copper mines on prospecting licences were not covered by Mines Regulations. However, all the sectors were regulated by the *Occupational Health and Safety Act No. 36 of 2010* on health and safety.

The Occupational Health and Safety Act which was enacted in 2010 had not fully been operationalized due to lack of Occupational Health and Safety Regulations to fully operationalize the Act. However, there were no specific provisions which provided for prescription of fees chargeable for services provided to the non-mining sectors. Efforts had been made to draft the Occupational Health and Safety Regulations and had been approved by Business Regulatory Review Agency after stakeholder consultations and once the principal Act was amended it would provide for prescription of fees.

The process of amending the Occupational Health and Safety Act had commenced and a Cabinet Memorandum would be presented to Cabinet for approval. This was to allow the Occupational Health and Safety Act to be in line with the Constitution Amendment Act 2 of 2016 and would pave way for the enactment of the Occupational Health and Safety Regulations.

Amendment of the Occupational Health and Safety Act No. 36 of 2010 and development of the Occupational Health and Safety Regulations to fully operationalize the Act would enable the full implementation of occupational Health and safety in all sectors (formal and informal) and improve health and safety in all workplaces to enhance productivity.

### **Committee's Observations and Recommendations**

The Committee urges the government to amend the *Occupational Health and Safety Act* for full implementation of occupational Health and safety in all formal and informal sectors and improve health and safety in all workplaces. Further, the Committee requests for a progress report on the matter.

*xiv) Value of Gemstones*

In the previous session, the Committee urged the Government to step up its monitoring work on the gemstone sector, starting from the production to sale, to avoid under valuation and connivance in the sector. This would enable the government to collect the right taxes from the mines through the properly valued and validated quantities and grades of the minerals.

**Government Response**

In the Action Taken Report, the Committee was informed that the Ministry of Mines and Minerals Development had submitted a request to employ more value chain officers, some of whom would be deployed to monitor mines that were in gemstone production. However, the committee had wished to learn that selling gemstones through auctions had proven to be the optimal form of revenue collection. Gold Exploration and Mining.

**Committee's Observations and Recommendations**

The Committee notes the submission and awaits a progress report on the matter.

*xv) Gold Exploration and Mining*

In the previous session, the Committee was informed that in order for the country to benefit from the presence of gold in Zambia; the Committee recommended that ZCCM-IH should have taken a leading role in the exploration and mining of gold in Zambia on behalf of the Government. The Committee further recommended that Zambian investors in the gold mining subsector should collaborate with ZCCM-IH as opposed to letting foreigners reap the benefits. A legal framework should back this requirement.

**Government Response**

In the Action Taken Report, ZCCM-IH through its subsidiary Zambia Gold Company Limited (“ZGC”) intended to spearhead the formalization and development of the gold subsector in Zambia. The following six objectives underpin the strategy that would be used to achieve this developmental agenda:

1. The acquisition of exploration licences with a specific focus on gold tenements in Zambia;
2. The raising of funding and identification of potential partners for the purpose of carrying out mineral exploration and evaluation on the acquired tenements;
3. The development of the gold tenements into fully operational gold and other precious minerals mines in subsequent years;
4. The refining, processing and grading of gold and other precious minerals;
5. The active trading of gold and other precious minerals; and
6. Supporting artisanal mining operations and transforming them into commercially viable activities.

In addition to the business strategies that were being implemented to achieve these objectives, ZCCM-IH and ZGC had consultative meetings with key stakeholders, namely Ministry of Mines and Minerals Development (“MoMMD”), The Industrial Development Corporation (“IDC”), the Ministry of Finance (“MoF”) and the Bank of Zambia (“BoZ”). The goal had been to consult widely to come up with a framework that would help the development of the gold subsector from its current nascent state to a level worthy of a mineral rich country like Zambia.

In July 2022, a consultative meeting was held with officials from the MoMMD during which a draft framework for the gold sector was shared and discussions on a road map were held. The key objective of the framework was the development of a gold sub-sector that could sustainably contribute to the socio-economic development of Zambia. The draft framework preposessed steps that needed to be taken to create the conditions that would help ZCCM-IH and ZGC achieve the six objectives as outlined. It also made projections of the economic and social outputs under specific assumptions that would likely result once the framework was in place. Further consultations were ongoing, with a committee made up of officials from ZCCM-IH, ZGC and the key stakeholders soon to be constituted that would take the lead in the finalization of the Framework.

On an operational basis, the following activities were highlighted:

1. ZCCM-IH through ZGC had spearheaded the exploration of gold in two licence areas: Kasenseli in Mwinilunga and in Rufunsa. Preliminary results for both areas were promising and once exploration resumed in Kasenseli following the lifting of the suspension of the mining and processing of gold at Kasenseli Mine, further exploration works would be carried out to ascertain the resource and then scale up mining and processing operations;
2. ZCCM-IH and ZGC were also looking at other licence areas and holding discussions with the owners of the mining licences with the goal of extending ZCCM-IH and ZGC footprint in the gold subsector on behalf of the Government;
3. ZCCM-IH and ZGC through the facilitation of the United Kingdom Government had engagements with UK based businesses with a focus on building capacity in small scale and artisanal gold mining gold mining in Zambia's gold mining sub-sector. It was expected that, the engagements helped ZCCM-IH, ZGC build capacities that would help small scale, and artisanal miners develop better and safer mining methods while adding to the country's gold output.
4. ZGC had started a value addition unit which is the natural next step value extraction for the gold subsector. The Jewellery that was being manufactured would be marketed locally and abroad and thus be another source of foreign exchange earnings for Zambia. The gold and gemstones used in the manufacture of the Jewellery would be locally sourced including from small-scale and artisanal miners providing a ready and legal market that would empower them through fair pricing and capacity building.

### **Committee's Observations and Recommendations**

The Committee awaits a progress report on the development of a framework that will help the development of the gold subsector from its current nascent state to a level worthy of a mineral rich country like Zambia.

#### *xvi) Observing Labour Laws*

In the previous report, the Committee urged the Executive, through the Ministry of Labour and Social Security, to closely monitor the activities in all mining operations to ensue adherence to labour laws.

### **Government Response**

In the Action Taken Report, The Government through the Ministry of Labour and Social Security, department of Labour, had without exceptions discretionary powers to undertake

labour inspections in workplaces. The powers were spelt out in section 10 (1) of the *Employment Code Act No. 3 of 2019*. Therefore, the department would endeavour to ensure that it reaches out to all work places. This was notwithstanding, that, there had been an overwhelming of the informal small-scale mining in most parts of the country among others Luapula Province (Manganese mining); Central Province (Manganese and Gold mining); Eastern Province (Gold and semi-precious stones); Lusaka Province (Gold and Copper mining).

### **Committee's observation and Recommendations**

The committee awaits the progress report on the matter

#### *xvii) Role of Traditional Leaders*

In the previous report, the Committee recommended that all investors clearly understood the important role of traditional leaders as soon as they showed any intention to invest in a particular area, so that areas of mutual interest addressed before the mining operations commenced. The tendency by some investors to attempted to circumvent the important role was highly unacceptable and should not be condoned.

### **Government Response**

In the Action Taken Report, the committee was informed that, when issuing mining or non-mining rights, the Ministry set the condition that a holder should seek consent from traditional leaders in line with the *Mines and Minerals Development Act No.11 of 2015*.

### **Committee's Observations and Recommendations**

The Committee wish to request for a progress report on sanctions being applied against investors who flout the provisions for *the Mines and Minerals Development Act No.11 of 2015*.

#### *xviii) Corporate Social Responsibility*

In the previous response, the Committee recommended that local people be prioritized for jobs which they qualify to do. The Committee also strongly recommended that, as initial discussions for investment were being conducted with potential investors, emphasis should have been placed on the need for CSR to be part of the operations of mining companies in the communities that they operate from. In addition, the Government should have had continuously engaged the mining companies throughout their operations to ensure that they were providing the communities with beneficial and appropriate CSR. This would boost the economic status of the mining areas and contribute to national development.

### **Government Response**

In the Action Taken Report, Government urged the Committee that the Ministry of Mines and Minerals Development, with support from other stakeholders, developed the local Content SI to address matters of local participation.

### **Committee's Observations and Recommendations**

The Committee requests for a progress report on the actual implementation of the local Content SI to address matters of local participation.



## **7.1 CONSIDERATION OF THE ACTION TAKEN REPORT ON THE REPORT OF THE COMMITTEE ON NATIONAL ECONOMY, TRADE AND LABOUR MATTERS FOR THE FIFTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

### *i) Economic Recovery Programme*

The previous Committee resolved to monitor the implementation of the ERP and awaits a progress report on the matter.

### **Government Response**

In the Action-Taken Report, the Government informed the Committee that the Economic Recovery Programme (2020-2023) aimed at restoring macroeconomic stability and was anchored of five strategic areas namely:-

- i) Restoring macroeconomic stability;
- ii) Attaining fiscal and debt sustainability;
- iii) Restoring growth and diversifying the economy;
- iv) Dismantling of domestic arrears and
- v) Safeguarding social protection programmes.

It was worth noting that, the economic conditions had stabilized with increased investor confidence. Inflation had also reduced to single digit from double digits, while Kwacha had made gains against the major currencies. Additionally, the Economic Recovery Programme (ERP) was a transitional document whilst the Eighth National Development Plan (8NDP) was being formulated. The 8NDP essentially has similar pillars with the ERP and therefore, implementation of the development plan is as good as implementing the ERP. The Plan has five strategic areas of focus as stated below:

- i) Economic Transformation and Job Creation;
- ii) Human and Social Development;
- iii) Environmental Sustainability; and
- iv) Good Governance Environment.

The 8NDP sets out Zambia's strategic direction, development priorities and implementation strategies for the period 2022 to 2026.

### ***Committee's Observation and Recommendation***

The Committee awaits a progress report on the economic recovery program implementation through the 8NDP

### *iii) Extend Economic Relief to the Informal Sector*

The previous Committee had requested for a progress report on the roll out of financial relief mechanisms to the in informal sector.

### **Government Response**

In the Action-Taken Report, government informed the Committee that minimizing the perceived risk associated with micro, small and medium enterprises borrowers was a policy priority for the Bank of Zambia (BoZ). To improve access to credit, the Bank of Zambia together with some key stakeholders intended to pilot a Credit Guarantee Scheme (CGS). The BoZ had since signed a Memorandum of Understanding (MoU) with the National

Advisory Board for Impact Investments (NABII). The MoU provided for cooperation between BoZ and NABII in the creation and operationalization of an effective CGS. The CGS was expected to create a conducive environment where credit to these segments is not constrained due to lack of, or inadequate collateral held by the MSMEs.

### **Committee’s Observation and Recommendation**

In this regard, the Committee awaits a progress report on the development and implementation of the Credit Guarantee Scheme.

#### *iv) Facilitation of Trade for Small Scale Cross Border Traders*

### **Committee’s Observation and Recommendation**

The previous Committee requested for a progress report on the measures to facilitate trade for small scale cross border traders.

### **Government Response**

In the Action-Taken Report, Government informed the Committee that the Zambia Revenue Authority (ZRA) had automated its customer’s clearance processes, which was undertaken on the ASYCUDA World Platform. However, the automation was being done in a phased manner with the commercial side, which was not fully automated. The next phase was earmarked for completion in 2023 and would focus on all non-standard features, which anchor passenger clearance processes pivotal in the small-scale cross border transactions. In the quest to improve trade logistics and ease the cost of doing business, the Authority had enhanced its collaboration with other government agencies through the implementation of the single window system where 63 government agencies and government ministries had been brought. The Committee was urged to note that ZRA had also implemented the customs systems interconnectivity to enable real time electronic exchange of data for reference purposes with neighbouring customs administrations to mitigate illicit financial flows among other risks. The table below showed a summary of the measures implemented to facilitate trade for small scale cross border traders.

<b>S/N</b>	<b>Measures to facilitate trade for small-scale cross borders traders</b>	<b>Status/Comment</b>
1.	Automation of all manual processes to facilitate expedited clearance	Automation implemented in a phased manner. Currently all commercial transactions are automated with ASYCUDA World platform. The next phase will focus on customs declarations and receipt for passenger’s baggage (from CE6 and CE7). The automation of the two forms is ongoing and is earmarked for completion by 2023.
2.	Simplification of customs procedures	Simplified Trade Regime under the COMESA Free Trade Arrangements. Under this regime, Small Scale Cross Border traders are allowed to import listed goods without following the stringent rules of determining origin. This procedure is limited to small-scale traders who make importation of \$2,000 per consignment.
3.	Improving collaboration other	The Authority has enhanced its collaboration

	agencies through single window system	with other government agencies and ministries through the implementation of the single window system. A total of 63 agencies and ministries have been on-board all the four single window system pillars.
4.	Data Exchange	<p>ZRA has implemented the customs systems interconnectivity to enable real time electronic exchange of data for reference purposes with neighbouring customs administrations to mitigate illicit financial flows among other risks.</p> <p>Phase I (Real-time electronic exchange of data for reference purpose) with:</p> <ul style="list-style-type: none"> <li>a) DRC</li> <li>b) Malawi</li> <li>c) Tanzania</li> </ul> <p>Phase II (Auto-population for declaration lodgement) with:</p> <ul style="list-style-type: none"> <li>a) Botswana (rolled out)</li> <li>b) Zimbabwe (to be rolled out by end of 2022)</li> </ul>

#### **Committee’s Observation and Recommendation**

For this reason, the Committee awaits a progress report on the development and implementation of the automated customer clearance processes on the commercial side as well as the automation of all non-standard features, which anchor passenger clearance processes.

- v) *Need for Investment in Information, Communication and Technology Equipment in the Education Sector*

The previous Committee resolved to request for a progress report on the improved investment in ICTs in the education sector.

#### **Government Response**

In the Action-Taken Report, Government took note of the previous Committee’s observation and recommendation, and reported that during the 2022 to 2024 medium term, the Ministry of Education was implementing the following programmes:

1. Regarding the provision of ICT equipment that included computers to schools and tertiary institutions, the Ministry was working with Cooperating Partners that includes but are not limited to ZICTA, USAID, WORLD BANK and UNICEF.

The Ministry had partnered with ZICTA to distribute 5000 computers to 500 schools under phase III of the connecting learning institution project. In addition, the Ministry was working in collaboration with the World Bank through the USAID, Zambia Education Enhancement Project (ZEEP) and Keeping Girls in School in procuring ICT equipment targeting selected schools in rural and remote areas;

2. The Ministry was working with Smart Zambia Institute to implement e-government activities that include ICT programme and capacity building teachers. One such programme was capacity building in digital skills which trained over One Hundred and Fifty (150) girls in underprivileged communities and Science, Technology, Engineering and Mathematics (STEM) schools.

Working with Smart Zambia Institute, the Ministry had already trained Thirty (30) Master Trainers of Trainers (ToT) in Digital Skills. In addition, Two Thousand Eight Hundred (2,800) teachers out of the target 3,200 have already been identified for training in Digital Skills;

3. The Ministry had implemented an online Learning Management Platform (LMP) developed locally in conjunction with SMART Zambia. The platform generates and decentralizes valuable data on the performance of the Education System. Its main aim was to help in Data-driven decision-making for strategic departments and units to make decisions in line with the goals and objectives of the Ministry of Education. It was also a teaching and improvement of their pedagogical approaches and for the learners to exchange and share their learning experiences with their peers. The Ministry working with ZICTA, was in the process of enhancing this platform through the creation of electronic content;
4. The Ministry and Smart Zambia Institute had continued connecting secondary schools and tertiary institutions to the Government Wide Area Network (GWAN) to provide reliable internet connectivity, which had benefited some STEM schools. Furthermore, the Ministry was working with ZICTA in the provision of Broadband Internet services targeting rural schools. However, these processes are quite slow as these activities depend on the availability of resources; and
5. In view of the above, the Ministry, in 2022 to 2024 of the Medium term Budget, had increased ICT budgetary allocation by 5.5% with a bias in improving Digital Transformation, specifically to improve Digital Transformation Infrastructure and Digital Transformation of Electronic Platforms.

### **Committee's Observation and Recommendation**

The Committee awaits a progress report on the 2022 to 2024 Medium Term Budget which has various programs outlined therein.

#### *vi) Reduce Public Debt Obligations to Sustainable Levels*

The Committee of the previous session of parliament resolved to request for an update on the reduction of the country's debt to sustainable levels.

### **Government Response**

Acknowledging the recommendations of the previous Committee, the Executive reported that Zambia undertook a Debt Sustainability Analysis in collaboration with the International Monetary Fund and the financial advisors which showed a deep and comprehensive debt treatment would be required. Zambia would be engaging its creditors under the auspices of the G20 Common Framework to seek cash debt relief of US\$8.4 billion for the period 2020 to 2025. Zambia's debt was therefore only expected to return to a sustainable trajectory post 2025. In the meantime, the process of actively engaging creditors on the debt restructuring discussion had commenced.

### **Committee's Observation and Recommendation**

Noting the government's response, the Committee resolves to request for an update on the reduction of the country's debt to sustainable levels.

#### *vii) Increase Allocation for Dismantling of Domestic Debt and Arrears*

The previous parliamentary Committee resolved to request for a progress report on the dismantling of domestic debt and arrears.

### **Government Response**

In the action Taken Report, the Committee was informed that, one of the main strategies of Government was to clear arrears to unlock liquidity in the economy. This can be seen by different strides undertaken to dismantle the stock of arrears, for example, during this fiscal year, the Treasury had so far released **K6.5 billion** against a budget of **K11.5 billion**. The Committee was further informed to note that, Treasury had devised a Dismantling of Arrears Strategy, which had been put in place to ensure that there was a defined schedule for payment and a system that would ensure transparency, predictability as well as measures to cease the accumulation of arrears.

Furthermore, the Committee was informed that, the Dismantling of Domestic Arrears Strategy (DDAS) was approved by Cabinet for execution and has since been published and was available on the Ministerial website. The strategy affirms Government's commitment to liquidating the arrears that have accumulated over the years through a Multi-Year approach from 2022 to 2026. The Multi-Year approach required an average provision of **K9.8 billion** in each fiscal year 2022-20226. The dismantling of arrears strategy would prioritize clearance of arrears owed to domestic suppliers of goods and services and to contractors reinvesting funds in the country to stimulate economic activity in the domestic market. However, for lumpy arrears such as fuel, VAT and contractor arrears, the Treasury would facilitate for arrears to be dismantled over a longer period with mechanisms that will include budget provisions and refinancing with cheaper and longer dated maturities. This was informed by the need for large liquidity and foreign currency requirements.

The Committee was furthermore informed that, the budget allocation for Dismantling of arrears for 2022 was **K3.15 billion**. However, due to the ongoing dismantling of arrears a supplementary budget of **K6.56 billion** for Dismantling of Arrears had been approved and was being utilized to clear outstanding arrears as per strategy document.

### **Committee's Observation and Recommendation**

Considering the response given by Government, the Committee awaits an update on the dismantling of domestic debt and arrears.

#### *viii) Revamp the Manufacturing Sector*

The previous Committee resolved to request for an update on the status of the Investment, Trade and Enterprise Development Bill and the Local Content Bill.

### **Government Response**

The Committee was informed that the Investment, Trade and Enterprise Development Bill had gone through the Internal Legislation Committee and would be sent to Parliament for enactment in the last quarter of 2022. With regard to the Local Content Bill, the Committee was further informed that, the Bill was developed following the development of the Local

Content Strategy which was expiring, and there was need to commence the review of the Local Content Strategy and develop a new one on which the Local Content Bill will ride.

### **Committee's Observation and Recommendation**

Considering the Executives response, the Committee resolves to request for an update on the development of the new Local Content Strategy.

#### *ix) Strengthen and Broaden the Operations of the Zambia Export Development Fund*

The previous Committee had resolved to request for an update on the measures employed to broaden the Zambia Export Development Fund.

### **Government Response**

The following were the measures that had been put in place to broaden the Zambia Export Development Fund.

1. Increase output and exports in non-traditional export led-subsectors through mobilization and provision of low-cost finance operated under a viable and sustainable revolving fund;
2. Provide low-cost finance to NTE target sectors;
3. Mobilise additional funds; and
4. Create a viable and sustainable Export Finance entity.

It was important for the Committee to note the following issues regarding the fund:

- i. Currently, ZEDF existed by way of MoU between GRZ and EU. This legal structure limited its ability to fully implement government's aspirations on the growth of NTEs: clarity of mandate improves outcomes.
- ii. Every market-oriented economy which was engaged to a significant degree in external trade or pursuing a serious export promotion policy has established a specialized financial institution generically called an Export Credit Agency (ECA): There was an opportunity for Zambia to set up an ECA Policy Institution;
- iii. Currently, there was no coordinated support to training institutes for export and R and D, trade in services and market and product development by trade associations: Furthermore, ZEDF support did not include such activities: Widening the ZEDF mandate would improve efficiency & outcomes;
- iv. Limited promotion of financing of export manufacturing facilities owing to lack of appropriately structured financing that mitigates risks related to construction and project completion. Coordinated and availability of appropriate finance through ZEDF would address current gap;

ZEDF's capital structure and fund size limited its support to the growth of NTEs: Recapitalisation of ZEDF and access to other funds enhances ZEDF's support to NTEs. Minimum recapitalization of US\$5m. In addition, ZEDF is currently in discussion with funder for US\$15m credit line and US\$1m factoring line; and

- v. Inadequate coordination and outreach in the support provided by various institutions to producers and exporters, thereby constraining performance of the NTE sector. Giving ZEDF the responsibility would help address the poor performance of NTEs.

### **Committee's Observation and Recommendation**

In light of the Government's response, the Committee resolves to request for an update on the solutions concerning the challenges they are facing in broadening the Zambia Export Development Fund.

## **7.3 ACTION-TAKEN REPORT ON THE COMMITTEE'S REPORTS FOR THE FOURTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

### **i Amendment of the National Payment Systems Act, No. 1 of 2007**

The previous Committee resolved to request for an update on the amendment of the National Payment Systems Act.

### **Government Response**

In the Action Taken Report, the Committee was informed that, the Bank of Zambia had completed the review of the National Payment Systems Act and would be submitting the draft Bill to the Ministry of Finance and National Planning (MOFNP) for onward submission to the Ministry of Justice at the beginning of October, 2022.

### **Committee's Observation and Recommendation**

In noting the submission, the Committee resolves to await a progress report on the submission of the draft bill to the Ministry of Finance and subsequently to the Ministry of Justice.

### **i) Creation of Casual Jobs**

In the previous parliamentary session, the Committee resolved to request an update on the minimum wage for mobile money operators.

### **Government Response**

In the Action-Taken Report, the Government through the Ministry of Labour and Social Security, through Labour Advisory Committee in collaboration with Zambia Institute Policy Analysis and Research, was currently undertaking research to review the existing Minimum Wages and Conditions of Employment Statutory Instruments namely the General Order, the Shop Workers Order, the Domestic Workers and the Drivers' orders.

### **Committee's Observation and Recommendation**

The Committee resolves to await a progress report on the research that was conducted to review the minimum wage and conditions of employment statutory instruments.

### **ii) Absence of a Centralised Know Your Customer**

The previous parliamentary Committee resolved to request a progress report on the development of a centralised KYC database.

### **Government Response**

In the Action-Taken Report, preliminary works had commenced on the implementation of a centralised KYC database. However, full development would be concluded once the National Payment Systems Act is finalised.

### **Committee's Observation and Recommendation**

The committee resolves to await a progress report on whether the development of the National Payment Systems Act has been finalized to enable the implementation of a centralized KYC database.

#### *iii) Social Protection Programmes*

The Committee from the previous session requested a progress report on the implementation of the Zambia Integrated Social Protection Information System.

### **Government Response**

The Ministry of Community Development and Social Service had planned the nation-wide roll out of the ZISPIS in two ways; (1) Rural and (2) Urban models:

#### **1. Rural Model**

Under the Rural Model, ZISPIS would deliver payments to beneficiaries using a Payment Point Manager (PPM) through the ZISPIS PPM application that downloads beneficiary payment details created for that payment cycle to generate payment receipts at each payment. Each payment would be recorded on the ZISPIS via this PPM Application which synchronised with the ZISPIS at the request of PPM. The PPM application captured visual identity, NRC, GPS, PPM identity, amount and balance of payments before processing a payment receipt. Payment receipts provide Social Cash Transfer (SCT) beneficiary payment tracking versatility on the ZISPIS.

#### **2. Urban Model**

Under the Urban Model, a direct payment to SCT beneficiaries would be made irrespective of their location. Payments are to be made to a beneficiary's bank account or mobile money account. This concept delivers on the 8 NDP's Strategy IV of Part V (5.5) and aligns with Zambia's Financial Inclusion Strategy of November, 2017.

Rural and Urban Classifications are contextualized definitions to imply Beneficiaries living in a non-telephony based areas and telephony areas respectively. Telephony implies development, application and deployment of telecommunications services for purposes of electronic transmission data ability to use telecommunications.

The Ministry initially migrated all beneficiaries to the rural model and slowly started to migrate the beneficiaries onto the Urban Model.

The Urban model currently had nine (9) Payment Service Providers (PSP) participating in the digital delivery of SCT to beneficiaries. The PSPs are (1) ZANACO Bank (2) Atlas Mara Bank (3) Natsave Bank (4) Airtel (5) Zoono (6) Zamtel (7) Indo-Zambia Bank (8) UBA Bank and (9) MTN.

The first pilot payments were initiated in Namwala and Kitwe for both the rural model with a success rate of over 90% in term of conversion rates for all beneficiaries affected. Total population in these districts were as follows: Kitwe – with 12,833 beneficiaries categorized



as 12,376 in the urban model and 457 in the rural model, while Namwala had 6,169 beneficiaries categorized as 3,261 in the urban model and 2,908 in the rural model.

Training to allow for rural and urban payments was on-going, and as of 12<sup>th</sup> August, 2022, four provinces had been covered namely; (1) Lusaka (2) Western (3) North-Western and (4) Eastern. Training for the rest of the 7 provinces was expected to be completed by 11<sup>th</sup> September, 2022. Ceteris Paribus, the November – December, 2022 SCT disbursements were expected to utilize the rural payment model. All Districts have been equipped with PPM mobile phones to allow for this rural payment model to function. Data migration for all the 116 districts was complete as of 7<sup>th</sup> December, 2021. Data refinement is at 95% of the balance of records (about 1.92% of the SCT caseload or 18,669 records are still undergoing NRC verification by the Ministry of Home Affairs and Internal Security).

Other functions on-boarded onto the ZISPIS included:

- i. Grievance Redress Mechanism to collect and manage SCT and non-SCT complaints;
- ii. 1000 Days Nutrition Support (MIS to facilitate for management of the 1000 days Nutrition Sensitive cash-plus.
- iii. Beneficiary on-boarding mechanism to allow for SCT Listing and Enumeration.

The next stage was to have the system rolled out to the rest of the 114 districts in terms of these payments.

### **Committee's Observation and Recommendation**

Noting the submission, the Committee resolves to await a progress report on the training to allow for rural and urban payments to the rest of the 114 districts.

iv) *National Social Protection Bill*

*The previous Committee resolved to await a progress report on the presentation of the National Social Protection Bill to the National Assembly.*

### **Governments Response**

In the Action-Taken Report, the Government responded that in 2019, the Attorney General rendered an opinion and indicated that the Social Protection Bill was in conflict with Constitutional provisions and the provisions of the other social security legislation. This state of affairs meant that the Social Protection Bill could not be enacted. It was, therefore, decided that a phased approach be adopted where the first phase entails legal reforms to the standalone pieces of legislation. The second phase would then undertake harmonisation and rationalisation of all the social security law. So far, using the phased approach, the Ministry of Labour and Social Security in collaboration with key stakeholders and partners had made some progress as follows:

- a) facilitated actuarial analysis of the leadership contributory pension scheme;
- b) drafted the pension rules on the leadership contributory pension scheme; c) preliminary actuarial analysis conducted on new entrants to Public Service Pension Fund;
- c) drafted amendment to the National Pension Scheme Act Chapter 256 of the Laws of Zambia on penalty rate; and
- e) amendment to the Workers' Compensation Act, Chapter 271 of the Laws of Zambia.

Therefore, the Ministry of Labour and Social Security still awaited Cabinet's decision on the proposed recommendations on social protection.

#### **Committee's Observation and Recommendation**

In view of the Government's response, the Committee resolves to await a progress report on Cabinet's decision on the proposed recommendations on social protection.

#### **7.4 ACTION TAKEN REPORT ON THE REPORT OF THE COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE COMPLIANCE AUDIT ON THE AWARDING AND MONITORING OF THE MINING RIGHTS FOR 2017 ACCOUNTS FOR THE FOURTH SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

##### *i) Lack Of Representation by Some Stakeholders On The Mining License Committee*

The previous Committee, resolved to request a progress report on the implementation of the recommendation to send correspondence relating to appointment of members on the MLC from Ministries to the Permanent Secretary and not directly to the officers.

#### **Government Response**

In the Action-Taken Report, the Committee was informed that, the Ministry had taken note of the recommendation and was in the process of appointing new Mining Licensing Committee (MLC) members and has since written to the respective institutions to nominate names of would be members of the Committee.

#### **Committee's Observation and Recommendation**

Based on this submission, the Committee resolves to await a progress report on whether the respective institutions have submitted the names of those nominated to be on the MLC Committee.

##### *ii) Standard Consent Form*

In the previous session of parliament, the Committee resolved to request a progress report on the development of a standard consent form which should be signed by all chiefs when giving consent for any mining activities in their respective chiefdoms.

#### **Government Response**

The Committee was directed to note that, the Ministry was in the process of consulting various stakeholders with a view to develop the standard consent form.

#### **Committee's Observation and Recommendation**

In noting the submission, the Committee resolves to await a progress report regarding the consultations that government had with various stakeholders on the development of a standard form to be signed by all chiefs when giving consent for any mining activities in their respective chiefdoms.

##### *iii) Inspections and Monitoring to Ensure Compliance by Mining Rights Holders: Non-Submission of Quarterly Reports*

The previous Committee resolved to request a progress report on the amendment of the *Mines and Minerals Development Act of 2015* to revise the penalties for non-compliant mining rights holder as regards submission of quarterly reports.

### **Government Response**

In the Action-Taken Report, Government indicated to the Committee that, the Ministry was still in the process of reviewing the *Mines and Minerals Development Act No. 11 of 2015*.

### ***Committee's Observation and Recommendation***

Acknowledging the response, the Committee resolves to request a progress report on the amendment of the *Mines and Minerals Development Act of 2015* to revise the penalties for non-compliant mining rights holder as regards submission of quarterly reports.

#### *v) No Fine Paid for Operating a Mineral Processing Plant Without a License*

The Committee in the previous session had resolved to await a status update on the fine owed by Mineral Junction and Transport Limited, and on the outcome of the court action against the company.

### **Government Response**

In the Action-Taken Report, the Government through the Attorney general's Office had discontinued the Court process on the fine owed by Mineral Junction and Transport Limited. This was on account that the *Mines and Minerals Development Act*, had provided a threshold of ZMW 60,000 for fines demanded for and recovered under a civil action.

In the case of Mineral Junction and Transport Limited, the fine was five million fee units, which translated to ZMW 1,500,000. This amount was significantly above the threshold of ZMW 60,000.

In this case, the available option under the Act was to commence criminal prosecution and after conviction, the National Prosecution Authority could enforce the judgement and recover the money.

In this regard, the matter was reported to the Zambia Police Service for action.

### ***Committee's Observation and Recommendation***

In view of the Governments response, the Committee resolves to await a progress report on the fine owed by Mineral Junction and Transport Limited.

## **7.5 ACTION-TAKEN REPORT ON THE REPORT OF THE COMMITTEE FOR THE THIRD SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

#### *ii) Citizens Economic Empowerment (Reservation Scheme) Regulations, Statutory Instrument No. 1 of 2017*

### **Committee's Observation and Recommendation**

The previous parliamentary Committee awaited an update on the matter.

### **Government Response**

In the Action-Taken Report, the government stated that the Zambia Law Development Commission was still reviewing the Citizens Economic Empowerment Act. Government would continue engaging the Commission to expedite the review within a reasonable time frame.

### **Committee's Observation and Recommendation**

The Committee resolves to await a progress report on the review of the Citizens Economic Empowerment Act.

#### *iii) Stepping up of Value Addition Measures*

In the previous parliamentary session, the Committee requested for an update on the study on the effectiveness of the existing incentives to spur value addition to minerals.

### **Governments Response**

In the Action-Taken Report, the Executive through the Ministry of Commerce, Trade and Industry was in the process of undertaking the study on the effectiveness of the existing incentives to spur value addition to minerals in the last quarter of 2022.

### **Committee's Observation and Recommendation**

Taking note of the Executives response, the Committee resolves to await a progress report on the study of the effectiveness of the existing incentives to spur value addition to minerals

## **7.6 ACTION-TAKEN REPORT ON THE REPORT OF THE COMMITTEE FOR THE SECOND SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

#### *i) Review and Operationalisation of the Micro, Small and Medium Enterprises Policy and the Investment, Trade and Enterprise Development Bill*

The Committee of the previous parliamentary session, resolved to await a progress report on the finalization of the Micro, Small and Medium Enterprise Development Policy.

### **Government Response**

In the Action Taken Report, Government through the Ministry of Small and Medium Enterprise Development was reviewing the draft Policy to bring it in line with the vision of the 'New Dawn administration' and would endeavor to finalise the Policy at the quickest possible time.

### **Committee's Observation and Recommendation**

Acknowledging the Executives response, the Committee resolves to await a progress report on whether the Micro, Small and Medium Enterprise Development Policy has been brought in line with the vision of the "New Dawn Administration"

#### *ii) Promoting Linkages with the Mining Sector*

The previous Committee resolved to request a progress report on the Local Content Bill.

### **Government Response**

With regard, to the Local Content Bill, the Committee was informed that, the Bill was developed following the development of the Local Content Strategy. The Local Content was running from 2018-2022. This means the Strategy was expiring in the year 2022. In this regard, considering that the Local Content Bill was riding on the Local Content Strategy, development of a new one on which the Local Content Bill would be included would be ideal.

### **Committee's Observation and Recommendation**

The Committee resolves to await a progress report on the development of the new Local Content Strategy on which the Local Content Bill will ride.

*iii) Poor Road Network*

The Committee in the previous session, resolved to await a progress report on the completion of the road from Shangombo to Sioma.

**Government Response**

In the Action-Taken Report, acknowledging the previous Committees recommendations the government reported that, the Zambia National Service (ZNS), was engaged to undertake the works on the Matebele to Shangombo Road, the works on the road commenced in January, 2022. As it stood, the envisaged works have been completed and demobilized from site. The scope of works included spot improvement of sections:

- (i) Naliyo to Mengo (34km); and
- (ii) Mulangu to Shangombo (40km).

The above works were undertaken at a cost of ZMW 6.4 million. Regarding the 30 km stretch from Sioma to Nangweshi, an assessment of the scope of works had been undertaken and the budget would be submitted to the National Road Fund Agency for possible funding. It was envisaged that the required works on the section would be undertaken once funds have been secured.

In the long term, the Matebele to Shangombo road had been considered under the Project for the Department of the Western Trade Facilitation routes which includes the development of Resettlement Schemes and Border Facilities through a Finance, Design, Construct, Rehabilitate, Operate, Maintain and Transfer (FDBRMT) Public Private Partnership Model of financing (ARIISE/PPP).

**Committee's Observation and Recommendation**

In light of the Governments response, the Committee resolves to await an update on the status of works on the Matebele to Shangombo Road.

**7.7 TAKEN REPORT ON THE REPORT OF THE COMMITTEE FOR THE FIRST SESSION OF THE TWELFTH NATIONAL ASSEMBLY**

*i) Cost of Service Study*

**Committee's Observation and Recommendation**

The previous Committee expressed disappointment at the length of time it had taken for the Cost-of-Service Study to be completed. The Committee resolved to keep the matter open until the study was conducted and results availed to the Committee.

**Government Response**

In the Action-Taken Report, the Committee was informed that, the study was successfully completed on 31<sup>st</sup> December, 2021. The Energy Regulation Board submitted printed copies of the reports to Ministry of Energy on 18<sup>th</sup> February, 2022. The Committee was also informed that, Government after study of the reports issued a Green Paper on 29<sup>th</sup> August, 2022 in which it stated its position on the findings and recommendations of the study.

The Executive added further that, a team comprising staff from Ministry of Energy, Energy Regulation Board and Ministry of Finance and National Planning was scheduled to hold

public meetings in all the ten (10) provinces of Zambia to disseminate the findings of the study and government's position.

#### **Committee's Observation and Recommendation**

Hearing there is more to be done, the Committee resolves to await a progress report on the public meetings in all the ten provinces to disseminate the findings of the Cost of Service Study.

#### *ii) Standardised Public Private Partnership Bidding Document and Manuals*

#### **Committee's Observation and Recommendation**

In the previous parliamentary session, the Committee resolved to await a progress report on the development of Local Public Private Partnership (PPP) and customized standardised bidding documents.

#### **Government Response**

In the Action-Taken Report, the Committee was informed to note that Government through the Public Private Partnership Department under the Ministry of Finance and National Planning development had standardized the bidding documents and manuals. The documents have since been published and shared on the Ministry of Finance and National Planning website.

#### **Committee's Observation and Recommendation**

Based on this submission, the Ministry of Finance and National Planning should avail the bidding documents and manuals to the Committee.

#### *iii) Public Private Partnership Guidelines and Procurement Standards*

#### **Committee's Observation and Recommendation**

The previous Committee resolved to await a progress report on the development of local PPP guidelines and procurement standards.

#### **Government Response**

In the Action-Taken Report, the Committee was informed that, Government through the Public Private Partnership Department under the Ministry of Finance and National Planning already developed procurement guidelines for implementation of PPP projects such as the Expression of Interest (EO), Request for Proposal (RFP) and Generic Concession Agreement. The Executive added that, the development of the PPP Guidelines specifically for the agriculture sector was being done by the parent Ministry, Ministry of Agriculture. The draft document has been prepared and the Ministry of Agriculture has since engaged a consultant to finalise the document and undertake stakeholder's engagement.

#### **Committee's Observation and Recommendation**

The Committee resolves to request the Ministry of Finance and National Planning to avail the procurement guidelines for implementation of the PPP Projects to the Committee.

### **7.8 ACTION TAKEN REPORT ON THE REPORT OF THE COMMITTEE FOR THE FOURTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY**

#### *i) Unbundling of ZESCO Limited*

### **Committee's Observation and Recommendation**

The previous parliamentary Committee resolved to await a progress report on the matter.

### **Government Response**

Acknowledging the recommendations of the previous Committee, Government stated that the study was successfully completed on 31<sup>st</sup> December, 2021. Energy Regulation Board submitted printed copies of the reports to Ministry of Energy on 18<sup>th</sup> February, 2022. The Committee was further informed that, Government studied the reports and issued a Green Paper on 29<sup>th</sup> August, 2022 in which it stated its position on the findings and recommendations of the study.

The Executive further added, that a team comprising staff from Ministry of Energy, Energy Regulation Board and Ministry of Finance and National Planning was scheduled to hold public meetings in all the ten (10) provinces of Zambia to disseminate the findings of the study and government's position.

### **Committee's Observation and Recommendation**

Noting the response, the Committee resolves to be availed the printed copies of the study.

#### *ii) National Social Protection Bill*

### **Committee's Observation and Recommendation**

The Committee of the previous Committee expressed its disappointment at the length of time it had taken to address legislation hinging on social protection. The Committee urged the Executive to expedite this matter and as resolved to await a progress report.

### **Government Response**

In the Action-Taken Report, the Executive responded that the Cabinet memorandum on the amendment to the National Pension Scheme Act and the Workers Compensation Act were submitted to Cabinet in 2021. However, Cabinet deferred the decision pending consultation on some aspects of the law.

For example, on the revision of the penalty rate, there were concerns on compliance levels by private sector to the National Pension Scheme Act as well as the introduction of the injury protection law to the informal sector in the amendment to the Workers' Compensation Act.

Therefore, once consultations were concluded on these aspects, the Bill would be finalised and presented to Parliament.

During the various evolution stages of the Bill, it was noted that the Bill was skewed more towards the contributory provisions of social protection compared with the non-contributory. In addition, there were actuarial deficits in the various pensions schemes which made it difficult to address the Bill holistically.

Following these observations, the development of the National Social Protection Bill was put on hold while the various institutions were advised to proceed with amendments on their Acts separately. The Bills to be amended include:

- i. The LASF Act
- ii. The Public Service Pension Act

- iii. The Workers Compensation Act; and
- iv. The NAPSA Act

The Ministry of Community Development and Social Services was also advised to tease out the aspect of Basic Social Protection. This was in order to ensure that the social welfare as well as the livelihood and empowerment aspects of social protection were not overshadowed by the social security issues. This process would begin once the ongoing revision of the National Social Protection Policy is finalized.

**Committee’s Observation and Recommendation**

In light of the government’s response, the Committee resolves to await a progress report on when the development of the National Social Protection will resume.

*iii) Tour to the Copperbelt Energy Corporation - Kabompo Hydro Electric Power Project*

**Committee’s Observation and Recommendation**

The previous Committee resolves to request a progress report on the issuance of the Certificates of Title.

**Government Response**

In the Action Taken Report, the Ministry reported that on 4<sup>th</sup> June, 2021, the Office of the Commissioner of Lands issued four separate Invitations to Treat (ITTs) to Copperbelt Energy Corporation PLC (Kabompo Hydro Power Limited) as follows:

<i>S/N</i>	<i>Demand Notice</i>	<i>Stand Number</i>	<i>Consideration + other fees (ZMW)</i>
<i>1</i>	<i>DN_3095131</i>	<i>MWINI/LN_85931/1</i>	<i>1,258,889.31</i>
<i>2</i>	<i>DN_3095136</i>	<i>MWINI/LN_85931/2</i>	<i>7,138,622.21</i>
<i>3</i>	<i>DN_3095130</i>	<i>MWINI/LN_85931/3</i>	<i>714,490.52</i>
<i>4</i>	<i>DN_3095133</i>	<i>F/KALUM/4019041</i>	<i>7,017,723.97</i>
<b><i>TOTAL</i></b>			<b><i>16,129,726.01</i></b>

The above total amount according to statutory obligation was to be paid within 90 days from the date of invitation failure to which the invitation would be cancelled and the property would be available for re-offering to other applicants.

On 20<sup>th</sup> September, 2021 the institution wrote to the Ministry requesting for an extension of the validity period to 31<sup>st</sup> August 2022. The request for extension was that the Memorandum of Understanding (MoUs) for co-management of the National Heritage site and protected Forests, which would serve as long term lease agreements to give project lenders the comfort to enable project financing were yet to be concluded. Furthermore, the postponing of the GET Fit Small Hydro tender and the uncertainty regarding potential return of project lenders to the Zambian Market led to CEC not being in a position to pay the amounts stipulated and the ITTs expired 90 days after issuance..

In response to the request, the Ministry extended the validity of the ITTs on the affected properties to 31<sup>st</sup> August, 2022 as proposed and further, proposed that the Institution come up with payment plans for the IITs so that the affected properties are reserved.



On 12<sup>th</sup> August 2022, the Institution, responded to the request for a payment plan by indicating that they were unable to submit a proposed payment plan for ITTs due to uncertainty on the launching of the Small Hydro Power (SHP) component of the GET Fit Programme which could not commence without confirmation that funding would be available and financial close could be achieved.

Pursuant to the foregoing, the Institution due to the unforeseen events requested for further extension on the validity of the ITTs to 31<sup>st</sup> August, 2023, where in, it was expected that there would be clarity on the proposed way forward and CEC would be in a position to commit to a payment plan for the ITTs.

The Committee was informed that, upon effecting the payment on the ITTs, Offer Letters on the four properties shall be generated and issued to the Institution.

### **Committee's Observation and Recommendation**

Bearing the response given by the Executive, the Committee resolves to await a progress report on whether the offer letters have been generated and offered to Copperbelt Energy Corporation PLC (Kabompo Hydro Power Limited)

## **7.9 CONSIDERATION OF THE ACTION TAKEN REPORT ON THE REPORT OF THE COMMITTEE ON NATIONAL ECONOMY, TRADE AND LABOUR MATTERS ON THE REPORT OF THE AUDITOR GENERAL ON THE PERFORMANCE AUDIT OF THE GOVERNMENT INTERVENTIONS ON MICRO, SMALL AND MEDIUM ENTERPRISES IN ZAMBIA 2015-2020 FOR THE FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY**

### **7.9.1 MINISTRY OF COMMERCE, TRADE AND INDUSTRY**

#### **Streamline regulation on entry of MSME business and schemes**

The previous Committee recommended that the revision of the MSME Policy which had provisions to streamline the regulation on entry for MSME businesses and schemes should be expedited. This would reinforce the development of MSMEs by providing a uniform understanding of micro, small and medium enterprises in all sectors so that their interventions were centred on classification of enterprises as would be prescribed by law.

#### **Government Response**

In the Action-taken Report, the Government, through the Ministry of Small and Medium Enterprise Development, was taking steps to ensure that the cost of doing business is addressed. Consultations were being undertaken by the Ministry with various stakeholders and strategies, measures and programmes are being formulated to address the cost of doing business.

In addition, the Committee was informed that there existed the Business Regulatory Review Agency (BRRA), under the Ministry of Commerce, Trade and Industry, which was mandated to improve the quality of regulation and lessen the regulatory burden on businesses. This Agency reviewed regulatory impact assessments and thereby ensured that regulation was justified. The Agency built on the work done under the Private Sector Development Reform Programme aimed at creating a conducive business environment within which the private sector, particularly Small and Medium Enterprises, could grow and flourish. Consequently,

BRRA was mandated to foster an efficient, cost effective and accessible business licensing system and enforce principles and interventions under the Business Regulatory Act.

### **Committee's Observations and Recommendations**

The Committee requests for a progress report on the strategies, measures and programmes undertaken to ensure that the cost of doing business is addressed.

### **Value Chain Development Support**

The previous Committee urged the Government to ensure that the industrial yards programme which is now under the Ministry of Small and Medium Enterprise Development and targeted at promoting manufacturing activities of the MSMEs, is successfully implemented.

### **Government Response**

In the Action-Taken Report, in spurring job creation, the Government stated that they had established the industrial yard programme. The programme involved creation and operationalisation of industrial yards aimed at providing an enabling physical space for enterprises. The programme also involved the development of industrial clusters where enterprises dealing in similar products or lines of business were clustered and conduct their businesses. Industrial clustering referred to the geographic concentration of interconnected businesses suppliers and associated institutions in a particular field or sector.

The Government had established a total of 6 Industrial Yards out of the 8 earmarked for construction. These were the Chipata, Kasama, Solwezi, Ndola, Mongu and Kitwe Industrial Yards, respectively.

The eight industrial yards would host around three hundred (300) Micro, Small and Medium Enterprises, translating into, at least, four thousand (4,000) jobs.

Thus, the industrial yard and clusters programme was one of Governments interventions for developing and supporting value chains in key sectors of the economy.

### **Committee's Observations and Recommendations**

The Committee requests for a progress report on the operationalisation of the remaining Industrial Yards.

### **Business incubation**

The previous Committee recommended that the Government should ensure that the new business incubation programme was developed and implemented successfully. The Government should also ensure that tax incentives for MSMEs that import machinery for their businesses are provided. This will enhance the competitiveness of MSMEs and promote job creation.

The Committee further recommended that collaboration between MCTI and other stakeholders would also be enhanced in the establishment of industrial yards in order to boost job creation amongst citizens.

### **Government Response**

In the Action-Taken Report, the Government, through the Ministry of Small and Medium Enterprise Development, noted the recommendation by the Committee and would undertake measures to facilitate the recommendation.

Further, Ministry of Commerce trade and Industry had been promoting inclusive industrial development, and this entailed facilitating the development of enterprises, MSMEs included, to participate in, and drive the country's industrialisation agenda.

**(a) Business incubation programme**

The Committee was informed that industrial yards and cluster programme was designed to accelerate the inclusive growth of enterprises, among which enterprises in the fisheries sub-sectors were included.

To achieve and sustain the growth of MSMEs, Government ensured that timely and relevant support was provided to enterprises through several interventions. For example, the Government promoted entrepreneurship and innovation, as well as safeguarding intellectual properties through Patents and Companies Registration Agency (PACRA). Business department and support services were provided to MSMEs, through the Zambia Development Agency (ZDA). The BRRRA ensured that MSMEs were regulated in a manner that encouraged growth.

Further, the CEEC provided a wide range of services that entail business incubation including enterprise development and provision of access to affordable finance as well as implementing the reservation scheme programme that was intended to designate and reserve specific areas of commerce, trade and industry for targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies.

**b) Tax Incentives for MSMEs**

The Committee will be aware that the Government provides incentives under Section 69 of the ZDA No. 11 of 2006 for enterprises that either are promoting growth and economic development; create employment; or are export oriented.

In accordance with the Customs and Excise Act, Cap 322 of the Laws of Zambia, and drawing from the ZDA Act, tax incentives are provided in form of a rebate, refund or remission of customs duty paid or payable on goods for business enterprises that create employment. Enterprises are further entitled to a customs duty rebate on machinery and equipment used for the business enterprise. These are provided for in the Customs and Excise (General) Regulations of (SI No. 54) of 2000 and the Customs and Excise (Suspension) (Manufacturing Inputs) Regulations (SI No. 110) of 2020.

Further, tax incentives are provided for enterprises that are located in a Multi-Facility Economic Zone, or in an Industrial Park, or in a rural area. To that effect, customs duty rebate will be granted to machinery and equipment used for manufacturing in any of the said areas.

**c) Mining collaboration with other stakeholders**

*The Ministry was cognisant of the importance of collaboration with key stakeholders in establishing and operationalizing industrial yards and clusters. The success of these activities required the combined effort of all stakeholders. Thus, the Committee was informed that the Ministry conducted stakeholder consultations that included key Government Ministries, Quasi Government institutions, Private Sector Associations, Civil Societies and Academia.*

### **Committee's Observations and Recommendations**

The Committee awaits a progress report on the promotion of inclusive industrial development to facilitate the development of enterprises, including MSMEs.

### **Business Matching**

The previous Committee recommended that the formation of a Technical Committee of the MSME representative organisations should be established immediately the draft MSME Policy is approved.

### **Government Response**

Government noted the recommendation for strategic partnerships to advance the MSME development agenda.

The Committee was informed that Government undertook business matching through the Zambia Development Agency in a programme dubbed, "Business Linkage Programme," within which auxiliary business linkage and matching activities were conducted. These activities included market, financial, business to business linkages and access as well as business information and market intelligence activities among others.

The Committee was further informed that the Ministry of Commerce worked closely with the National Technology Business Centre in order to promote research, innovation, technical know-how and use of technology among MSMEs.

Furthermore, the Committee was informed that the Ministry (MCTI) was a key stakeholder in providing support in terms of policy direction and other business support interventions for business enterprises.

However, while the Ministry of cognisant of this role, the responsibility for establishment of the Technical Committee for MSMEs was left with the Ministry responsible for Small and Medium Enterprises where the development of the SME Policy had since shifted. Thus, the SME Ministry will guide the process.

### **Committee's Observations and Recommendations**

The Committee awaits a progress report on the establishment of the Technical Committee for MSMEs by the Ministry of Small and Medium Enterprises.

## **7.9.2 CITIZENS ECONOMIC EMPOWERMENT COMMISSION**

### **Provision of Business Development Services**

The previous Committee strongly recommended that CEEC should find alternative ways to finance pre-finance training activities as mentorship is equally a vital component in the provision of BDS to the SMEs.

### **Government Response**

The Ministry of Small and Medium Enterprise Development noted the recommendation and observation to ensure MSME interventions were traceable.

### **Committee's Observations and Recommendations**

The Committee awaits a progress report on the matter.

### **Facilitation of Contribution to Employment Creation and GDP**

The previous Committee recommended that there was need to ensure that the draft statistics plan was approved and subsequently implemented successfully. There was also need to enhance collaboration among line ministries and projects to strengthen the aggregation of statistics on employment and wealth creation; and on production of data to adequately capture and trace important national statistics.

### **Government Response**

The Ministry of Small and Medium Enterprise Development noted the recommendation and was taking steps to reposition the Commission to ensure empowered MSMEs are monitored.

### **Committee's Observations and Recommendations**

The Committee awaits a progress report on the matter.

### **Inadequate staff at CEEC**

The previous Committee recommended that recruitment of the employees to fill the vacancies that have been advertised should be expedited.

### **Government Response**

Government noted the recommendation of the Committee and the concerns raised would be addressed within the holistic framework of repositioning of the Commission.

### **Committee's Observation and Recommendation**

The Committee awaits a progress report on the matter.

### **Timely disbursements of loans to clients**

The previous Committee recommended that the development of the credit policy should be expedited as it would address the delay in disbursements whose waiting period was currently open. This would ensure timely disbursements of loans to clients.

### **Government Response**

The Ministry of Small and Medium Enterprise Development noted the recommendation of the Committee.

### **Committee's Observations and Recommendations**

The Committee awaits a progress report on the matter.

## **7.9.3 ZAMBIA DEVELOPMENT AGENCY**

### **Mentorship services to SMEs**

The previous Committee recommended that existing provincial structures, such as the Department of Cooperatives, should be capacitated with skills to support MSME development as proposed in the draft MSME Policy. The Committee further recommended that the draft policy should be approved as a matter of urgency.

### **Government Response**

Government noted the recommendations by the Committee. Following the establishment of the Ministry, the SME Policy framework was under review considering the aspiration of the Government.

### **Committee's Observations and Recommendations**

The Committee awaits a progress report on the matter.

## **7.9.4 MINISTRY OF INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT**

### **Implementation of the 20% Sub- Contracting Policy**

The previous Committee recommended that there was need to expedite the issuance of Statutory Instrument. Further, there was also need for stakeholder sensitisation and public awareness campaigns on the provisions of the subcontracting provisions of the Statutory Instrument once it is operationalised.

### **Government Response**

Government reported that the Final draft **Statutory Instrument (regulations) on Subcontracting and Joint Ventures** on projects awarded in Zambia was submitted to the Ministry of Justice, in September of 2022, for legislative drafting under the Attorney General's chambers. It was anticipated that these regulations once issued will achieve the following:

- a. An increase in the number of local contractors participating in project execution through a minimum 30% contract value reserved for subcontracting to Zambian contractors;
- b. An increase in the Project Value market share for local contractors;
- c. That procurement entities, clients and large-scale contractors adhere to the requirements and procedures for subcontracting and joint ventures as per guidelines
- d. Ensure that subcontracted citizen-owned firms meet performance objectives and quality requirements on the projects as provided for under the conditions of the subcontract and specifications,
- e. Ensure technology, knowledge and skills transfer are achieved to ensure capacity building of SMEs;
- f. Ensure sustainable growth of the local construction industry; and
- g. Penalties will be meted out to procuring entities, project owners and Contractors who are non-complaints.

### **Committee's Observations and Recommendations**

The Committee awaits a progress report on the matter.

## 8.0 CONCLUSION

Overall, Zambia has taken significant steps to enhance public procurement by implementing a robust legal framework, embracing technology, promoting capacity building, and strengthening monitoring and auditing mechanisms. Continued efforts to improve transparency, fairness, and accountability will contribute to achieving value for money and the efficient delivery of public goods and services.



Mr Mutotwe Kafwaya, MP  
**CHAIRPERSON**

June, 2023  
**LUSAKA**

## **APPENDIX I – LIST OF NATIONAL ASSEMBLY OFFICIALS**

Mr Charles Haambote, Principal Clerk of Committees (FC)  
Mrs Doreen N C Mukwanka, Deputy Principal Clerk of Committees (FC)  
Mr Charles Chishimba, Senior Committee Clerk (FC I)  
Ms Chitalu R Mulenga Acting Senior Committee Clerk (FC II)  
Mr Emmanuel Bwalya, Committee Clerk  
Ms Anita Mulale, Administrative Assistant  
Mr Dannel Lupiya, Committee Assistant  
Mr Muyembi S Kantumoya, Parliamentary Messenger



## **APPENDIX II – List of Stakeholders**

Action- Aid  
Civil Society for Poverty Reduction  
Competition and Consumer Protection Commission  
David Livingstone College of Education  
Kitwe Teaching Hospital  
Livingstone City Council  
Ministry of Agriculture  
Ministry of Education  
Ministry of Energy  
Mopani Copper Mine  
Ndola Teaching Hospital  
Office of the Auditor-General  
Road Development Agency  
Transparency International-Zambia  
Zambia Association of Manufacturers  
Zambia Institute of Policy Analysis and Research  
Zambia Public Procurement Authority  
Mine Suppliers and Contractors Union