



# 2019 ANNUAL REPORT



Potential made possible



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# Acronyms

<b>7NDP</b>	Seventh National Development Plan	<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>AFCFTA</b>	African Continental Free Trade Agreement	<b>NAPSA</b>	National Pensions Scheme Authority
<b>BoZ</b>	Bank of Zambia	<b>NTEs</b>	Non-Traditional Exports
<b>CII-EXIM</b>	Confederation of Indian Industry Export Import Conclave	<b>PIGA</b>	Partnership for Investment and Growth in Africa
<b>COMESA</b>	Common Market for Eastern and Southern Africa	<b>PUSH</b>	Peri-Urban Self Help
<b>EAC</b>	East African Community	<b>RTSA</b>	Road Transport and Safety Agency
<b>EMPRETEC</b>	Emprendedores (entrepreneurs) and tecnologia (technology)	<b>SADC</b>	Southern African Development Community
<b>EU</b>	European Union	<b>SDGs</b>	Sustainable Development Goals
<b>FDI</b>	Foreign Direct Investment	<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>GDP</b>	Gross Domestic Product	<b>UNDP</b>	United Nations Development Programme
<b>ICT</b>	Information and Communication Technology	<b>UNECA</b>	United Nations Economic Commission for Africa
<b>IDC</b>	Industrial Development Corporation	<b>USAID</b>	United States Agency for International Development
<b>ILO</b>	International Labour Organisation	<b>ZABS</b>	Zambia Bureau of Standards
<b>IPPA</b>	Investment Promotion and Protection Agreements	<b>ZACCI</b>	Zambia Chambers of Commerce and Industry
<b>ITC</b>	International Trade Centre	<b>ZAM</b>	Zambia Association of Manufacturers
<b>ITED</b>	Investment Trade and Enterprise Development	<b>ZEDEF</b>	Zambia Export Development Fund
<b>JICA</b>	Japan International Cooperation Agency	<b>ZEGA</b>	Zambia Export Growers Association
<b>LS-MFEZ</b>	Lusaka South Multi-Facility Economic Zone	<b>ZNBC</b>	Zambia National Broadcasting Corporation
<b>MCTI</b>	Ministry of Commerce, Trade and Industry	<b>ZNFU</b>	Zambia National Farmers Union
<b>MFEZs</b>	Multi-Facility Economic Zones	<b>ZRA</b>	Zambia Revenue Authority
<b>MoF</b>	Ministry of Finance	<b>ZSA</b>	Zambia Statistics Agency

# Permanent Secretary's Statement

*It is my honour to present the Zambia Development Agency (ZDA) Annual Report for the 2019 Financial Year. The Ministry of Commerce, Trade and Industry (MCTI) is the principal Government body responsible for administering the national policy for private sector development. One of the key roles of MCTI is to facilitate and promote the growth, development and competitiveness of the commercial, trade and industrial sectors in order to enhance the socioeconomic development of the country.*



The Ministry is mandated, through ZDA, to foster Zambia's economic growth and development by promoting and facilitating trade and investment. MCTI also nurtures business growth and competitiveness through an efficient, effective and well-coordinated private-sector-led development strategy in line with the 7NDP. In his speech during the official opening of the Fourth Session of the Twelfth National Assembly, Zambia's President, Mr. Edgar C. Lungu, accentuated Government's commitment to providing an enabling environment for the private sector to implement market-driven policies and thrive. He also pledged Government's obligation to continually protect and safeguard private investment.

*The Ministry also wishes to assure the business community of Government's continued efforts towards creating a more conducive business ecosystem for business to thrive and contribute positively to wealth and job creation for Zambia.*

Government, through MCTI, has been implementing a number of policies, programmes and measures aimed at improving the business climate. The following policies and legislative initiatives particularly relevant for private sector development, are at various levels of implementation:

**1. African Continental Free Trade Agreement (AFCFTA)**

Government, through the MCTI and other line Ministries, has made tremendous progress towards ratifying the African Continental Free Trade Agreement (AFCFTA). Zambia's membership to the AFCFTA will trigger immense benefits from increased market access, technology transfer, and access to finished goods.

**2. National Investment Promotion Strategy**

The Ministry launched the National Investment Promotion Strategy (NIPS), with the aim to accelerating the growth of investments in all sectors of the Zambian economy. ZDA has been instrumental in the implementation of this Strategy.

**3. National Trade Policy and the Export Strategy**

The National Trade Policy (NTP) and the Export Strategy spells out on how to grow and diversify critical sectors of the economy for export and the private sector is at the centre of this initiative. This initiative is already beginning to yield results, as evidenced by increased penetration of Zambian products onto regional and international markets.

**4. National Industrial Policy**

The National Industrial Policy (NIP) aims to promote economic growth through industrialisation and value addition. Progress has been made in the implementation of the Policy in reviving the manufacturing sector for wealth and job creation.

**5. Local Content Strategy**

The Ministry, through ZDA, ZABS and other statutory bodies, has been implementing this strategy, which aims to foster business linkages in growth sectors as well as to promote linkages between MSMEs and large enterprises, both local and foreign. Facilitation of joint ventures and

partnerships for capital, skills and technology transfer between local and or foreign enterprises has been at the centre stage of this Strategy.

**6. Business Regulatory Review Agency**

The establishing of the Business Regulatory Review Agency (BRRA) is a major milestone towards creating a conducive business environment for the private sector to thrive in Zambia. Its objective is mainstreaming, among other things, licencing procedures. MCTI, however, does recognise that more needs to be done to reduce the cost of doing business through mainstreaming of business registration and licencing.

**7. Zambia Export Development Fund**

Government recognises that the lack of affordable finance to exporters remains a huge challenge to the export diversification drive. The creation of the Zambia Export Development Fund (ZEDEF), managed by ZDA, is aimed at easing the burden of high export finance faced by our exporters.

The Ministry acknowledges the effort of the ZDA Board, Management and staff in executing the Agency's mandate of promoting and facilitating economic development in Zambia through trade and investment and enterprise development. The Ministry also wishes to assure the business community of Government's continued efforts towards creating a more conducive business ecosystem for business to thrive and contribute positively to wealth and job creation for Zambia.



**Mushuma Mulenga**  
Permanent Secretary  
Ministry of Commerce, Trade and Industry

# Chairperson's Statement



*Dear Stakeholders,*

*In the year 2019, the Zambia Development Agency continued to focus on driving Zambia's economic development and diversification agenda through investment facilitation, export market development and developing small and medium enterprises.*

**Further, the Agency continued to facilitate stakeholder engagement through policy advocacy and public private dialogue based on economic research aimed at creating a conducive business and policy environment that fosters the growth and competitiveness of the private sector.**

The Board has continued to provide guidance to the Agency to focus on improving service delivery in trade and investment and to enhance its collaboration with key stakeholders. Following this strategic guidance, we saw ZDA improving trade, investment and entrepreneurial ecosystem as evident in the increase in investment and re-investment flows of both domestic and foreign investors; increased penetration of Zambian products, particularly non-Traditional Exports (NTEs) in the regional and international markets; increased growth and market competitiveness of SMEs; and increased access to trade and business information by enterprises.

Further, ZDA was able to increase stakeholder collaboration through public-private dialogue, policy advocacy, and partnership and joint ventures. Notable among them were the Investors' Symposium, Exporters' Consultative Forum, and the SADC Men's Entrepreneurship Conference, which brought together policymakers, industry players, the private sector, and others stakeholders to dialogue on the business environment. The most pertinent issues that came out of these fora relate to the need for further easing of export and import trade barriers, improving the growth and competitiveness of enterprises, harnessing the voice of the private sector in engaging with Government in

relation to policy and related changes, and increasing the level of targeted investment into the Zambian economy by both the local and foreign investors. ZDA will continue to engage with stakeholders in resolving these issues.

The Agency stood out to be a premier economic development institution for facilitating trade and investment, and fostering the growth and competitiveness of enterprises in Zambia. However, inadequate funding for programme implementation hampered the Agency's capacity to effectively deliver on its mandate. At this point, let me thank the Government and Cooperating Partners for the technical and financial support provided to the Agency, without which the Agency would have not delivered on its mandate.

In 2020, we look forward to continued support and engagement from the Government, Cooperating Partners and other stakeholders. The Agency through stakeholder engagements aims to continue to provide impactful leadership in raising the capacity for growth of the private sector.



**Mary T. Ncube**  
Board Chairperson

**The Agency stood out to be a premier economic development institution for facilitating trade and investment, and fostering the growth and competitiveness of enterprises in Zambia.**

# Director General's Statement

*In 2019, the Zambia Development Agency (ZDA) continued to build upon the successes of the previous years and achieved strong performance in fulfilling its mandate of driving Zambia's economic development.*



The Agency's overall performance rating (as measured by the implementation rate of interventions against set targets) of 80.4 percent in 2019 represents an improvement of 11.4 percent relative to 69 percent achieved in the preceding year. The impressive score attests to the Agency's enhanced efforts towards operational and service excellence through a reinvigorated focus on implementing an array of key initiatives and strategic interventions in the core areas of trade and investment, and enterprise development.

Our key strategic areas of focus in investments in 2019 included: business expansion and re-investments; facilitation of strategic partnerships and joint ventures for local and foreign investors; and enhancing aftercare services for re-investment. These strategies resulted in the Agency registering total projected capital investment of USD 4.88 billion in 2019 compared to USD 4.82 billion in 2018. On the other hand, actualized investment improved by 31.6 percent to USD 921.6 million in 2019 compared to USD 700.1 million in 2018.

***Our key strategic areas of focus in investments in 2019 included: business expansion and re-investments; facilitation of strategic partnership and joint ventures for local and foreign investors; and enhancing aftercare services for re-investment.***





Total projected capital investments  
**USD 4.88 billion**

In all our dealings on export promotion, our efforts were aligned and closely guided by the Government's economic diversification agenda. Our strategic focus on export diversification included facilitation of NTEs product development, segmentation of small and large enterprises for business expansion and incentives, and export capacity building for exporters. These strategies resulted in an increase in the value of NTEs to USD 2.26 billion in 2019 from USD 2.22 billion in 2018. Further, penetration of Zambian products to regional and international markets has increased with new markets accessed by exporters of NTEs, including Belgium, China, India, Fiji and the United Arab Emirates.

In regard to promoting the entrepreneurial ecosystem, **ZDA focused on enhancing SMEs' access to business information and market intelligence, building capacity, and business linkages for growth and market competitiveness.** Through these strategies, we provided BDS services to 4,505 SMEs in key sectors of the economy. Over 1000 SMEs reported improved competitiveness, with demonstrated skills in business management, product development, including packaging and branding, and marketing

During the year, we provided an opportunity to the investing as well as the exporting communities to directly interact with policymakers from the public sector. The Investor's Symposium, Export Consultative Forum, and the SADC Men's Entrepreneurship Conference were key public-private dialogue fora facilitated by the Agency each attracting over 300 businesses whose recommendations formed useful input into recommendations to Government to improve the investment climate.

**Our strategic focus on export diversification included facilitation of NTEs product development, segmentation of small and large enterprises for business expansion and incentives, and export capacity building for exporters.**

Our business process improvements were anchored on the theme "Towards Operational Excellence and Continuous Improvement". A number of success stories were recorded in this regard, including: we reduced turnaround time in issuing investment licenses from 10 days to 3 days maximum, with 50 percent of all licenses issued in less than 2 days; the decentralization of our operations creating a permanent presence in Livingstone and Chipata, an initiative that has been warmly welcomed by SMEs as they are now able access our services easily. Our goal is to be present in all the provinces by 2021.

We are proud of our achievements and wish to thank the Government, Cooperating Partners, and all other stakeholders for their continued support. Our achievements are a result of the collective effort, innovation, teamwork and hardwork of the Management and Staff at ZDA. We are proud of the team. Finally, I would like to convey my appreciation to the ZDA Board Chairperson and Permanent Secretary - MCTI for their guidance and support to ZDA.

**Matongo Matamwandi**  
 Acting Director General

# Executive Summary

As a nation focused on diversification and industrialisation, Zambia is dependent on relationships with the rest of the world to develop an industrialised economy with thriving industrial and export sectors. ZDA is the Government's economic development Agency. We are a key partner in supporting our exporters to succeed and helping match investment opportunities with capital. ZDA has a multilateral focus: growing exporter enterprises, attracting quality investment while assisting MSMEs in need of capital match with investors. The central focus of our principal business activity is on the diversified and value-add part of the economy. Over the past year, ZDA facilitated investment, trade and enterprise development in Zambia on the backdrop of shrinking fiscal space, with inflationary pressure, high commercial bank lending rates, a volatile exchange rate, and electricity load shedding that affected production across sectors.

## Exporting Clients

During the period under review, ZDA consistently partnered with exporting enterprises on their journey to growth and success. We worked closely with over 250 exporting clients and over 580 potential exporters. In particular we focused on those export clients which make up the value-add and diversified part of the export economy. In 2019, the country's Non-Traditional Exports (NTEs) amounted to USD 2.26 billion compared to USD 2.22 billion in 2018, representing an increase of 1.8 percent. However, the volume of exports declined to USD 8.94 billion compared to USD 9.07 billion in 2018, representing a 1.43 percent decline. The decline in exports was due to below-target output from the copper mines as a result of operational challenges in the Copperbelt-based producers, KCM and Mopani. We nonetheless, continued to provide an enlightening experience for our exporters through export capacity building, trade missions, aftercare services and consultative forums.

## Investing Clients

During the period under review, the Agency approached investment promotion with a deliberate strategy and focus. Our work hinged on promoting quality FDI,

domestic investment and re-investment while preparing MSMEs, in need of capital and technology, to partner with investors. The Agency recorded an increase in projected investment by 1.24 percent to USD 4.88 billion in 2019 compared to USD 4.82 billion in 2018. Of the total projected investment in 2019, USD 3.60 billion was foreign direct investment (FDI) while USD 1.28 billion was domestic direct investment (DDI). Further, the Agency in 2019 recorded re-investments worth USD 3.95 billion from 76 investment projects compared to USD 205 million from 24 investment projects in 2018.

Actualized investment improved by 31.6 percent to USD 921.6 million in 2019 compared to USD 700.1 million in 2018. The improvement in investment and re-investment is a good indication of the conducive investment climate that exists in Zambia. Projected employment declined to 22,140 jobs in 2019 from 27,560 jobs in 2018. The Manufacturing sector recorded the highest projected employment of 6,723 jobs. Actualized employment on the other hand increased to 37,292 jobs in 2019 compared to 20,116 jobs in 2018.

## Growth of Micro, Small and Medium Enterprises

In promoting the entrepreneurial ecosystem, the Agency provided business development support services to 4,505 Micro, Small and Medium Enterprises (MSMEs) in 2019 compared to 4,126 in 2018, representing an increase of 9.2 percent. Our business development support services were extended to about 720 women and 991 youths. A total of ZMW 6.90 million worth of investment was recorded by 63 MSMEs in 2019 compared to ZMW 3.26 million by 57 in 2018, representing 112 percent increase in investment.

Non-Traditional Exports (NTEs)  
**USD 2.26 billion**

Volume of exports declined to  
**USD 8.94 billion**

## Economic and Industry Research

ZDA continued to undertake structured research aimed at generating information for rational decision making and informing Government policy direction. Client Satisfaction Index revealed an overall score of 76 percent in 2019 compared to 75 percent recorded in 2018. Two market research works were conducted in Mauritius and Kenya to reduce uncertainty and risk by providing information on the variables involved in export decisions. In addition, the Agency undertook the Foreign Private Investment and Investor Perceptions (FPI&IP) Survey in collaboration with BoZ and ZSA.

The overall operational performance against set strategic objectives by ZDA is particularly pleasing given the increasingly challenging macro-economic environment and shrinking fiscal space directly impacting trade and investment.

## Next Steps in 2020 and beyond

We will continue to lift our operational performance through better recruitment practices, better training and development of staff, better value to clients, and better service delivery all towards delivering more economic impact to our stakeholders. Our focus will be on developing partnerships, resource mobilisation, aftercare services, building knowledge management mechanisms, and stakeholder engagement.



Actualised Investment  
**USD 921.6 million**

USD 700.1 million in 2018



**37,292**  
Actualised Jobs

20,116 Actualised Jobs in 2018



Total projected investments  
**USD 4.88 billion**

USD 4.82 billion in 2018



**22,140**  
Projected Jobs

27,560 Projected Jobs in 2018



MSMEs supported with business development services

**4,505**

4,126 in 2018



Increase in NTEs

**USD 2.26 billion**

USD 2.22 billion in 2018

# Economic Overview



**In 2019, the global growth remained positive, although it slowed down to 2.9 percent in 2019, from 3.6 percent in 2018.**

*The decline was mainly on account of subdued economic activities in advanced and emerging economies, coupled with trade policy uncertainty, climate change and geopolitical risks. Advanced economies grew by about 1.7 percent in 2019, from 2.2 percent in 2018 while emerging markets and developing economies grew by 3.7 percent compared to 4.5 percent in 2018. Uncertainties surrounding Brexit negotiations, the US-China trade war, and tightened global financial conditions all contributed to the slowdown in growth.*



**domestic economic growth rate declined to**

**2%**

in 2019 from 3.7% in 2018

**The Kwacha depreciated against major convertible currencies**

**Commercial banks' average annual lending rates rose to**

**25.63%**

**Zambia's fiscal deficit marginally narrowed to**

**ZMW 20.63 billion**

**Domestic net FDI inflows declined to**

**USD 481.4 million**

**The annual inflation rate stood at**

**11.7%**



The Domestic economic growth rate declined to about 2.0 percent in 2019 from 3.7 percent in 2018. The growth rate has been subdued with inflationary pressure, volatile exchange rate, high Commercial banks' average annual lending rates, falling metal prices, and climate change effects that resulted in low supply of electricity. These factors negatively affected the economic activities in all sectors of the economy, especially in agriculture, construction, mining, manufacturing, and tourism. Poor rains affected crop harvest in the farming season and operational challenges at Mopani and KCM caused a substantial drop in annual copper production in 2019.

The Kwacha depreciated against major convertible currencies between 2019 and 2018, trading at an average of ZMW 14.11 compared to ZMW 11.92 per USD; ZMW 18.40 compared to ZMW 15.14 per Pound; and ZMW 1.00 compared to ZMW 0.83 per Rand, respectively.

The annual inflation rate stood at 11.70 percent in 2019 compared to 7.90 percent in 2018. The mounting inflationary pressure was mainly driven by increases in food prices, particularly for maize grain and related products; significant depreciation of the Kwacha against the US dollar; coupled with energy deficits resulting from low supply of electricity due to climate change.

Commercial banks' average annual lending rates rose by 1.73 percent to 25.63 percent in 2019. The high lending rates reflect the increase in the cost of capital, prevailing tight liquidity, and the increase in inflation.

On the fiscal side, Zambia's fiscal deficit marginally narrowed to ZMW 20.63 billion in 2019 from ZMW 21.10 billion in 2018, largely reflecting higher than programmed spending on capital projects and interest payments on public debts. Thus, fiscal consolidation remained a critical imperative for macroeconomic stability and economic growth.

Zambia's external sector recorded total exports earnings of USD 8.94 billion in 2019 compared to USD 9.07 billion in 2018, representing a decline of 1.43 percent. The value of non-traditional exports (NTEs) marginally increased to USD 2.26 billion in 2019 from USD 2.22 billion in 2018, representing an increase of 1.80 percent. The share of NTEs to total exports marginally rose to 25.31 percent in 2019 from 24.45 percent in 2018.

Domestic net FDI inflows declined to USD 481.4 million in 2019 from USD 563.1 million in 2018. The decline in FDI inflows is attributed to operational challenges and retained losses, mainly in the mining and quarrying sector. At global level, FDI flows declined by 13.0 percent to USD 1.3 trillion while flows to Africa rose by 11.0 percent to USD 46.0 billion in 2018. Taxation reforms in the United States led to an increase in the repatriation of retained earnings, which resulted in the reduction in global FDI flows. The surge in FDI flows in Africa was largely in the oil and gas sector.

The subdued macroeconomic environment, characterized by inflationary pressure, exchange rate volatility, electricity deficits, high commercial banks' lending rates, and climate change, negatively affected trade and investment.

## Operational Review

**The Zambia Development Agency (ZDA) is a premier institution that has an encompassing mandate of facilitating trade and investment in Zambia.**



The Agency is the conduit through which the private sector interacts with the public sector. The Agency therefore plays a critical role of driving Zambia's economic development and diversification agenda leveraged on attraction and facilitation of targeted investment and re-investment across all sectors of the economy; promoting and developing markets of non-traditional exports (NTEs); and promoting the growth and competitiveness of small and medium enterprises (SMEs) through entrepreneurship and enterprise development. The Agency also facilitates stakeholder engagement through policy advocacy and public private dialogue based on economic research aimed at creating a conducive business and policy environment that fosters the growth and competitiveness of the private sector.

In 2019, ZDA's overall performance of 80.4 percent, as measured by the implementation rate of interventions against set targets, represents an increase of 11.4 percent over its 2018 performance of 69.0 percent. The Agency performed well in executing its interventions in key functions of investment promotion and facilitation; export development and promotion; entrepreneurship and enterprise development, and policy advocacy. Furthermore, the Agency identified areas of improvement that included facilitation of business linkages, attraction of targeted investment into MFEZs, Industrial Parks and Farm Blocks, and resource mobilisation. The Agency faced operational challenges due to inadequate, untimely and inconsistent funding by Government.

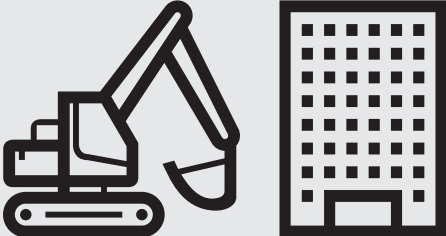
# 80.4%

*In 2019, ZDA's overall performance of 80.4 percent, as measured by the implementation rate of interventions against set targets, represents an increase of 11.4 percent over 2018 performance of 69.0 percent.*

### USD 4.88 billion investment

In terms of investment, USD 4.88 billion was projected in 2019 compared to USD 4.82 billion in 2018, reflecting an increase of 1.43 percent. Of the total projected investment in 2019, USD 3.60 billion was foreign direct investment (FDI) while USD 1.28 billion was domestic direct investment (DDI). Further, the Agency in 2019 recorded re-investments worth USD 3.95 billion compared to USD 205 million in 2018.

**Total exports earnings**  
**USD 8.94 billion**



In 2019, Zambia's total exports earnings stood at USD 8.94 billion compared to USD 9.07 billion in 2018, representing a decline of 1.43 percent. The value of non-Traditional Export (NTEs) marginally increased to USD 2.26 billion in 2019 from USD 2.22 billion in 2018, with the share of NTEs to total export rising to 25.31 percent. The increased share of NTEs to total exports was attributed to a decline in traditional export earnings, largely due to operational challenges faced by the mining sector during the year.

In terms of enterprise development, 4,505 MSMEs were supported in 2019 resulting in the creation of 5,987 jobs compared to 4,126 MSMEs in 2018 that created 5,485 jobs. This achievement was due to effective capacity building, strategic partnerships development and market linkages in agriculture, manufacturing and service sectors.

**Other Reviews**

**USD 921.6 million**

In 2019, actualized investment improved to USD 921.6 million compared to USD 700.1 million in 2018

**31.6% Improvement**

Actualised Investment USD 921.6 million compared to USD 700.1 million in 2018.

**USD 534,000**

The level of investment by MSMEs registered and monitored by ZDA increased to USD 534,000 in 2019.

**37,292 Jobs**

Actualized employment increased to 37,292 jobs in 2019

**529 MSMEs Jobs**

MSMEs registered with ZDA created 529 jobs in 2019 compared to 349 in 2018 representing 51.6 percent increment.

In 2019, actualized investment improved to USD 921.6 million compared to USD 700.1 million in 2018, reflecting a 31.6 percent improvement. Similarly, the level of investment by MSMEs registered and monitored by ZDA increased to USD 534,000 in 2019 compared to USD 270,000 in 2018, representing an increase of 97.8 percent.

Actualized employment increased to 37,292 jobs in 2019

compared to 20,116 jobs created in 2018, representing 85.4 percent improvement. In addition, MSMEs registered with ZDA created 529 jobs in 2019 compared to 349 in 2018 representing 51.6 percent increment. This job creation capacity is a clear demonstration of the private sectors' contribution to Zambia's economic diversification and job creation agenda as espoused in the 7NDP.

# Targeted Investment Promotion and Facilitation

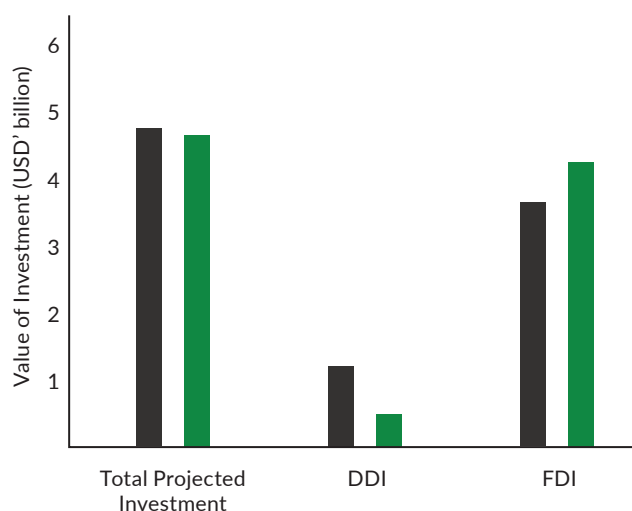
## Projected Investment

A total of USD 4.88 billion worth of investment was projected in 2019 from 350 registered investment projects compared to USD 4.82 billion for 2018 from 401 registered investment projects. This represents a 1.24 percent increase in the value of investment. Of the total registered investment of USD 4.88 billion in 2019, USD 3.60 billion was foreign direct investment (FDI) and USD 1.28 billion was domestic direct investment (DDI), representing 73.8 percent and 25.61 percent of the total projected investment, respectively (Figure 1).

Further, the Agency in 2019 recorded re-investments worth USD 3.95 billion from 76 investment projects compared to USD 205 million from 24 investment projects in 2018. These investments projected to expand their business and create a further 1,101 jobs from their re-investment in 2019 compared to 341 jobs in 2018. The improvement in investment and re-investment is a good indication of the conducive investment climate that exists in Zambia.

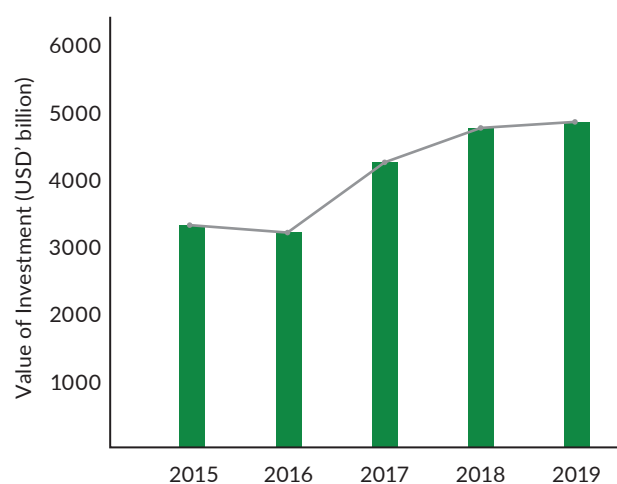
The Agency has, in the last five years, recorded a positive trajectory in projected investment, with an increment of 56.91 percent to USD 4.88 billion in 2019 from USD 3.11 billion in 2016, mainly in Greenfield projects (Figure 2). This increase in projected investment attests to the conducive business and investment climate created by the Government through ease of doing business, political and economic stability, peace and security, and good governance. For instance, the Government in 2014 implemented the Business Regulatory Reforms through the enactment of the Business Regulatory Act No. 3 of 2014, which established the Business Regulatory Review Agency (BRRRA). The overarching mandate of BRRRA under the Act is to harmonize business licensing and business regulation with the focus on creating a conducive environment for the private sector. The Government has also made strides in creating a conducive investment climate through infrastructure development that fosters the growth of domestic and foreign direct investment in the country.

**Figure 1: Value of Registered Investment by Type, 2018-2019**



Source: ZDA

**Figure 2: Trends in Registered Projected Investment, 2015-2019**



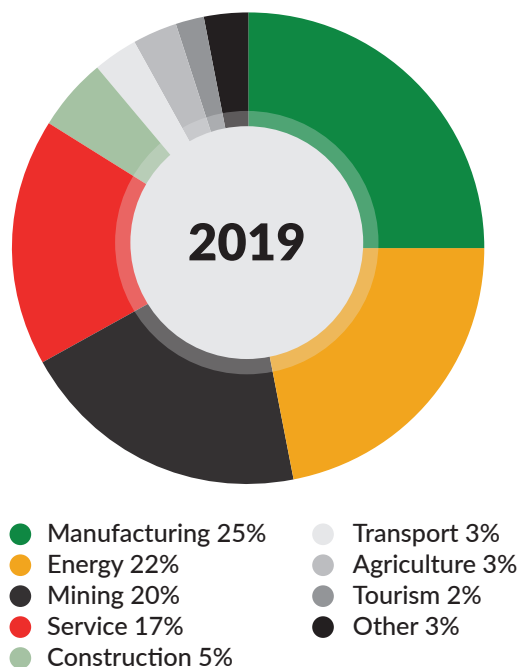
Source: ZDA



During the period under review, the Manufacturing sector recorded the highest projected investment of USD 1.21 billion, representing 24.7 percent of total investment. The Energy and Mining sectors were second and third with projected investment of USD1.05 billion and USD 0.97 billion, accounting for 21.5 percent and 20.2 percent, respectively (Figure 3). In comparison to 2018, the Energy sector recorded the highest projected investment of USD 1.92 billion, representing 39.7 percent, while the Manufacturing and Tourism sectors were second and third, respectively.

The Agency in 2019 recorded four high value investments in the energy sector, one of the priority sectors of the economy being promoted by ZDA (Table 2). This expressed interest in the energy sector is a direct result of Government’s efforts in creating a conducive business environment for the private sector to thrive and the Agency’s efforts in promoting and facilitating targeted and strategic investments, such as the promotion of investment in renewable energy, agro-processing and light manufacturing, for sustainable and inclusive economic growth in line with aspirations espoused in the 7NDP and the United Nations Sustainable Development Goals (SDGs).

**Figure 3: Sectorial Contribution to Projected Investment in 2019**



**Table 2: High Value Registered Investment Projects, 2019**

No.	Name of Greenfield Investment Project	Sector	Country of Origin	Projected Investment (USD, million)	Projected Employment (No. of Jobs)
1	Kariba North Bank Extension Power Project (re-investment)	Energy	Zambia	2,447.0	168
2	Geomin Coal Energy	Energy	India	1,000.0	200
3	Margam Valley Solar Energy	Energy	Zambia	1,000.0	245
4	Lufubu Power Company	Energy	Zambia	652.0	54

Source: ZDA

### Actualized Investment

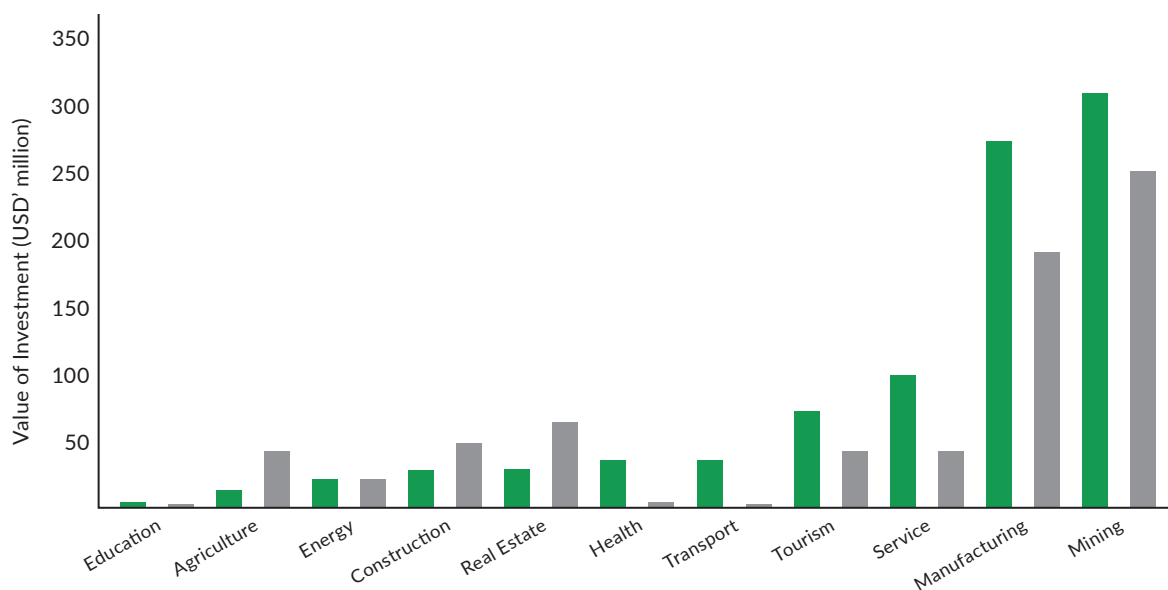
The Agency in 2019 continued with enterprise performance monitoring and evaluation of investment projects, exporters and MSMEs to ascertain the extent to which projected investment and employment were actualized and economic outcomes realized.

Actualized investments improved by 31.6 percent to USD 921.6 million in 2019 compared to USD 700.1 million in 2018. This is based on the 149 enterprises that were monitored in 2019 compared to 137 enterprise in 2018. The improved actualized investment could be attributed to the improved enterprise performance monitoring that the Agency employed.

In terms of sectorial contribution, the Mining sector had the highest actualized investment of USD 318.80 million in 2019 accounting for 34.6 percent of total investment compared to USD 249.20 million in 2018.

This was followed by the Manufacturing sector that recorded USD 272.06 million in 2019 compared to USD 190.80 million in 2018, representing a 42 percent increase. The Service and Tourism sectors were third and fourth with actualized investment worth USD 99.75 million and USD 71.53 million, respectively, in 2019 compared to USD 47.20 million and USD 29.50 million in 2018. The other sectors recorded USD 159.50 million actualized investment in 2019 (Figure 4).

**Figure 4: Actualized Investment by Monitored Enterprises by Sector in 2019**

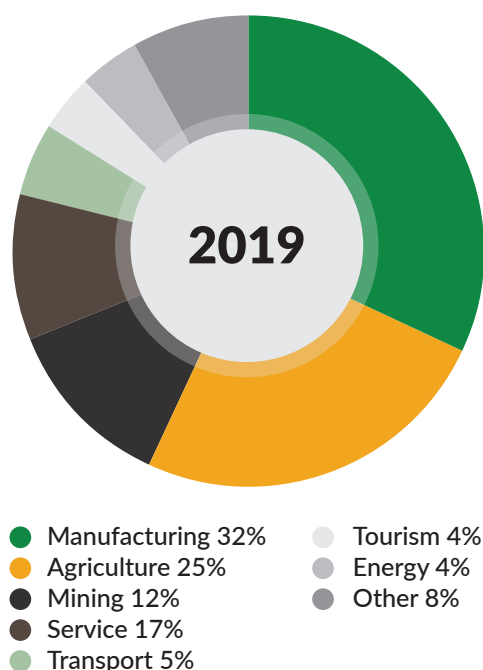


### Projected Employment

In terms of employment, new investment projects and re-investment projects recorded a combined total of 22,140 jobs in 2019 compared to 27,560 jobs in 2018, representing 19.67 percent decline. Manufacturing sector recorded the highest employment of 6,723 jobs, representing 32.5 percent. This was followed by the Agriculture and Mining sectors recording 5,148 jobs and 2,379 jobs, representing 24.9 percent and 11.5 percent, respectively. The Service sector was fourth with 2,078 jobs, representing 10.0 percent (Figure 5).

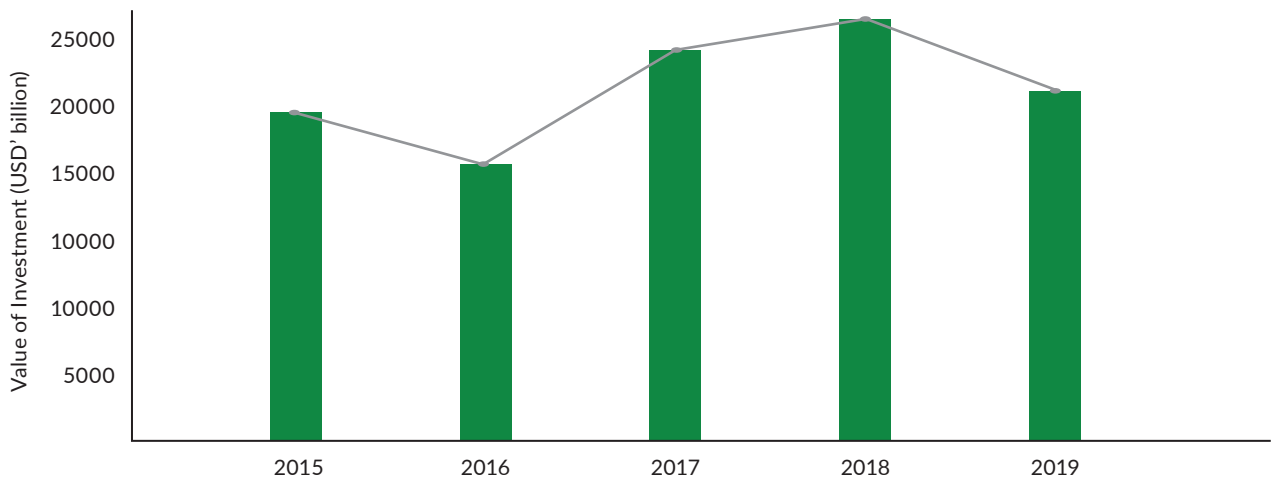
The Agency recorded an increase in projected employment by 69.2 percent to 27,560 jobs in 2018 from 16,293 jobs in 2016 (Figure 6). In 2019, however, projected employment declined by 19.7 percent to 22,140 from 27,560 jobs in 2018. This decline could be attributed to the number of enterprises re-investing maintaining their current work force due to recent economic outturns.

**Figure 5: Sector Contribution to Projected Employment in 2019**





**Figure 6: Trends in Registered Projected Employment, 2015-2019**



Source: ZDA

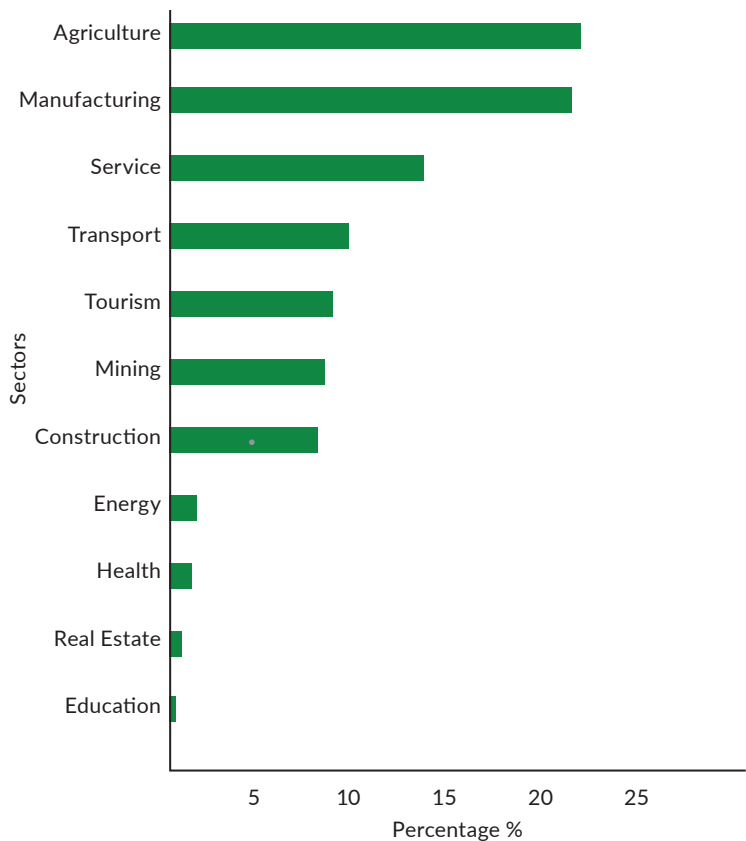
## Actualized Employment

The employment creation capacity of enterprises registered with ZDA and monitored in 2019 remains buoyant at 37,292 jobs compared to 20,116 jobs created in 2018, representing an 85 percent improvement. This job creation capacity is a clear demonstration of the private sectors' contribution to Zambia's economic diversification and job creation agenda as espoused in the 7NDP.

By sector, Service created the highest number of jobs at 8,158, representing 21.9 percent. The Energy and Agriculture sectors were second and third with 7,140 and 6,562 jobs created, representing 19.1 and 17.6 percent, respectively.

The Manufacturing sector was fourth with 4,909 jobs, representing 13.2 percent (Figure 7). In addition, a total of 5,987 informal jobs were created by MSMEs.

**Figure 7: Actualized Employment by Sector, 2019**



Source: ZDA

# Investment Promotion and Facilitation Strategies

As part of the targeted investment promotion strategy, the Agency works with Zambian missions abroad, Chambers of Commerce and Industry and other Business Associates to invite foreign business delegations to visit Zambia. This is done for purposes of assessing business opportunities and investment climate.

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 included countries such as India, Turkey, Switzerland, China, France, Israel, Korea, Malaysia, Italy, South Africa, Egypt, Japan, Germany, USA, United Kingdom, Nigeria, and Uganda. The investment missions provided an opportunity to expose companies to business opportunities that exist in all sectors of the Zambian economy as well as enabled Zambian companies, enterprises and entrepreneurs to create strategic partnerships with foreign-based companies through joint ventures.

Key among the inward investment missions facilitated by the Agency included:

## 1. BUSINESS FORA ALONGSIDE STATE VISITS: STATE VISIT TO INDIA, NEW DELHI: AUGUST 2019

In order to accelerate bilateral economic cooperation with key trade and investment partners, the Zambian government through the support of the Zambian High Commission to the Republic of India and Confederation of Indian Industry (CII) organized a Business Forum. This forum was on the sidelines of the State visit of His Excellency the President of the Republic of Zambia, Mr. Edgar C. Lungu. A total of 46 delegates from both private and public institutions were among those that represented Zambia at the state visit. A total of 26 leads of Indian companies were recorded in the energy, construction, manufacturing, agro-processing and services sectors with 8 commercial agreements signed, including MoUs between IDC and Sanjoo Dyeing and Printing Private Limited and Ashok Leyland.

## 2. LOCAL INVESTMENT PROMOTION

In a bid to facilitate investment and re-investment,



New Delhi, India - HE President Edgar C. Lungu with his Indian counterpart PM Narendra Modi witnessing the signing of MoUs between the two countries



the Agency undertook five strategic in-country investment missions and business fora:

**i. Copperbelt Mining, Industrial and Agricultural Trade Expo, Ndola: June, 2019**

In collaboration with the Copperbelt Provincial Administration, the Agency supported the hosting of this expo through profiling and promotion of investment projects in the mining, agriculture, service, and other sectors. The Agency also facilitated investment for both local and international investors in the province.

**ii. North-western Province Investment Expo, Solwezi: August, 2019**

The Agency participated in the North-western Province Investment Expo and conducted a business forum that engaged the private sector through B2B meeting. As a result of B2B meetings, an investment project for construction of 400 medium cost housing units in Solwezi by NAPSA was recorded while Kaleni Hills Fruit Company Ltd in Mwinilunga was incorporated to produce various fruit drinks and mineral water. Kaleni Hills Fruit Company Ltd is projected to create 200 direct jobs and over 10,000 indirect jobs through out-grower scheme.

**iii. Southern Province Investment and Tourism Expo, Livingstone: Sept, 2019**

The Agency supported the Provincial



Livingstone, Zambia - Hon. Christopher B. Yaluma Minister of Commerce Trade and Industry officially opening the ZDA regional office - operationalising the decentralisation programme.

Administration in marketing investment opportunities in agriculture and agro-processing, tourism, mining, aquaculture, energy, livestock and forestry. Local enterprises were linked to foreign investors through B2B meetings and business clinics conducted by the Agency during the event. As a result of these activities, seven Letters of Intent were signed by Southern Province and different companies with over USD 1.16 billion in investment pledges.

**iv. Zambia International Trade Fair (ZITF) Business Forum, Ndola: June, 2019**

The 2019 ZITF was held alongside the Copperbelt Mining, Industrial and Agricultural Trade Expo. Through this avenue, ZDA conducted a business



Beijing, China - Roadshow to woo Chinese investors in the pharmaceutical and light manufacturing sub sectors in Zambia

forum that brought together local and foreign investors. The event attracted over 230 local entrepreneurs that were linked to over 100 foreign companies that exhibited at the fair.

### 3. KEY INWARD INVESTMENT MISSIONS

In the quest to market investment opportunities that exist in Zambia across sectors, the Agency facilitated both inward and outward investment missions as below:

#### i. Belgium-Luxembourg Multi-sectoral Business Forum, Lusaka: January 2019

The Agency in collaboration with the Zambian Mission in Brussels and the Belgium-Luxembourg ACP Chamber of Commerce held the business forum in Lusaka. Through this forum, 50 Zambian companies participated in the B2B meetings which provided an opportunity for business linkages and potential of commercial agreement with Belgium companies in following sectors: transport and logistics, agro-food processing, research and development, telecommunications, ICT, and commerce and trade industry.

#### ii. Egypt Multi-Sectoral Business Forum, Lusaka: March 2019

ZDA in collaboration with the Egyptian Embassy and the Federation of Egyptian Industries (FEI) hosted an Egyptian delegation that had interest in agro-food processing, health, ICT, building and construction. A total of 53 Zambian companies participated in the B2B meetings that provided them business opportunities for linkages and three leads in the manufacturing, pharmaceutical and energy sectors with USD 1.8 million in investment pledges.

#### iii. Zambia-Finnish Business Forum

ZDA participated at the Zambia-Finnish Business Forum hosted by the embassy of Finland in Lusaka. The forum was themed "Building Business Partnerships" and hosted 16 Finnish companies interested in investing in various sectors of Zambia. ZDA marketed investment opportunities

that exist in Zambia across various sectors.

#### iv. South African Business Forum, Lusaka-August, 2019

Trade and Investment South Africa (TISA) undertook a trade and investment mission to Zambia with a delegation comprising 30 top business representatives. Through this event, a MoU between TISA and ZDA was initiated for possible cooperation in investment promotion activities, including investor mapping and project profiling.

#### v. India - CII-EXIM Bank Regional Conclave on India - Southern Africa Project Partnership, Lusaka-October-2019

The Confederation of Indian Industries (CII) organized the annual Confederation of Indian Industries Exim Bank Conclave (CII-EXIM) which was held in Lusaka. The event attracted over 300 both foreign and international delegates and was officiated by the Republican President, Mr Edgar C. Lungu. The most notable intent was the proposed setting up of an international education facility in the LS-MFEZ as a joint venture between a Zambian and an Indian based company. Other intents included partnerships in transport and energy.



Beijing, China - Zambian export products being exhibited at International Trade Fair.

#### 4. KEY OUTWARD INVESTMENT MISSIONS

##### i. Spain Outward Mission, Madrid: January 2019

The Embassy of the Republic of Zambia in France in collaboration with the Madrid Chambers of Commerce held a Zambia Trade and Investment Forum which was a build up to the 10th Tourism Investment and Business Forum for Africa (INVESTOUR) 2019 and the 39th Spanish Tourism International Tourism fair (FITUR) in Spain. The event attracted 47 Spanish investors, with 3 Zambian companies participating in the B2B meetings.

##### ii. Tokyo International Conference on African Development (TICAD 7), Tokyo-Japan: August 2019

The 7th TICAD had participation of more than 10,000 delegates including 42 African leaders from 53 African countries, 52 development partner countries, 108 heads of international and regional organizations, and representatives of civil society and the private sector. ZDA and other government Ministries participated in the event that saw the signing of 3 MoUs between Japanese entities and Zambian enterprises.

##### iii. Zambia-China Business Forum

In 2019, seven (7) outward investment missions to China supported by the Partnership for

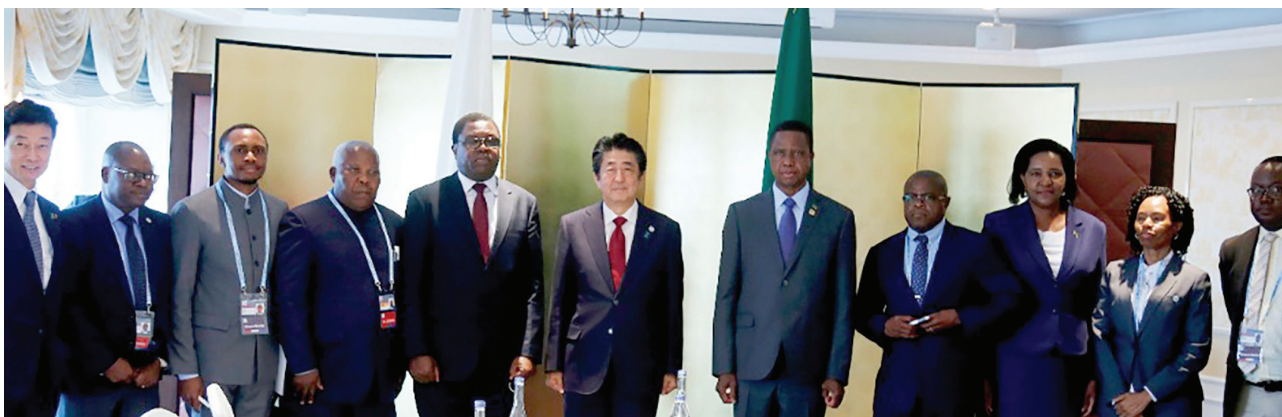
Investment Growth in Africa (PIGA) were undertaken. The project's objective is to increase investments-led exports and local development by increasing FDIs and strategic business partnerships in the Agro-processing and Light manufacturing sectors. 28 leads were recorded with prospecting Chinese companies actualise their investments in Zambia.

##### iv. South Africa Outward Investment Mission, Johannesburg: October, 2019

In conjunction with the Zambia South Africa Business Forum (ZSABF), Zambia's High Commission to South Africa and Liberty Group of South Africa, a trade and investment forum was organized with the participation of six Zambian enterprises. The enterprises took part in the B2B meetings which focused on exploiting opportunities in new growth sectors such as agriculture, agro-processing, energy development and tourism. Three South African companies expressed interest in investing in the manufacturing of electricity meters, solar equipment and installation of various solar systems.

##### v. Egypt Investment for Africa forum, Cairo: November, 2019

ZDA participated in the 4th edition of the Africa Investment Forum at the invitation of the



Tokyo, Japan - State visit where a Solar Power Project MOU was signed among Mr Hichiro Kshitani-Toyota Tsysho, Eng. Ahmed Elsweldy - Elsweldy Electric and Hon. Joe Malanji - Minister of Foreign Affairs - Zambia

government of Egypt, under the theme: “Invest in Africa”. The event included a two-day workshop on Investment Promotion Policies and FDI Trends as a precursor to the main forum. Three leads from the Egyptian private sector expressed interest to invest in Zambia with investment pledges exceeding USD 500 million.

## 5. FACILITATION TO FISCAL INCENTIVES

The Zambia Development Agency (ZDA) Act of 2006 as amended, offers a number of fiscal incentives. The Agency facilitated recommendations for fiscal incentives for 31 companies to the Ministry of Finance of which 25 recommendations were approved at the time of this report. In addition, the Agency facilitated 45 rebates for 45 companies with the Zambia Revenue Authority for excise duty purposes.

## 6. AFTERCARE SERVICES

In order to achieve effective investment actualization, re-investment, and diversification, the Agency undertook investor facilitation and aftercare services. In 2019, over 50 companies were engaged in Lusaka, Livingstone, Chilanga, Kafue, Chongwe and Chibombo district. During the industrial visits, challenges related to work permits, import duty on raw materials and RTSA licenses for foreign owned transporters were documented and appropriate action taken. The action included among others the signing of service level agreements (SLAs) with ZRA, RTSA and other statutory bodies that have an interface in investors with an aim to improve service delivery.

## 7. STRATEGY FOR INDUSTRIALIZATION: MFEZS, FARM BLOCKS AND INDUSTRIAL PARKS

By its nature, Multi-Facility Economic Zones (MFEZs), Industrial Parks (IPs), and Farm Blocks are delimited areas in which industrial and commercial activities take place in line with the new waves of industrialization and economic development. The ZDA with its national mandate of promoting economic development in Zambia has taken a keen interest in the development of these Special Economic Zones and in promoting and facilitating trade and investment in these Zones. In 2019, six MFEZs and IPs were operational (Table 3):

In 2020, the Agency envisions to promote and facilitate increased investment in MFEZs/IPs that are operational and further enhance the development of MFEZs/IPs that are at design stage. These include the Chibombo MFEZ, California Beverages MFEZs, Kafue Iron and Steel MFEZ, Kalumbila MFEZ, and the Kabwe MFEZ.



Chongwe, Lusaka - ZDA entourage providing aftercare services at the new site of University of Lusaka Medical School

**Table 3: Operational Status of MFEZs/IPs/FBs**

#	Name	Status	Actualized Employment	Actualised Investment
1	Chambishi MFEZ	Operational	8,830	USD 2.87 billion
2	Lusaka South MFEZ	Operational	2,381	USD 410million
3	Lusaka East MFEZ	Operational	539	USD 69.64 million
4	Roma Park	Operational	691	USD 41.20 million
5	Sub-Sahara IP	Operational	150	-
6	Lumwana MFEZ	Operational	-	-
7	Chibombo MFEZ	Not operational	n/a	n/a
8	Californian Beverages	Not operational	n/a	n/a



# Performance of Non-Traditional Exports

The performance of the external sector was affected by the volatility in exchange rate, decline in copper prices, and the energy deficit. Zambia's total export earnings in 2019 stood at USD 8.94 billion compared to USD 9.07 billion in 2018, representing a decline of 1.43 percent (Figure 8).

## Overall Performance of non-Traditional Exports

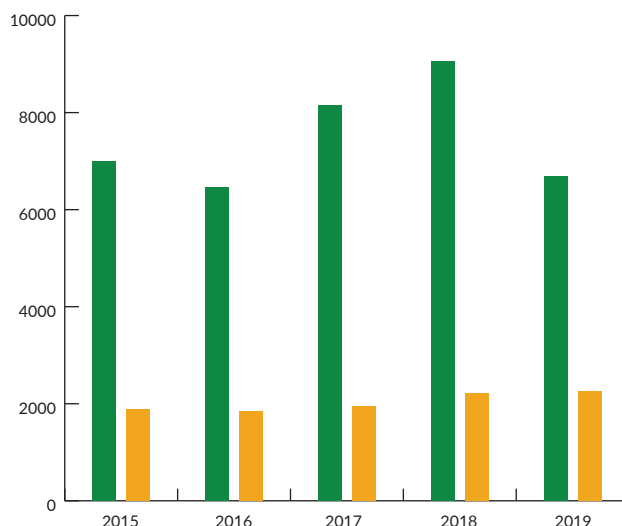
The value of non-Traditional Export (NTEs) marginally increased to USD 2.26 billion in 2019 from USD 2.22 billion in 2018. The share of NTEs to total export rose to 25.31 percent in 2019 from 24.45 percent in 2018. The increased share of NTEs to total exports was attributed to a decline in traditional export earnings, largely due to operational challenges faced by the mining sector during the year (Figure 8).

## Major NTE Commodity and Markets: Top 10 Export Commodities, 2019

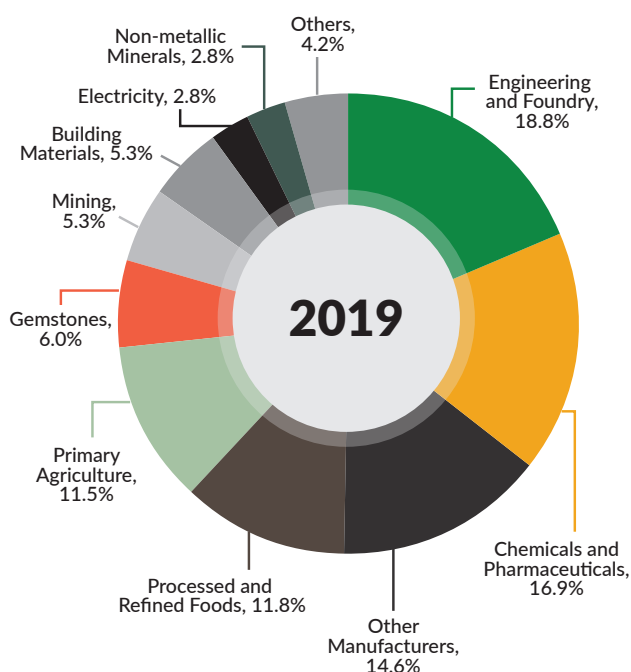
Table 4 shows the Top 10 performing NTE products and the associated value of exports. The total earnings from the export of these products was USD 822.13 million, accounting for about 36.31 percent of the total NTE earnings. The major NTE product that was exported was Sulphuric acid (oleum in bulk) valued at USD 148.79 million representing 6.57 percent of total NTE exports. This was followed by Rubies, sapphires and emeralds at USD 130.51 million, representing 5.76 percent of total NTE exports. Portland cement and other raw cane sugar was valued at USD 91.86 million and USD 82.23 million, representing a share of 4.04 percent and 3.63 percent of total NTE exports, respectively (Table 4).

2019 saw an increase in the export of processed semi-precious stones, other raw cane sugar, sulphur of all kinds, and cotton not carded or combed. The increase in export of semi-precious stones is attributed to the mining of the world's biggest emerald in Zambia in 2019. In contrast, there was a decline in the export of electrical energy, articles of stone or other mineral substances, oil-cake and other solid residues of soya-bean, and manganese ores/concentrates in 2019 compared to 2018. This reduction is attributable in part to climate change that affect electrical energy generation and strategic export ban on agro-products including maize and soya bean.

**Figure 8: Zambia's Export Composition, 2015 to 2019**



**Figure 9: Sectorial Contribution to NTEs in 2019**

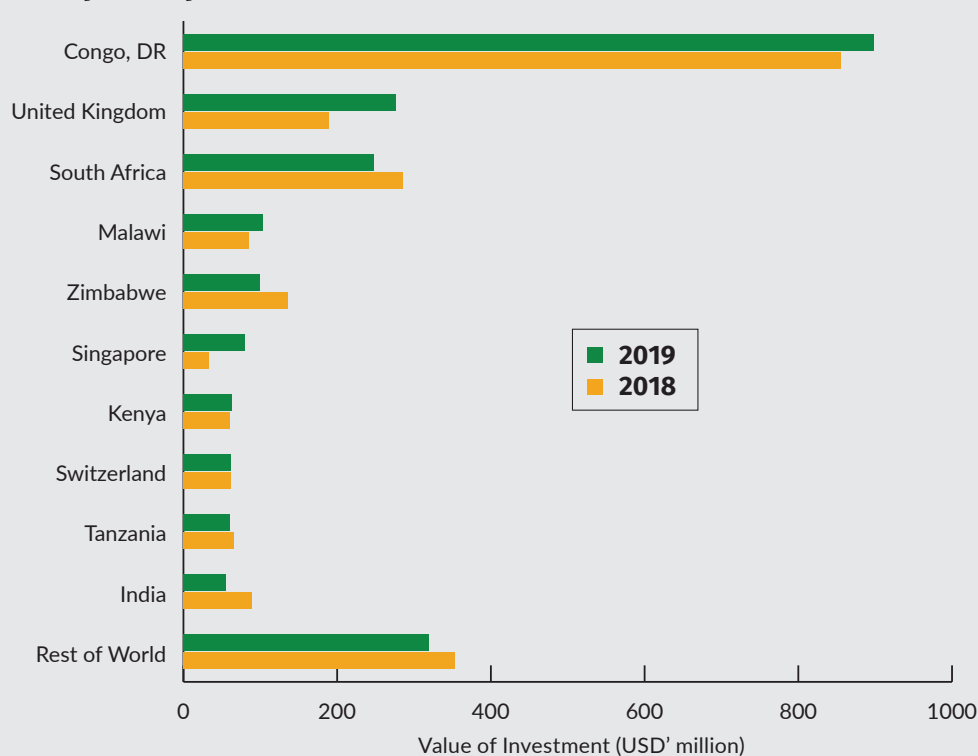


**Table 4: Top 10 NTEs Commodities in 2019**

Product Description at 8HS	Value in USD' million	Percent Share (percent)
Sulphuric acid; oleum in bulk	148.79	6.57
Rubies, sapphires and emeralds, worked but not set...	130.51	5.76
Portland cement (excl. white)	91.86	4.06
Other raw cane sugar	82.23	3.63
Bullion semi-manufactured forms	72.93	3.22
Electrical energy	63.62	2.81
Other non-alcoholic beverages, nes	62.47	2.76
Sulphur of all kinds (excl. sublimed, precipitated and colloidal sulphur)	58.28	2.57
Tobacco, partly or wholly stemmed/stripped	58.09	2.57
Cotton, not carded or combed	53.35	2.36
Total Earnings (Top 10 NTEs)	822.13	36.31
Others	1,442.00	63.69
<b>Total Earnings</b>	<b>2,264.13</b>	<b>100.00</b>

## Top 10 NTE Markets

In terms of major exports markets for NTEs, Congo DR continued to be Zambia's top destination with export earnings of USD 898.09 million in 2019 compared to USD 855.60 million in 2018, representing an increase in earnings by 5.0 percent. The second and third largest markets for Zambia's NTEs were the United Kingdom and South Africa with exports valued at USD 276.38 million and USD 248.07 million, respectively (Figure 10). While the top ten markets accounted for USD 1, 944.83 million, exports to the Rest of the World (RoW) accounted for a total of USD 319.30 million.

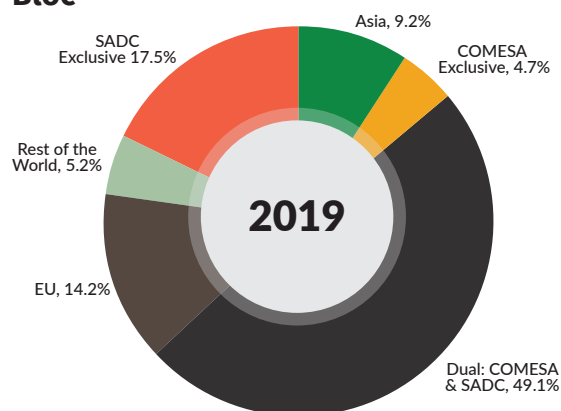
**Figure 10: Top 10 Export Markets, 2018 and 2019**



## Performance by Market Blocs

The major trading partners of Zambia's NTEs by regional blocs continued to be dominated by trading partners with dual COMESA and SADC membership, accounting for 49.1 percent. This was followed by countries within SADC only, at 17.5 percent. The EU was the third largest market at 14.2 percent. Asia and COMESA exclusive countries accounted for 9.2 percent and 4.7 percent, respectively, while the Rest of the World (RoW) accounted for 5.2 percent (Figure 11). From the foregoing, it can be seen that Zambia has continued to reap the benefits of its membership to SADC and COMESA in terms of market access, due to the preferential trading benefits accruing in the region as notable from the nearly 50 percent of the total share.

**Figure 11: Performance by Market Bloc**



# Strategies for Developing and Promoting Products for Export



Lusaka, Zambia - Zambian export product for regional and international market.

ZDA has continued to engage both existing and potential exporters to assess their export capacity, opportunities and business challenges. Interventions implemented included training, research and facilitation of marketing and networking fora. Several programmes were also undertaken through collaboration with cooperating partners. In 2019, the Agency undertook the following key interventions:

### 1. Export Promotion Strategies

#### i. 2nd China International Import Expo (CIIE), Shanghai-China: November, 2019

This is an annual event which brings together over 3,000 firms from around the world. The Agency coordinated participation of 12 Zambian companies in this event exposing them to the Chinese market. As a result of this, USD 80.5 million worth of new export deals were signed for products including honey, beeswax, handcraft and related products.

#### ii. China International Fair for Investment and Trade (CIFIT), Xiamen - China: September, 2019

ZDA coordinated Zambia's participation of 4 Zambian exporters in this event which enabled them to explore market opportunities for trade and investment with potential partners from around the world. Resulting from this participation, a total of USD 1.25 million in new export deals were recorded. The sectors represented included honey, handicrafts, gemstones, moringa and other agro-products.

#### iii. Source Africa Fair, Cape Town - South Africa: June, 2019

Source Africa fair is an event that brings together suppliers, manufacturers, service providers and



Shanghai, China - Exposing Zambia products at the CIIE

buyers in the apparel, textiles and footwear sector. ZDA in collaboration with ITC-SheTrades facilitated participation of 15 Zambian women entrepreneurs in the textiles and garments sector under the auspicious of ITC. As a result of this event, beneficiaries were linked to over 50 companies and 6 enterprises recorded strong leads to enter into commercial agreements with buyers.

**iv. World Export Development Forum (WEDF), Addis Ababa – Ethiopia: November, 2019**

Zambia's She Trades chapter participated in the 2019 WEDF. One (1) woman entrepreneur in the moringa sector participated in the event. The event accorded the entrepreneur an opportunity to engage in B2B meetings.

**v. Macfrut Fair, Rimini – Italy: May 2019**

The Macfrut fair is an annual event for professionals of fresh produce industry i.e. fruit and vegetable supply industry in Italy and Europe. The Agency in collaboration with the Zambia National Farmers Union and the Show Society of Zambia facilitated participation of 9 SMEs in the fair. During the fair, trade interest was recorded for products such as

sweet potatoes and avocados. The main challenge faced in concretizing deals was capacity and certification on the part of the Zambian farmers.

**vi. China Africa Economic and Trade Expo (CAETE), Changsha – China: June 2019**

The Agency exposed 18 private sector companies in the China Africa Economic and Trade Expo (CAETE). The 2019 CAETE held under the theme "Win-Win cooperation for Closer China Africa Economic and Trade Partnership," was the first of its kind in terms of Africa-China trade and investment promotion. The sectors represented included tobacco, honey, gemstones, handicrafts and agricultural equipment.

**vii. China International Small and Medium Enterprises Fair (CISMEF), Guangzhou – China: June 2019**

The Agency facilitated for 16 Zambian SMEs participation in a multi-sectoral fair which particularly focuses on SME trade in China's commercial city of Guangzhou. The sectors represented included tobacco, honey, gemstones, handicrafts and mining equipment. Trade interests were recorded for large jewellery manufacturing company in gemstones.

## 2. Capacity Building Interventions for Export-Oriented Enterprises

### i. Export Readiness Training

In 2019, five (5) Export Readiness Training workshops, whose main aim is to assist SMEs in promoting their export to regional and international markets by analysing export readiness and export potential, were undertaken in four provinces: Lusaka, Luapula, Copperbelt and Eastern. A total of 200 enterprises in various sectors, mainly in the agriculture and agro-processing sector of rice, pineapples and leather and leather products, benefitted from these trainings. As a result of this training: (i) SMEs' knowledge and understanding of export market requirements increased; (ii) SMEs' knowledge and understanding of ZDA's services increased; and, (iii) SMEs' knowledge of export opportunities under the Simplified Trade Regime for cross border traders improved. Some of the trainees were exposed to export facilitation platforms such as CIIE and CAETE.

### ii. She Trades Capacity Building Trainings

She Trades Zambia delivered five in-country training workshops; "Fashion Entrepreneur" workshop, product packaging and branding, export readiness

and public procurement to over 210 women-owned businesses to enhance their competitiveness, export strategy, investment readiness, production and processing techniques, packaging and branding, marketing. In addition, 195 women entrepreneurs participated in online training activities via webinars and e-learning courses.

### iii. Saudi Export Program (SEP), Lusaka Zambia - September, 2019

ZDA held a sensitization and orientation workshop on the Saudi Export Program (SEP) in Zambia to provide trade and funding information to prospective and existing exporters. The fund provides loan and insurance facilities, low cost financing support for foreign importers, risk sharing and debt guarantee. The value of financing available for the Zambian private sector is USD 30 million.

### iv. Market Research for Kenya and Mauritius

In the area of market intelligence, the Agency undertook market researches in Mauritius and Kenya and results were disseminated in September 2019. The studies identified export opportunities for rice and pineapples in the two markets, as well as other products including beans, honey, maize and stock feed.



Changsha, China - Exposing Zambia products at the CAETE

## She-Trades initiative

She-Trades 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 M.Wina. The initial pilot programmes for the She Trades 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. She Trades Zambia Chapter is hosted by ZDA.

### Key results in 2019:

#### Impact

**USD 121,508**

- Average revenue generation of USD 121,508



- 45 new suppliers, out of which 37 are women
- 34 new jobs generated, out of which 24 are for women



- 10 new international markets accessed by 8 women entrepreneurs: Belgium, UK, Angola, China, UAE, Nigeria, South Africa, India, Fiji

#### Business generation



- Facilitated the participation of 13 women entrepreneurs in the textiles and garments sector in a trade fair in South Africa. The beneficiaries were linked to over 50 companies.
- 6 companies received strong leads to enter into commercial agreements with buyers.
- 5 women entrepreneurs in the honey and moringa sectors participated in B2B meetings and trade fairs in France and Ethiopia.

#### Capacity Building

- Delivered 5 in-country workshops to over 210 women-owned businesses to enhance their competitiveness, export strategy, investment readiness, production and processing techniques, packaging and branding, and marketing
- 195 women entrepreneurs participated in online training activities e.g. webinars, e-learning courses.



#### Public procurement and policies

- The Zambia Public Procurement Authority (ZPPA) engendered the registration form to include gender-related questions
- Zambia Bureau of Standards implemented capacity building activities for women-owned SMEs to increase their knowledge on standards and certifications for public tenders.

#### Competitiveness



- 53 women entrepreneurs reported enhanced business operations and competitiveness in creating export strategy, understanding financial instruments, creating pricing strategies, etc.



## Export Credit Financing

### **The Zambia Export Development Fund (ZEDEF) is an export credit Fund managed by the ZDA with support from the European Union.**

**The Fund was launched in 2017 with the objective to increase the volume and value of exports of non-Traditional products to the regional and international market through provision of low cost trade finance to exporters across sectors. In 2019, ZEDEF reviewed its 2017-2021 Strategic Plan that revealed that the Fund is on track in attaining its strategic objectives.**

One of the core functions of the Fund is provision of low-cost finance, supported by innovative and new products. In 2019, the Fund rolled out four (4) additional new products, namely; export order finance, invoice discounting, contract financing and working capital loan guarantees, with the view to meet different customers' financing product needs. In fact, one of these products was used to support a USD100, 000 export orders for BUK Truck Parts Limited to expand the company's import and export of replacement and genuine European and American truck parts for various types of heavy-duty vehicles to the regional market thereby contribute to export earnings and job creation. This demonstrated ZEDEF's commitment to attend to the customers' needs through provision of customer centric export credit finance and credit solutions.

The Fund also provided a full disbursement of a loan to Chankwankwa in 2019. The initial working capital finance of USD78,000.00 was provided in December 2018 and a balance of USD22,000.00 was disbursed as an operating

lease for a vehicle to assist in their transport requirements for deliveries of their products across the country considering that this company supplies dried fruits and jams to various chain stores and supermarkets.

The ZEDEF in 2019 conducted field loan application appraisal to Natures Nectar in Ntambu Village in Mwinilunga, where ZEDEF Management held meetings with villagers and Chief Ntambu to explore possibilities on how export finance provided by ZEDEF could help conserve the forest by encouraging more modern bee keeping farmers and to improve household incomes.

The Fund hosted the consultative and sensitization workshop with the ZDA on the Saudi Arabia Export Development Fund (SAEDF) to prospective and existing exporters on access to the SAEDF, exploring possible collaboration of ZEDEF and SAEDF, and developing a framework with the engagement of the private sector.

## Information exchange visit

The ZEDEF in 2019 undertook an information exchange visit to Malawi Export Development Fund and Nigerian Export and Import Bank in an effort to draw lessons on the operation of peer institutions. The lessons drawn have been incorporated in the ZEDEF Strategic Plan following its revision.

**The lessons drawn have been incorporated in the ZEDEF Strategic Plan following its revision.**

The Fund participated in the Southern and North Western Provincial Investment Expos, Zambia International Trade Fair in Ndola, and Zambia Agricultural and Commercial Show in Lusaka, and the CII-EXIM Indian Business Conclave in Lusaka, with the focus to increase the Fund's publicity. In addition to participation in investment and trade missions, fairs and exhibitions, the Fund has enhanced communication strategy, through branding and visibility enhancement.

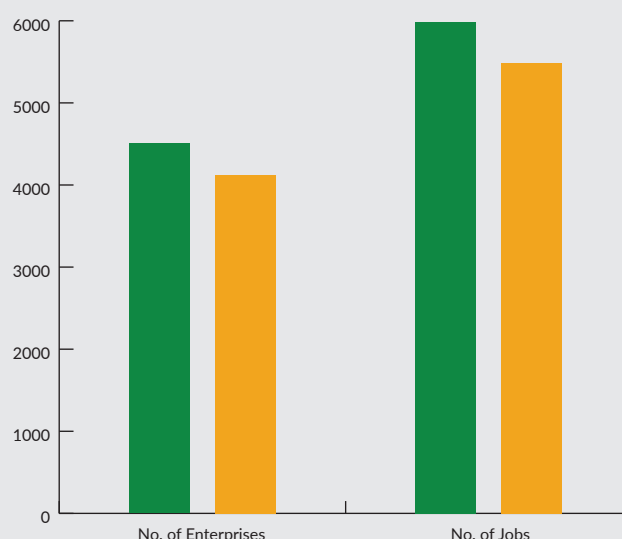
# Developing of Small And Medium Enterprises (SMEs)

The Agency implemented strategies aimed at developing SMEs in key sectors of the economy which include Agriculture, Mining, Tourism, Manufacturing, Infrastructure and Service. During the period under review, the Agency provided BDS to 4,505 SMEs compared to 4,126 SMEs in 2018, representing an increase of 9.2 percent.

## 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. In 2019, the Agency supported 4,505 SMEs that created 5,987 jobs compared to 4,126 SMEs that created 5,485 jobs in 2018 (Figure 12).

**Figure 12: MSME market segmentation and employment creation**



## Business Formalization

A total of ZMW 6.90 million worth of investment was recorded by 63 MSMEs in 2019 compared to ZMW 3.26 million by 57 in 2018, representing 112 percent increase in investment. This was largely attributable to strategic enterprise development interventions including business clinics as well as the rolling out of the decentralization policy. From the formalized businesses, 529 jobs were created in 2019 compared to 349 in 2018. The Agriculture and Manufacturing sectors recorded the highest level of investment in 2019 accounting for 68.1 percent. Of the total jobs created, the Agriculture, Manufacturing, Construction, and Service sectors were the major contributors accounting for over 90 percent (Table 5).

**Table 5: MSME Business Formalization by Sector in 2018 and 2019**

Sector	2019					2018				
	No. of MSE	Jobs No.	Jobs (%)	Investment ZMW	Investment (%)	No. of MSE	Jobs No.	Jobs (%)	Investment ZMW	Investment (%)
Agriculture	20	151	28.5	2,351,853	34.1	16	71	20.3	992,600	30.4
Construction	4	65	12.3	449,800	6.5	4	17	4.9	390,000	12.0
Education	0	0	0.0	0	0.0	1	13	3.7	18,955	0.6
ICT	1	4	0.8	39,000	0.6	1	4	1.1	100,251	3.1
Manufacturing	20	200	37.8	2,346,083	34	17	77	22.1	1,017,150	31.2
Mining	1	3	0.6	15,000	0.2	1	25	7.2	43,000	1.3
Service	11	62	11.7	1,003,860	14.5	9	93	26.6	342,320	10.5
Tourism	2	16	3.0	280,000	4.1	3	3	0.9	89,000	2.7
Trading	4	28	5.3	413,850	6.0	5	46	13.2	270,000	8.3
<b>Total</b>	<b>63</b>	<b>529</b>	<b>100</b>	<b>6,899,446</b>	<b>100</b>	<b>57</b>	<b>349</b>	<b>100</b>	<b>3,263,276</b>	<b>100</b>

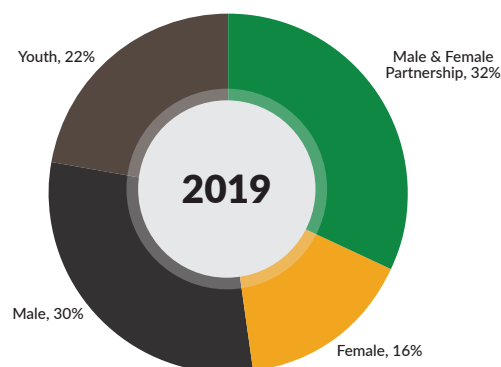




## Support to Youth and Women

Specific and deliberate interventions targeting youths and women, such as the She Trades initiative and the tailored BDS for youth entrepreneurs, were implemented. About 38 percent of the MSMEs that accessed BDS were owned by youths and women (Figure 13).

**Figure 13: MSMEs Ownership by Type, 2019**



# Entrepreneurship and Enterprise Development Strategies

**The Zambia Development Agency is a pillar institution in promoting the development of micro, small and medium enterprises (MSMEs) in various sectors of the Zambian economy, including the agriculture, mining, tourism, manufacturing, infrastructure and service sectors in line with MSME Development Policy employing the Seventh National Development Plan (7NDP), Local Content Strategy and the ZDA 2018-2021 Strategic Plan.**

In 2019, several interventions in entrepreneurship and enterprise development were employed to support 4,505 MSE that created 5,987 jobs. The interventions employed included capacity building, business incubation, business acceleration, and business linkages, across sectors and contributed to poverty reduction and wealth creation for the majority of Zambians. The Agency also implemented cross-cutting interventions including support to women and youth entrepreneurs and other stakeholders with business advisory services.

## 1. Entrepreneurship Development Services

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

### i. Entrepreneurship Training

Eleven trainings were conducted in business packages in “Know about Business”, “Generate Your Business Idea”, “Start Your Business”, “Improve Your Business”, and “EMPRETEC”. In addition, business clinics were conducted at different fora. A total of 636 entrepreneurs including women and youths benefited.

### ii. Technical Skills Support

Five (5) training workshops were conducted in technical skills packages in Product Development and Leather Crafts and Designing skills. A total of 142 MSMEs benefited from the programme.



### iii. Business Plan Preparations

To enhance enterprises' access to business finance and to enhance financial management, the Agency conducted business plan preparation and financial management training. Five training workshops were conducted in Business Plan Preparations. A total of 154 Smallholder Farmers and MSMEs benefited from the programme.

### iv. Awareness and Sensitization

The Agency conducted six awareness and sensitization programmes through the Provincial Investment Expos, Fairs and Exhibitions, Zambia Agriculture and Commercial Show, including the SADC Men's Conference. A total number of 1,280 MSMEs benefited.

## 2. Enterprise Development Support Services

The Agency provided enterprise development services to MSMEs with the aim of reducing the mortality rate of nascent enterprises and to foster the growth and competitiveness of micro, small and medium enterprises. In 2019, a total of 4,505 MSMEs including women and youths were supported with various enterprise development support services.

### Business Incubation

The Agency supported 467 MSMEs with business incubation and business acceleration, which included:

#### i. Product Development

The Agency provided product development support to MSMEs with the aim to assist potential and existing entrepreneurs create products with new or different characteristics that offer new or additional benefits to the customer. Product Development

also involves modification of an existing product or its presentation, or formulation of an entirely new product that satisfies a newly defined customer demand or market niche. A total of 72 MSMEs were provided with product development support, in the 3 products in the textile and garment industry, agro-processing like honey and peanut products as well as in terms of packaging and branding.

#### ii. Business Linkage

A total of 116 MSMEs were provided with business linkages through access to finance and markets. In addition, 265 women-owned enterprises were linked to markets under the She-Trades project. The Agency facilitated an Access to Market (A2M) workshop, supported by Kalumbila Mines, that brought together chain stores, including Shoprite, Pick n Pay, Choppies, and Spar and potential SME suppliers at Southern Sun, Lusaka.

#### iii. Business Intelligence and Market Information (BIMI)

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 macroeconomic, trade and markets, as well as economic ranking and indices for the economy and stakeholder. 1,427 MSMEs accessed Business Intelligence and Market Information (BIMI) in the Agriculture, Agro processing, Manufacturing, Construction, Transport, Trading, Tourism, Mining, Real estate, ICT and Service sectors, through the Information Resources Centre (IRC).

# Policy Advocacy, Stakeholder Engagement and Research

**As part of ZDA's mandate to engage with the private sector and advice government of policy related to investments, export promotion and SMEs development, the Agency facilitated public private dialogue and conducted economic research aimed at generating empirical evidence to aid policy.**

ZDA engaged different stakeholders including business association, the private sector, public service providers, and International and Regional economic bodies such as UNCTAD, SADC, and COMESA.

## Policy Advocacy

### 1. Investors' Symposium, Lusaka: August, 2019

ZDA held the first ever investors' symposium in Lusaka under the theme: "Business Climate for Re-investment." The aim of this event was to provide a platform for public-private engagement and dialogue and document key policy recommendation for improving the business investment in Zambia. The event attracted over 300 delegates from both private and public sector and thereby provided a platform to address various challenges faced by investors in different sectors. Follow ups on whether all the issues raised have been resolved was being carried out as at the time of reporting (see Box 3).

### 2. Exporters Consultative Forum

ZDA facilitated Exporters consultative meeting where over 80 export-oriented enterprises participated. The Forum was aimed at discussing various issues affecting exporters. A total of 13 pertinent issues were identified and forwarded to MCTI to address with the relevant authorities. These largely included procedural issues and policy issues. In addition to the Exporters consultative meeting, the Agency, actively participated in the development of the National Aqua-Culture and Fisheries Trade Development Strategy as well as various forums under the Regional Economic Corporation Bodies including SADC, COMESA, AFCFTA.

### 2019 Investors' Symposium



ZDA held the first ever Investors' Symposium themed "Business Climate for Re-investment" in August 2019. This event brought together over 300 investors and public sector players to discuss re-investments and the desired policy framework. The event was important as it aimed at providing a platform for key economic players to engage and collectively provide input in the creation of an enabling business environment for private sector to thrive and significantly contribute to industrialization, economic diversification, and wealth and job creation. The event gathered recommendations for policy formulation, national budget and enhancing public-private dialogue, as outlined below:

- There is a gap between policy direction and practice. There is need to bring about strategic coherence between industrial sector and policy framework in order to achieve desired economic growth.
- The inconsistencies in the Policy Environment make it increasingly difficult to make sound investment decisions. The tax regime changes frequently.
- Inconsistent incentives regime that changes frequently.
- The incentive regime must speak to the national priorities as espoused in the 7NDP.
- Enforce policies that promote industrialization and job creation
- Industrialization through MFEZs, IPs & Farm Blocks, lacks backbone infrastructure and inadequate incentives

## Box 4: Key Policy Issues from Exporters' Consultative Forum

ZDA held an Exporters' Consultative Forum in November 2019 as part of the public private dialogue to discuss, document, and action key policy issues affecting exporters of non-traditional exports (NTEs) in Zambia. The major policy issues discussed were:

- Whereas the National Standards Strategy has been implemented, there was need for improvement and development of standards through consultative processes between the Zambia Bureau of Standards and other stakeholders.
- Government need to review the tax regime that affect the export sectors on various products:
  - 10 percent export duty imposed on crocodile skins and related products has resulted in the reduction of exports, closure of some of the farms, and a failure to reinvest in the sector.
  - 15 percent export duty of gemstones and related minerals has increased the cost of exporting by exporters.
  - 5 percent capital allowance on plant and machinery should be granted to manufacturing exporters who export at least 50 percent of their annual turnover.
  - Tax relief on interest income for export-oriented industries.
  - ZRA to improve administration of VAT Rule No. 18 to address specific destination markets, e.g. Congo, DR.
  - ZRA should simplify the administration of Duty Drawback Scheme so that deserving exporters can easily and timely access this incentive.
  - Government to provide tax incentives for manufacturing of agro-inputs.
- There is need to implement the single window initiative by regulatory bodies to reduce the processing time for export documentation.
- Government to have bilateral discussions to harmonise the implementation of the Simplified Trade Regime (STR) with countries where the system is not being implemented as per initial bilateral agreement.
- There is need for a predictable and consistent policy environment, especially on taxes, licences, and various Statutory Instruments (SIs) which affects business planning.
- There is need for export capacity enhancement in order to increase the competitiveness of Zambian exporters to harness new markets such as the AFCFTA.
- Government need to prioritize NTEs in government policy by creating mechanism to promote growth of the sector through the promotion of measures to enhance investor confidence, attract investments, increase job opportunities, foreign exchange earnings, and export diversification.
- There is need to create a favourable financial system which is able to meet the financing needs of private sector through structuring financing solutions which meet the needs of exporters. Government should establish the Export-Import Bank (Exim Bank) that will provide favourable financial terms to exporters and address the financing challenge faced by exporters;
- Government should recapitalise the Zambia Export Development Fund (ZEDEF) to increase its capacity to provide tailor made export credit finance to exporters
- There is need to analyse the impact of energy deficit on the growth of the exports and strategize on how alternative energy solutions can be utilized to enhance exporters' access to electricity for sustainable export production.
- Government need to enhance capacity to monitor unfair trading practices such as dumping and subsidies which affects the export sector.

### 3. SADC Men's Entrepreneurship Conference

ZDA recognizes the important contribution enterprises and entrepreneurs make to sustainable and inclusive development of the country through creating jobs and driving economic growth and innovation, and improving social and economic conditions of their communities. In November 2019, ZDA partnered with Victor Series

and Breathing Fish Farm to host the SADC Men's Entrepreneurship Conference, an inaugural business conference that targeted male entrepreneurs.

The conference was held in Lusaka, Zambia from 16th and 17th December 2019, and was officiated by Hon. Christopher Yaluma, Minister of Commerce, Trade and Industry (Box 5).

## Box 5: SADC Men’s Entrepreneurship Conference 2019

The SADC Men’s Entrepreneurship Conference 2019 brought together over 830 accomplished, seasoned and successful regional and Zambian Entrepreneurs, industry leaders, aspiring innovators and others key stakeholders that have contributed to enterprise development, creating wealth and employment, and contributed positively to social and economic development.

The conference blended well with Zambia’s aspirations as espoused in the Seventh National Development Plan (7NDP) whose main thrust is “Accelerating development efforts towards Vision 2030, without leaving anyone behind.” It provided an avenue for the Agency to share with entrepreneurs on various business opportunities that were available in agriculture and agro-processing, general trading, fish farming, transport and logistics, animal husbandry, construction, education, banking and insurance. The event also provided an opportunity for business to business meetings, networking and exhibitions of various products and services on the sidelines of the conference.

Further, the Agency used this avenue to provided Business Development Support (BDS) services to entrepreneurs, which includes product development, business formalization, and Business Intelligence and Market Information. The delegates were also availed with information on access to export credit finance for export-oriented enterprises through the Zambia Export Development Fund (ZEDEF) managed by ZDA.

Through business-to-business (B2B) meetings facilitated by ZDA, entrepreneurs were provided with interactive platforms for networking, discussion on the latest development in the field of entrepreneurship, and sharing experiences.



## Stakeholder Collaboration

In order to enhance operational and service excellence, ZDA had been involved in proactive and continuous collaboration with key and strategic stakeholders in line with its strategic objective of enhancing stakeholder engagement. This included partnership with the public (government, embassies), private, international organizations (UN, NGOs), institutions of learning, think-tanks, and the media, among others. Through these strategic partnerships, ZDA had a greater footprint within and outside the country, for example, through Zambia’s Foreign Missions and Provincial Administration, which provided a platform for improved trade and investment promotion and facilitation, international market access, economic diplomacy and fostering the growth and competitiveness of enterprises.

During the period under review, two 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 trade and investment and enterprise development.



**MoU Executed with:**

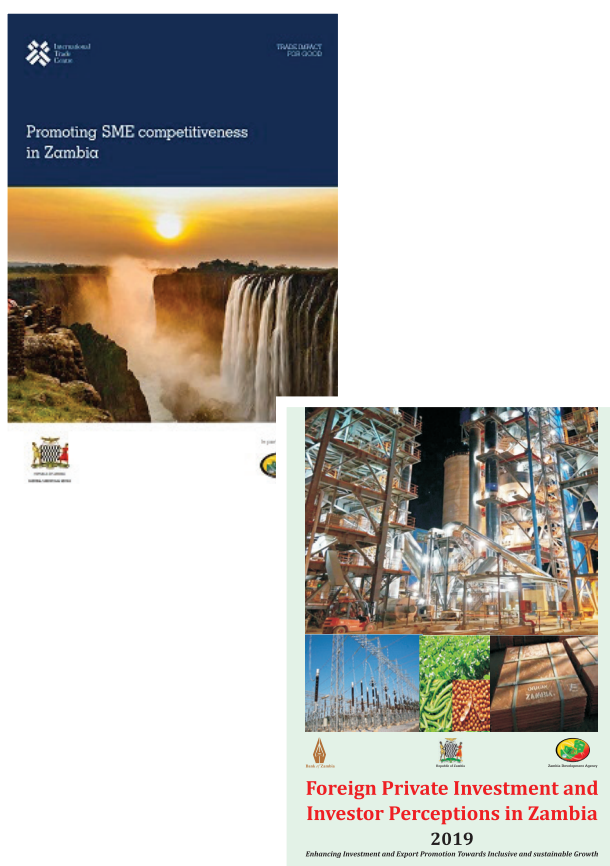
- (i) Lloyds Financials Limited
- (ii) Xtenda Finance Limited

SLA Executed with eZambia Revenue Authority (ZRA)

In terms of policy advocacy, the Agency participated in a number of legislative and reform processes aimed at easing the cost of doing business in Zambia, which included the review of MSME policy, Trade Policy, ZDA (2019) and ITED (2018) Bills, Electricity (2019) Bill and Energy Regulation (2019) Bill, Land Policy, and Productivity Policy. In addition, the Agency provided a platform for the public and private sectors to interact through public-private dialogue. The most notable dialogue forum that ZDA facilitated were the Investor Symposium, Saudi Export Development Fund Consultative forum, Exporters Consultative Forum, and SADC Mens' Entrepreneurship Conference.

**Enhancing Investors' Confidence**

In order to enhance investor confidence, security and safety, the Agency entered into investment promotion and protection agreements (IPPA) with investors. A total of five



IPPAs were executed in 2019 with the following enterprises:

- i. Maria Pleasure Resort Limited
- ii. Migodi Auric Limited
- iii. Mansa Sugar Limited
- iv. Copper Tree Minerals Limited and Aggeliki Maria Consulting Solutions Limited
- v. Afrizam Electrical Equipment Limited

**Economic Research**

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. The following are the research projects the Agency undertook during the period under review:

- **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 76 percent in 2019 compared to 75 percent in 2018. This meant that there was a marginal improvement in the levels of satisfaction of ZDA's clients towards service delivery. The Agency endeavours to improve the quality of its services through enhancing visibility, re-branding and effective stakeholder engagement towards the attainment of a desired 80 percentage score.
- **Foreign Private Investment and Investor Perceptions (FPI & IP) Survey:** In collaboration with the BoZ and ZSA, 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 2018/19 survey revealed, on investor perception component, that peace and security, political stability, relatively stable macroeconomic environment, and the ease of doing business, coupled with market potential and good governance, continued to feature prominently as the main motivating factors for investing in Zambia. However, the survey revealed that high lending rates,



volatile exchange rate, high corruption levels, and cost-related factors such as increases in fuel price, electricity tariff, and toll charges, were perceived to be risk factors that hindered investment in Zambia.

- **Market Research:** Two market research works were conducted in Mauritius and Kenya to reduce uncertainty and risk by providing information on the variables involved in export decisions. The results of these researches were disseminated to over 500 existing and potential export clients.
- **Enterprise Registration Survey:** This survey was commissioned by ZDA to determine the factors that are associated with investment registration in Zambia. In particular, the survey sought to assess reasons that hindered companies from registering with ZDA, using the qualitative research design. A total of 279 enterprises were sampled. The survey revealed that the lack of information on the benefits of registration (73 percent) as well as the process of registration (69 percent) were challenges faced by enterprises. Proximity of the ZDA to enterprises outside of Lusaka (49 percent) was also highlighted as a challenge, which necessitated ZDA's implementation of the decentralisation plan in line with Government policy direction. Further, the survey revealed that the lack of mandatory registration with ZDA (35 percent) and inadequate benefits of registration (31 percent) were cited as some of the reasons for enterprise's failure to register with ZDA, further cementing the justification for the revision of the legal framework governing trade and investment in Zambia.
- **SME Competitiveness Survey:** SMEs have been identified as productive drivers of inclusive economic growth in Zambia and across the globe. An SME Competitiveness Survey was conducted by the ITC, ZSA and ZDA and 252 enterprises were sampled from 3 sectors; Agriculture and Food Processing, Manufacturing, and Service sectors on the Copperbelt, in Lusaka and Central provinces. The Survey adopted an ITC developed approach and utilized a qualitative research design. The Survey revealed that 64 percent of the firms expressed interest in exporting their products. It was further, revealed that belonging to a value chain reduced firms dependence on one single supplier. For 64 percent of the surveyed firms in the Service sector, it was revealed that offering high-quality services was



Beijing, China - Zambian delegation lead by Hon. Christopher B. Yaluma, Minister of Commerce, Trade and Industry at CIIE.

the main strategy to maintaining a competitive edge. About 61 percent of surveyed SMEs viewed climate change not only as a threat but also as an opportunity for business. Overall, the Survey identified three capacities that critical to the growth of SMEs. Capacity to compete – meeting time, quality and quantity requirements; capacity to connect – for instance to markets, capital and raw materials; and capacity to change - innovation and adaptation. These outcomes informed and shaped ZDA's strategic focus concerning SMEs for the year 2020 and beyond.

- **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 ZDA and other stakeholders. The Agency provided trade and business information to 82,441 users against an annual target of 90,000, representing a 91.6 percent achievement compared to 38,846 users in 2018. The information was provided through different platforms, including trade missions, the ZDA Information Resource Centre, market research dissemination, exporters' consultative forum, online via the ZDA website, among others, mainly to growth and export-oriented enterprises, including MSMEs. Trade and business information is provided free of charge to enterprises registered with ZDA.

# Towards Service Excellence and Continuous Improvement

“ZDA, its leadership and staff are committed to improving delivery to its clients. The Agency envisions to be a customer centric organization.”

– Mr. Matongo Matamwandi, Acting Director General, ZDA

## The five strategic objectives of the ZDA 2018 - 2021 Strategic Plan propose the development of a series of key initiatives to achieve service excellence expected of one of the best economic development agencies in Africa.

As an Agency we are focused on the diversified and value-add part of the economy by supporting export customers, attracting quality investment while assisting SMEs in need of capital partner with investors.

ZDA and its leadership is committed to achieving high and globally acceptable customer service standards. As an economic development Agency, customer service in its all-inclusive context is a critical factor in determining our competitiveness in the work we do. Customer service is hence placed high on the ZDA agenda by design, as enshrined in our Strategic Plan, where we seek to improve customer experience. Interestingly, the Government has moved ahead in rallying all its Ministries and Agencies, behind changing the landscape of service delivery across the country. It is therefore befitting that as an organisation tasked with economic development mandate, we subscribe to high standards of customer service. Key initiatives implemented during the year centered on:

### 1. Service Offering

Refreshed our service offering and re-segmented our clients in order to be more effective and commenced the process of rebranding.

### 2. Increased use of technology to improve customer experience

In order to achieve a unified 360-degree view of investors, exporters and SMEs, we captured all leads into CRM, including systematizing information and streamlining

processes for greater efficiency. This information consolidation resulted in better measurement of results and analysis of trends. Others include:

- Enhancement of security feature on investment licenses in (barcode);
- Improvement in separation of roles in CRM to curb potential for fraud;
- Developed a template for capturing leads leading to production of weekly reports;
- Workflow- automation of travel requests, leave application, petty cash, etc using SAGE300 People;
- Integration of systems (SAGE300 and SAGE ERP) – thus improved completion of 2019 financial statements and payment requisitions processed immediately; and
- Developed system of reviewing implementation of Master plans for MFEZ developers and strengthened the MFEZ Department.
- Client Satisfaction Index of 76 percent in 2019.

### 3. Developed a Resource Mobilization Strategy

Given its Mission of facilitating trade and investment, the Agency is by design a 100 percent Government funded institution. However, given competing requirements, it is expected that the Agency mobilises resources to supplement Government grants. The RMS is aimed at achieving financial sustainability in the short to medium term.

### 4. Improved Business Processes

Reduced turnaround time in issuing investment licences from 10 days maximum to 3 days maximum, with 50 percent of all licences issued in less than 2 days. Table 6 shows the outcomes of improved business processes and procedures:





No.	Service Type	Standard of Service	Outcome
1	<b>Facilitation of meetings with Government Institutions</b>	1-2 business days	Meetings facilitated within 1-2 business days
2	<b>Facilitation meetings among investors</b>	1-2 business days	Meetings facilitated with 1-2 business days
3	<b>Facilitate meetings with foreign business delegations</b>	10 business days	Meetings facilitate within 5-7 business days
4	<b>Receipt and processing of application, and issuance of:</b>		
	MFEZ Permits	10 business days	Permits processed within 4-5 business days
	Certificate of Registration (CoR)- Investments	10 business days	CoR processed with 3 business days
	Certificate of Registration (CoR) - MSMEs	10 business days	CoR processed with 3 business days

#### 5. Enhanced Stakeholder Engagement

Developed a stakeholder management plan to improve appreciation of their needs and how the Agency should meet them.

#### 6. Regular Director General Briefings

Improved management decision making through weekly executive committee meetings supported by regular departmental meetings.

#### 7. Decentralization of Operations

By decentralising operations to two additional provincial centres, ZDA improved collaboration with stakeholders in the regions.

## Our People – Our Assets



*We are committed to fostering a sound working environment in which all employees can develop and deliver their fullest potential.”*

ZDA is committed to being a good employer and an employer of choice. We promote equal employment opportunities through organisation-wide policies and practices to promote equity, fairness and diversity. Further, we are committed to fostering a sound working environment in which all employees can develop and deliver their fullest potential. 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, talent management and retention of employees.

The establishment stood at 67 (with 32 female and 35 male), representing a gender balanced labour force, in line with the “Think equal, build smart, and innovate for change” Gender Equality Theme for 2019.

#### Town Hall Meetings

These provided members of staff an opportunity to engage with leaders on issues, particularly organisational performance, and alignment with strategy and key areas of focus during the year 2019. Quarterly general staff meetings



Gender sensitization workshop at the ZDA offices

were conducted with departmental monthly meetings for planning purposes. The DG met all staff mainly through Staff Health and Wellness – events designed to promote staff health and wellness. During the period under review, ZDA undertook four staff health and wellness activities, as outlined below:

### 1. Building Resilience

ZDA held a health and wellness event in the first quarter of 2019 on the theme: “Building Resilience.” The main objective of the event was to enhance resilience skills of its labour force and in so doing the Agency invited five service provider institutions:

- i. Renaissance Enterprises Limited, who oriented staff on building resilience and conducted a psychological assessment. This was met to make staff realize their own gaps, mental, emotional, and social resources needed to focus on building resilience and withstand change.
- ii. University Teaching Hospital, who conducted health assessment, including cancer screening and blood donation by staff.



ZDA Policy and Planning Team



ZDA staff donating blood during the ‘Building Resilience’ staff wellness session.



Lusaka, Zambia - Participants at one of the SheTrades Training Workshops

iii. The other institutions were: Trade Kings, who presented their latest healthy bar soap called “Medi-Herb” and other products; Forest Park, who sensitized staff on hypertension and other related cardiology conditions; and City Gym, who provided aerobics and body fitness activities.

## 2. Discovering New Possibilities

ZDA during the second quarter of 2019 held a staff health and wellness meeting under the theme “discovering possibilities,” in which member of staff exhibited their ‘hidden’ talents. During the event, staff exhibited different talents from singing to comedy. The meeting also consist of a team building session.

## 3. Bring Your Child to Work

ZDA’s third quarter staff health and wellness event was held in September 2019 under the theme “Bring Your Child to Work.” This transformative, educational, interactive and inspiring program was meant to introduce the concept of career work for staff children at an early and impressionable age. The whole idea behind “bring your child at work” was to acquaint girls

and boys with what their parents/guardians do at work, so they can start thinking about career possibilities for themselves whilst appreciating what their parents do to fend for them.

## 4. Holiday Gifts and Cheerful Lunch

The Agency conducted an end of year staff welfare meeting, which was combined with the “holiday gifts and cheerful lunch.” The objectives of this event was to: (i) provide an insight on the overview performance of the Agency in 2019; (ii) update staff on the organizational structure review; and (iii) enhance staff team spirit, motivation and innovation. During the event, ZDA staff exchanged Christmas Gifts through a lottery and had cheerful lunch. ZDA Management also recognized outstanding and hardworking staff from across divisions and department, who were presented with certificate of recognition and shopping vouchers.

## Public Events In 2019

The Agency participated in the commemoration of the following public events:



### International Women's Day / 08 March 2019

ZDA commemorated the 2019 International Women's Day whose theme was "Think equal, build smart, and innovate for change," on 8th March 2019 through an exhibition, roadshow and matching. The event gathered support from both men and women from all spheres of life to demonstrate the efforts in the promotion of gender equity and equality.



### Youth Day / 12 March 2019

ZDA participated in the youth week that took place from 4th - 12th March under the theme: "Zambian Youth-Generation Unlimited." The commemoration was characterized by exhibitions and a youth forum. The youth forum provided an avenue for youth entrepreneurs to interact face to face with the youth entrepreneurs on the services offered by ZDA.



# Human Capital Training and Development

In the quest to enhance human capital for improved service delivery, the Agency implemented five tailor-made capacity building training as well as four sensitization/orientation meeting, as part of the business understanding program. The capacity building training and human development programs were met to improve knowledge, skills and competences of staff for effective service delivery.

Table 7 provide a summary of the capacity building training and development initiated by the Agency, including its objectives and cooperating partners that supported the activities:

No.	Name of Training	Objective	Cooperating Partners	No. of staff trained		
				Male	Female	Total
1	Capacity Building Training on Chinese negotiation skills	To equip staff with Chinese business culture and ethics, including negotiation styles, planning for a negotiation, business negotiation, closing negotiation, and negotiation tools.	ITC - PIGA	6	4	10
2	Strategic Thinking	To equip managers and directors with strategic thinking skills, including decision making skills, competencies assessment and skills development solutions	ACCELIUM (Artificial Intelligence based provider)	5	3	8
3	Leadership training	To equip staff with basic analysis skills, principles in influencing others and improving staff interpersonal skills	Zambia Japan Management and Technical Association (ZAJAMTA)	4	6	10
4	Kaizen awareness training	To sensitize staff on the basic principles of kaizen	Kaizen Institute of Zambia	32	35	67
5	Basic Management Training	To equip managers and directors with critical soft management skills	-	5	3	8
6	Business Understanding Program	As part of the business understanding program for ZDA, the Agency conducted the following events: <ul style="list-style-type: none"> <li>• Anti-corruption public discussion in collaboration with the Anti-Corruption Commission</li> <li>• Recent development on macroeconomic indicators with BoZ</li> <li>• Employment code Act sensitization with Ministry of Labour and Social Security</li> <li>• Public Financial Management sensitization with Ministry of Finance</li> </ul>	Anti-Corruption Commission Bank of Zambia Ministry of Labour and Social Security Ministry of Finance	32	35	67



## About Zambia Development Agency

The Zambia Development Agency (“ZDA”) is the Country’s premier economic development institution with an encompassing and multilateral mandate of facilitating trade and investment. This involves provision of investment facilitation, aftercare, and export and enterprise development services.





## **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”

The Agency plays a critical role of driving Zambia’s economic development and diversification agenda leveraged on attraction and facilitation of targeted investment and re-investment across all sectors of the economy. Further, it promotes the development of markets for Zambian products, especially non-traditional exports (NTEs) and the growth of small and medium enterprises (SMEs) in line with national priorities espoused in the Seventh National Development Plan (7NDP) which is anchored on the Vision 2030.

The ZDA fosters private sector development through stakeholder engagement, public-private dialogue and evidence-based policy advocacy driven by economic research. This is aimed at creating a conducive business environment.

## **Our Values**



**Knowledgeable.** The Agency commits to 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 staff so that they are credible and trusted business advisors.



**Excellence.** The Staff commit to provide service of the highest standard with the least waste of time, effort and resources.



**Transparency.** The Staff commit to undertake all dealings in an open manner



**Innovation.** The Staff commit to 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 commits to 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.



**Integrity.** The Staff commit to approach all work with honesty, confidentiality, accountability and professionalism.



**Team Spirit.** The Staff commit to exhibit high levels of cooperation and collaboration to maximize efficiency and effectiveness. They will continue to reach out to create partnerships and leverage resources for the benefit of the business community and other stakeholders.

# KEY SERVICES

## 1



### Enterprise Development

ZDA facilitates development of micro, small and medium enterprises (MSME) with the purpose of achieving wealth and job creation. The services offered include:

1. Entrepreneurship development through capacity building to enable entrepreneurs generate business ideas, start-up and or formalize, and improve management skills; and
2. Enterprise development through business incubation, acceleration and business advisory services to steer business growth.

## 2



### Investment Promotion and Business Facilitation

The Agency focuses on targeted investment promotion and facilitation with the purpose of achieving economic growth and development. The services offered include:

1. Investment promotion through facilitation of inward and outward investment missions;
2. Business facilitation through issuance of investment licences; facilitation of secondary licenses; and incentives; and
3. Aftercare services through post-establishment industrial visitations aimed at improving investment climate and identifying re-investment opportunities.

## 3



### Export Development and Promotion

ZDA promotes economic diversification by facilitating the development of NTEs. The services offered include:

1. Export promotion through facilitation of inward and outward trade missions;
2. Export development through capacity building and product development; and
3. Market development through market and business intelligence, and trade negotiations.







## 4 Policy Advocacy and Stakeholder Engagement

The Agency contributes to building a competitive and attractive business environment through policy advocacy and stakeholder engagement. The services offered include:

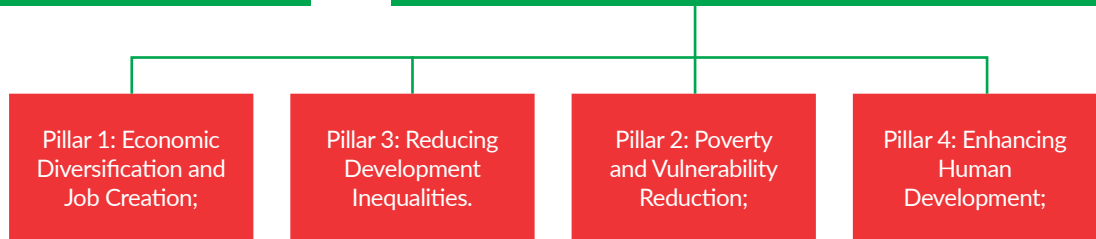
### 1. Policy advocacy and trade and business information provision through economic research and market intelligence

#### Strategic Link of ZDA's Services to 7NDP, SDGs and Other National Priorities

The ZDA's mandate is premised on:



(i). 7NDP: "Accelerating Development Efforts towards Vision 2030 without Leaving Anyone Behind"



#### (ii). Sustainable Development Goals



#### (iii). Other National Priorities



**2. Facilitation of public-private dialogue to inform Government policy direction and improve the business environment.**



**3. Partnership development through MoU and SLA to improve cooperation and service delivery**

# Our Partners

**Partnerships development is key to achieving economic development and diversification. The Agency worked closely with development partners with matching priorities in implementation of joint-programs, facilitation of joint ventures, and for financial and technical support. Key partners included:**



**Government Ministries** such as Foreign Affairs, Lands and Natural Resources, Agriculture, Energy and Water Development, Transport and Communications, Finance, National Development Planning and Commerce Trade & Industry.

**Government Agencies** such IDC, ZRA, BOZ, ZEMA, WARMA, NAPSA, ZSA, ZABS, ZESCO.



**Development Partners:** Foreign Missions Accredited to Zambia, Zambian Missions Abroad, World Bank, EU, COMESA, SADC, JICA, ILO, UNCTAD, UNECA, UNDP, USAID, ITC,.



**Civil Society Organisations:** VSO Zambia, PUSH, Hivos, WECREATE, PACT Zambia



**Business Associations:** ZACCI, ZAM, ZEGA, ZNFU, ZACSMBA, and Federation of Small Scale Miners;

**Media:** ZNBC



# Corporate Governance

The operations of the Agency are overseen by a Board of Directors appointed in line with the ZDA Act. This Board is charged with governance, strategic direction, risk management and financial reporting responsibilities per the ZDA Act No. 11 of 2006. The Board comprises eight (8) representatives from the Ministries responsible for trade and industry, finance, labour, agriculture, tourism, education, skills training and mining; and eight (8) other members drawn from the Attorney General chamber, ZEMA, and the private sector.

ZDA is committed to maintaining best practices in corporate governance, which promote the long-term interest of our key shareholders, clients, and partners and to build public trust in the organization. The Agency aspires to be a model of public probity by providing a good return on public funds

and promoting high standards of integrity. In so doing, an Integrity Committee has been operationalized with the aim of ensuring that highest levels of integrity are upheld.

## Managing risk

ZDA's risk management framework supports the achievement of our strategy, operational effectiveness and efficiency, protection of our people, informed decision making, and compliance with applicable laws and regulations. Our Internal Audit Activity supports this function with oversight by the Audit and Risk Committee of the Board.

## Executive Management Committee



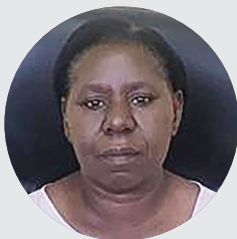
**Matongo Matamwandi**  
Acting Director General



**Chama Chilambwe**  
Acting Director – Finance  
and Administration



**Mukula Makasa**  
Director – Enterprise  
Development



**Jessica Chombo**  
Acting Director – Export  
Development



**Cosam Ngoma**  
Director – Policy and  
Planning

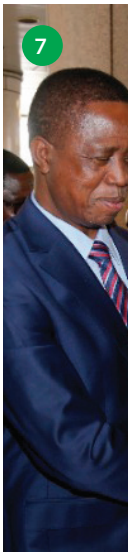


**Precious Goma**  
Board Secretary/Legal  
Counsel



**Moses Mwanakatwe**  
Acting Director –  
Investments

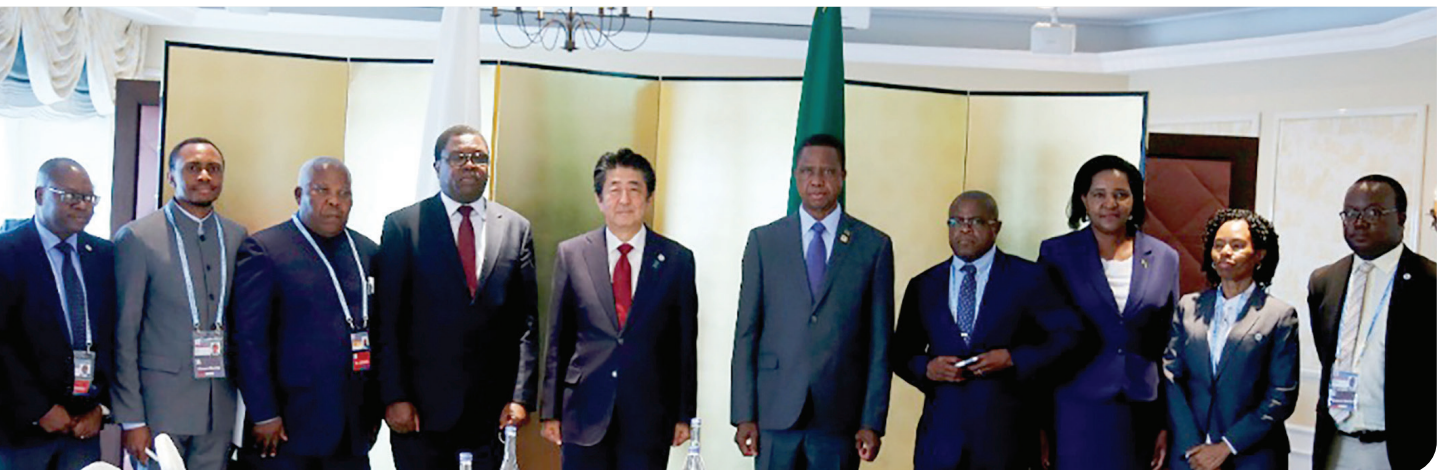
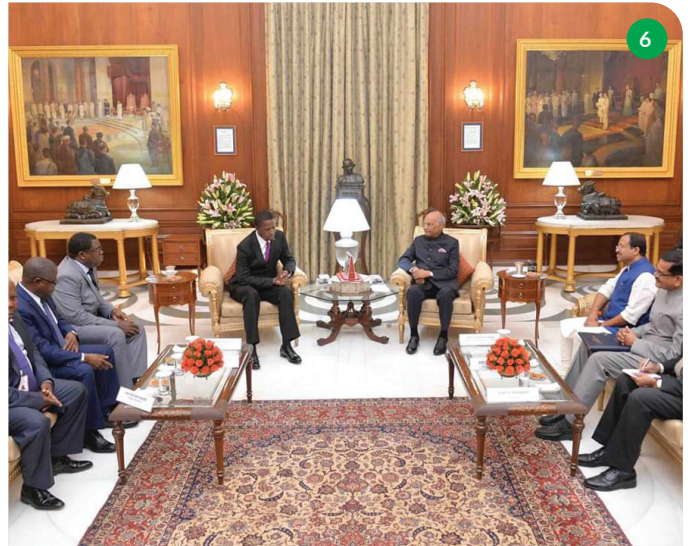
# THE YEAR IN PICTURES





## Picture Captions

1. HE participating at the 2019 Zambia India Conclave.
2. HE engaging his counterparts in promoting trade and investment.
3. See 2
4. See 2
5. Showcasing Zambia's export products at CIIE
6. HE with his Indian counterpart during his state visit.
7. HE Edgar C. Lungu, ZACCI President Chabuka Kawesha and Acting DG ZDA at TICAD VI in Yokohama, Japan
8. Showcasing Zambia's Mpundu Trust Honey at CIIE







# Report and Financial Statements

For the year ended 31<sup>st</sup> December 2019

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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 2019.

## 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:

	2019	2018
	ZMW	ZMW
Revenue	19,875,532	39,391,144
(Deficit) /Surplus for the year	(18,725,468)	1,545,397

## 4. Directors and Secretary

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

<b>Ms. Mary Ncube</b>	Private Business Person - Chairperson
<b>Mr. Don Stacey</b>	Private Business Person - Vice-Chairperson (Resigned January 2019)
<b>Mr. Mukuli Chikuba</b>	Permanent Secretary – Ministry of Finance (Resigned January 2019)
<b>Mrs. Kayula Siame</b>	Permanent Secretary – Ministry of Commerce, Trade and Industry (Resigned January 2019)
<b>Mr Henry Tukombe</b>	Permanent Secretary – Ministry of General Education (Resigned January 2019)
<b>Mr. Owen Mgemezulu</b>	Permanent Secretary – Ministry of Higher Education (Resigned January 2019)
<b>Mr. M Sakala</b>	Permanent Secretary - Ministry of Higher Education (Resigned January 2019)
<b>Mr Paul Chanda</b>	Permanent Secretary – Ministry of Mines (Resigned January 2019)
<b>Mr. Julius Shawa</b>	Permanent Secretary- Ministry of Agriculture (Resigned January 2019)
<b>Mr. Barnaby B. Mulenga</b>	Permanent Secretary - Ministry of Labour and Social Security (Resigned January 2019)
<b>Mr. A Nkunika</b>	Permanent Secretary – Ministry of Justice (Resigned January 2019)
<b>Mr Steven Mwansa</b>	Permanent Secretary - Ministry of Tourism and Arts (Resigned January 2019)
<b>Mr. John Msimuko</b>	Zambia Environmental Management Agency (Resigned January 2019)
<b>Mrs. Edna Kalenga</b>	Representative Private Sector – Zambia Chamber of Commerce and Industry (Resigned January 2019)
<b>Mrs. Monde J. Kabwela</b>	Representative from Civil Society Organization (Resigned January 2019)
<b>Mrs. Rosetta M Chabala</b>	Representative from Small Scale Industries (Resigned January 2019)

Secretary

**Ms. P Goma** - Board Secretary





## 5. Management

The management of the ZDA was as follows:

<b>Mr. P Mapani</b>	Director General (Resigned April 2019)
<b>Mr. M Matamwandi</b>	Acting Director General (Appointed April 2019)
<b>Mr. M Matamwandi</b>	Director Investments (Appointed Acting Director General April 2019)
<b>Mr. M Mwanakatwe</b>	Acting Director Investments (Appointed April 2019)
<b>Mrs. C K Nyalugwe</b>	Director Finance and Administration (Resigned August 2019)
<b>Ms. C Chilambwe</b>	Acting Director Finance and Administration (Appointed August 2019)
<b>Ms. P Goma</b>	Board Secretary and Legal Counsel
<b>Mr. M Makasa</b>	Director Enterprise Development
<b>Mr. C Ngoma</b>	Director Policy and Planning
<b>Mr. A Halwampa</b>	Acting Director Export Development (Study Leave September 2019)
<b>Mrs. Jessica Chombo</b>	Acting Director Export Development (Appointed September 2019)

## 6. Employees

The average number of persons employed by the Agency during the year was 66 (2018: 67). The total employees' remuneration paid by ZDA was ZMW 23,995,909 (2018: ZMW26, 820,169).

## 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 225,034 (2018: ZMW93,860) and intangible assets amounting to 123,361 (2018: ZMW nil). 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.

The annual financial statements on pages 61 to 80 have been approved by the Directors.

By order of the Board  
Board Secretary

Lusaka

Date:

# 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 2019, 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

# 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 2019, 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 2019, 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 2019 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.



Chartered Accountants

Winston Kasongo (AUD/F003127)

Name of Partner signing on behalf of the firm



Lusaka

Date: 6th May 2020



# Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 ZMW	2018 ZMW
<b>Revenue</b>			
GRZ and other revenue grants	5	16,649,512	29,750,000
Other income	6	7,994,394	9,641,144
<b>Revenue</b>		<b>24,643,906</b>	<b>39,391,144</b>
GRZ Control 99 Deposits	6	(4,768,374)	-
Net Revenue		19,875,532	39,391,144
Staff costs	7	(23,995,909)	(26,820,169)
Depreciation	7	(1,388,509)	(1,572,048)
Other operating expenses		(13,216,582)	(9,453,530)
(Deficit) /Surplus before taxation		(18,725,468)	1,545,397
Income tax expense	8	-	-
(Deficit) /Surplus for the year		(18,725,468)	1,545,397
Other comprehensive income		-	-
<b>Comprehensive (Deficit) /Surplus for the year</b>		<b>(18,725,468)</b>	<b>1,545,397</b>

# Statement of Changes in Funds

FOR THE YEAR ENDED 31 DECEMBER 2019

	Revaluation Reserve	Accumulated Deficit	Contributed Reserves	Total
	ZMW	ZMW	ZMW	ZMW
At 1 January 2018	3,307,728	(141,052,150)	(30,566,264)	(168,310,686)
Additional assets balances (Note 14)	68,254	-	-	68,254
Comprehensive deficit 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)
Comprehensive deficit for the year	-	(18,725,468)	-	(18,725,468)
<b>At 31 December 2019</b>	<b>3,375,982</b>	<b>(158,232,222)</b>	<b>24,336,863</b>	<b>(130,519,377)</b>


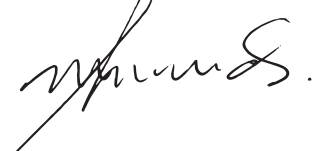


# Statement of Financial Position

31 DECEMBER 2019

	Note	2019 ZMW	2018 ZMW
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	5,763,386	6,926,682
Intangible assets	10	123,361	-
		<b>5,886,747</b>	<b>6,926,682</b>
<b>Current assets</b>			
Inventory	11	290,658	261,262
Trade and other receivables	12	556,209	8,065,162
ZDA - cash and cash equivalents	13	1,827,385	4,127,124
Escrow - cash and cash equivalent	13	7,719,335	10,864,473
		<b>10,393,587</b>	<b>23,318,021</b>
Total assets		<b>16,280,334</b>	<b>30,244,883</b>
<b>RESERVES AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Contributed reserves	14	24,336,863	24,336,863
Revaluation reserve	pg 62	3,375,982	3,375,982
Accumulated deficit	pg 62	(158,232,222)	(139,506,754)
		<b>(130,519,377)</b>	<b>(111,793,909)</b>
<b>Non-Current liabilities</b>			
Obligation under finance leases	15	-	30,245
		-	<b>30,245</b>
<b>Current liabilities</b>			
Obligation under finance leases	15	108,634	1,143,369
Trade and other payables	16	146,691,077	140,865,178
		<b>146,799,711</b>	<b>142,008,547</b>
Total reserves and liabilities		<b>16,280,334</b>	<b>30,244,883</b>

The financial statements on pages 61 to 80 were approved by the Board of Directors on 29th April 2020. and were signed on its behalf by

 )  
 ) BOARD CHAIRPERSON  
 )  
 )  
 )  
 ) DIRECTOR GENERAL

# Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 ZMW	2018 ZMW
<b>Cash flows from operating activities</b>			
(Deficit) / Surplus for the year		(18,725,468)	1,545,397
Depreciation		1,388,509	1,572,048
Fixed assets adjustments		-	(11)
Interest expense		147,363	734,613
Write back of predecessor balance	14	-	54,903,127
(profit) / Loss on disposal		(9,199)	436,848
Decrease / (Increase) in inventory		(29,396)	40,148
(Increase) / Decrease in trade and other receivables		7,508,953	(6,262,649)
(Decrease) / Increase in trade and other payables		5,825,900	(140,477,251)
Net cash outflow on operating activities		(3,893,338)	(87,507,730)
<b>Investing activities</b>			
Purchase of property, plant and equipment		(225,034)	(25,606)
Purchase of intangible assets		(123,361)	-
Interest expense		(147,363)	(734,613)
Proceeds on disposal of Asset		9,199	-
Net cash outflow on investing activities		(486,559)	(760,219)
<b>Financing activities</b>			
Finance lease obtained		-	-
Motor vehicle lease payments	15	(1,064,980)	(1,826,739)
Net cash inflow/ (outflow) from /(on) financing activities		(1,064,980)	(1,826,739)
Decrease in cash and cash equivalents		(5,444,877)	(90,094,688)
Cash and cash equivalents at beginning of the year		14,991,596	105,086,285
Cash and cash equivalents at end of the year	13	9,546,720	14,991,597
<b>Represented by:</b>			
Bank balances		1,827,385	4,127,124
Escrow accounts		7,719,335	10,864,473
Cash in hand and at bank		9,546,720	14,991,597





# Notes to the Financial Statements

31 DECEMBER 2019

## 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 deficit of ZMW 18,725,468 and net current liabilities of ZMW 136,406,124. 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<sup>7</sup>. 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 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 2019**

**IFRS 16 Leases**

The International Accounting Standards Board (IASB) has issued a new standard on accounting for leases. The Standard was issued on the 13th of January 2016 and will be effective for all entities reporting in accordance with International Financial Reporting Standards (IFRS) for periods beginning on or after 1 January 2019 with early application permitted but only if it applies IFRS 15 as well. This standard will be relevant to all entities that lease any of their assets, particularly Lessees, as the accounting for the Lessor largely remains unchanged.

The main effects of the new standard will be the capitalising of operating leases (recognise a right of use asset and a lease liability) by the Lessee. The Lessee will then subsequently recognise as a depreciation expense and an interest expense, in relation to the right of use asset and the lease liability over the term of the lease. This is important as this will imply that entities will have a balance sheet and income statement effect from their use of leases and this will affect key ratios indicating the company's performance.

**IFRS 16 supersedes the following standards and interpretations:**

- IAS 17 Leases
- SIC 15 Operating leases – incentives
- SIC 27 Evaluating the substance of transactions involving the legal form of a lease.
- IFRIC 4 Determining whether an arrangement contains a lease
- IFRIC 12 Service concession arrangements.
- SIC 29 Service Concession Arrangement: Disclosures
- IFRIC 22 Foreign Currency Translations and Advance Considerations

**c. 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.

**d. 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.

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.

#### e. 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.

**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.

**f. 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 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.

**iii. 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).

**g. 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.

**h. 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.

**i. Foreign currencies****i. Functional and presentation currency**

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.

**j. 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.

**k. Trade and other payables**

Trade and other payables are stated at cost.

**l. 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.

**m. 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.

##### 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

	2019	2018
	ZMW	ZMW
GRZ revenue grants	16,649,512	29,750,000

GRZ grants represent amounts received monthly.

#### 6. Other income

Donor Funds	1,575,171	1,840,580
Exchange gain	29,250	32,135
Interest on bank deposit	-	2,619,080
Licensing fees	4,853,308	3,398,576
Processing fees	929,989	798,254
Processing fees SME	2,597	1,699
Rebate fees	17,500	24,010
Rental income	233,774	187,482
Sales of tender documents	-	6,000
Sundry income	352,804	618,379
Trade Fair and Exhibitions	-	114,949
	<b>7,994,394</b>	<b>9,641,144</b>

#### 7. (Deficit) /Surplus

(Deficit) /Surplus is stated after crediting:

Interest receivable	-	2,619,080
And after charging:		
Audit fees	60,787	60,787
Depreciation	1,388,509	1,572,048
Directors emoluments	10,770	705,979
Interest payable	147,363	734,613
Staff costs	23,995,909	26,820,169

## 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.

## 9. Property, plant and equipment

### a. Summary

	Leasehold Land and Buildings	Motor vehicles	Furnitures, fixtures & fittings	Office Equipment	Computer Hardware	Work in Progress	Total
Cost or valuation	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
At 1 January 2018	5,330,741	5,608,319	1,381,177	1,037,917	1,179,764	-	14,537,918
Additions	-	-	-	68,254	25,606	-	93,860
Transfers	-	-	-	278,935	-	-	-
Disposal	-	(878,551)	-	-	-	-	(878,551)
<b>At 31 December 2018</b>	<b>5,330,741</b>	<b>4,729,769</b>	<b>1,381,177</b>	<b>1,106,171</b>	<b>1,205,370</b>	<b>-</b>	<b>13,753,227</b>
Additions	-	-	45,850	800	74,332	104,052	225,034
Disposals	-	(110,000)	-	-	-	-	(110,000)
<b>At 31 December 2019</b>	<b>5,330,741</b>	<b>4,619,769</b>	<b>1,427,027</b>	<b>1,106,971</b>	<b>1,279,702</b>	<b>104,052</b>	<b>13,868,261</b>
<b>Depreciation</b>							
At 1 January 2018	595,283	2,442,103	926,682	720,737	1,011,226	-	5,696,031
Charge for the year	104,272	1,088,406	130,961	150,569	97,840	-	1,572,048
Disposals	-	(441,701)	-	-	-	-	(441,701)
Assets written off	(60)	15	1,400	(1,357)	(10)	-	(12)
<b>At 31 December 2018</b>	<b>699,495</b>	<b>3,088,823</b>	<b>1,059,043</b>	<b>869,949</b>	<b>1,109,056</b>	<b>-</b>	<b>6,826,366</b>
Charge for the year	105,814	921,609	123,805	152,670	84,611	-	1,388,509
Disposals	-	(110,000)	-	-	-	-	(110,000)
<b>31 December 2018</b>	<b>805,309</b>	<b>3,900,432</b>	<b>1,182,848</b>	<b>1,022,619</b>	<b>1,193,667</b>	<b>-</b>	<b>8,104,875</b>
<b>Net book value</b>							
At 31 December 2018	4,631,246	1,640,946	322,134	236,222	96,314	-	6,926,862
At 31 December 2019	4,525,432	719,337	244,179	84,352	86,035	104,052	5,763,386

- b. 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.

- c. Land and Buildings not in the ZDA asset register due to questionable ownership are shown in schedule 2.





## 10. Intangible assets (Computer Software)

	2019	2018
	ZMW	ZMW
At the start of the year	-	549,506
Additions	123,361	-
Amortization	-	(549,506)
<b>At end of year</b>	<b>123,361</b>	-

## 11. Inventories

Office consumable	290,658	261,262
	<b>290,658</b>	<b>261,262</b>

## 12. 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	232,719	257,990
Other receivables and prepayments	323,490	7,807,172
	<b>556,209</b>	<b>8,065,162</b>
(i) Analysis of impairment losses		
At the beginning of the year	8,429,582	8,429,582
Impaired during the year	-	-
Recovered during the year	-	-
<b>At the end of the year</b>	<b>8,429,582</b>	<b>8,429,582</b>

## 13 Cash and cash equivalents

Bank and cash balances	1,827,385	4,127,124
Escrow accounts (note i)	7,719,335	10,864,473
	<b>9,546,720</b>	<b>14,991,597</b>
(i) Analysis of the Escrow bank balances		
Short term Investment accounts	-	-
ZDA ZMW Escrow-ZANACO	742,150	3,745,250
USD Escrow - ZANACO	295,320	265,092
Zamtel USD Escrow – Barclays Bank	6,617,671	6,786,686
Zamtel ZMW Escrow – Barclays Bank	64,194	67,445
	<b>7,719,335</b>	<b>10,864,473</b>

	2019	2018
	ZMW	ZMW
(ii) Movement in the escrow account balances		
Balance at 1 January	10,864,473	103,833,333
Exchange gain	735,049	1,315,277
Payments & Bank charges	(3,880,186)	(91,653,583)
<b>Balance at 31 December</b>	<b>7,719,335</b>	<b>10,864,473</b>

#### 14. Contributed reserves

At beginning of the year	24,336,863	(30,566,264)
Decrease in net difference between predecessor assets and liabilities	-	54,903,127
<b>At the end of the year</b>	<b>24,336,863</b>	<b>24,336,863</b>

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.

- a. 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).
- b. 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	1,718,766	1,718,766	-
Trade and other payables	(8,544,505)	(5,544,505)	(3,000,000)
	<b>(6,825,739)</b>	<b>(3,825,739)</b>	<b>(3,000,000)</b>

- i. 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 12 and 16 respectively.
- ii. 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.



## 15. Obligation under finance leases

	2019	2018
	ZMW	ZMW
Opening balance	1,173,614	3,000,353
Repayment during the year	(1,064,980)	(1,826,739)
Lease obligation due at 31 December	108,634	1,173,614
Payable within twelve months	108,634	1,143,369
Repayable after 12 months	-	30,245
	<b>108,634</b>	<b>1,173,614</b>

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.

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.

Interest is 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 with terms 36 months.

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

## 16. Trade and other payables

Trade payables	935,859	729,579
Provision and Accruals	47,678,361	39,793,735
Privatisation Proceeds	92,532,352	91,797,359
Predecessor payables	5,544,505	8,544,505
	<b>146,691,077</b>	<b>140,865,178</b>

## 17. Financial assets and liabilities

### a. 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.

### b. 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.

#### 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.

## 18. 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 2019, 31 December 2018 and 31st December 2017.

#### 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 2019, 31 December 2018 and 31st December 2017:

	Level 1	Level 2	Level 3	Total
	ZMW	ZMW	ZMW	ZMW
<b>31<sup>st</sup> December 2019</b>				
Property, plant and equipment				
Land held in Zambia	-	155,000	-	155,000
Office building in Zambia	-	5,175,741	-	5,175,841
	-	<b>5,330,741</b>	-	<b>5,330,741</b>
<b>31 December 2018</b>				
Property, plant and equipment:				
Land held in Zambia	-	155,000	-	155,000
Office building in Zambia	-	5,175,741	-	5,175,741
	-	<b>5,330,741</b>	-	<b>5,330,741</b>
<b>1 January 2017</b>				
Property, plant and equipment:				
Land held in Zambia	-	155,000	-	155,000
Office building in Zambia	-	5,175,741	-	5,175,741
	-	<b>5,330,741</b>	-	<b>5,330,741</b>

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 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.

## 19. Related party transactions

The following transactions were carried out with related parties:

	2019	2018
	ZMW	ZMW
(i) Key management compensation		
Salaries and other short term benefits	3,110,414	3,836,320
(ii) Directors' remuneration		
Fees for service as a director	10,770	705,979

## **20. Contingent liabilities**

- i. Contingent liabilities not provided for in these financial statements are estimated at ZMW Nil at 31 December 2019 (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.

## **21. Previous year's amounts**

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

## **22. 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**  
**ZAMBIA DEVELOPMENT AGENCY**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	ZMW	ZMW
<b>INCOME</b>		
GRZ and other revenue grants	16,649,512	29,750,000
Cooperating Partner Funds	1,575,171	1,840,580
Other Income	6,419,223	7,800,564
Total income	24,643,906	39,391,144
GRZ Fees Deposited in Control 99	(4,768,374)	-
<b>Net Revenue</b>	<b>19,875,532</b>	<b>39,391,144</b>
<b>EXPENDITURE</b>		
Audit fee	60,787	60,787
Bank charge	41,471	38,860
Depreciation	1,388,509	1,572,048
Electricity and Water	110,000	128,320
Insurance	1,169,269	793,042
Motor Vehicle Expenses, Fuel & other lubricants	418,994	466,874
Newspapers and Periodicals	4,460	34,357
Improve Service delivery	24,370	94,203
Office Consumables /Printing and Stationery	491,499	489,644
Cleaning and Sanitation	322,332	217,034
Penalties and Interest	188,627	768,012
Postage, Telephone and Fax	116,977	127,522
Publicity and Marketing	241,976	237,692
Repairs and Maintenance	333,758	232,200
Salaries and Wages	23,995,909	26,820,169
Security	265,780	291,183
Staff Recruitment	10,960	51,977
Subscription	375,577	623,259
Provision for Doubtful Debts	4,958,333	-
Staff Welfare	48,772	115,975
Settlement of Court Cases & legal	998,701	420,922
Workmen's Compensation	16,537	21,215
ZDA Meeting Expenses	125,091	118,606
ZDA Directors Emoluments	10,770	705,979
Enterprise development activities	217,944	651,406
Investment promotion activities	800,420	1,355,141
System Assurance and Risk Management	5,020	10,779
Export Market Development activities	713,978	588,066
Information, Communication & Technology activities	959,575	556,064
Local council rates	-	7,166
Fire Services & Fire Drill	2,158	1,804
Disciplinary related costs	1,798	-
Research, policy & planning activities	164,149	245,247
Decentralisation of ZDA Services to Regions	16,499	-
<b>Total expenses</b>	<b>38,601,000</b>	<b>37,845,747</b>
(Deficit) /Surplus for the year	(18,725,468)	1,545,397

**SCHEDULE 2**

ZAMBIA DEVELOPMENT AGENCY

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

Description/Location	Cost
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
	<b>1,458,200</b>





# Rankings and awards



**3<sup>rd</sup>**

Globally-in getting credit - **World Bank**

**8<sup>th</sup>**

In Africa-Safety & Security - **Global Peace Index**

**20<sup>th</sup>**

In Africa-most competitive economy - **World Bank**

**8<sup>th</sup>**

In Africa – most attractive investment destination - **Quantum Global**

**20<sup>th</sup>**

Globally-Safety & Security Global Peace Index - **Global Peace Index**

**3<sup>rd</sup>**

In SSA-most attractive destination - **Global Peace Index**

**CCC<sup>+</sup>**

Stable outlook - **S&P**

**CCC**

Negative outlook - **Fitch**

**Caa2**

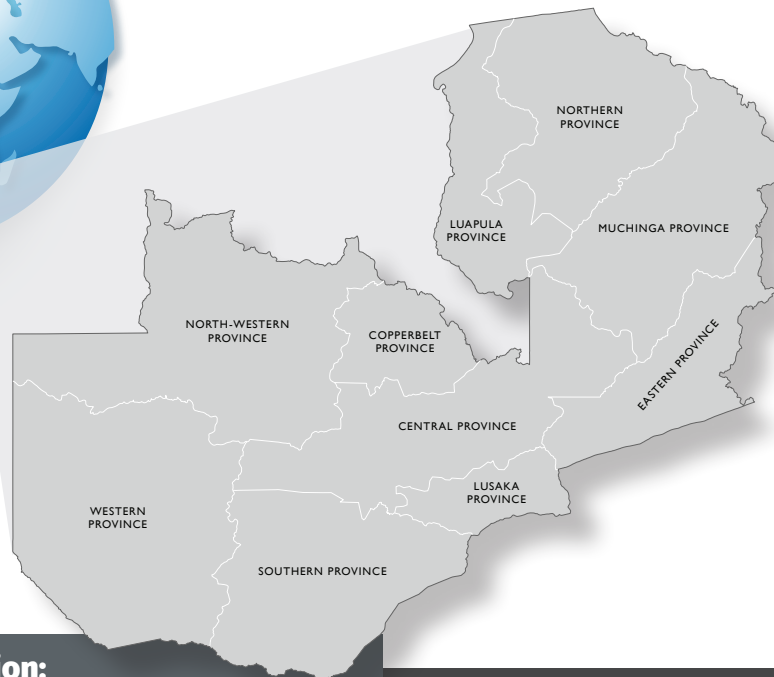
In SSA- most competitive - **Global Competitiveness Index**

**11<sup>th</sup>**

In SSA- most competitive - **Global Competitiveness Index**

## 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



Thriving private sector



A positive and investor friendly environment



Qualified workforce



Stable political system



Good place to work and live



Attractive investment incentives



Progressive banking, legal, and insurance services of international standards

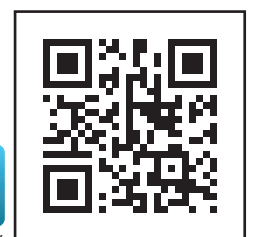


Investment guarantees and security

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@zambiadevelopmentagency



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# Zambia Export Development Fund

***Are you a Zambian entrepreneur/firm looking to export or increase your export of non-traditional goods and services? Are you constrained by unaffordable cost of funds, collateral and long waiting periods for loan processing?***

Look no further than the Zambia Export Development Fund, ZEDEF.

The Zambia Export Development Fund ("the Fund") is here to support your working capital, pre-shipment and post-shipment finance needs. The Fund was created by a memorandum of understanding between the Government of the Republic of Zambia and the European Union to support growth of Non-Traditional Exports (NTEs), economic growth and job creation through the provision of low-cost finance to non-traditional exporters. The Fund is managed by ZDA.

We offer a wide range of solutions including working capital finance, pre shipment and post shipment finance that are tailored to the needs of non-traditional exporters. Our products include short-term loans, guarantees, and insurance options that enable SMEs and firms increase their exports. We also provide businesses with export finance and business advisory services so that they can grow their export business.

Our interest rates and flexible loan conditions are very attractive and comparable to none.

ZEDEF provides working capital, pre-shipment and post shipment finance to individual borrowers, groups, and producer associations.

By working with us, you are contributing to the diversification of the Zambian economy, increase non-traditional export earnings, grow GDP, increase job creation and wealth, thereby supporting the country end poverty by the year 2030.

We also work with strategic partners who support the diversification of the Zambian economy, alleviate poverty and make a social and transformational impact.

**ZEDEF, your go-to export finance solution provider.**



The Fund Managed by ZAMBIA DEVELOPMENT AGENCY

# Zambia Export Development Fund

*ZEDEF seeks to compliment the role of banks and development financial institutions by focusing on unserved markets. We focus on the markets in SADC, COMESA and rest of the world.*

*The client sectors we have supported include: producers of wood and wood products, handicrafts and arts, organic produce, horticultural products, gemstone production and processing, agriculture and agribusiness, leather and leather products and logistics.*

At ZEDEF we are committed to supporting the growth of Zambian non-traditional exporters' businesses in a way that is ethically, environmentally and socially responsible. We are committed to our stakeholders: our customers, employees, the Government and the European Union as our providers of seed capital and the wider community. We take our responsibilities to these stakeholders seriously. Our corporate responsibility strategy outlines the ways in which we fulfill these responsibilities. The key components of our corporate responsibility strategy are:

- i. **Environmental and social responsibility** – we practice responsible lending in the transactions we support
- ii. **Stakeholder engagement** – we interact with our stakeholders in all that we do
- iii. **Business ethics** – we conduct our operations fairly, transparently and with integrity.

As a government program, ZEDEF does not support any activities that infringe upon rules and regulations, including export of banned substances.

ZEDEF offers tailor-made financial products and services outlined below

## *Direct lending*

- Working capital facility up to 12 months
- Order finance up to 12 months
- Input finance up to 12 months
- Trade finance e.g. pre & post shipment finance up to 12 months

## *Indirect lending*

- Guarantees
- Working with banks

## *Advisory*

- Export mentoring
- Market information
- Export processes and procedures

## *Fund Management*

- Management of funds connected with exports

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