

ZAMBIA DEVELOPMENT AGENCY



2018
ANNUAL REPORT



2018 ANNUAL REPORT

and Financial Statements for the Year Ending
31st December 2018

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ACRONYMS

7NDP	Seventh National Development Plan	MW	Mega Watts
B2B	Business-to-Business	NTBs	Non-Tariff Barriers
CEEC	Citizens Economic Empowerment Commission	NTEs	Non-Traditional Exports
CSO	Central Statistical Office	PIGA	Partnership for Investment and Growth in Africa
COMESA	Common Market for Eastern and Southern Africa	SADC	Southern African Development Community
EAC	East African Community	UNCTAD	United Nations Conference on Trade and Development
EU	European Union	UNDP	United Nations Development Programme
FDI	Foreign Direct Investment	UNECA	United Nations Economic Commission for Africa
GDP	Gross Domestic Product	USA	United States of America
HIV/AIDS	Human Immune-deficiency Virus/Acquired Immune-deficiency Syndrome	USD	United States Dollar
ICT	Information Communication Technology	VAT	Value Added Tax
ITC	International Trade Centre	WTO	World Trade Organization
IPPAs	Investment Promotion and Protection Agreements	ZEMA	Zambia Environmental Management Agency
IPP	Independent Power Producers	ZESCO	Zambia Electricity Supply Corporation
MSEs	Micro and Small Enterprises	ZNBC	Zambia National Broadcasting Corporation
MSMEs	Micro, Small and Medium Enterprises	ZNFU	Zambia National Farmers Union
M&E	Monitoring and Evaluation	ZRA	Zambia Revenue Authority
MCTI	Ministry of Commerce, Trade and Industry	ZPSLF	ZDA Private Sector Liaison Forum
MFEZs	Multi-Facility Economic Zones	ZDA	Zambia Development Agency
MoU	Memorandum of Understanding	ZMW	Zambian Kwacha



PERMANENT SECRETARY'S STATEMENT

It is my privilege to present the 2018 Zambia Development Agency Annual Report detailing the Agency's performance during the year.

Since its inception in 2006 through the enactment of the ZDA Act No. 11 of 2006, the Agency has been steadfast in achieving its mandate of promoting and facilitating economic development in Zambia through investment promotion, export development, and enterprise development.

2018 was a demanding year for the Agency that witnessed the achievement of significant milestones in the wake of internal structural changes as well as external fiscal related challenges.

Having said that, allow me to comment on policy and legislative issues that are aimed at guiding the Agency's performance.

1. The National Trade Policy (NTP) and the Export Strategy

The Minister of Commerce, Trade and Industry Honourable Christopher Yaluma, MP launched the Trade Policy aimed at guiding the country's economic diversification by promoting

and stimulating a competitive trade sector and addressing issues of non-tariff measures to promote safety and fair trading in the economy. The Export Strategy aims at achieving a structurally transformed economy, by addressing export competitiveness and value addition as well as inclusive and sustainable development.

These documents provide the Agency with clear guidelines in achieving its export promotion mandate by proving clear targets such as the goal to grow total exports by 15 percent in value annually and to grow non-traditional exports by 25 percent in value by 2021, as espoused in the Export Strategy.

2. The National Industrial Policy (NIP)

The National Industrial Policy promotes economic growth through industrialisation and value addition. Progress has been made in implementing this Policy aimed at reviving the

‘The Agency has been steadfast in achieving its mandate of promoting and facilitating economic development in Zambia through investment promotion, export development, and enterprise development’

- PS Kayula Siame

Manufacturing sector, creating employment for Zambians, and increasing Government’s revenue base.

Noteworthy is the Agency’s progress in facilitating investment in Multi-Facility Economic Zones (MFEZs).

This Policy has provided the Agency with a clear focus on Zambia’s industrialisation agenda through the growth of the Manufacturing sector from 5% to 20% by 2028.

3. The National Investment Promotion Strategy (NIPS)

The National Investment Promotion Strategy (NIPS) was launched by the Minister with the aim of accelerating the growth of investments in all sectors of the Zambian economy and also address the existing inadequacies in monitoring investment flows as well as to remedy fragmented investment promotion activities.

The Minister guided that the Strategy puts forward an overarching programme for the country to become a prosperous, competitive and dynamic world-class investment destination by 2026. The Strategy further focuses on Zambia becoming an industrialized nation with a diversified, innovative and globally competitive industrial base, which contributes to sustainable growth and employment creation by creating an environment that is conducive for investment.

4. The Local Content Strategy

The Ministry launched the Local Content Strategy aimed at fostering business linkages in growth sectors as well as promote linkages between MSMEs and large enterprises, both local and/or foreign.

The Minister guided that this strategy will serve as a tool to ensure that the benefits Zambia seeks to achieve from FDI with regards to improved technology and managerial skills are integrated into the domestic market and distribution networks. Ensuring linkages between local and foreign enterprises will enhance the competitiveness of local firms and therefore spur the much needed industrialisation and diversification. This strategy therefore serves as a framework for integrating the use of local primary resources and locally manufactured goods and services, employment of locals and participation of local service providers in production processes.

This Strategy has strengthened the Agency’s capacity to promote and facilitate the growth of MSMEs.

5. Revision of the Micro, Small and Medium Enterprises (MSME) Policy

The Ministry commenced the process of revising the MSME Policy. It is widely agreed that MSMEs stimulate the Manufacturing sector, foster competitiveness, and help in achieving a more equitable distribution of the benefits of inclusive economic growth, thereby helping in alleviating problems associated with uneven income distribution.

Therefore, this revision will assist the Agency in its implementation of focused interventions espoused in the Policy, thereby assisting Government in creating an environment that is conducive for the MSMEs to thrive.

6. Legislation for Increasing the Efficiency of ZDA

The Ministry is in the process of revising legislation aimed at revitalizing ZDA by streamlining its functions into those that are robust, relevant and responsive to the dynamic developmental needs of the Country.

It is expected that once the pieces of legislation are in place, the Agency will be more efficient in delivering on its mandate of fostering economic development in Zambia.

Having said that, on behalf of the Minister of Commerce, Trade and Industry, I would like to commend the Management and Staff of ZDA for their commitment, hard work, demonstrated willingness to perform beyond the call of duty, and their resilience in the wake of internal and external challenges, thus ensuring that 2018 was a success.



Kayula Siame
Permanent Secretary





CHAIRPERSON'S STATEMENT

The year commenced with a commitment and decision to restructure ZDA into a nimble and effective organisation that would be a pivotal link to investment, growth and diversification of the Zambian economy.

I have no doubt that this exercise which is long overdue, will yield significant results and strengthen the Agency for effectiveness and impact in its delivery of its mandate which is contained in the ZDA Act. Of paramount importance is ensuring our people are also enabled to have the right level of skill and competence and the required attitude to create success.

Issues related to easing export and import trade barriers, improving the competitiveness of enterprises with a deliberate bias towards value addition in growth sectors with a high potential for job creation, harnessing the voice of the private sector in engaging with Government in relation to policy and related changes and, further, increasing the level of targeted investment into the Zambian economy by both the local and foreign investors have received greater focus in 2018. There is greater recognition that Zambia also needs to grow its Non-Traditional Exports sector to better protect itself from the risk of falling foreign exchange reserves and shocks occasioned when copper prices become volatile. The Zambia Development Agency will

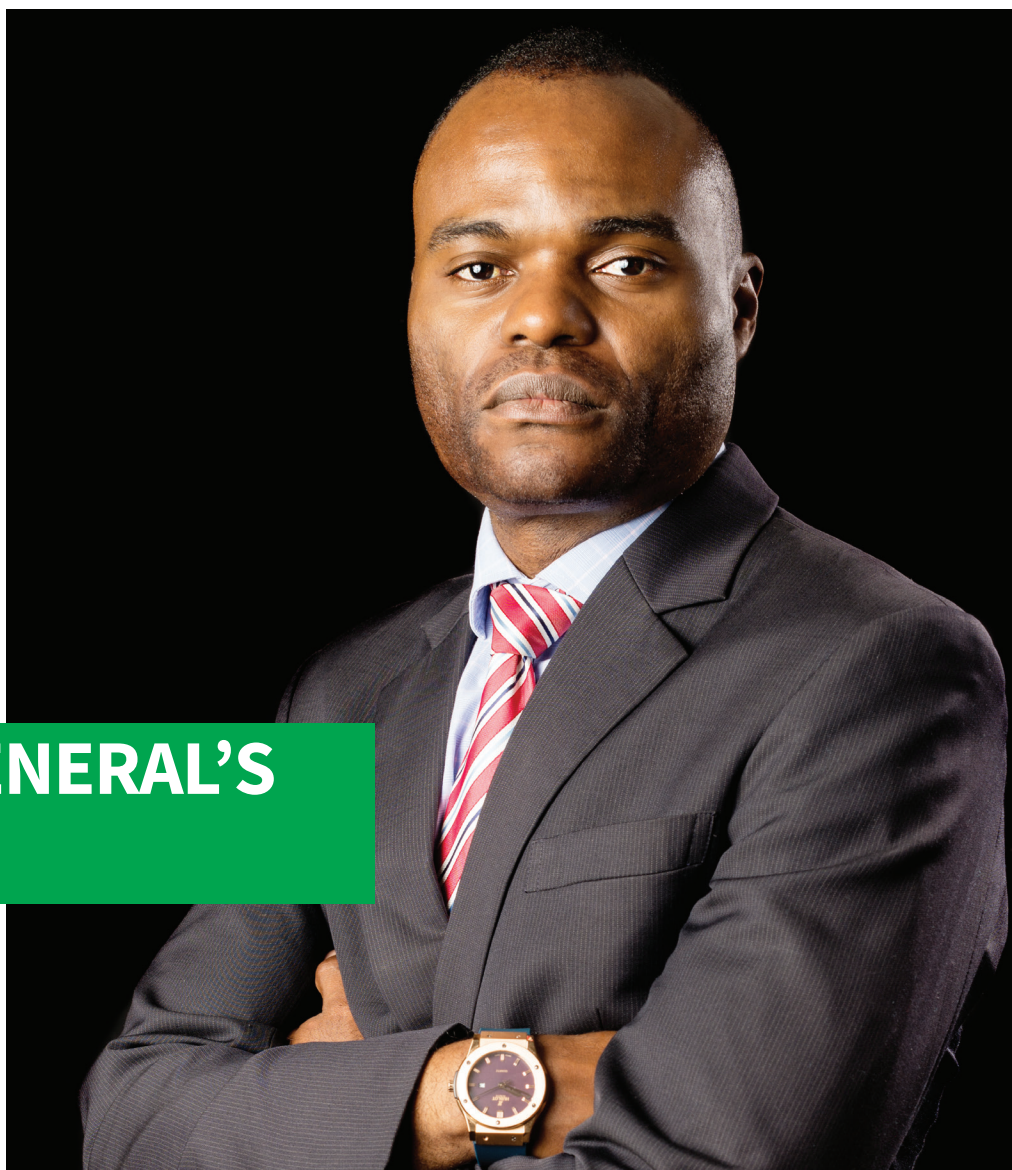
continue to strengthen its engagement with stakeholders to continue to raise Zambia's capacity for growth and sustainability.

I look forward to continued engagement and guidance from the Ministry of Commerce, Trade and Industry and all our stakeholders. In 2019 we intend to reach out more to our stakeholders to hear their voices. We do not live in a vacuum. The Agency through stakeholder engagements aims to provide impactful leadership in raising the capacity for growth and development for Zambia.



Mary T. Ncube
Board Chairperson

DIRECTOR GENERAL'S STATEMENT



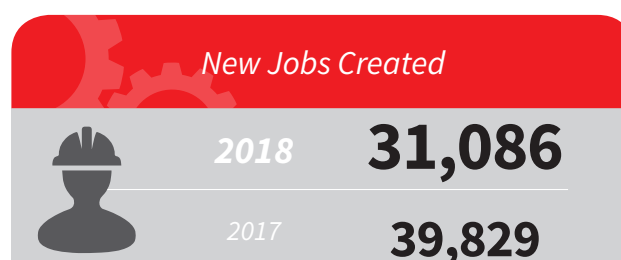
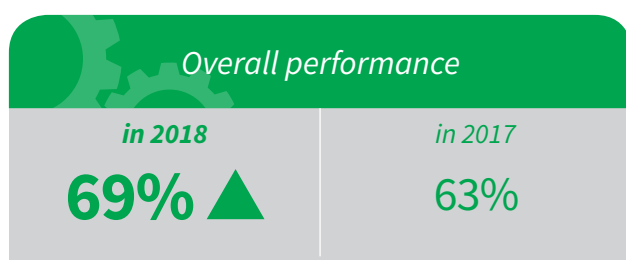
The organisation's overall performance of 69% in 2018 represents a 6% improvement compared to 63% in 2017. This improved performance demonstrates the Agency's efforts towards operational and service excellence through implementing strategies and interventions focusing on effective execution of our mandate.

Our targeted investment promotion efforts resulted in the Agency registering total projected capital investment of USD 4.82 billion in 2018 compared to USD 4.38 billion in 2017, representing a 10% increase. Recorded employment increased to 27,560 jobs in 2018 from 24,519 jobs in 2017, representing an increase of 12.4%.

Measures aimed at economic diversification yielded results in 2018 as shown by the economy recording an increase in Non-Traditional Exports (NTEs) from USD 2.22 billion in 2018 to USD 1.96 billion in 2017, representing an increase of 13%.

In promoting the private sector as the engine for economic growth, the Agency provided business development support services to over 4,000 Micro, Small and Medium Enterprises (MSMEs) in key sectors of the economy which included Agriculture, Mining, Tourism, Manufacturing, Infrastructure and Service sectors. Business development support services included export capacity

Our targeted investment promotion efforts resulted in a total registered capital investment of USD 4.82 billion in 2018 compared to USD 4.38 billion in 2017, representing a 10% increase.



building, business incubation and acceleration.

The Agency created 31,086 jobs, of which 20,116 were formal jobs with social security coverage while 10,970 were mainly informal jobs, representing contributions of 64.7% and 35.3% to the total jobs created, respectively.

Whereas the Agency performed better this year, areas for improvement included market research; business acceleration;

facilitating Joint Ventures (JVs) targeted investment attraction such as into Multi-facility Economic Zones (MFEZs), Industrial Parks and Farm Blocks; and enhancing monitoring and evaluation of investment projects and business enterprises to ascertain actualized economic and other benefits of these undertakings.

We are proud of our achievements and wish to thank all our stakeholders, cooperating partners and the Government for their continued support.

Finally, I would like to convey my appreciation to management and staff for their unyielding dedication and commitment in discharging their duties.



Perry Mapani
ZDA Director General

ABOUT ZAMBIA DEVELOPMENT AGENCY

The Zambia Development Agency (the “Agency” or “ZDA”) is the Country’s premier economic development Agency with an encompassing and yet integrated mandate of investment promotion and facilitation; export development and promotion; and entrepreneurship and enterprise development.

The Agency plays a critical role of driving Zambia’s economic development and diversification agenda through enterprise development for increased growth of non-traditional products and services to regional and international markets leveraged on attraction of targeted investment and facilitation of expansions to existing businesses. Additionally, the Agency drives wealth and job creation for Zambia by conducting economic research and creating platforms that ensure increased private sector participation in the economy. We place great emphasis on pre-existing strategic national priorities that are focused on delivering economic growth, development and diversification.

The ZDA is an official contact partner for those who are looking for qualified Zambian-based manufacturers and service providers.

OUR VISION

A dynamic hub for promoting economic development for Zambia.

OUR MISSION

To efficiently and effectively promote and facilitate investment, trade and enterprise development in Zambia.



OUR CORE VALUES

The Agency is committed to reinforcing the capacity of the human capital of the organization and encourage their personal growth whilst promoting a culture instilling the following core values:



KNOWLEDGEABLE

The Agency will gather, analyze and share relevant information about markets and sectors for use by clients in their decision-making processes. The Agency will build the expertise of its staff so that they are credible and trusted business advisors.



EXCELLENCE

Staff will provide service of the highest standard with the least waste of time, effort and resources.



TRANSPARENCY

Staff will undertake all dealings in an open manner.



INTEGRITY

Staff will approach all work with honesty, confidentiality, accountability and professionalism.



INNOVATION

Staff will embrace the power of ideas and not be afraid to challenge conventional thinking. The Agency will invest in its people and in new ideas for it to succeed in a business environment that is constantly changing.



DIVERSITY

The Agency will embrace all stakeholders irrespective of their gender, culture, race, religion, or ethnicity. The Agency will value cooperation with its stakeholders to promote a culture of continuous engagement.



TEAM SPIRIT

Staff will exhibit high levels of cooperation and collaboration to maximise efficiency and effectiveness. They will continue to reach out to other organisations to create partnerships and leverage resources for the benefit of the business community and other stakeholders.

KEY FUNCTIONS

1



ENTERPRISE DEVELOPMENT

The Agency facilitates development of Zambian owned enterprises. The purpose is to achieve significant poverty reductions for most Zambians and leverage FDI to enhance export earnings, wealth and job creation. Services offered include:

1. Entrepreneurship development support to steer mind-set transformation and enable entrepreneurs generate business ideas and formalize business enterprises; and
2. Enterprise development support through business incubation including product development, coaching and mentorship, and business acceleration which includes access to finance and markets to steer growth of business enterprises to create jobs and generate wealth.



2



TARGETED INVESTMENT PROMOTION AND BUSINESS FACILITATION

In our efforts to achieve Government's aspirations enshrined in the Vision 2030 and the Seventh National Development Plan (7NDP), our focus on investment promotion is based on economic research to package investment opportunities in growth sectors and availing strategic go-to-market value propositions to attract targeted investors to Zambia. We have put great emphasis on existing national priorities that are focused on delivering economic growth, development and diversification.

The Agency provides business facilitation services, such as:

1. Issuance of certificates of registration and permits;
2. Access to industrial and commercial land;
3. Access to finance and to incentives; and
4. Acquisition of various secondary licenses.

4 PILLAR MANDATE PREMISED ON:



7NDP:

DIRECTLY:

Pillar 1

Economic Diversification and Job creation

Pillar 3

Reducing Development Inequalities

INDIRECTLY:

Pillar 2

Poverty and Vulnerability Reduction

Pillar 4

Enhancing Human Development

Pillar 5

Creating a Conducive Governance
Environment for a diversified economy

VISION 2030:

**“A Prosperous Middle Income Nation by
2030” - a strong and dynamic middle-
income industrial nation that provides
opportunities for improving the well
being of all**

Other National Priorities

3



EXPORT DEVELOPMENT AND PROMOTION

Economic diversification through increased NTEs and enhancing export earnings is at the heart of the yet to be launched National Export Strategy. Our focus is to implement our export development and promotion strategy which is aimed at exporter segmentation, quality service delivery including capacity building and product quality improvement for carefully selected exporters, to penetrate new markets or increase offering in existing markets.

4



POLICY ADVOCACY AND INFORMATION PROVISION

The Agency significantly contributes to building a competitive and attractive business environment through policy advocacy aimed at fostering economic activity. This includes making specific recommendations for competitive changes to legislation and national investment framework.

Further, structured research is carried out to inform other key functions and Government policy direction. Trade and investment information is provided to assist business start-ups and exporters access regional and international markets. The ZDA provides a free of charge service to help foreign companies when looking for a partner to assist them in their production.

Should you be looking to partner with qualified Zambian-based manufacturers and service providers, the ZDA will gladly help you get in touch with the relevant companies. You are welcome to approach our specialized team with specific information requests.



EFFECTIVE STAKEHOLDER ENGAGEMENT

Proactive and continuous collaboration with key stakeholders is pivotal to our overall economic development strategy. We partner with embassies within Zambia and abroad to leverage their greater footprint in identifying markets for Zambian products, information exchange, targeted investment sources and strategic partnerships.

The Agency also provides a platform where the private sector interacts with Government policy makers to develop a conducive business environment.

Continued collaboration with other Government institutions helps to improve the ease of doing business and encourage increased business activity.

Finally, the Agency partners with various international development organizations that support Government's priorities.

OUR PARTNERS

In order to implement the Government's economic development and diversification agenda, stakeholder collaboration is critical. In 2018, the Agency worked closely with both local and international agencies with matching priorities in order to achieve the outcomes set out in the 7NDP. Our key stakeholders included the Ministry of Commerce, Trade and Industry; Ministry of Foreign Affairs; Ministry of Home Affairs; Ministry of Finance; Ministry of Tourism, Ministry of Agriculture; Provincial Administrations and Embassies.

We collaborate with cooperating partners in many ways including joint implementation of programs, facilitation of joint ventures, provision of financial and technical support. In working as teams with cooperating partners, matching priorities is at the heart of our collaborative efforts and we ensure to provide regular feedback on program implementation.

SOME COLLABORATIVE PARTNERS



CORPORATE GOVERNANCE

The Agency is committed to maintaining best practices in corporate governance, which promote the long-term interest of our key shareholders, clients, stakeholders and partners and to build public trust in the organization.

Further, the Agency aspires to be a model of public probity by providing a good return on public funds and promoting high standards of integrity. The Agency administers a Whistle-Blowing Policy and has an independent internal audit activity.

The Board is appointed by the Minister of Commerce, Trade and Industry (MCTI) and is charged with governance, strategic direction, risk management and financial reporting responsibilities.

In 2018, the following were the members who constituted the Board:

BOARD OF DIRECTORS

Name	Board Position
Ms. Mary Ncube	Board Chairperson
Mr. Don Stacey	Board Vice Chairperson
Mr. Mukuli Chikuba	Member
Mrs. Kayula Siame	Member
Mr. Henry Tukombe	Member
Mr. Mabvuto Sakala	Member
Mr. Paul Chanda	Member
Mr. Julius Shawa	Member
Mr. Barnaby B. Mulenga	Member
Mr. Andrew Nkunika	Member
Rev. Dr. Howard Sikwela	Member
Mr. John Msimuko	Member
Mrs. Edna Kalenga	Member
Mrs. Monde J. Kabwela	Member
Mrs. Rosetta M. Chabala	Member

CO-OPTED COMMITTEE MEMBERS INCLUDED THE FOLLOWING:

Mr. Wilson Chipango, Mr. M. Simuzingili, Mrs. Vestina Sinkamba and Mr. Millen Siamuyoba.

BOARD COMMITTEES AND OTHER GOVERNANCE STRUCTURES

The Board has established four Committees to provide oversight on key issues in greater detail.



Audit and Risk Management Committee

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, risk management, systems of internal control, audit process, and compliance with laws and regulations.



Policy Coordination and Implementation Committee

This Committee is charged with overseeing research; investment promotion and facilitation; export development and promotion; and enterprise development.



Finance and Administration Committee

The mandate of this Committee is to support the Board on human resource policies and practices; financial; and administrative policies.



ZDA Private Sector Liaison Forum

The primary objective of the Forum is to provide a platform for dialogue between Government and the private sector in order to develop and sustain a favourable business ecosystem.



Addis Ababa Corporate Block Limited constructing Standard Chartered Bank new Head Office at a cost of USD39 million and scheduled to create 250 jobs.

SENIOR MANAGEMENT TEAM

MATONGO MATAMWANDI
Director Investments

ALBERT HALWAAMPA
Acting Director Export Development
& Promotion

COSAM NGOMA
Director Policy & Planning

MUKULA MAKASA
Director Enterprise Development



PRECIOUS GOMA
Board Secretary/Legal Counsel

PERRY MAPANI
Director General

CECILIA K NYALUGWE
Director Finance & Administration

Lafarge, Lusaka.



Sinoma Mpande Limestone, Lusaka



ECL Mall, Kitwe.

Top performing sectors 2018

Agriculture
Energy
Infrastructure
Manufacturing
Tourism
Transport



EXECUTIVE SUMMARY

This Report highlights the main features of the ZDA's performance in 2018 with regards to investment promotion, enterprise development, export development and job creation.

During the year, the Agency performed well on the backdrop of a relatively stable macro-economic, political and policy environment.

Total projected investment recorded by ZDA in 2018 was USD 4.82 billion compared to USD 4.38 billion in 2017, representing an increase of 10.0%. The increase in projected investment is attributed to increased investment in priority sectors, such as the Energy and Mining sectors, supported by a favourable investment and policy environment.

The Agency recorded an increase in projected employment from 24,519 jobs recorded in 2017 to 27,560 in 2018, representing an increase of 12.4%.

The Agency continued to monitor and the extent to which projected investment and employment were actualized and economic outcomes realized. In that regard, the Agency monitored 256 companies that had a combined actualized investment of USD 700.1 million of the monitored enterprises the Mining sector had the highest actualized investment of USD 249.2 million representing 35.6% of all actualized investment.

Further, a total of 31,086 jobs were created through various interventions that were implemented by the Agency, of which 20,116 were formal and pensionable jobs while 10,970 were mainly informal jobs, representing 64.7% and 35.3%, respectively.

During the same period, the country's Non-Traditional Exports (NTEs) amounted to USD 2.22 billion compared to USD 1.96 billion in 2017, representing an increase of 13.3%, while total exports recorded were USD 9.07 billion compared to USD 8.16 billion in 2017, representing a 11.2% increase. This increase may be attributed to relative macroeconomic stability such as exchange rate regime consolidation as well as increased investment in the Energy sector and enhanced interventions by the

Agency in line with the diversification agenda.

The Agency supported a total number of 4,126 MSMEs through entrepreneurship and enterprise development services, compared to 4,955 MSMEs in 2017, representing a decline of 16.7%. The entrepreneurship development services provided included mindset transformation and capacity building; training, export mentorship and coaching, while enterprise development services business included incubation, acceleration and business linkages.

The Agency continued to undertake structured research aimed at generating information for rational decision making and informing Government policy. During the year, the Agency conducted a Client Satisfaction Survey aimed at measuring the level of satisfaction among stakeholders. The Client Satisfaction Index revealed an overall score of 72% against a target 75% for 2018. In addition, the Agency undertook the Foreign Private Investment and Investor Perceptions (FPI & IP) Survey in collaboration with the Bank of Zambia (BoZ) and Central Statistical Office (CSO). Among the main findings is that respondents intended to re-invest and expand their businesses in the Country due to huge market opportunities and a stable business environment but highlighted limited access to credit as the main risk for growth. The overall findings indicated that Zambia remains a preferred investment destination.

Total projected investment



USD 4.82 billion

USD 4.38 billion in 2017



31,086
Jobs created

39,829
Jobs created in 2017



Actualised Investment
USD 700 million

USD 929 million in 2017



MSMEs supported with business development services

2018
4,126

4,955 in 2017



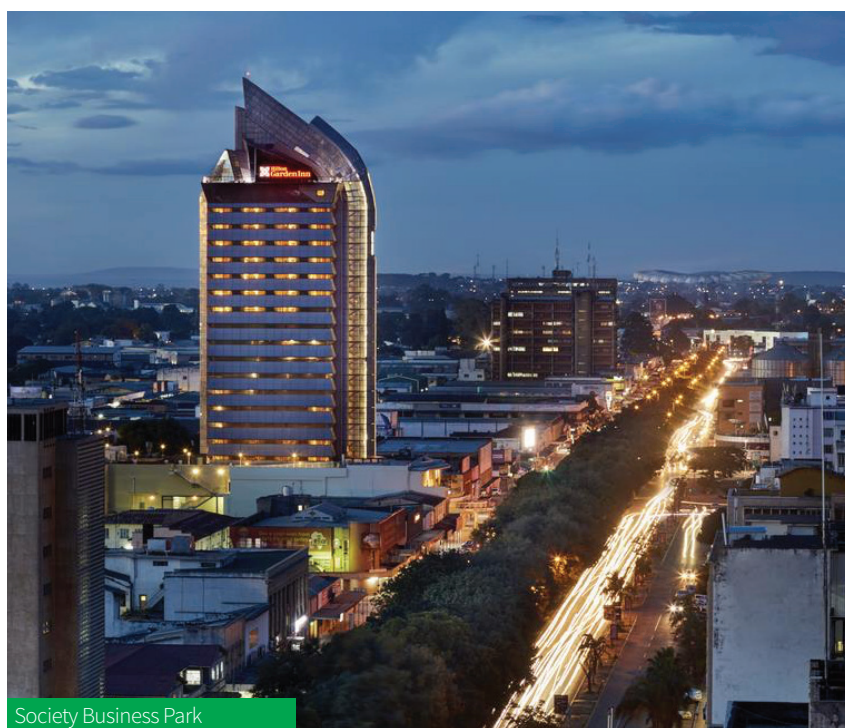
Increase in NTEs
2018
USD 2.2 billion

USD 1.96 billion in 2017

ECONOMIC OVERVIEW



The macroeconomic environment was generally stable with economic growth resilient at about 3.7%, price and financial stability were sustained and inflation was maintained within annual target range of 6 to 8%. Commercial bank lending rates marginally declined to 23.6% in 2018 from 24.9% in 2017. This precipitated a 15% growth of credit to the private sector.



Society Business Park

The exchange rate of the Kwacha against major convertible currencies was relatively stable, averaging ZMW 10.55 per USD in 2018 from an average of ZMW 9.53 per USD representing a depreciation of 11%. The marginal volatility of the Kwacha was attributable to, among other considerations, market sentiments and domestic fuel price adjustments.

Finally, the trade deficit narrowed to ZMW 4,581.2 million in 2018 from ZMW 5,422.0 million recorded in 2017, representing a 15% decrease. The reduction in trade deficit is attributed to a decrease in the importation of consumer and intermediate goods and an increase in the value of exports of raw materials and intermediate goods in 2018.



Trade Deficit
narrowed to
ZMW 4,581.2 million
in 2018
from ZMW 5,422.0 million recorded
in 2017



Inflation maintained
within the targeted
range of
6-8%

Stability in prices and increased investment in the Energy sector encouraged productivity, investment and competitiveness of exports. The positive trends in the macroeconomic fundamentals stimulated economic activity in the country.

OPERATIONAL REVIEW

The organisation's overall performance of 69%, as measured by the implementation rate of planned activities against set targets, registered a 6% increase in comparison to the 2017 performance of 63%.



Lusaka South MFEZ

The Agency performed well in executing its interventions in key functions of investment promotion and facilitation; export market development and promotion; entrepreneurship and enterprise development and policy advocacy. However, areas for improvement included market research; business acceleration; promoting and facilitating JVs; attracting targeted investment into Multi-Facility Economic Zones (MFEZs), Industrial Parks (IPs) and Farm Blocks (FBs); and monitoring and evaluation of actualised investments, exporters and number of jobs created.

During the year 2018, the Agency recorded an increase in projected investment, Non-Traditional Exports (NTEs) and employment creation. Further, the Agency continued to provide enterprise development services to various growth-oriented Micro, Small

and Medium Enterprises (MSMEs) aimed at complimenting wealth and job creation.

ZDA recorded total projected investment of USD 4.82 billion in 2018 compared to USD 4.38 billion in 2017, representing an increase of 10%. The increase can be attributed to increased investment in the Energy and Mining sector, which were supported by a favourable investment climate and policy environment in Zambia. From the total projected investment recorded, FDI amounted to USD 4.28 billion, Domestic Investment accounted for USD 339 million, and USD 205 million was re-investment. Out of the total FDI, only USD 35.36 million was invested in MFEZs, IPs and FBs. The projected employment for 2018 was 27,560 jobs compared to 24,519 jobs in 2017, representing an increase of 12.4%.

The country's NTEs amounted to USD 2.22 billion in 2018 compared to USD 1.96 billion in 2017, representing an increase of 13%. Total exports during the year stood at USD 9.07 billion compared to USD 8.16 billion in 2017, representing a 10% increase. The share of NTEs to total exports marginally increased from 24% recorded in 2017 to 24.5% in 2018. Since 2017, there has been a steady increase in the growth of NTEs which is attributed to macroeconomic stability such as exchange rate regime, as well as increased ZDA-facilitated investments in the Energy sector, and enhanced NTEs promotion interventions implemented by the Agency in line with national priorities.

MSMEs are key drivers of economic growth and job creation and therefore play a pivotal role in driving the economic development and diversification agenda of the economy. In 2018, the Agency supported a total number of 4,126 MSMEs through entrepreneurship and enterprise development services compared to 4,955 MSMEs in 2017, representing a decline of 16.7%. The decline in the number of MSMEs supported was on account of centralized operations and lack of representation across the country and withdrawal of incentives for MSMEs.

During the same period, a total of 31,086 jobs were created through various interventions implemented by the Agency. Of the total number of jobs created, 20,116 jobs were formal – characterized by social security coverage in addition to paid leave, representing 64.7% while 10,970 jobs were informal – characterized by lack of social security coverage, representing 35.3% contribution to total jobs created.

The total projected investment	Direct Investments		MFEZ/IPs and Farm Blocks	
USD 4.82 billion	FDI	DDI	USD 35.36 million	Job projections
	USD 4.28 billion	USD 339 million		516

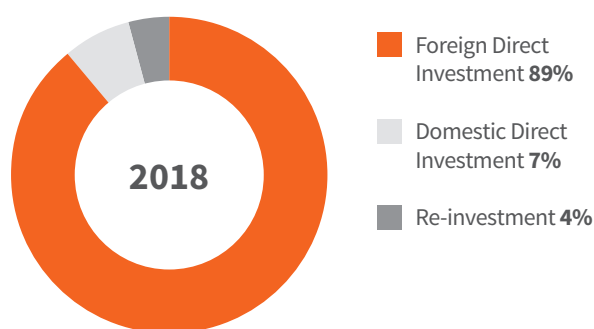
1. Actualized employment reported represents a sample that was successfully monitored.

Targeted Investment Promotion and Facilitation

Projected Investment²

A total of USD 4.82 billion worth of investment was projected in 2018 from 401 projects compared to USD 4.38 billion for 2017 from 353 investment projects, representing 10.0% and 13.6% increase in the value of investment and number of projects, respectively (Table 1). The total registered investment of USD 4.82 billion in 2018 comprised FDI of USD 4.28 billion (88.8% of total investment), Domestic Investment of USD 339 million (7.0%) and re-investment of USD 205 million³ (4.2%) (Figure 1).

FIGURE 1: Share of Investment by Type



Source: ZDA

During the period under review, the Energy sector recorded the highest projected investment with USD 1.92 billion (39.7% of total investment), followed by Manufacturing sector with USD 656 million (13.6%), and the Tourism sector was third at USD 501 million (10.4%). In comparison to 2017, the Energy sector recorded USD 1.95 billion (44.5%), followed by Manufacturing sector at USD 944 million (or 21.5% of total investment), and the Construction sector at USD 496 million (11.3%) (Table 1 and Figure 2).

FIGURE 2: Sector Contribution to Projected Investment in 2018

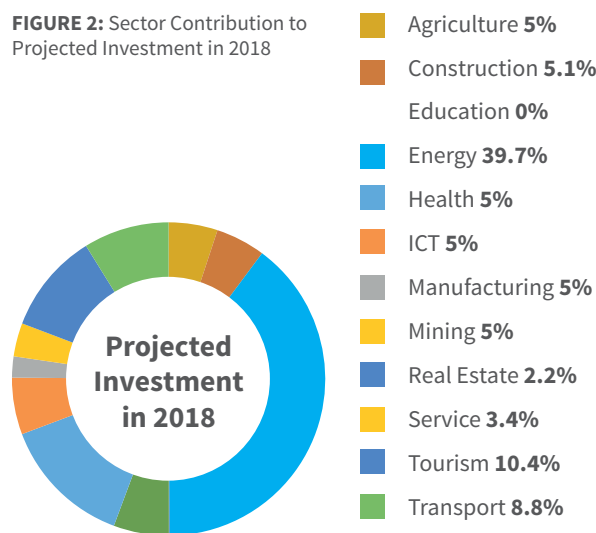


TABLE 1: Projected Investment and Employment Registered by Sector in 2017 and 2018

SECTORS	2017				2018			
	Investment		Jobs		Investment		Jobs	
	USD million	Percent	Number	Percent	USD million	Percent	Number	Percent
Agriculture	145	3.3%	4,154	16.9%	243	5.0%	3,238	11.7%
Construction	496	11.3%	1,428	5.8%	248	5.1%	2,098	7.6%
Education	1	0.02%	22	0.4%	0	0.0%	0	0.0%
Energy	1,949	44.5%	2,114	8.6%	1,916	39.7%	934	3.4%
Health	35	0.8%	285	1.2%	4	0.1%	22	0.1%
ICT	259	6.0%	152	0.6%	276	5.7%	922	3.3%
Manufacturing	944	21.5%	6,755	27.5%	656	13.6%	6,648	24.1%
Mining	219	5.0%	1,648	6.7%	283	5.9%	1,587	5.8%
Real Estate	103	2.3%	4,219	17.2%	104	2.2%	1,128	4.1%
Service	69	1.6%	1,330	5.4%	166	3.4%	5,729	20.8%
Tourism	115	2.6%	1,120	4.5%	501	10.4%	3,520	12.8%
Transport	43	0.9%	1,292	5.2%	426	8.8%	1,734	6.3%
TOTAL	4,379	100.0%	24,519	100.0%	4,823	100.0%	27,560	100.0%

Note: *2017 projected investments and jobs were revised figures during data cleaning on outliers

Source: ZDA

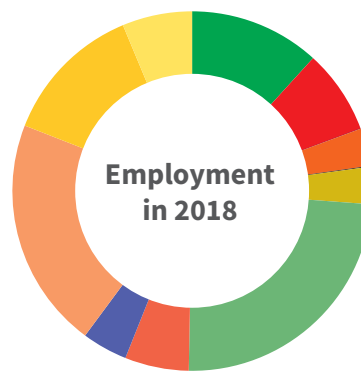
2. Projected investment and employment figures in this report represent the investments facilitated by the ZDA.

3. In 2018, 24 investment projects worth USD 205 million were re-investment in form of investment certificate renewals with ZDA

Projected Employment

In terms of employment, 401 investment projects recorded an increase in projected employment of 27,560 compared to 24,519 jobs recorded in 2017, representing an increase of 12.4%. The Manufacturing sector contributed 6,648 jobs which accounted for 24% of the total projected employment (or 22.1% increase from 2017), followed by the service sector with 5,729 representing 21% (or 16.6% increase from 2017) while the Tourism sector was third with 3,520 jobs representing 13% (or 12.8% increase from 2017). (Table 1 and Figure 3).

FIGURE 3: Sector Contribution to Projected Employment in 2018



Source: ZDA

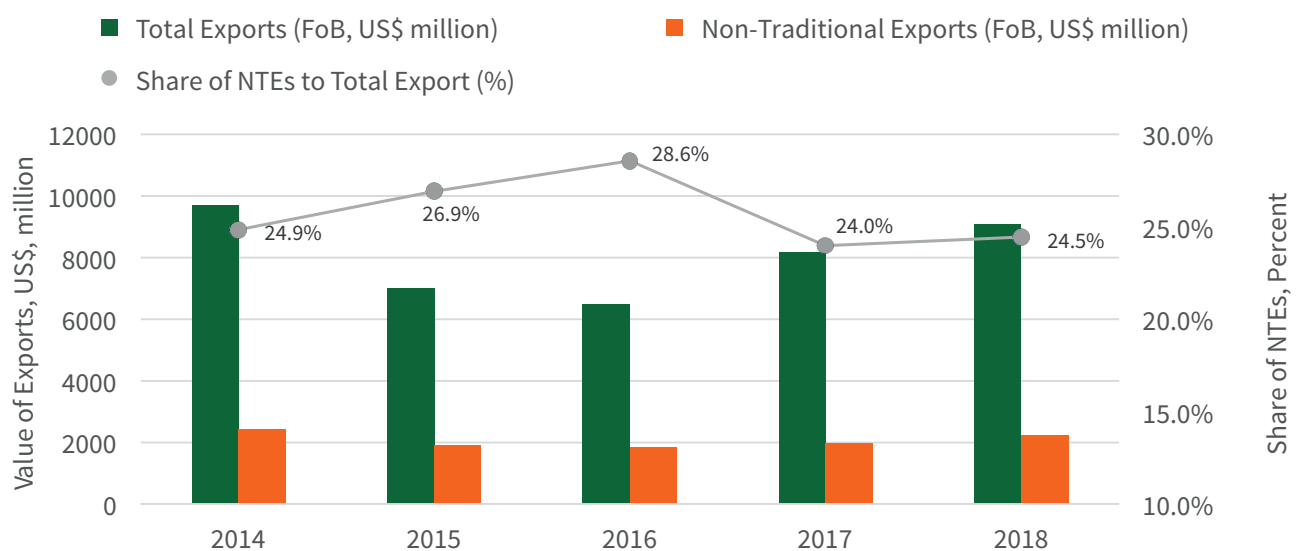
- Agriculture **12%**
- Construction **8%**
- Education **0%**
- Energy **3%**
- Health **0%**
- ICT **3%**
- Manufacturing **24%**
- Mining **6%**
- Real Estate **4%**
- Service **21%**
- Tourism **13%**
- Transport **6%**

Performance of Non-Traditional Exports

In 2018, NTEs amounted to a total of USD 2.22 billion compared to USD 1.96 billion in 2017, representing an increase of 13%. The steady increase in the growth of NTEs may be attributed to relatively stable exchange rates against major convertible currencies, increased investments in the Energy sector such as investment in hydroelectric power generation, solar energy and bio-fuels which

resulted in increased production across sectors. Further, the Agency enhanced interventions in export promotion and market development in line with the economic diversification agenda. The share of NTEs to total exports was 24.5% in 2018 compared to 24.0% in 2017 (Figure 4).

FIGURE 4: Zambia's Export Composition (Traditional v NTEs; NTEs Share of TE, 2014 to 2018)



Source: CSO, ZDA estimates

Table 2 below provides a summary of key performance indicators that depicts the performance of NTEs from 2014 to 2018 in Zambia. Overall, the NTEs recorded a positive trajectory in terms of growth from -32.15% recorded in 2014 to -1.87% in 2016 to 13.40% in 2018.

TABLE 2: Performance of Total Exports, Traditional and NTEs from 2014 to 2018.

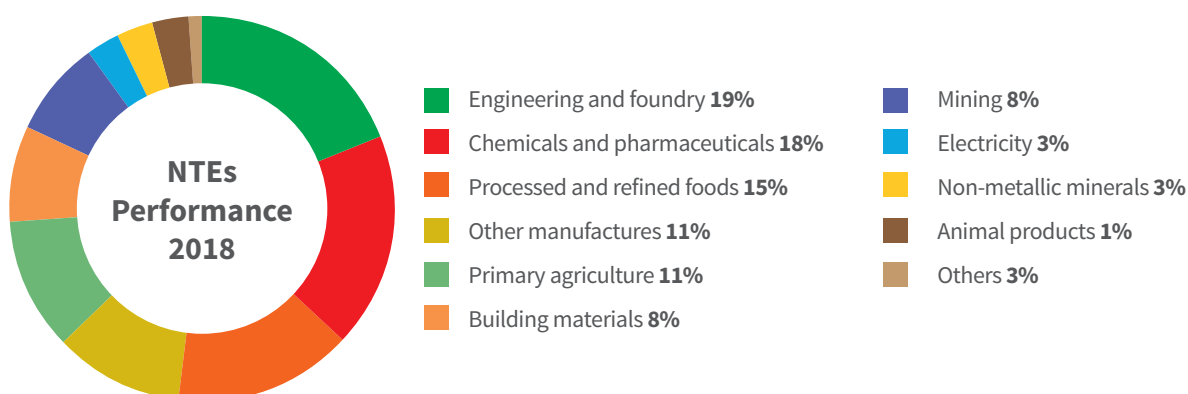
	2014	2015	2016	2017	2018
Total NTEs USD' Million	2,408.76	1,881.90	1,846.75	1,955.16	2,217.24
NTE Growth %	(32.15)	(21.87)	(1.87)	5.87	13.40
Total Metal Exports USD' Million	7,283.39	5,109.12	4,615.60	6,203.56	6,850.37
Metal Export Growth %	3.03	(29.90)	(9.66)	34.40	10.43
Total Exports Growth %	(8.73)	(0.28)	(7.56)	26.25	11.14
NTEs as % of Total Exports	24.85	26.90	28.58	23.96	24.45
Total Exports USD' Million	9,692.15	6,991.02	6,462.35	8,158.72	9,067.61

Source: CSO, ZDA estimates

Sectorial Contribution to NTEs Performance 2018

At subsector level, Engineering and Foundry contributed the largest share of NTEs in 2018, accounting for 19%. This was followed by Chemicals and Pharmaceuticals, Processed and Refined Foods and Other Manufactures accounting for 18%, 15% and 11%, respectively (Figure 5).

FIGURE 5: Sectorial Contribution to NTEs Performance 2018



Source: CSO, ZDA estimates

Among the top ten earners, compared to 2017, growth was recorded in the Building Materials, Processed and Refined Foods, Engineering and Foundry and Chemical and Pharmaceuticals subsectors, increasing by 25.2 %, 16.3 %, 9.7 % and 7.8 %, respectively. However, primary Agriculture recorded a decline of 22 % among the top ten earners.

Major NTE Commodity and Markets – Top Ten Export and Markets, 2018

Table 3 shows the top ten performing NTE products and the associated value of exports. The total earnings from the export of these products was USD 831.3 million, accounting for 38 % of the total NTE earnings. The major NTE product that was exported was Sulphuric acid (oleum in bulk) valued at USD 171.26 million representing 20.6% of total NTE exports, followed by Articles of stones or other mineral substances at USD 108.28 million (13.0%), and Bullion semi-manufactured forms were third at USD 94.13 million (11.32%).

TABLE 3: Top Ten Export 2018

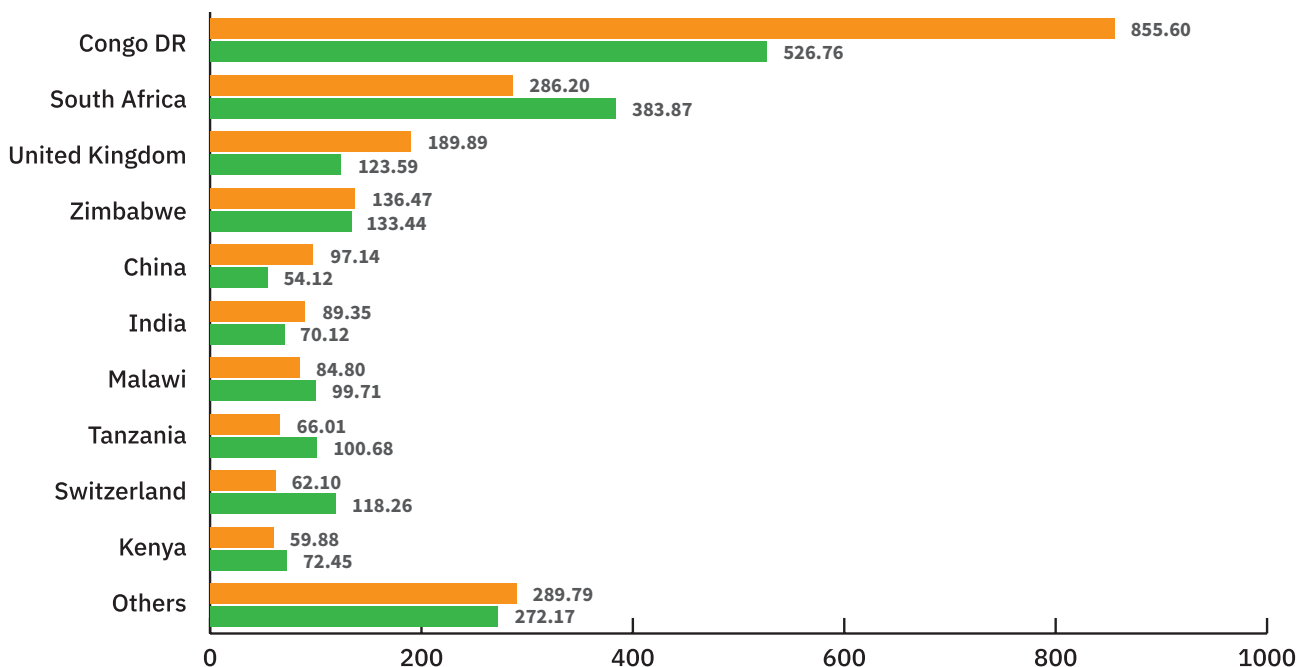
Product Description at 8HS	Value in USD Million	Percent
Sulphuric acid; oleum in bulk	171.26	20.60
Articles of stone or other mineral substances	108.28	13.03
Bullion semi-manufactured forms	94.13	11.32
Wire of refined copper	77.50	9.32
Electrical energy	69.48	8.36
Oil-cake and other solid residues, of soya-bean	67.84	8.16
Tobacco, partly or wholly stemmed/ stripped	64.92	7.81
Other non-alcoholic beverages	63.26	7.61
Portland cement (excl. white)	58.59	7.05
Manganese Ores/Concentrates	56.04	6.74
Total	831.30	100.00

Source: CSO estimates

In terms of major exports destinations of NTEs, the Democratic Republic of Congo continued to be Zambia's top export market with export earnings of USD 855.6 million in 2018 compared to USD 526.8 million in 2017, representing an increase in earnings by 62%. The second largest market was South Africa followed by the United Kingdom with earnings amounting to USD 286.2 million and USD 189.9 million, respectively.



FIGURE 6: Top 10 Markets in 2018

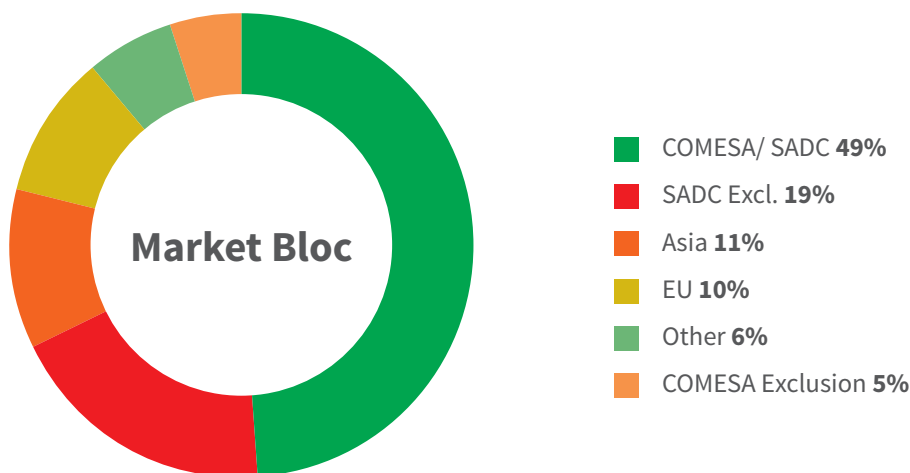


Source: CSO, ZDA estimates

Performance by Market Bloc

The NTEs continued concentration in the regional markets. The share of NTEs to COMESA/SADC (members of both COMESA and SADC) trade blocs accounted for 49 %, followed by SADC exclusively trading bloc at 19 % (Figure 7).

FIGURE 7: Performance by Market Bloc



Source: CSO

New Products and Markets

The Agency undertook export promotion aimed at developing new export markets that included, Mozambique, Zimbabwe, Kenya, Namibia, Egypt, Singapore, Morocco, UK, and China for exports of new products such as peanut butter, leather and leather products, pork and poultry products, cosmetics, jewellery, dried foods, maize, textiles, honey, beans and rice.

Broadly, there were two market re-entries into Morocco for jewellery and Singapore for hides and skins, coffee and zinc dust. On one hand, emerging products in the year were oil cake residues that were exported to Kenya, Namibia, Malawi and South Africa; fresh onions and garlic to the Democratic Republic of Congo (DRC); and cassava starch to the United States of America (USA) and Mozambique.

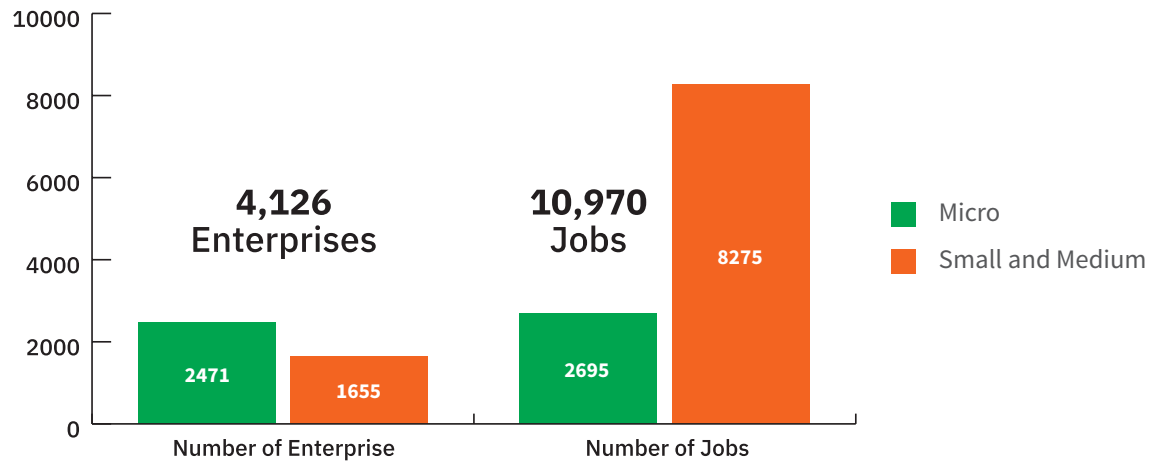
Entrepreneurship and Enterprise Development

The Agency implemented strategies aimed at developing MSMEs in key sectors of the economy which included Agriculture, Mining, Tourism, Manufacturing, Infrastructure and Service. During the period under review, the Agency supported a total number of 4,126 MSMEs through entrepreneurship and enterprise development services, compared to 4,955 MSMEs in 2017, representing a decline of 16.7%. The main measures aimed at entrepreneurship development that included mindset transformation; capacity building; mentorship and coaching. Enterprise development measures included incubation, acceleration and business linkages.

Market Segmentation and Employment Creation

The Agency provided entrepreneurship and enterprise development services to business enterprises categorized as micro, small and medium, including cooperatives and potential entrepreneurs with business ideas. A total of 2,471 micro enterprises supported with entrepreneurship skills development created 2,695 jobs while 1,655 small and medium enterprises supported with business development acceleration services created 8,275 jobs, bringing the total number of informal jobs created to 10,970. This accounted for 35% of the total employment created of 31, 086 jobs.

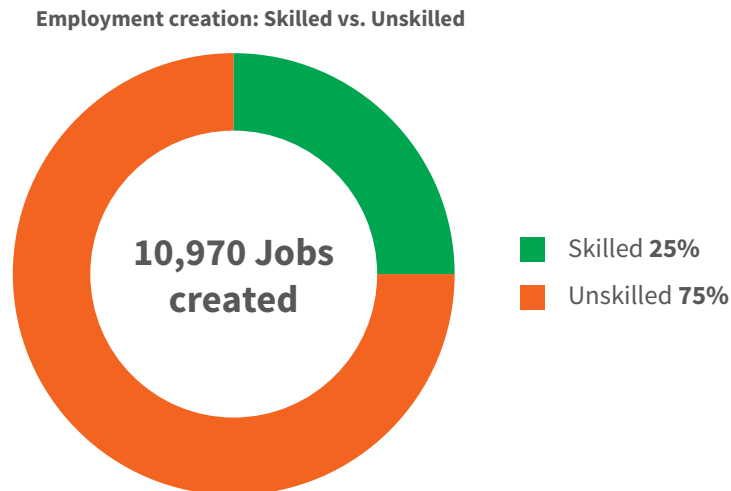
FIGURE 8: MSME market segmentation and employment creation



Source: ZDA

Figure 9 shows the segmentation of employment created by MSME into skilled and unskilled labour. Of the 10,970 jobs created, 2,743 jobs were classified as skilled while 8,227 were unskilled, representing 25% and 75%, respectively.

FIGURE 9: MSME Employment creation: Skilled and Unskilled



Source: ZDA

Business Formalization

During the period under review, 55 MSMEs formalized their businesses with ZDA and were issued with ZDA certificates compared to 69 in 2017, representing a reduction of 20%. The decrease is largely attributed to the centralized operations of ZDA and lack of presence at sub-national district and provincial levels. To increase business formalization, the Agency undertook five business clinics where 374 potential MSMEs were sensitized. In response to the declining trend in MSME registration, the Agency has committed to undertake measures such as researching on the factors that affect registration of MSMEs with the Agency, enhance business clinics and decentralize operations (Figure 10).

FIGURE 10: MSME Business Formalization

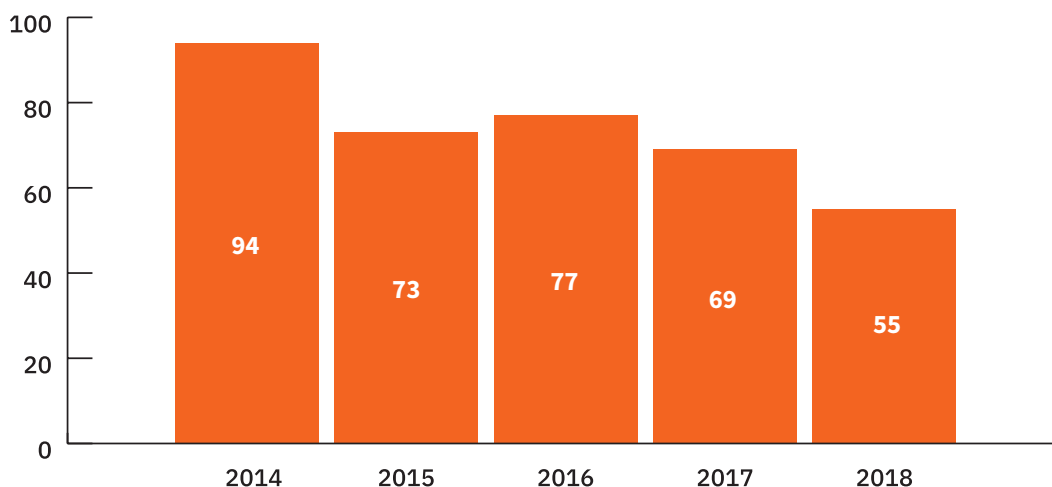


Table 4 shows the distribution of 55 MSME that formalized their businesses in 2018 by sector. Most of the MSMEs that formalized their businesses were from the Manufacturing, Agriculture, and Service sectors representing about 31%, 29%, and 16%, respectively, of total number of MSME formalized. A total of 346 jobs were supported by the 55 MSME that formalized their businesses, with the Service, Manufacturing, and Agriculture sectors supporting 93 (26.9%), 77 (22.3%), and 71 (20.5%) jobs. In terms of investments, ZMW 3.26 million (or equivalent USD 270,000) worth of investment was invested in Tourism, Service, Trading, Mining, Manufacturing, ICT, Education, Construction, and Agriculture sectors (Table 4).

TABLE 4: MSME Business Formalization by Sector in 2018

Sector	Number of Registration	Jobs	Investments	
			ZMW	USD ⁴
Tourism	3	0	89,000.00	7,466.44
Service	9	93	342,320.00	28,718.12
Trading	5	46	270,000.00	22,651.01
Mining	1	25	43,000.00	3,607.38
Manufacturing	17	77	1,017,150.00	85,331.38
ICT	1	4	100,251.00	8,410.32
Education	1	13	18,955.00	1,590.18
Construction	4	17	390,000.00	32,718.12
Agriculture	16	71	992,600.00	83,271.81
Total	55	346	3,263,276.00	273,764.77

Source: ZDA

Support to Youth and Women

The Agency also implemented specific and deliberate interventions targeting youths and women, such as the SheTrades Initiative and providing youth entrepreneurs with business development support (BDS) services in line with the 7NDP. The inclusive economic development agenda entails not leaving any marginalized citizen behind. Organisational procurement practices have also given priority to youths and women managed enterprises.

The Agency has committed to continue providing high quality business development services, including business information and market intelligence focusing on the micro, small and medium segments of the MSME sector due to their growth potential and their contribution to the local economy, especially in terms of job creation.

4. Exchange Rate: ZMW 11.92/1 USD

Research, Monitoring and Evaluation

In 2018, the Agency continued with monitoring and evaluating (M & E) investment projects and enterprises to ascertain the extent to which projected investment and employment were actualized and economic outcomes realized.

Actualized Investment

A total of 278 enterprises registered by the ZDA that projected to invest USD 6.43 billion and create 21,140 jobs in various sectors of the economy were earmarked for monitoring and evaluation. The Agency monitored 256 enterprises in 2018 with actualized investment of USD 700.1 million, compared to USD 928.7 million actualized in 2017 for 137 monitored enterprises (Table 5).

TABLE 5: Actualized Investment in USD million in 2018

		2017	2018
Actualised Investment	USD, million	928.7	700.1^a
	# of Enterprises/Companies	137	256^a
Actualised Employment ^b	Number	39,829	20,116
	# of Enterprises/Companies	430	308

Notes:

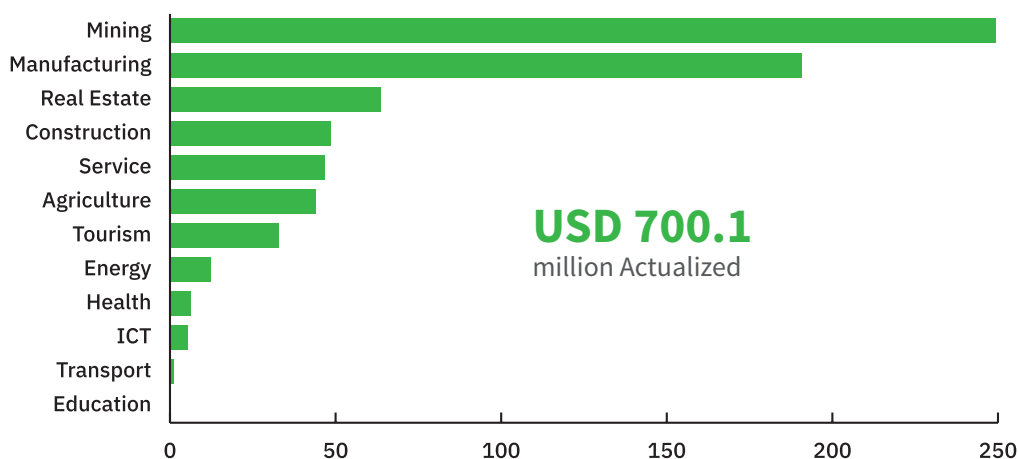
^a Actualized investment based on Private Capital Flows from BoZ and enterprise/companies monitored by ZDA

^b Actualized employment based on enterprise/companies' contributions to NAPSA and registered with ZDA

Source: BoZ, NAPSA, ZDA estimates

In terms of distribution by sector of monitored enterprises, the largest investment was recorded in Mining sector at USD 249.2 million, representing 35.6% of the total actualised investment. This was followed by investment in Manufacturing at USD 190.8 million, representing 27.3% of the total actualized investment. The Real Estate sector was third with an investment of USD 63.6 million, representing 9.1% (see Figure 11).

FIGURE 11: Actualised Investment by Sector in USD million in 2018



Source: BoZ, ZDA, CSO estimates

Table 6 shows the trend in actualized investment by surveyed enterprises from 2014 to 2018 in the Foreign Private Investment and Investor Perception Survey that was conducted collaboratively by Bank of Zambia, Central Statistics Office and Zambia Development Agency. Actualized investment gradually decreased from USD 1,488.60 million realized in 2014 to USD 662.80 million in 2016 and eventually increased to USD 1,107.50 million in 2017. For the first half of 2018, USD 434.10 was actualized for the surveyed enterprises.

TABLE 6: Actualized Investment by Surveyed Enterprises in USD million^c

	2014	2015	2016	2017	2018 (1st Half)
Foreign Direct Investment (USD, million)	1,488.60	1,304.90	662.80	1,100.50	434.10

^c Foreign Private Investment and Investor Perception survey
Source: BoZ, CSO & ZDA

Actualized Employment

In terms of formal employment creation, a total of 20,116 jobs were actualized against the projected employment of 21,542 jobs, representing a 93% implementation rate for the 308 companies monitored. The 20,116 jobs created were formal jobs that contributed to social security and Government revenue accounting for 64.7% of the total created jobs of 31,086. Of the 20,116 jobs created, 18,692 jobs were held by Zambians, while 1,424 were held by non-Zambians, representing 92.9% and 7.1%, respectively. (Table 7).

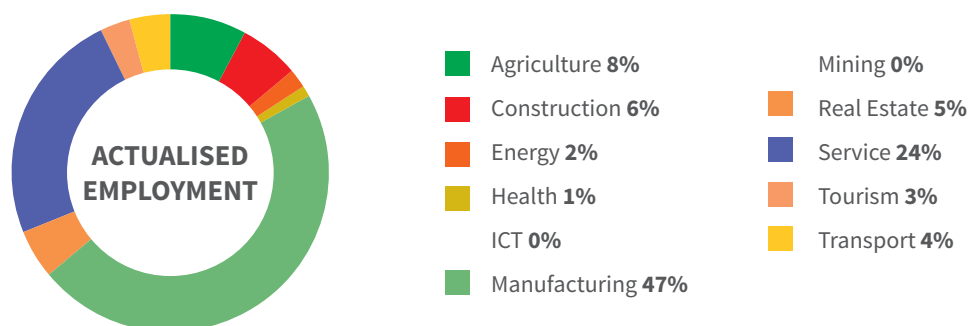
TABLE 7: Actualized Employment by Monitored Enterprises in 2018

	Number of investors Monitored	Actualized Employment	Projected Employment	Project Implementation Rate
Actual	308	20,116	21,542	93%
Target	278	15,855	21,140	75.0%

Source: NAPSA, ZDA

Figure 12 shows that the Manufacturing sector recorded the largest number of jobs at 9,579 accounting for 51%, followed by the Service sector with 3,193 jobs at 17%. The Construction sector was third with 2,292 jobs at 12%.

FIGURE 12: Actualized Employment by Monitored Enterprises by Sector in 2018



Source: NAPSA, ZDA

Economic Research and Market Intelligence

Pursuant to its vision of being the hub for economic growth and development, the Agency undertook research to package growth sectors, availing investor and market information that attracted investors to partner with local enterprises and enhanced Zambia's export potential. During the period under review, the Agency undertook the following research activities:

- **Client Satisfaction Survey:** The survey was undertaken in order to measure the level of satisfaction felt by various stakeholders of the Agency. It is measured based on a range of attributes such as; quality of service delivery, operational and service excellence, accessibility, responsiveness and quality of information provided, among others. The average weighted Client Satisfaction Index (CSI), a composite indicator for the perceived quality of satisfaction, revealed an overall score of 72% against the target 75% for 2018. In 2018, 24 investment projects worth USD 205 million were registered as re-investment following investors' renewals of investment certificates with the ZDA. This demonstrates increased confidence by investors to invest in Zambia and is attributed to the Agency's strategic interventions to promote investment in the country. The Agency is committed to improving the client satisfaction index in 2019 by enhancing visibility, branding, stakeholder engagement and refreshing the communications strategy.
- **Foreign Private Investment and Investor Perceptions (FPI & IP) Survey:** In collaboration with the Bank of Zambia (BoZ) and Central Statistical Office (CSO), the Agency has continued to undertake the FPI & IP Survey annually to assess foreign assets and liabilities

and to determine investor perceptions in Zambia. The 2017/18 survey indicates that Zambia's net foreign direct investment inflows significantly improved to USD 1,107.5 million from USD 662.8 million in 2016. This was mainly due to an increase in FDI liabilities inflows. With regards to investor perceptions, the Survey found that the overall ease of doing business in Zambia was generally conducive, supported by market potential amid political stability and good governance structures. The survey further revealed that other fundamentals such as a favourable legal environment and availability of resources were important factors for investment decisions.

- **Market Intelligence:** Market intelligence is a key function within the Research Unit with the aim of gathering intelligence data pertaining to the macro-economic, trade and investment information, and economic rankings and indices for the ZDA and other stakeholders. The Agency maintained membership with various institutions in order to continue accessing market intelligence tools. The tools allowed access to databases for various reviews that guided decisions and strategic interventions. Various information requests from stakeholders were met with minor challenges relating to the lack in national character of FDI figures. Major requests were economic reviews, sector performances and analysis, FDI directions, major projects, business linkages, export markets and job creation.

Effective Stakeholders Collaboration

In order to enhance operational and service excellence, the Agency entered into purposeful and strategic alliances with key stakeholders. In 2018, six (6) MoUs and one Service Level Agreement (SLA) were executed. The aim of the MoUs and SLAs was inter alia to improve collaboration, coordination, promotion, information sharing and facilitation of investment, enterprise development and export trade in general.

Executed MOUs with:

- a. Rwanda Development Board;
- b. International Trade Centre (ITC) – SheTrades;
- c. International Trade Centre (ITC) – MSME Data Collection;
- d. Public Service Micro Finance Company;
- e. Voluntary Services Organisation (VSO);
- f. Stanbic Bank (Z) Limited

Executed SLAs with:

Service Level Agreement with Rural Electrification Authority (REA).



Enhanced Investor Confidence

In order to enhance investor confidence, security and safety, the Agency enters into investment promotion and protection agreement (IPPA) with investors. In 2018, four (4) IPPA was executed with Kafue Gorge Lower Power Development Corporation Limited, Fairy Bottling, Medland Hospital and Star Tanganyika.

TRADE AND INVESTMENT PROMOTION ACTIVITIES

The Agency employed a number of strategies and interventions aimed at promoting and facilitating investment, trade and enterprise development scoring various positive milestones.

These achievements were premised on a stable policy environment and enhanced interventions by the Agency in line with the economic diversification agenda. The key interventions undertaken included among others investment promotion and facilitation, promoting Zambian products in the regional and international markets, market development, entrepreneurship and enterprise development, and capacity building.

Investment Promotion and Facilitation

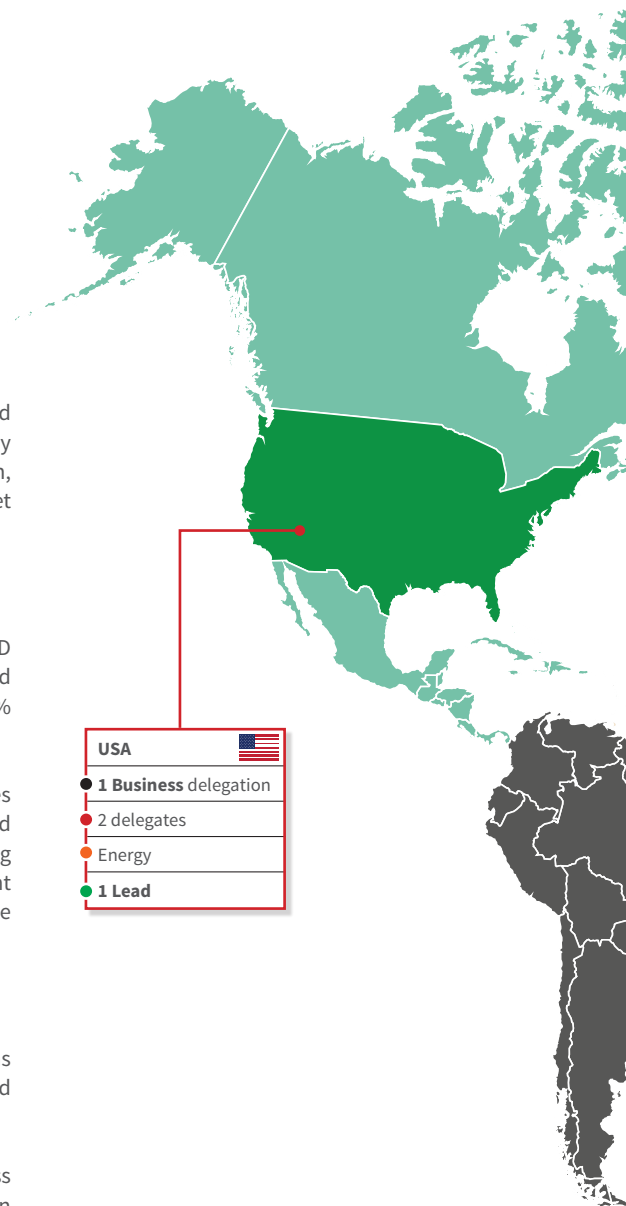
The ZDA recorded total projected investment of USD 4.82 billion in 2018 compared to USD 4.38 billion in 2017, representing a 10% increase. These investment projects projected to create 27,560 jobs compared to 24,519 jobs recorded in 2017, representing a 12.4% increase.

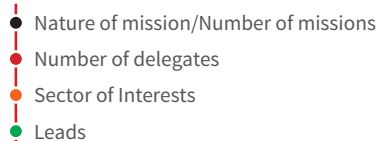
In order to record these achievements, the Agency employed a number of strategies to promote and attract investment, encourage re-investment and expansions and business facilitation services. These interventions were premised on pre-existing Government priorities that were focused on delivering economic growth, development and diversification. The following are strategies implemented to promote and facilitate investment in the year under review:

Inward Investment Missions and Business Fora

During the year under review, the Agency hosted a number of inward investment missions including facilitating the hosting of investment and business expos, business forums and joint ventures.

The investment missions provided an opportunity to expose companies to business opportunities that exist in all sectors of the Zambian economy as well as Zambian companies, enterprises and entrepreneurs to creating strategic partnership with foreign-based companies through joint ventures. These missions generated over 30 leads that the Agency facilitated new contracts, memoranda of understanding, and letters of intent, especially during the investment expo, state visits, and business forum.





1 BUSINESS FORUMS ALONG-SIDE STATE VISITS



Turkey - Zambia Business Forum

India, Turkish and Switzerland

In the spirit of closer economic and diplomatic relations, the Zambian Government through H. E. President Edgar C. Lungu, hosted President Ram Nath Kovind of India, H. E. Recep Tayyip Erdogan President of Turkey, and Ambassador of Switzerland. As the premier Agency for promoting Zambia's economic growth and development, the ZDA facilitated business forums on the sidelines of these State Visits.

The business forums were held in Lusaka and aimed at enhancing trade and investment with the visiting countries. Sectors of focus for the missions included Agriculture, Construction, Energy, ICT, Health and Manufacturing sectors - most of them are among the priority sectors the Agency is promoting.

These events were attended by over 50 Zambian entrepreneurs and over 90 foreign-based companies. These events generated 17 leads and investment inquiries that were recorded by the Agency.

Furthermore, in 2018, the country witnessed the launch and opening of Turkish Airline flights to Zambia. This follows agreements that were signed between Turkish President Recep Erdogan and President Edgar Lungu during the former's visit to Zambia. The launch of Turkish Airlines into Zambia has given the country an opportunity to promote export especially in the horticultural sub-sector into Europe and other markets,

enhance trade and tourism while promoting FDI inflows.

Delegation from the People's Republic of China

Zambia's Multi-Facility Economic Zones (MFEZs), Farm Blocks and Industrial Parks facilitate the country's industrialisation and job creation aspirations. In the year under review, the Agency directed its efforts towards increasing investments into the special zones. The Agency therefore facilitated four (4) visits of high-level business delegations from The Peoples' Republic of China to the country to invest in the Zones.

The first mission scored a success by welcoming and discussing the intention to establish a manufacturing plant in the LSMFEZ after having been satisfied with the backbone infrastructure including power supply arrangements and high-quality road network. The Agency also recorded interests in Light Manufacturing, Health, Education and Wood Processing.

In the second visit the Agency was determined to attract investors to set up a manufacturing plant with the view to export into the Southern African market. The Agency recorded interest to set-up a large scale company to manufacture tiles, washing paste & diapers for the export market. Further, the Agency facilitated meetings between the delegation and ZESCO, Lusaka South MFEZ, Zambia Revenue Authority (ZRA) and Water Resource Management

Authority (WARMA) for the actualizing of investments. The Agency is currently facilitating preliminary economic studies to complement the investors' efforts.

A third visit was hosted with the aim of attracting investments in the Energy sector particularly, in the Kapamba (12MW) Hydro Power Station and Mambilima Falls (8MW) in Muchinga Province. The Agency recorded interest in Solar and Coal-fired Independent Power Producer (IPP) deals including other small hydroelectric projects. To action these intentions, the Agency facilitated meetings between the potential investors and all relevant Government agencies and ministries.

In line with the Governments diversification agenda and global trends in clean energy, the Agency promoted investments with a deliberate bias towards value addition to mineral resources. Therefore, the fourth delegation from China was hosted to attract investors in the Manufacturing sector with the focus on optical, electrical, machinery, automobile parts and special vehicles. Further, interests were recorded in setting up a light truck assembly plant in Zambia with a focus on specialized logistics, engineering and mining vehicles.



2 AFRICA-KOREA ECONOMIC DEVELOPMENT ASSOCIATION (AKEDA)

In the year under review, the Agency targeted to attract investment in Agriculture from Korea. ZDA facilitated an inward mission of a six-member Korean business delegation whose aim was to explore opportunities in the Agriculture, Energy and Mining sectors. In the Mining sector, the Agency established a potential lead to link a local Zambian enterprise to an

international Korean mining company through a Joint Venture Partnership. ZDA further actioned expressed interest in the Energy sector by facilitating a visit for the Korean energy investor to the Office for Promoting Private Power Investment (OPPI) at the Ministry of Energy.

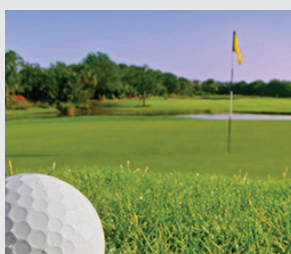
3 DELEGATIONS FROM JAPAN

The Agency facilitated a three-man business delegation visit from Japan with the intention to explore opportunities in the Energy Sector, particularly in the hydro power space. Successful meetings were held with relevant stakeholders such as the Industrial Development Corporation (IDC), GetFit, ZESCO and the Office for Promoting Private Power Investment (OPPI).

Further, the Agency and the Embassy of Japan to Zambia co-hosted a Public-Private Sector Joint Mission from Japan on trade and investment. The Japanese delegation comprised 49 members from 33 companies from the Manufacturing, Banking and Construction sectors. The Agency is following up on the potential leads generated.



4 DELEGATION FROM NIGERIA



Potential Golf Course in Northern Province

The Agency hosted a two-man delegation from Nigeria that came to explore opportunities to set up tourism facilities such as hotels, conferencing and a golf course in Northern Zambia. The potential investors signed a letter of intent with ZDA and the Northern Province Administration.

5 PROVINCIAL INVESTMENT EXPO

In line with the National Investment Promotion Strategy, the Agency focused on the regional unique selling proposition of each Province and marketed them as such to targeted Investors and equity partners around the world. This is being implemented by showcasing investment opportunities in various provinces across the country. In the coming financial year, the Agency will enhance its regional promotional efforts and continue to support and supplement efforts by Provincial Administrations to ensure these exhibitions deliver the targeted investments and create a significant number of jobs within the provinces.

In collaboration with the Provincial Administration and Government Ministries and Departments, the Agency hosted business forums during the Northern and Central Province Investment Expo that resulted in proposed investments worth USD 1.18 billion and 17,300



Kasaba Bay

jobs projected in the two Provinces. In Northern Province, the proposed projects included: development of a shopping mall and hotel in Kasama; 3 Star Hotels, lodges and a golf course along the Kasaba Bay; a hydropower station on Lufubu River; and Forestry Plantations in Kasama, Mporokoso and Luwingu.

Outward Investment Missions

The 2018 outward investment missions were funded by various cooperating partners and stakeholders. Missions included visits to countries such as India, Turkey, Switzerland, China, France, Israeli, Korea, Malaysia, Italy, South Africa, Egypt, Japan, German, USA, United Kingdom, Nigeria, and Uganda. Key among the Outward Missions and Business Forums held were:

1. The 38th Edition of the International Tourism Trade Fair (Fitur) Madrid, Spain, and the 4th Edition of the Zambia – Spain Investment and Tourism Forum



Hon. Charles Banda and Ms. Gonzalez during the signing ceremony

In 2018, ZDA targeted the biggest annual International Tourism Trade Fair in Madrid, Spain to attract investment which seeks to address the shortfall in accommodation and conferencing facilities for international events. This will allow Zambia to host more international events by leveraging on its strategic location in the Southern African Region. As a result, an incoming delegation was hosted by the Agency and two significant leads were generated to invest in an ultra-modern Convention Center facility in Livingstone, Southern Province. Additionally, two potential Joint Venture partnerships with two Zambian companies were entered into between Zambian and Spanish Enterprises in the Construction and Tourism sectors.

2. Israel Africa Chamber of Commerce (IACC) Business Forum

The Agency, in collaboration with the Israel-Africa Chamber of Commerce (IACC) organised a business meeting between five Zambian private sector companies and their Israeli counterparts. Four Israeli companies expressed interest to invest in the Agricultural and Manufacturing sectors. This is an exciting opportunity for Zambia to tap into Israel's hi-tech solutions for the focus sectors.

3. Roundtable on Investment Opportunities in Zambia – Berlin Germany

The Agency attended a “Roundtable on Investment Opportunities in Zambia” that was organized in conjunction with the German Southern African Chamber of Commerce, Africa-Verein Der Deutschen Wirtschaft, and the German Foreign Council on Economic Relations. The roundtable discussion was held alongside ITB 2018 in Berlin Germany and was also attended by the Zambian Minister of Tourism. Four leads were generated expressing interest to invest in the Tourism, Health, Renewable Energy as well as the ICT sectors in Zambia.

4. Mission to Helsinki, Finland

The Agency, in collaboration with the Finish Embassy in Lusaka organised an outward mission to Helsinki Finland. Prime Time Networks Ltd, a Zambian company signed cooperation agreements with two Finnish companies to explore product enhancement and market development opportunities in Engineering and ICT Solutions.

5. Missions to The People's Republic of China

ZDA continued to lead in strengthening the economic bilateral relations between Zambia and China. To this end, the Agency engaged with China to increase the trade and investment volumes with a bias towards diversification and value addition. This initiated the need for enhanced export capabilities among Zambian owned enterprises. The following are the key activities undertaken:

PIGA/ITC Hangzhou, China - An outward mission to Hangzhou - China was undertaken under the PIGA project, where the ZDA pitched at the event to a group of businesspeople drawn from the four PIGA countries. A Joint Venture Partnership between a Chinese company based in Mozambique dealing in logistics & quarry aggregates and a Zambian Company that owns an undeveloped quarry mine was established.

PIGA/ITC FOCAC, China - In 2018, Zambia renewed its commitment to support the Belt and Road initiative by the Chinese Government aimed at increasing trade between Zambia, China and other countries. Several MoUs were signed between the Zambia and People's Republic of China. As a result of Zambia's participation at FOCAC, a number of investment leads were generated:



- A Chinese company entered into a joint venture with a Zambian company for the establishment of a hydropower plant in Zambia. Other Chinese investors expressed interest to invest in auto mobiles, solar street lighting manufacturing plant, steel manufacturing and power transmissions systems.
- The 6th Conference of Chinese and African Entrepreneurs - The Agency in conjunction with MCTI and the Zambian embassy in China facilitated the attendance of 33 private sector Zambian Companies and 13 parastatals at the Sixth Conference of Chinese and African Entrepreneurs Summit in China. Two business forums were held in Wanchang and Beijing respectively. Six leads and eight MoUs were signed during the mission.

6. An Outward Mission to India

The ZDA, in collaboration with the Indian High Commission facilitated for 6 private sector businesses to participate in the SVUM B2B meetings in Rajkot Gujarat. Four MoUs were signed

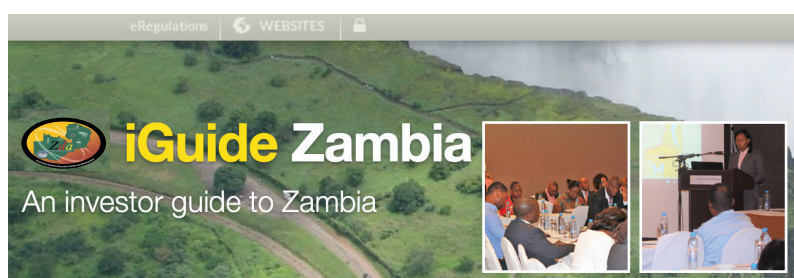
between Zambian companies and their Indian counterparts and 10 leads were recorded. From the MoUs signed one has been implemented for the development of the Agriculture Processing Zone in Rufunsa area in Zambia.

7. Turkey – Africa Summit

The Agency participated at the 2nd Turkish – Africa Summit in Istanbul organised by the Turkish Embassy in Zambia in collaboration with the Foreign Economic Relations Board (DEIK) through the Ministry of Commerce, Trade and Industry (MCTI). The mission was a follow up to the inward missions and meetings by the Turkish businesses. Forty one Zambian companies participated at the Forum.

8. World Investment Forum, Geneva, Switzerland

The Agency, in collaboration with the Ministry of Commerce, Trade and Industry led the Zambian private sector to attend the UNCTAD World Investment Forum. A total of 10 delegates from the Zambian Private sector were in attendance.



LAUNCH OF THE iGUIDE



In order to enhance investment promotion, a web-based investment guide (iGuide) was launched in March with the support of UNECA and UNCTAD. This initiative led to an increased number of investment projects registering with the Agency. A total of 401 projects were registered in 2018 compared to only 353 in 2017, representing 14%.

Investor Facilitation and Aftercare Services

In order to achieve effective investment actualization, re-investment, diversification and, the Agency undertook investor facilitation and aftercare services. During the year, 63 companies were engaged and the following constraints were identified: water rights, issuance of employment permits, land use conversion and delays in power connectivity. Fully resolved among these was the land use conversion whereas the Agency shall engage relevant stakeholder to resolve pending issues. Further, the investor symposium earmarked for June 2019 will provide an avenue for engagements.

Facilitating Business Partnerships

The ZDA facilitates partnerships between foreign based companies and qualified Zambian-based companies. During the year 2018, the ZDA facilitated a business Partnership between Technical Department, South Africa and Rightfield Limited. The Technical Department of South Africa is an Information Technology (IT) company specialized in conceptualizing, developing and implementing hi-tech solutions

and the maintenance of the same. The company had requested the Agency to facilitate a business partnership with a potential Zambian IT company that could market, implement, further develop and support their hi-tech solutions in Zambia. The Agency then identified Rightfield solutions Ltd, a solely Zambian company specialised in short message services (SMS) based solutions, Cloud Point of Sale solutions and online learner management systems. The Agency will ensure operationalisation of the partnership in 2019.

Recommendations for Incentives

The Zambia Development Agency (ZDA) Act of 2006 as amended, offers of number of fiscal incentives. During the period under review, the Agency facilitated 41 companies for fiscal incentives; thirty one companies were from the Manufacturing sector, nine from the Tourism sector and one in Real Estates sector.

Promoting and Attracting Investment into MFEZs, Farm Blocks and Industrial Parks

The Government of the Republic of Zambia aims to exploit Multi-Facility Economic Zones (MFEZs), Farm Blocks and Industrial Parks to industrialise the country and create jobs. The Agency is mandated to facilitate the development of and promote investment into MFEZs, Farm Blocks and Industrial Parks. In the medium term, the Agency will be facilitating the development of and promote investment into following MFEZs and Industrial Parks:

1. Kalumbila MFEZ (*work in progress*)
2. Kafue Iron & Steel MFEZ (*work in progress*)
3. Lusaka East MFEZ (*existing*)

4. Lusaka South MFEZ (*existing*)
5. Chambeshi MFEZ (*existing*)
6. Roma Park (*existing*)
7. Sub-Sahara Industrial Park (*existing*)

During the period under review, five companies were registered for investments with permits into the Lusaka East, Lusaka South, and Chambeshi MFEZ and Roma Park with a projected investment amount of USD 35.35 million and projected employment of 516 jobs. Further, the Agency facilitated acquisition of land in FBs for five agricultural projects with projected investment of USD 80.5 and employment of 1,885 jobs.



Developing and Promoting Zambian Products for Export

In 2018, the Agency continued to engage both existing and potential exporters to improve their export capacity through identification of opportunities and sought to increase their chances of networking with potential business partners. Interventions implemented included training, research and facilitation of marketing and networking fora. There were also several programmes undertaken through collaboration with cooperating partners.

Export Promotion

The Agency undertook several promotional activities during the year, with the aim to continue making inroads into external markets for locally manufactured products. Participating at international trade platforms gave Zambian exporters enhanced visibility and exposure in order to intensify export sales of local products into foreign markets. Some of the key programmes undertaken in this respect included:

1. The Zimbabwe International Trade Fair was hosted in April in Bulawayo, Zimbabwe from where 14 Zambian companies exhibited their products. Total value of business generated from this fair was USD 112, 320.
2. The annual SheTrades Global Festival took place in Liverpool, United Kingdom in June which attracted the participation of 10 Zambian female owned enterprises.
3. The SADC Industrialization Week took place in July/August in Windhoek Namibia with 4 Zambia companies participating as exhibitors.
4. The Maputo International Trade Fair in Mozambique, Maputo was held in August/September where 5 companies took part exhibiting their products. The value of generated export leads totaled USD 50,000.

5. ZDA and 3 Zambian enterprises participated at the first ever China International Import Exposition (CIIE). The Zambian investment climate and opportunities were showcased at the PIGA side-event held on the side-lines of the CIIE, which gathered 120 Chinese enterprises.
6. The World Export Development Forum (WEDF) hosted in collaboration with MCTI and International Trade Centre took place from September at the Mulungushi International Conference Centre in Lusaka, where 87 companies exhibited and 40 Zambian companies took part in B2B meetings with 35 companies from other countries. The SheTrades Zambia chapter was also launched during this event. The event hosted thousands of people from all around the world. Business leads coming out of the WEDF were estimated to range from USD 5.2 Million to USD 9.1 Million.
7. The Agency facilitated the participation of Zambian SMEs in the China International Small and Medium Enterprises Fair in Guangzhou, China in October in which 4 SMEs participated. The value of business generated from this fair was USD 201, 000.
8. ZDA facilitated the participation of 23 Zambian companies in the Mexico Expo which took place in Luena, Angola in October with 4 companies exhibiting and 19 taking part in the business forum and B2B meetings.
9. The first China International Import Expo was held in Shanghai, China in November where 7 companies exhibited. Business leads coming out of this fair were valued at USD 100 million.
10. The first Intra-African Trade Fair took place in December, in Cairo Egypt. Six companies participated with four exhibiting and 2 taking part in the forum and B2B meetings. A total of USD 1 million orders were generated. Negotiations for loans amounting to USD 500 million with Afreximbank took place with 2 institutions.

Export Market Development

The Agency strived to increase knowledge amongst the exporters and relevant stakeholders on matters relating to awareness on export procedures and guidelines and export readiness in order to enhance their skills and knowledge of export dynamics and their ability to penetrate foreign markets through the following programmes:

1. VAT Rule 18 and Duty Drawback Scheme Stakeholders' Workshop at Radisson Blu in Lusaka in March with a total of 78 participants from the private sector and government institutions.
2. Moringa Stakeholders' Meeting hosted in March for development of the value chain and promoting Moringa as an export product, held in Lusaka.
3. Collaboration with the Private Enterprise Programme Zambia (PEPZ) for development of value chains in the handicrafts which resulted in the training of 12 SMEs during workshop held in Lusaka in May.
4. The Agency disseminated the findings of the Angola market research and also trained 74 emerging and potential exporters in export marketing and export readiness techniques in Mongu, Western Province in May.
5. The Agency was also part of the African Continental Free Trade Area preparatory meetings for negotiations as well as stakeholder engagements to gather views of private sector on various outstanding issues in the trade negotiating forum. This took place in Lusaka in March and September.
6. ZDA was also part of the SADC National Committee of Desk Officers Meeting held in March and June in preparation for participation in SADC negotiation meetings for implementation of the SADC Trade Protocol to improve the free movement of goods in the region.

SHETRADES

This is an initiative by the ITC to link 3 million women to markets by the year 2021. The Zambian Chapter was launched in 2018 during the World Export Development Forum by Her Honour the Vice President of Zambia, Mrs Inonge Mutukwa Wina.

The Initial pilot programmes for the SheTrades in Zambia are being funded by the Enhanced Integrated Framework (EIF) for a total amount of USD 200,000 for a period of 18 months. SheTrades Zambia Chapter is functionally supervised by ZDA.

Expected outcomes

- i. Improved business support ecosystem to support the growth of women's economic empowerment initiatives and activities
- ii. Strengthened competitiveness of women in the agriculture and textile & clothing value chains
- iii. Improved market linkages for women in the agriculture and textile & clothing value chains



Export Trade Financing

The ZDA supported exporters through the Zambia Export Development Fund (Fund) which is funded by the EU. The primary objective the Fund is to provide low cost export trade finance that supports the growth of NTEs and job creation. The target economic sectors include Agriculture, Horticulture, Wood Processing, Mining and Manufacturing.

Total outstanding loans are estimated at USD 1.7 million principal and over USD 0.6 million interest. Only one loan was disbursed in 2018 valued at USD 100,000. The Fund is widening its product range to cater to customers' export trade finance needs and is expected to attain self-sustenance by 2021 following the internal reorganization initiated in 2018. Further, the Fund developed a communications strategy and plans to enhance mechanisms for engagement with stakeholder groups.



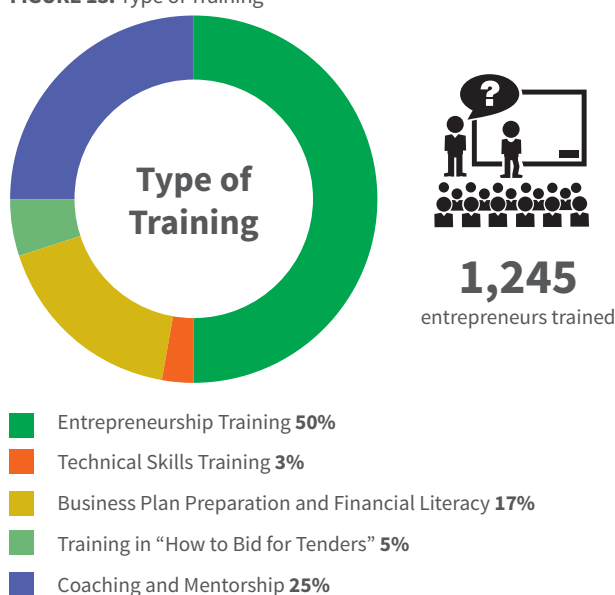
Developing Micro, Small and Medium Enterprises

Several interventions in entrepreneurship and enterprise development were employed to support 4,126 micro and small enterprises resulting in 10,970 jobs. The interventions employed included capacity building, incubation, business acceleration and business linkages. The Agency supported 2,471 micro enterprises with entrepreneurship skills development. Additionally, enterprise development acceleration support services were extended to 1,655 growth oriented small and medium enterprises.

Entrepreneurship Development Services

In order to enhance entrepreneurship skills and to create an entrepreneurial culture among Zambians through mind-set transformation, the Agency provided entrepreneurship development services to its clients, which included a number of capacity building initiatives:

FIGURE 13: Type of Training



Entrepreneurship Training

A total of 362 entrepreneurs including women and youths were supported with various entrepreneurship development measures which included Training of Trainers, Start Your Business (SYB), value addition and mind set transformation (through EMPRETEC and ReadyToWork). The Training of Trainers conducted for 57 youths from Nyimba, Samfya, Serenje and Chiengi was rolled out to reach 202 youths (Figure 13).

As a result of the EMPRETEC workshops (ETWs) conducted; 31 MSMEs were linked to CEEC for Preferential Procurement and financing; and 9 registered with ZDA. A total of 77 youths were trained under the Ready-To-Work Skills Programme, comprising of 40 were male and 37 female.

Technical Skills Training

A total of twenty MSMEs were trained in making leather articles. The overall objective of the training was to equip small enterprises with skills to manufacture various quality articles from leather. Further, twenty five MSMEs were trained in leather cluster formation and management (Figure 13).

Business Plan Preparation and Financial Literacy

To enhance access to business finance, 128 small-scale miners were trained in Business Plan Preparation under the UNDP-EU-ACP Minerals Development Program (Figure 13). Sixteen micro enterprises were trained in Financial Literacy. The training resulted in enhanced record management and capability to draft basic financial statements. In addition, 63 members of Ex-Miners Cooperatives in Maamba, Kalumbila, and Kabwe were assisted to develop business plans for projects in coal Mining and Aquaculture, peanut butter and cooking oil production.

Training in "How to Bid for Tenders"

A total of 67 MSMEs in the Construction sector were trained in "How to Bid for Tenders" (Figure 13). The objective of the training was to enhance their capacity to prepare bid documents to improve business competitiveness.

Coaching and Mentorship

A total of 307 MSMEs were mentored and coached, of which 211 were coached and mentored at the information resource center and 96 during the Provincial Expos. This intervention resulted in the enterprises formalizing, accessing markets, and finding the sources of raw materials and equipment and other resources that enhance business growth (Figure 13).

Enterprise Development

The Agency provided enterprise development services to MSME with the aim of reducing the mortality rate of nascent enterprises and to foster competitive business growth at micro, small and medium enterprise level that steer employment creation, profitability and sustainability of MSME. The enterprise development services provided include:

Business Incubation

A total of 406 Start-Up MSMEs and growth-oriented enterprises were supported with various incubation services that included product development, technical skills training and business planning. Further, the Agency partnered with the International Labor Organization (ILO) and the North-Western Chamber of Commerce and Industry to support the construction of Agribusiness Value Chain Incubators in North-Western Province. A study tour to the South Africa Enterprise Development Agency (SEDA) was undertaken to learn best practices in Agribusiness Value Chain Incubators to be implemented in Zambia.

Product Development

A total of 29 MSMEs were supported in developing 32 products for the market. Product development services included; product quality, packaging and labelling, and branding. For instance, SHAIS Foods a product brand for SHAIS Enterprises Limited were provided with support in packaging and Bar Coding of its product for the market (Figure 14).

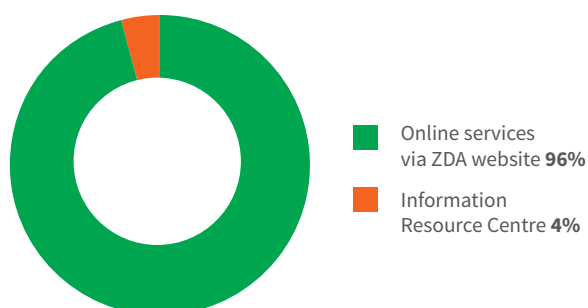
FIGURE 14: SHAIS Foods



Business Intelligence and Market Information

The Agency has continued to provide Business Intelligence and Market Information to its clients. Business Intelligence is a fundamental function of the Agency, as it allows the gathering and processing of intelligence data and information especially pertaining to the macro-economic, trade and investment information, as well as economic rankings and indices for economy and other stakeholders. During the period under review, a total of 38,846 clients accessed Business Intelligence and Market Information (BIMI), of which 37,163 clients accessed BIMI online through the Agency web platform and 1,683 clients accessed market and raw material information through Information Resource Centre (IRC), representing 95.7% and 4.3%, respectively. Online access to BIMI included client access specific information on investment, exporters and MSMEs as well as general web services and information.

FIGURE 15: Business Intelligence and Market Information



Market Linkages

A total of 163 MSMEs and 3 cooperatives were linked as follows: 150 MSMEs from Central Province were linked to Abundant Foods Limited to supply groundnuts, 8 MSMEs were linked to 5 large enterprise – Kalumbila, Lumwana and Kansanshi mines in North western province, and Premier Cone Starch. Further, the Agency facilitated market linkages of three (3) Copperbelt based cooperatives with a membership of 900 small holder farmers (SHF) to Copperbelt Energy Corporation (CEC) to supply Soya Beans.

Successful Enterprises Telling Our Stories

Agri - CM Enterprises

Through ZDA's support, the enterprise managed to access a grant of ZMW 250, 000 from the Ministry of National Development Planning to purchase Veterinary Medicines from India. The enterprise is providing veterinary extension services to 1,200 small scale farmers in Kalomo district. Further, the enterprise has diversified into the supply of fertilizers to farmers in Southern Province and has graduated from a micro to a small enterprise.

Mandalo Enterprises

The Agency supported the enterprise, through financial linkages, to access ZMW 3,000,000 from Investrust Bank to secure two (2) Higer Passenger Transport Buses. The fleet of buses will be servicing the Namibia, Botswana and South Africa routes. The enterprise is earmarked to commence operations in 2019. Mandalo Enterprise was in the small enterprise category with 15 employees and an annual turnover of ZMW 200, 000 only. The enterprise has graduated from a micro enterprise to a medium enterprise having acquired additional investment from Investrust.

Larry Craft Limited

The enterprise is engaged in designing and manufacturing of Wine Bottle Holders and Wine Racks. The Agency provided mentorship to the enterprise, and finally linked it to Shoprite Chain Stores. This has seen the enterprise increasing sales volumes from 50 units to 300 per order to all the Shoprite outlets across the country, graduating from micro to small enterprise.

Chimbote Farmers' Cooperative Promoter

The cooperative comprises 10 founder members actively involved in production and marketing of various agricultural crops. The Agency facilitated the cooperative with mindset transformation, through training and mentorship for the promoter. The promoter came fourth at the UNCTAD prestigious Sixth EMPRETEC Women in Business Awards held in Geneva, Switzerland in 2018.



OUR PEOPLE – OUR ASSETS



The Agency is committed to fostering a sound working environment in which all employees can develop and deliver their fullest potential by an employer of choice. We value our diverse workplace, our inclusive culture and our commitment to equality.

We promote equal employment opportunities through organization-wide practices relating to the recruitment and selection, development, management and retention of all employees. The establishment stood at 70 with 35 female and 35 male employees, representing a perfectly balanced labour force.





A RANGE OF WELLBEING INITIATIVES WERE OFFERED TO STAFF:

Mindset of a highly productive employee

During the month of February, the Agency held a health and wellness day under the theme: ‘Mindset of a highly productive employee’. Presentations were made by Medlink on how to cut down on medical cost, by Sanlam on Staff Group Life Assurance benefits, and by Zambia State Insurance Corporation (ZSIC) on Group Funeral benefits. Other health lifestyle services included: BP checks, Blood sugar, HIV/AIDS, team building activities, aerobics, volley ball, tug-of-war and soccer.

Transition Management: “Work and Life Beyond ZDA”

The Agency collaborated with Zambia Nutrition Services and held a health and wellness day in the month of June under the theme: ‘Transition Management: “Work and Life beyond ZDA’ focusing on Nutrition for Transition Stress and Renaissance in Transition Management.

Financial Literacy and Team Building

In October, the employee wellness program was held under the theme: ‘Financial Literacy and Team Building’. Key activities included the following:

1. Lawrence Paul financial literacy and products presentation



2. Phil Opticians conducted free mobile eye care
3. Altus financial literacy presentation
4. Fit City conducted free physical wellness and team building
5. CFAO and CAMCO Equipment presented products under Public Micro Finance Company

Workshop on Gender Based Violence

The Agency participated in the Sixteen **Days of Activism against Gender Based Violence** from 25th November to 10th December 2018 under the theme **“Orange the World: Hear Me Too”**. A staff awareness workshop for members of staff was arranged in collaboration with Young Women Christian Association, Victim Support Unit and National Legal Aid Clinic for Women.

Towards Service Excellence

ZDA’s management is committed to achieving high and globally

acceptable customer service. As the Country’s premier economic development Agency, ZDA places great emphasis on customer care as enshrined in the Strategic Plan.

The ITC facilitated the following measures:

1. Capacity building for 17 members of staff aimed at building skills to effectively engage with investors and provide excellent investor services throughout the institution;
2. Investment Guide handbook was developed and published by PIGA and translated into Chinese in order to facilitate attraction of Chinese investors to Zambia; and
3. A Chinese desk for ZDA was hired under PIGA to support and facilitate Chinese investment and after care services.

Further, the Agency held an in-house staff training workshop on “Effective Leadership” focusing on Emotional Intelligence.



CORPORATE COMMUNICATION



One of the 44 episodes of "Investments Trends"

To enhance communication with various stakeholders, the Agency through the Communications and Public Relations Department undertook a number of interventions which positively impacted the corporate image as well as increasing the visibility of the Agency.

Radio and TV Programs

During the period under review, the Agency aired 44 episodes of the television series "Investment Trends" ZNBC TV1 and 43 episodes of the radio series on ZNBC Radio 2. The Programmes featured various guests from both the public and private sector.

Central Province Investment Forum and Expo; IPPAs

ZDA participated in the Central Province Investment Forum and Expo that was held in Kabwe. Like the Zambia International Trade Fair (ZITF), the Agency shared information on investments, export opportunities and enterprise development.

The Agency produced two (2) articles

on the ZDA's participation in the Central Province Investment Forum and Expo; and the Investment Promotion and Protection Agreements (IPPAs) that were signed between the Agency and Fairy Bottling Zambia and Medland Health Services respectively. The articles were posted on the Agency's online platforms and shared with media houses namely: Daily Nation Newspaper, Zambia Daily Mail, Zambezi Fm, Zambia National Broadcasting Corporation, Radio Phoenix, Hot Fm, Radio Christian Voice, Q-TV and Diamond TV.

Press Releases

A total of 24 Press Releases were issued to Media Houses and different Radio Stations. These were aimed at enhancing the ZDA brand and increasing public awareness relating to the role of the Agency. Other media interventions included publication of newspaper articles relating to issues such as the involvement of the Agency in provincial Investment Fora and how it is using the platforms to propel economic growth and development, and aftercare visits.

Trade Fair, Shows and Exhibitions

The Agency through the Communications and Public Relations Department participated at the

- Copperbelt Mining, Industrial and Agricultural Trade Expo (CAMINEX) in Kitwe;
- Zambia International Trade Fair (ZITF) in Ndola;
- World Export Development Forum (WEDEF) in Lusaka;
- Agricultural and Commercial Show in Lusaka;
- Central Province Investment Forum and Expo in Chisamba; and,
- Northern Province Tourism Expo and Investment Forum in Kasama and Mbala.

The Agency exhibited with the Ministry of Commerce Trade and Industry (MCTI) and five other agencies namely, Patents and Companies Registration Agency (PACRA), Citizens Economic Empowerment Commission (CEEC), Zambia Bureau of Standards (ZABS), Zambia Weights and Measures Authority (ZWMA), Zambia Compulsory Standards Agency (ZCSA) and Business Regulatory Review Agency, KAIZEN Institute of Zambia and the Agribusiness Project siting at MCTI under the One Stop Shop concept.

KEY ACHIEVEMENTS



MEDLAND HEALTH SERVICES

Medland Health Services Zambia Limited obtained the ZDA certificate in 2017. Medland is Zambia's first ever cardiac surgery hospital to cater for the SADC region with an initial bed capacity of 82. This is also intended to reduce the need for Zambians to seek medical attention overseas, thereby reducing Government's health bill.

Actualised Investment approx. **US\$20,000,000** Direct Jobs Created **256**



SINOMA MPANDE LIMESTONE LIMITED

Sinoma Mpande Limestone Limited in Chongwe District registered with the ZDA in 2016 and is amongst Zambia's leading cement manufacturing plants. The plant has a production capacity of one million tonnes of cement per year, including other construction materials thereby enhancing Zambia's export potential.

Actualised Investment approx. **US\$50,000,000** Direct Jobs Created **226**



MARCOPOLO TILES LIMITED

Marcopolo Tiles Limited was registered with the ZDA in 2017 and is part of the Wonderful Group of Companies who manufacture ceiling boards. The company is currently manufacturing porcelain and ceramic tiles for the high-end residential and commercial markets in Zambia and the SADC region. The company identified the need after conducting a market survey which revealed that most of the tiles on the market were mainly imported from China.

Actualised Investment approx. **US\$35,000,000** Direct Jobs Created **85**



ALLER AQUA ZAMBIA AND YALELO

Aller Aqua Zambia Limited obtained a ZDA investment license in 2016. It is one of the pioneers in fish feed manufacturing in Zambia. Aller Aqua Zambia Limited operates a fish feed manufacturing factory in Siavonga, supporting the aquaculture value chain. This industry continues to grow and has large players like Yalelo Limited. Yalelo is a pioneer of Aquaculture in Zambia, bringing together local resources and world-leading practices.

	Aller Aqua	Yalelo Investment
Actualised Investment approx.	US\$6,640,000	USD7,000,000
Direct Jobs Created	90	170



YASH LIFE SCIENCES LIMITED

Yash Life Sciences Limited in Lusaka obtained the ZDA certificate in 2017 and is part of Yash Pharmaceuticals Group of Companies. The company is engaged in the manufacture of pharmaceutical products such as aspirin, panadol, ARVs and other healthcare products.

Actualised Investment approx. **US\$14,000,000** Direct Jobs Created **126**



TEXILA AMERICAN UNIVERSITY ZAMBIA

Texila American University Zambia in Lusaka, obtained the ZDA certificate in 2016. Part of the international education group since 2010, Texila Consortium has its presence in seven countries with more than 4000 students from 70+ Countries. The University offers among other programs: Business Administration, Medicine and Allied Health Sciences.

Actualised Investment approx. **US\$624,624** Direct Jobs Created **21**



UNIVERSITY OF LUSAKA (UNILUS) - EXPANSION PROJECT

In order to actualise Government's aspirations of creating a resilient and industrialised economy, it is imperative that human capital development efforts are not left to the Government alone. UNILUS is one of the private Universities that have taken advantage of the fact that the Government cannot adequately develop human capital to the level required to actualise national priorities. UNILUS boasts of having more than 8,000 students compared to only 71 when the University opened its doors in 2007. The University has continued to expand to unprecedented levels. The expansion project is worth USD 19,500,000 with projected (additional) jobs standing at 60. The University has actualised 160 direct jobs so far.

Expansion project **US\$19,500,000** Direct Jobs Created **160**

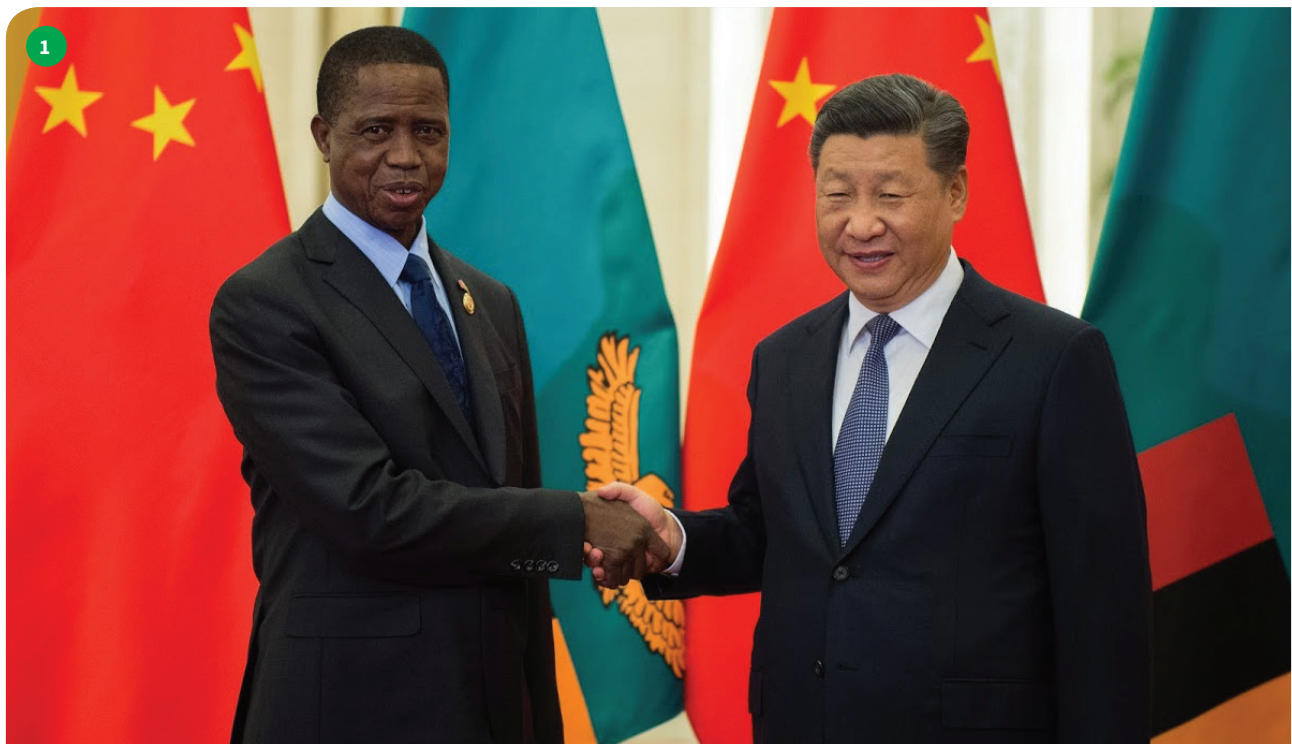


MANSA SUGAR

MANSA Sugar Company obtained the ZDA certificate in 2015. The investment was actualised in 2018 by commencing production at its US\$60 million factory in Chembe district, Luapula Province to increase Zambia's forex earnings. The manufacturing plant is adding value for both local and export markets.

Actualised investment approx. **US\$40,000,000** Jobs Created:
Direct **700**
Indirect **300**

THE YEAR IN PICTURES



PICTURE CAPTIONS

1. H.E. Edgar Chagwa Lungu President of Zambia forging stronger ties with the Chinese President H.E Xi Jinping.
2. Launch of the SheTrades during WEDF held in Lusaka, Zambia
3. Delegates at the Zambia - Japan Business Forum
4. Participants at the launch of the iGuide Zambia
5. First Lady advocating for women in business
6. Some ministers at the Zambia - Japan Business Forum
7. Ministerial Industrial Tour
8. Senior Government Officials attending WEDF in Lusaka, Zambia
9. Members of Staff attending a Staff Wellness Day
10. ZDA Members of Staff during their keep fit exercise program



REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2018

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REPORT OF THE DIRECTORS

The Directors present their report on the activities of Zambia Development Agency (ZDA) for the year ended 31 December 2018.

1. The ZDA

The ZDA was established by an Act of Parliament through the ZDA Act No 11 of 2006.

2. Principal function

The Agency's principal function is to promote trade and investment in Zambia through an efficient, effective and coordinated private sector led economic development strategy.

3. Results

The Agency's results for the year are as follows:

	2018	2017
	ZMW	ZMW
Revenue	39,391,144	39,579,070
Surplus/ (Deficit) for the year	1,545,397	(7,050,104)

4. Directors and Secretary

The Directors and Secretary who served during the year are as follows:

Ms. Mary Ncube	Private Business Person - Chairperson
Mr. Don Stacey	Private Business Person - Vice-Chairperson
Mr. Mukuli Chikuba	Permanent Secretary - Ministry of Finance
Mrs. Kayula Siame	Permanent Secretary - Ministry of Commerce, Trade and Industry
Mr Henry Tukombe	Permanent Secretary - Ministry of General Education
Mr. Owen Mgemezulu	Permanent Secretary - Ministry of Higher Education
Mr. M Sakala	Permanent Secretary - Ministry of Higher Education
Mr Paul Chanda	Permanent Secretary - Ministry of Mines
Mr. Julius Shawa	Permanent Secretary- Ministry of Agriculture
Mr. Barnaby B. Mulenga	Permanent Secretary - Ministry of Labour and Social Security
Mr. A Nkunika	Permanent Secretary - Ministry of Justice
Mr Steven Mwansa	Permanent Secretary - Ministry of Tourism and Arts
Mr. John Msimuko	Zambia Environmental Management Agency
Mrs. Edna Kalenga	Representative Private Sector - Zambia Chamber of Commerce and Industry
Mrs. Monde J. Kabwela	Representative from Civil Society Organization
Mrs. Rosetta M Chabala	Representative from Small Scale Industries
Mr. Ceasar Siwale	Representative Private Sector (Resigned June 2018)

REPORT OF THE DIRECTORS *(continued)*

5. Management

The management of the ZDA was as follows:

Mr. P Mapani	Director General (Appointed 15 th January 2018)
Mrs. C K Nyalugwe	Director Finance and Administration
Ms. P Goma	Board Secretary and Legal Counsel
Mr. M Makasa	Director Enterprise Development
Mr. C Ngoma	Director Policy and Planning
Mr. M Matamwandi	Director Investments
Mr. A Halwampa	Acting Director Export Development

6. Employees

The average number of persons employed by the Agency during the year was 67 (2017: 85). The total employees' remuneration paid by ZDA was ZMW 26,820,169 (2017: ZMW32,052,070).

7. Donations

ZDA did not make any donations during the year (2018: ZMW Nil).

8. Property, plant and equipment

Additions to Property, plant and equipment in the year amounted to ZMW 93,860 (2017: ZMW2,185,041). In the opinion of the directors, the fair values of Property, plant and equipment are not less than the amounts at which they are included in the financial statements.

9. Other material facts, circumstances and events

The directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of ZDA's financial position or the results of its operations.

10. Annual financial statements

The annual financial statements on pages 58 to 75 have been approved by the Directors.

By order of the Board



Board Secretary

Lusaka

Date: 29th June 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Zambia Development Agency Act requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of Zambia Development Agency (ZDA) and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, the Directors are responsible for:

- Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting appropriate accounting policies and applying them consistently;
- Making judgments and accounting estimates that are reasonable in the circumstances; and
- Preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the ZDA will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the ZDA and enable them to ensure that the financial statements comply with the Zambia Development Agency Act, No. 11 of 2006 of the Laws of Zambia. They are also responsible for safeguarding the assets of the ZDA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that in their opinion

- a. the financial statements give a true and fair view of the financial position of Zambia Development Agency as of 31 December 2018, and of its financial performance and its cash flows for the year then ended;
- b. at the date of this statement there are reasonable grounds to believe that ZDA will be able to pay its debts as and when these fall due; and
- c. the financial statements are drawn up in accordance with International Financial Reporting Standards.

This statement is made in accordance with a resolution of the Board of Directors.

Signed at Lusaka on



BOARD CHAIRPERSON

REPORT OF THE INDEPENDENT AUDITORS TO THE ZAMBIA DEVELOPMENT AGENCY BOARD OF DIRECTORS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zambia Development Agency which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Agency's financial statements give a true and fair view of the financial position of the Agency as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Zambia Development Agency Act No. 11 of 2006, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of Zambia Development Agency as at 31 December 2018 have been properly prepared in accordance with the Zambia Development Agency Act No. 11 of 2006 of the Laws of Zambia and the accounting and other records and registers have been properly kept in accordance with the Acts.

Mark Daniels

Chartered Accountants

WKKKKasongo

Winston Kasongo (AUD/F003127)

Name of Partner signing on behalf of the firm

Lusaka

Date: 4th July 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		ZMW	ZMW
Revenue			
GRZ and other revenue grants	5	29,750,000	24,650,545
Other income	6	9,641,144	14,928,525
Total revenue		39,391,144	39,579,070
Staff costs	7	(26,820,169)	(32,052,070)
Depreciation	7	(1,572,048)	(1,974,669)
Other operating expenses		(9,453,530)	(12,602,435)
Surplus/ (Deficit) before taxation		1,545,397	(7,050,104)
Income tax expense	8	-	-
Surplus/ (Deficit) for the year		1,545,397	(7,050,104)
Other comprehensive income		-	-
Comprehensive Surplus/ (Deficit) for the year		1,545,397	(7,050,104)

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2018



	Revaluation Reserve	Accumulated deficit	Contributed reserves	Total
	ZMW	ZMW	ZMW	ZMW
At 1 January 2017	4,645,140	(134,002,046)	(30,735,962)	(160,092,868)
Assets Written off during the year (Note 9)	(1,458,200)	-	-	(1,458,200)
Depreciation written back on Assets written off (Note 9 (b))	120,788	-	-	120,788
Changes in predecessor balances (Note 13)	-	-	169,698	169,698
Comprehensive deficit for the year	-	(7,050,104)	-	(7,050,104)
At 31 December 2017	3,307,728	(141,052,150)	(30,566,264)	(168,310,686)
Additional Assets from 2017	68,254	-	-	68,254
Changes in predecessor balances (Note 13)	-	-	54,903,127	54,903,127
Comprehensive surplus for the year	-	1,545,397	-	1,545,397
At 31 December 2018	3,375,982	(139,506,754)	24,336,863	(111,793,909)

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2018

	Note	2018 ZMW	2017 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	9	6,926,862	8,841,888
		6,926,862	8,841,888
Current assets			
Inventory	10	261,262	301,409
Trade and other receivables	11	8,065,162	1,802,513
ZDA - cash and cash equivalents	12	4,127,124	1,252,952
Escrow – cash and cash equivalent	12	10,864,473	103,833,333
		23,318,021	107,190,207
Total assets		30,244,883	116,032,095
RESERVES AND LIABILITIES			
Funds and reserves			
Contributed reserves	13	24,336,863	(30,566,264)
Revaluation reserve		3,375,982	3,307,728
Accumulated deficit		(139,506,754)	(141,052,150)
		(111,793,909)	(168,310,686)
Non-Current liabilities			
Obligation under finance leases	14	30,245	1,496,408
		30,245	1,496,408
Current liabilities			
Obligation under finance leases	14	1,143,369	1,503,945
Trade and other payables	15	140,865,178	281,342,428
		142,008,547	282,846,373
Total reserves and liabilities		30,244,883	116,032,095

The financial statements on pages 7 to 28 were approved by the Board of Directors on and were signed on its behalf by

)
) BOARD CHAIRPERSON
)
)
) DIRECTOR GENERAL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 ZMW	2017 ZMW
Cash flows from operating activities			
Surplus / (Deficit) for the year		1,545,397	(7,050,104)
Depreciation		1,572,048	1,974,669
Fixed assets adjustments		(11)	-
Interest expense		734,613	1,253,036
Write back of predecessor balance	13	54,903,127	169,698
Loss/(profit) on disposal		436,848	(265,322)
Decrease / (Increase) in inventory		40,148	(97,868)
(Increase) / Decrease in trade and other receivables		(6,262,649)	3,369,046
(Decrease) / Increase in trade and other payables		(140,477,251)	1,442,073
Net cash (outflow) / inflow / (on) from operating activities		(87,507,730)	795,228
Investing activities			
Purchase of property, plant and equipment		(25,606)	(2,185,041)
Interest expense		(734,613)	(1,253,036)
Proceeds on disposal of Asset		-	279,008
Net cash outflow on investing activities		(760,219)	(3,159,069)
Financing activities			
Finance lease obtained	14	-	1,774,219
Motor vehicle lease payments	14	(1,826,739)	(1,275,492)
Net cash (outflow)/ inflow / (on) from financing activities		(1,826,739)	498,727
Decrease in cash and cash equivalents		(90,094,688)	(1,865,114)
Cash and cash equivalents at beginning of the year		105,086,285	106,951,399
Cash and cash equivalents at end of the year	12	14,991,597	105,086,285
Represented by:			
Bank balances		4,127,124	1,252,952
Escrow accounts		10,864,473	103,833,333
Cash in hand and at bank		14,991,597	105,086,285

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. ACTIVITIES

- a. The Zambia Development Agency (ZDA) was established by an Act of Parliament, the Zambia Development Agency (ZDA) Act to promote trade and investment in Zambia through an efficient, effective and coordinated private sector economic development strategy.
- b. The ZDA Act repealed the following acts:
 - Investment Act;
 - Small Enterprise Development Act;
 - Export Processing Zones Act
 - Export Development Act.
- c. From the commencement of the Zambia Development Agency (ZDA) Act the statutory officers or bodies (appropriate authorities) that were vested or bestowed with functions and powers under the repealed Acts only existed for the purpose of winding up their affairs. By virtue of the ZDA Act, rights and obligations of the appropriate authorities were transferred to, vested in and subsisted all assets, against the agency.
- d. The assets and liabilities taken over from predecessor institutions have been incorporated in the books of accounts based on the statements of affairs (SOAs) prepared at the closure of these institutions. The SOAs were prepared based on information deduced from various documents and management and directors representations. At the time the four runner institutions merged in 2006 audit reports for these institutions were not up to date.

2. BASIS OF PREPARING THE FINANCIAL STATEMENTS - GOING CONCERN BASIS

During the year, the Agency recorded a surplus of ZMW 1,545,397 and net current liabilities of ZMW 118,690,526. The Agency meets its day to day working capital requirements from government grants and some donor grants.

The financial statements have been prepared on a going concern basis which assumes that the Agency will continue in operational existence for the foreseeable future.

The validity of this assumption depends on continued receipt of grants from the Government of the Republic of Zambia. The Government of the Republic of Zambia, through the Ministry of Finance, has confirmed that they will continue to fund the Agency to meet its funding requirements.

If the Agency were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify property, plant and equipment as current assets.

The directors have reviewed the effects of the matters mentioned above and believe that it is appropriate for the financial statements to be prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied by ZDA in the preparation of these financial statements are set out below:

a. Basis of presentation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 "presentation of financial statements" (Revised 2007). The Agency has elected to present the "Statement of Comprehensive Income" in one statement the "Statement of Comprehensive Income". They have been prepared under the historic cost convention, as modified by the revaluation of financial assets and liabilities at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

also requires management to exercise its judgment in the process of applying the Agency's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(n).

b. New and revised standards that are effective for annual periods beginning on or after 1 January 2018

The Agency has not adopted any new standards or amendments that have a significant impact on the Agency's results or financial position.

The standards and amendments that are effective for the first time in 2018 (for entities with a 31 December 2018 year-end) and could be applicable to the Agency are:

- 'Annual Improvements to IFRSs' 2014 - 2016 cycle;
- Classification and measurement of share-based payment transactions (Amendments to IFRS 2)
- Recognition of Deferred tax assets for unrealized losses (Amendments to IAS 12); and
- 'Disclosure Initiative' (Amendments to IAS 7)

These amendments do not have a significant impact on amounts recognised in prior periods and will not affect current or future periods.

c. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Agency

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Agency. Information on those expected to be relevant to the Agency's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Agency's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Agency's financial statements.

IFRS 9 'Financial Instruments'

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Agency's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.
- an expected credit loss-based impairment will need to be recognised on the Agency's trade receivables and investments in debt-type assets currently classified as Available For Sale (AFS) and Held To Maturity (HTM), unless classified as at fair value through profit or loss in accordance with the new criteria.
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Agency makes an irrevocable designation to present them in other comprehensive income.
- if the Agency continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Agency's own credit risk.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2019.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

c. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Agency *(continued)*

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 introduces new guidance that will require the Agency to evaluate the separability of multiple elements based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Agency does not provide a significant service integrating, modifying or customising it).

The subsequent allocation of arrangement consideration to individual performance obligations is based on their relative stand-alone selling prices.

The Agency is currently in the process of reviewing all its contracts to ascertain how the new requirements will impact the identification of distinct goods or services and the allocation of consideration to them.

The standard allows adoption using either retrospectively in full to each prior reporting period or modified retrospective with application only to contracts that are not complete at the date of initial application.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and three related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact the Agency are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition;
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices;
- assessing their current disclosures for finance leases (note 14) and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets;
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions; and
- assessing the additional disclosures that will be required.

d. Revenue

i. Grants

Government grants are accounted for when there is reasonable assurance that ZDA will comply with the conditions attached to them and that the grants will be received. Grants that relate to specific capital expenditure are treated as capital grants which are then amortised through the statement of comprehensive income over the related asset's useful life. Other grants are credited to the statement of comprehensive income in the period in which they are received.

e. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as deemed appropriate, only when it is probable that future economic benefits associated with the item will flow to ZDA and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

e. Property, plant and equipment *(continued)*

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Leasehold land and buildings	2
Motor vehicles	25
Computer Hardware	33.3
Office Equipment	30
Office Furniture and fittings	20

Land and capital work in progress are not depreciated.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted as appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds to the carrying amount. These are included in the statement of comprehensive income in the other operating income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

f. Financial assets

ZDA classifies its investments into the following categories: financial assets at fair value through profit or loss, trade and other receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluate this at every reporting date.

i. Financial assets at fair value through income

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by management.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- held in internal funds to match investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- managed and whose performance is evaluated on a fair value basis. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

ii. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that ZDA intends to sell in the short term or that it has designated as at fair value through income or available for sale. A provision for impairment of trade and other receivables is established when there is objective evidence that ZDA will not be able to collect all amounts due according to their original terms.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

f. Financial assets *(continued)*

iii. Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of trade and other receivables that ZDA's management has the positive intention and ability to hold to maturity. These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that ZDA will not be able to collect all amounts due according to their original terms.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and ZDA has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as net realised gains or losses on financial assets.

Interest on available-for-sale securities is recognised in the statement of comprehensive income.

g. Impairment of assets

i. Financial assets carried at amortised cost

ZDA assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of ZDA about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation on; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in ZDA, including:
- adverse changes in the payment status of issuers or debtors in ZDA; or
- national or local economic conditions that correlate with defaults on the assets in ZDA.

ZDA first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If ZDA determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

g. Impairment of assets *(continued)*

or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

ii. Financial assets carried at fair value

ZDA assesses at each reporting date whether there is objective evidence that an available-for-sale financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not subsequently reversed. The impairment loss is reversed through the statement of comprehensive income, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Impairment of other non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

h. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and balances held with banks. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents.

i. Borrowing costs

Borrowing costs, being interest payable on loans, are accounted for on an accruals basis. Transaction costs arising on arranging a new financial liability are debited to the liability and amortised over the life of that liability. Borrowing costs are charged to the statement of comprehensive income for the year in which they are incurred.

j. Interest bearing liabilities

Short term interest bearing liabilities include all amounts expected to be repayable within twelve months from the reporting date, including instalments due on loans of longer duration. Long term interest bearing liabilities represent all amounts repayable more than twelve months from the reporting date.

k. Foreign currencies

i. Functional and presentation currency

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

k. Foreign currencies *(continued)*

Items included in the financial statements are measured using the currency of the primary economic environment in which ZDA operates (the 'functional currency'). The financial statements are presented in Zambian Kwacha, which is ZDA's presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

l. Employee benefits

i. Provision for retirement benefits

The pension plan is with National Pension Scheme Authority (NAPSA) where ZDA pays an amount equal to the employee's contributions. Employees contribute 5% of their gross earnings.

Gratuity is payable at 35% of Basic salary over the contract period.

ii. Provisions for leave pay

Provision for leave pay is made in respect of all staff. Leave days are provided for up to the maximum leave days allowed under the conditions of service.

m. Trade and other payables

Trade and other payables are stated at cost.

n. Provisions

Provisions are recognised when: ZDA has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

o. Critical accounting estimates and judgments

ZDA makes estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying ZDA's accounting policies, management has made judgments in determining:

- i. the classification of financial assets;
- ii. whether assets are impaired;
- iii. estimation of provision and accruals; and
- iv. recoverability of trade and other receivables.

4. MANAGEMENT OF FINANCIAL RISK

a. Financial risk

ZDA is exposed to a range of financial risks through its financial assets. The most important component of this financial risk is credit risk.

i. Credit risk

ZDA has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key area where the ZDA is exposed to credit risk is trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. MANAGEMENT OF FINANCIAL RISK (continued)

a. Financial risk (continued)

ii. Accumulated Fund management

ZDA's objective when managing the Fund is to safeguard ZDA's ability to continue as a going concern so that it can continue to provide benefits to stakeholders. ZDA's Fund is supported by grants from the Government of the Republic of Zambia (GRZ) and some donors.

5. GRZ AND OTHER REVENUE GRANTS

	2018	2017
	ZMW	ZMW
GRZ revenue grants	29,750,000	24,650,545

GRZ grants represent amounts received monthly.

6. OTHER INCOME

Donor Funds	1,840,580	1,037,874
Exchange gain	32,135	958,738
Interest on bank deposit	2,619,080	9,058,685
Licensing fees	3,398,576	2,467,930
Processing fees	798,254	487,680
Processing fees SME	1,699	1,840
Rebate fees	24,010	37,800
Rental income	187,482	343,686
Sales of tender documents	6,000	18,500
Sundry income	618,379	455,392
Training and workshop fees	-	60,400
Trade Fair and Exhibitions	114,949	-
	9,641,144	14,928,525

7. SURPLUS /(DEFICIT) BEFORE TAX

Surplus /(Deficit) is stated after crediting:

Interest receivable	2,619,080	9,058,685
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And after charging:

Audit fees	60,787	135,974
Depreciation	1,572,048	1,974,669
Directors emoluments	705,979	716,371
Interest payable	734,613	1,253,036
Loss on disposal of property, plant and equipment	-	265,322
Staff costs	26,820,169	32,052,070

8. TAXATION

ZDA is exempt from taxation under Section 15 of the Income Tax Act Cap 323 of the Laws of Zambia and in accordance with paragraph 5 Part III of the Second Schedule of the same Act.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. PROPERTY, PLANT AND EQUIPMENT

a. (Summary)

	Leasehold Land and Buildings	Motor vehicles	Furnitures, fixtures & fittings	Office Equipment	Computer Software	Computer Hardware	Work in Progress	Total
Cost or valuation	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
At 1 January 2017	6,788,941	4,895,466	1,207,483	639,066	549,506	1,062,552	278,935	15,421,949
Additions	-	1,774,219	173,694	119,916	-	117,212	-	2,185,041
Transfers	-	-	-	278,935	-	-	(278,935)	-
Disposal	-	(1,061,365)	-	-	-	-	-	(1,061,365)
Assets written off	(1,458,200)	-	-	-	-	-	-	(1,458,200)
At 31 December 2017	5,330,741	5,608,320	1,381,177	1,037,917	549,506	1,179,764	-	15,087,425
Additions	-	-	-	68,254	-	25,606	-	93,860
Disposals	-	(878,551)	-	-	-	-	-	(878,551)
At 31 December 2018	5,330,741	4,729,769	1,381,177	1,106,171	549,506	1,205,370	-	14,302,734
Depreciation								
At 1 January 2017	588,945	2,041,703	780,452	598,969	549,016	880,390	-	5,438,845
Charge for the year	127,126	1,448,709	146,230	121,768	490	130,836	-	1,975,159
Disposals	-	(1,047,679)	-	-	-	-	-	(1,047,679)
Assets written off	(120,788)	-	-	-	-	-	-	(120,788)
At 31 December 2017	595,283	2,442,103	926,682	720,737	549,506	1,011,226	-	6,245,537
Charge for the year	104,272	1,088,406	130,961	150,569	-	97,840	-	1,572,048
Disposals	-	(441,701)	-	-	-	-	-	(441,701)
Adjustments	(60)	15	1,400	(1,357)	-	(10)	-	(12)
31 December 2018	699,495	3,088,823	1,059,043	869,949	549,506	1,109,056	-	7,375,872
Net book value								
At 31 December 2018	4,631,246	1,640,946	322,134	236,222	-	96,314	-	6,926,862
At 31 December 2017	4,735,458	3,166,217	454,495	317,180	-	168,538	-	8,841,888

- In 2011 the Agency's property, plant and equipment were revalued by a Board of Survey of the Government of the Republic of Zambia.
- The Agency now has title to all properties in the financial statements.
- In the opinion of the directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.
- Land and Buildings not in the ZDA asset register due to questionable ownership are shown in schedule 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. INVENTORIES

	2018	2017
	ZMW	ZMW
Stationery stocks	261,262	301,409
	261,262	301,409

11. TRADE AND OTHER RECEIVABLES

Trade receivables	8,429,582	8,429,582
Less: Provision for impairment losses	(8,429,582)	(8,429,582)
Staff advances	257,990	149,756
Other receivables and prepayments	7,807,172	1,652,757
	8,065,162	1,802,513
(i) Analysis of impairment losses		
At the beginning of the year	8,429,582	8,228,425
Impaired during the year	-	201,169
Recovered during the year	-	(12)
At the end of the year	8,429,582	8,429,582

12. CASH AND CASH EQUIVALENTS

Bank and cash balances	4,127,124	1,252,952
Escrow accounts (note i)	10,864,473	103,833,333
	14,991,597	105,086,285
(i) Analysis of the Escrow bank balances		
Short term Investment accounts	-	102,707,250
ZDA ZMW Escrow-ZANACO	3,745,250	369,823
USD Escrow - ZANACO	265,092	680,664
Zamtel USD Escrow – Barclays Bank	6,786,686	4,024
Zamtel ZMW Escrow – Barclays Bank	67,445	71,572
	10,864,473	103,833,333
(ii) Movement in the escrow account balances		
Balance at 1 January 2018	103,833,333	
Exchange gain	(1,315,277)	
Payments & Bank charges	(91,653,583)	
Balance at 31 December 2018	10,864,473	

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. CONTRIBUTED RESERVES

	2018	2017
	ZMW	ZMW
At beginning of the year	(30,566,264)	(30,735,962)
Decrease in net difference between predecessor assets and liabilities	54,903,127	169,698
At the end of the year	24,336,863	(30,566,264)

Based on guidance from the Attorney General and subsequent ZDA Board approval, the Agency wrote off predecessor liabilities amounting to K54, 903, 127 as statute barred.

By virtue of the ZDA Act, the assets and liabilities and all rights and obligations of the former Zambia Privatisation Agency, Zambia Investment Centre, Small Enterprises Development Board, Export Board of Zambia and Zambia Export Processing Zones Authority were transferred to, vested in and subsisted against the Agency. The net difference between the values of assets and liabilities has been carried as contributed reserves.

- An initial amount of ZMW48, 134,624 was recognised as deficit in contributed reserves which represented the net amount of the assets and liabilities transferred from the predecessor institutions in 2007. This balance has been further reduced by adjustments after further confirming the confirmed balances brought forward by ZMW169, 698 in 2017 (2016: ZMW235, 239).
- A reconciliation of the assets and liabilities that were taken over from the predecessor institution is state below:-

	Balances Taken over	Current Balance	Change
	ZMW	ZMW	ZMW
Trade and other receivables	1,757,078	1,718,766	38,312
Trade and other payables	(89,909,000)	(8,544,050)	(81,364,950)
	(88,151,922)	(6,825,284)	(81,326,638)

- The Current balance of the Trade and other receivables and Trade and other payables are included in the Statement of Financial Position as detailed on notes 10 and 14 respectively.
- Property, plant and equipment transferred to the agency from predecessor institutions were brought in the agency's books at a net book value of ZMW6,018,000 (cost of ZMW8,987,000 less accumulated depreciation of ZMW2,969,000) at the time of transfer. In the absence of adequate information we were unable to verify whether the assets and liabilities transferred from the predecessor institutions and the related contributed reserves are fairly stated.

The revaluation surplus represents the revaluation of Agency property, plant and equipment in 2011 by the Board of Survey.

14. OBLIGATION UNDER FINANCE LEASES

	2018	2017
	ZMW	ZMW
Opening balance	3,000,353	2,501,626
Addition	-	1,774,219
Repayment during the year	(1,826,739)	(1,275,492)
Lease obligation due at 31 December	1,173,614	3,000,353
Payable within twelve months	1,143,369	1,503,945
Repayable after 12 months	30,245	1,496,408
	1,173,614	3,000,353

The finance lease relates to the purchase of a total of ten motor vehicles with terms of 36 months. The first six were acquired in 2016 and the other four in 2017. The obligations under finance leases are secured by the lessor's absolute ownership over the leased assets comprehensively insured with the Bank's interest noted as first loss payee.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. OBLIGATION UNDER FINANCE LEASES (continued)

On 01 June 2016, the Agency in its capacity as borrower, entered into a K2, 313,028 finance lease with Investrust Plc Bank Zambia Limited as lender. This lease was made available to finance the purchase of 5 motor vehicles. The lease balance was moved to ZANACO on more favourable terms in November, 2018.

Interest was set at the Bank of Zambia Policy rate plus 19 percent payable monthly in arrears.

On 01 December 2016 and 7th February 2017, the Agency in its capacity as borrower, entered into a K417,051 and K1,774,219 respectively representing a total K2,191,270 finance lease with ZANACO Plc Bank Zambia Limited as lender. This lease was made available to finance the purchase of 5 motor vehicles.

Interest is set at the Bank of Zambia Policy rate plus 19.5 percent payable monthly in arrears.

By way of security, the Agency has provided a fixed charge over the financed vehicles.

15. TRADE AND OTHER PAYABLES

	2018	2017
	ZMW	ZMW
Trade payables	729,579	586,756
Provision and Accruals	39,793,735	40,590,010
Privatisation Proceeds	91,797,359	168,245,100
Predecessor payables	8,544,505	71,920,562
	140,865,178	281,342,428

16. FINANCIAL ASSETS AND LIABILITIES

Financial assets

ZDA's principal financial assets are bank balances and cash and trade and other receivables. ZDA maintains its bank accounts with major banks in Zambia of high credit standing. Trade and other receivables amounts are reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

ZDA's financial liabilities are employee liabilities, accounts payable and motor vehicle lease. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Accounts payable are stated at cost.

a. Price risk

i. Currency risk

ZDA's currency risk is low as it does not hold any foreign currency denominated liability.

ii. Interest rate risk

Financial assets are not exposed to the risk that their value will fluctuate due to changes in market interest rates.

iii. Market risk

ZDA is not exposed to the risk of the value of its financial assets fluctuating as a result of changes in market prices.

b. Credit risk

i. Trade debtors

The Directors believe the credit risk of trade debtors is low. Except for the balances taken from the predecessor institutions where the risk is high.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. FINANCIAL ASSETS AND LIABILITIES (continued)

Financial liabilities (continued)

c. **Liquidity risk**

ZDA is not believed to be exposed to significant liquidity risk, being inability to sell financial assets quickly at close to their fair value.

d. **Cash flow risk**

ZDA is exposed to the risk that future cash flows associated with monetary financial instruments will fluctuate in amount.

e. **Fair values**

At the reporting date the carrying values of financial instruments reported in the financial statements approximate their fair value.

17. FAIR VALUE MEASUREMENT

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The Agency does not have Financial Instruments which could be ranked under hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2018, 31 December 2017 and 1 January 2016.

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31st December 2018, 31 December 2017 and 1 January 2016:

	Level 1	Level 2	Level 3	Total
	ZMW	ZMW	ZMW	ZMW
31 st December 2018				
Property, plant and equipment				
Land held in Zambia	-	155,000	-	155,000
Office building in Zambia	-	5,175,741	-	5,175,841
	-	5,330,741	-	5,330,741
31 December 2017				
Property, plant and equipment:				
Land held in Zambia	-	155,000	-	155,000
Office building in Zambia	-	5,175,741	-	5,175,741
	-	5,330,741	-	5,330,741
1 January 2016				
Property, plant and equipment:				
Land held in Zambia	-	255,000	-	255,000
Office building in Zambia	-	6,533,941	-	6,533,941
	-	6,788,941	-	6,788,941

Fair value of the Agency's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers, the Board of Survey, a team of experts appointed by Ministry of Finance. The significant inputs and assumptions are

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. FAIR VALUE MEASUREMENT *(continued)*

Fair value measurement of financial instruments *(continued)*

developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date.

18. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

	2018	2017
	ZMW	ZMW
(i) <i>Key management compensation</i>		
Salaries and other short term benefits	3,836,320	4,924,739
(ii) <i>Directors' remuneration</i>		
Fees for service as a director	705,979	716,371

19. CONTINGENT LIABILITIES

- Contingent liabilities not provided for in these financial statements are estimated at ZMW Nil at 31 December 2018 (2017: ZMW Nil).
- In January 2012, the sale of ZAMTEL to Lap Green of Libya was reversed. The likely impact on the Financial Statements is limited to the remaining balance on the proceeds of the sale held in the Escrow Accounts.

20. PREVIOUS YEAR'S AMOUNTS

Previous year's amounts have been restated or reclassified where necessary to facilitate comparison.

21. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Agency, to affect substantially the operations of ZDA, the results of those operations or the state of affairs of ZDA in subsequent financial years.

SCHEDULE 1

DETAILED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	ZMW	ZMW
INCOME		
GRZ and other revenue grants	29,750,000	24,650,545
Cooperating Partner Funds	1,840,580	1,037,874
Other Income	7,800,564	13,890,651
Total income	39,391,144	39,579,070
EXPENDITURE		
Audit fee	60,787	135,974
Bank charge	38,860	53,124
Depreciation	1,572,048	1,974,669
Electricity and Water	128,320	182,867
Insurance	793,042	2,281,212
Motor Vehicle Expenses, Fuel & other lubricants	466,874	444,417
Newspapers and Periodicals	34,357	79,897
Improve Service delivery	94,203	50,355
Office Consumables /Printing and Stationery	489,644	448,843
Cleaning and Sanitation	217,034	398,521
Penalties and Interest	768,012	1,326,259
Postage, Telephone and Fax	127,522	377,683
Publicity and Marketing	237,692	206,873
Repairs and Maintenance	232,200	926,306
Salaries and Wages	26,820,169	32,052,070
Security	291,183	446,264
Staff Recruitment	51,977	228,524
Subscription	623,259	86,205
Provision for Doubtful Debts	-	201,169
Staff Welfare	115,975	378,685
Settlement of Court Cases & legal	420,922	73,857
Workmen's Compensation	21,215	16,356
ZDA Meeting Expenses	118,606	171,351
ZDA Directors Emoluments	705,979	716,371
Enterprise development activities	651,406	1,057,362
Investment promotion activities	1,355,141	759,722
System Assurance and Risk Management	10,779	53,646
Export Market Development activities	588,066	809,856
Information, Communication & Technology activities	556,064	256,693
Local council rates	7,166	-
Fire Services & Fire Drill	1,804	2,786
Disciplinary related costs	-	17,200
Research, policy & planning activities	245,247	385,939
Decentralisation of ZDA Services to Regions	-	28,120
Total expenses	37,845,747	46,629,176
Surplus /(Deficit) for the year	1,545,397	(7,050,104)

SCHEDULE 2

LAND AND BUILDINGS UNDER AGENCY CONTROL BUT NOT IN THE ASSET REGISTER

FOR THE YEAR ENDED 31 DECEMBER 2018

Description/Location	Cost
	ZMW
Plot No 1693 - Chipata	400,000
Plot No F 09 - Chipata	50,000
Plot No L3897 - Kabwe	50,000
Premises - Kabwe	535,000
Plot No L2650 - Livingstone	85,000
Plot No 98 - Mansa	75,600
Plot No 1611 - Mongu	262,600
	1,458,200

ABOUT ZAMBIA

Zambia is one of the 26 member states of the COMESA-SADC-EAC Tripartite Free Trade Area (TFTA) Agreement with more than 600 million people. In addition to regional markets, investors also access the wider Africa, EU and USA markets.



OUR VALUE PROPOSITION:



Abundant natural resources



Repatriation of 100% of profits and no exchange controls



Qualified workforce



Stable political system



Attractive investment incentives



Progressive banking, legal, and insurance services of international standards



Investment guarantees and security



Thriving private sector



A positive and investor friendly environment



Good place to work and live

RANKINGS AND AWARDS



5th

In Africa – Safety &
Security
**Institute for
Economics and Peace**

**INSTITUTE FOR
ECONOMICS
& PEACE**

3rd

Globally-in getting
credit
World Bank



3rd

Moody's: Caa1
Fitch: B-
S&P: B-

MOODY'S

20th

Globally-Safety &
Security
Global Peace Index



20th

In Africa-most
competitive economy
World Bank



87th

Ease of doing business
World Bank



8th

In Africa – most
attractive investment
destination

Quantum Global



**The 2018
Best State
Strategy
Award**

At the Africa
Investment Forum,
Paris, France



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DEVELOPMENT
AGENCY**

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