



potential made possible

ANNUAL REPORT 2020

ZAMBIA DEVELOPMENT AGENCY

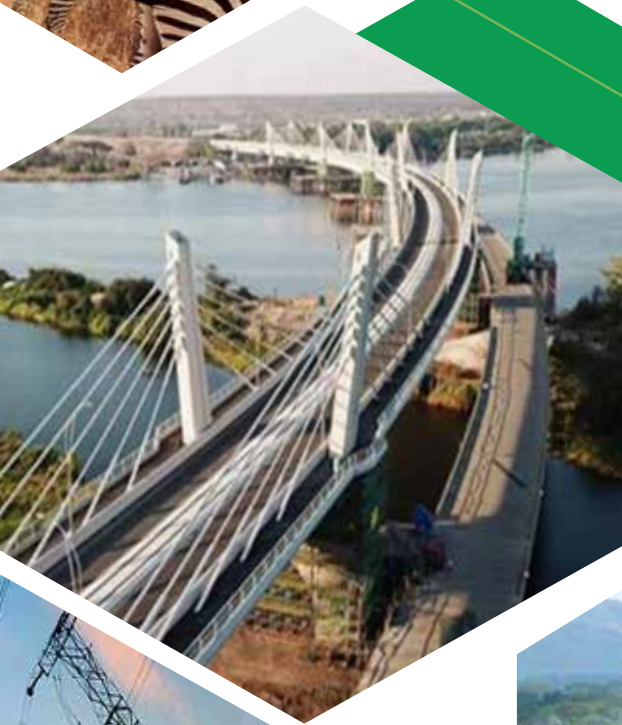




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ACRONYMS

7NDP	Seventh National Development Plan	MoF	Ministry of Finance
AfCFTA	African Continental Free Trade Area	MoH	Ministry of Health
ASGM	Artisanal Small-scale Gold Miners	MoJ	Ministry of Justice
B2B	Business 2 Business	MOUs	Memoranda of Understanding
B2G	Business 2 Government	MSME	Micro, Small and Medium Enterprises
BDS	Business Development Services	NGOs	Non-Governmental Organizations
BIMI	Business Intelligence and Market Information	NTEs	Non-Traditional Exports
BOZ	Bank of Zambia	PPAZ	Planned Parenthood Association of Zambia
BUP	Business Understanding Programme	RD	Restricted Default Credit Rating
CAMINEX	Copperbelt Agriculture, Mining and Trade Expo	RITCO	Roland Imperial Tobacco Company Limited
CIGR	Centre for Innovative Governance and Research	ROW	Rest of the World
CIIE	China International Import Export	S&P	Standard and Poors
COMESA	Common Market for Eastern and Southern Africa	SADC	Southern African Development Community
CoR	Certificate of Registration	SALIC	Saudi Agricultural and Livestock Investment Company
COVID - 19	Corona Virus Disease 2019	SD	Selective Default Credit Rating
CRM	Customer Relationship Management	SDGs	Sustainable Development Goals
CSI	Client Satisfaction Index	SLAs	Service Level Agreements
CSR	Corporate Social Responsibility	MSME	Micro, Small and Medium Enterprises
DBZ	Development Bank of Zambia	SSA	Sub Saharan Africa
DDI	Domestic Direct Investment	TFO	Trade Facilitation Office
DRC	Congo, Democratic Republic	TFTA	Tripartite Free Trade Agreement
EMPRETEC	Emprendedores (entrepreneurs) and tecnologia (technology)	UK	United Kingdom
EPM	Enterprise Performance Monitoring	UN	United Nations
EU	European Union	UNCTAD	United Nations Conference on Trade and Development
FDI	Foreign Direct Investment	UNDP	United Nations Development Program
FISP	Farmer Input Support Programme	UNECA	United Nations Educational, Scientific and Cultural Organization
FPI&IP	Foreign Private Investment and Investor Perceptions	UNIDO	United Nations Industrial Development Organization
FSD	Financial Sector Deepening Limited	USAID	United States Agency for International Development
GBP	Great British Pound	USD	United States Dollars
GDP	Gross Domestic Product	VAT	Value Added Tax
IATF	Intra-Africa Trade Fair	WARMA	Water Resources Management Authority
ICT	Information and Communication Technology	ZACCI	Zambia Chamber of Commerce and Industry
ILO	International Labour Organization	ZAM	Zambia Association of Manufacturers
IMPEX	Import Export	ZAR	South African Rand
IPPA	Investment Promotion and Protection Agreement	ZCGS	Zambia Credit Guarantee Scheme
IPs	Industrial Parks	ZDA	Zambia Development Agency
IRC	Information Resources Centre	ZEDF	Zambia Export Development Fund
ITC	International Trade Centre	ZEGA	Zambia Export Growers Association
ITED	Investment Trade and Enterprise Development	ZIPAR	Zambia Institute for Policy Analysis and Research
IWD	International Women's Day	ZMW	Zambian Kwacha
JICA	Japan International Cooperation Agency	ZNBC	Zambia National Broadcasting Cooperation
LBD	Local Business Development	ZNBS	Zambia National Building Society
M&E	Monitoring and Evaluation	ZNFU	Zambia National Farmers Union
MCTI	Ministry of Commerce, Trade and Industry	ZRA	Zambia Revenue Authority
MFEZs	Multi-Facility Economic Zones	ZSA	Zambia Statistical Agency



His Excellency the President of the Republic of Zambia Dr. Edgar Chagwa Lungu interacting with MSMEs at an exhibition.



His Excellency Dr Edgar Chagwa Lungu, President of Zambia, unveils a plaque during the ground breaking ceremony of the Mosi-Oa-Tunya Livingston Resort, July 2020

FOREWORD BY PERMANENT SECRETARY



It is my honour and privilege to present the Zambia Development Agency (ZDA) Annual Report detailing the performance of the Agency for the year 2020. It is worth noting that due to the impact of the COVID-19 Pandemic, energy shocks, as well as fiscal and monetary challenges on the economy, the year under review recorded a significant decrease in Zambia's Gross Domestic Product (GDP) growth rate from 1.4 percent in 2019 to negative 3 percent in 2020. This necessitated the development of the "Zambia Economic Recovery Programme (2020-2023)" which is a road map with strategic policy choices aimed at restoring the economy to a path of sustainable growth and development.

As you may be aware, the Ministry of Commerce, Trade and Industry (MCTI) is mandated, through the ZDA, to foster Zambia's economic growth and development in line with the aspirations of the Seventh National Development Plan (7NDP).

The Ministry has remained committed to promoting and facilitating the growth of the private sector by providing the policy direction required for ZDA to fulfill its mandate of being the main link between Government and the private sector. In view of the aforementioned, the Ministry has developed Policies and Strategies that are aimed at creating an enabling environment for the Agency to fulfil its mandate, namely:

The National Industrial Policy

The Policy is aimed at transforming Zambia from a producer and exporter of primary products into a net exporter of value-added goods utilising local natural resources with increased citizen's participation.

The National Trade Policy

The Policy is aimed at facilitating the creation of an enabling economic environment in Zambia to support private investments and ensure effective participation of private sector players in regional and international trade.

The Micro Small and Medium Enterprises Development Policy

The Policy was developed to provide overall guidance on the development of MSMEs.

The Investment Promotion Strategy

The Policy is aimed at facilitating investments in the country.

The Export Strategy

The Strategy is aimed at enhancing the export sector's contribution to Zambia's socio-economic development.

The Zambia Development Agency (ZDA) Bill, 2019 and the Investment, Trade and Enterprise Development (ITED) Bill, 2019

The Ministry is in the process of amending the ZDA Act No 11 of 2006 and has also developed the ITED Bill. The amendment of the ZDA Act and the enactment into law of the ITED Bill is expected to foster mechanisms aimed at promoting economic growth and development in the country through enhancement of mechanisms targeting investment, trade and enterprise development.

In conclusion, on behalf of the Minister of Commerce, Trade and Industry, I would like to acknowledge the efforts of the ZDA Board, Management and staff for

remaining steadfast in executing your mandate during a period of global and domestic economic challenges. The Ministry and the rest of Government remain committed to supporting you in fulfilling your mandate. It is my hope that the above policies and legislations will help improve the competitiveness of the business environment for private sector development.



Mushuma Mulenga

Permanent Secretary

MINISTRY OF COMMERCE, TRADE AND INDUSTRY

BOARD CHAIRPERSON'S STATEMENT



The Zambia Development Agency (ZDA) Board of Directors was appointed in April 2020. The newly appointed Board remained resolute in the year 2020, in fulfilling the Agency overall objective to enhance the economic development of Zambia by promoting efficiency, investment and competitiveness in business and promoting exports from Zambia despite the negative impact of the COVID-19 global pandemic.

CENTER HIGHLIGHTS

In 2020, the ZDA Board of Directors prioritized strategic focus was to ensure that it executed the following:

- Rebranding of the institution
- Developing a new world class Website
- Transformation of the Agency and engagement of a substantive highly qualified Director General with private, public and international development experience as well as domestic, regional and international exposure.

The outcome of this undertaking engendered improved service delivery to the Agency's clients, enhanced stakeholders' collaboration, expanded financial base, and enriched business processes and systems in line with the 2018-2021 Revised Strategic Plan.

OUTSTANDING ACHIEVEMENTS OF THE ZDA BOARD OF DIRECTORS IN 2020

Despite the year 2020 being characterized with challenges of the COVID-19 global pandemic, the ZDA Board of Directors devised innovative strategies that promoted employing high tech digital and electronic platforms in order to create a health risk free effective and efficient way of doing business. This encompassed business activities which included virtual business fora, trade fares, buyer- seller meetings and investment fora among others.

I am also delighted to report that the performance rate of the Agency was ordinarily good with a slight marginal reduction. For example, in 2020, the Agency achieved a performance rate of 76.6 percent, representing a minimal

reduction of 3.8 percent in comparison with the 2019 performance rate of 80.4 percent. The achievements recorded during 2020 can be attributed to the symbiotic working relationship between Management and the Board of Directors. As such, the Agency signed nine (9) Memoranda of Understanding (MOUs) and one (1) Service Level Agreement (SLA), and one (1) Partnership Agreement including with Development Bank Zambia (DBZ) and Musika Limited among others.

Also, significant to note, in 2020, despite reduction in the number of Micro, Small and Medium Enterprises (MSMEs), projected employment increased from 5,987 jobs in 2019 to 6,082, representing a 1.6 percent increase. Similarly, a total of USD 5.841 billion worth of investment was projected in 2020 from 326 registered investment projects compared to USD 4.88 billion in 2019 from 350 registered investment projects. This represented a 19.7 percent increase in the value of investment.

2021 OUT LOOK FOCUS

Having developed a resilient and innovative strategy of a 'New Normal' to cope with the COVID-19, the Agency is determined to enhance its performance through strengthened collaboration with various strategic stakeholders including but not limited, to Government Line Ministries and Agencies, Cooperating Partners, and the Private Sector.

The ZDA Board of Directors will remain unwavering in 2021 in providing guidance and strategic focus to management, including implementation of the 'Zambia Economic Recovery Program' (2020-23) that is anchored on the Country's private sector led economic growth strategy as well as the N8+1 Implementation Plan that targets Zambia's neighbouring countries, plus South Africa, as export markets.

Lastly, the expected enactment of the ZDA, ITED, Local Content and Trade Remedies Bills as well as policies such as the MSME Policy will strengthen the Agency's institutional framework and enhance its responsiveness to the development needs of the Country.



Bishop David M. Masupa
Board Chairperson

ZAMBIA DEVELOPMENT AGENCY

DIRECTOR GENERAL'S ACKNOWLEDGEMENT



The year 2020 was unprecedented for the Zambia Development Agency due to the global COVID-19 Pandemic that disrupted the regular flow of business, thus impacting trade and investment. This was exacerbated by financial and administrative challenges that confronted the Agency during the year.

Notwithstanding these challenges, the Board, Management and staff remained resilient and focused on deliverables in achieving the targeted results, and identified opportunities to meet the set targets through collaboration with Cooperating Partners. Furthermore, the Agency galvanized and leveraged on all the old and new Cooperating Partners to provide the much needed technical and financial support during an extremely difficult year. I thank all our stakeholders including Cooperating Partners and the Private Sector for the support that they rendered during the year as well as the productive engagements that were made.

In addition, allow me to express profound gratitude to the Ministry of Commerce, Trade and Industry as well as other line Ministries and Government Agencies for their continued policy guidance and support to the Institution.

Finally, I thank the Board for its strategic guidance and oversight, Management and staff for their hard work, commitment and resilience exhibited during the year 2020.

In 2021, I look forward to continued support from the Government, Board, Management, Staff and stakeholders including Cooperating Partners in ensuring that we achieve greater heights in fulfilling the Agency's mandate of contributing to the structural transformation of the economy.

Mukula Makasa
Director General
ZAMBIA DEVELOPMENT AGENCY

CORPORATE GOVERNANCE

The operation of the Agency is overseen by a Board of Directors appointed in line with the Section 6 of the Zambia Development Agency Act No. 11 of 2006. This Board is charged with governance, strategic direction, risk management and financial reporting responsibilities. The Board was appointed in April 2020 for a three (3) year tenure of office ending in April 2023. The Board Chairperson was appointed in December 2020 for a five (5) year tenure of office ending in December 2025.

The Agency 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. To enhance corporate governance, management has operationalized the Integrity Committee to uphold high levels of integrity.



ZDA main Board Room

BOARD MEMBERS

The following constituted the Board as at 31st December 2020:



Bishop David M. Masupa
Chairperson



Dr. Chisoma Lombe
Vice-Chairperson



Mr. Mushuma Mulenga
Member



Mr. Mukuli Chikuba
Member



Dr. Jobbicks Kalumba
Member



Mrs. Rebecca Katowa
Member



Mr. Chanda Kaziya
Member



Mr. Barnaby Mulenga
Member



Mr. Songowayo Zyambo
Member



Mrs. Chipecto Zulu-Chileshe
Member



Mr. Likando Kalaluka
Member

Executive Committee

The following constituted the Executive Committee of ZDA as at 31st December 2020:



Mr. Mukula Makasa
Director General



Ms. Chama Chilambwe
Acting Director – Finance & Administration



Mrs. Jessica Chombo
Acting Director – Export Development



Mrs. Theresah Chuula
Acting Director – Investment



Ms. Precious Goma
Board Secretary/Legal Counsel



Mr. Innocent Melu
Acting Director – Policy and Planning



Mr. Gabriel Musentekwa
Acting Director – Enterprise Development

EXECUTIVE SUMMARY

In 2020, the Agency performed relatively well facilitating enterprise development and, promoting investments and export development. This was on the backdrop of the COVID-19 Pandemic, contracting fiscal space, inflationary pressure, high commercial bank lending rates, exchange rate volatility, and energy deficits that had adverse effects on production in all sectors of the economy.

The Agency implemented interventions aimed at developing Micro, Small and Medium Enterprises (MSMEs) in key sectors of the economy including; Agriculture, Mining, Tourism, Manufacturing, Infrastructure and Services.

During the year under review, the Agency provided Business Development Services (BDS) to 3,203 MSMEs compared to 4,505 MSMEs in 2019, representing a reduction of 28.9 per cent. Despite the drop in the number of MSMEs supported, the Agency recorded a 1.6 percent increase in projected employment, from 5,987 jobs in 2019 to 6,082 in 2020.

The Agency performed relatively well promoting investment in 2020, recording a projected inflow of USD 5.85 billion from 326 investment projects, compared to USD 4.88 billion from 350 projects in 2019, representing a 19.7 percent increase in the value of projected investment. Of the total projected investment, Foreign Direct Investment (FDI) accounted for USD 3.17 billion while Domestic Direct Investment (DDI) accounted for USD 2.68 billion, representing 54.3 percent and 45.7 percent, respectively. The Agency recorded a total of 22,637 jobs in 2020 compared to 22,140 jobs in 2019, representing a 2.2 percent increase.

The Agency monitored 72 investment projects in 2020 compared to 149 projects in 2019, representing a 52 percent reduction. The monitored projects recorded an actualized investment of USD 834.2 million in 2020 compared to USD 921.6 million in 2019, representing a reduction of 9.5 percent. During the year under review, a total of 11,547 jobs were created compared to 37,292 jobs in 2019, representing a 69 percent reduction. The reduction in both actualized investment and jobs recorded is attributed to the impact of the COVID-19 pandemic which restricted enterprise performance monitoring.

Multi-Facility Economic Zones (MFEZs) and Industrial Parks (IPs) recorded a total actualized investment of USD 2.18 billion in 2020 compared to USD 1.90 billion



The Agency provided Business Development Services to

3,203 MSMEs

compared to 4,505 MSMEs in 2019



Projected investment:

USD 5.85 billion

compared to USD 4.88 billion in 2019



Projected employment:

22,637 jobs

compared to 22,140 jobs in 2019



Actualised investment:

USD 834.2 million

compared to 921.6 million in 2019



Actualised employment:

11,547 jobs

compared to 37,292 jobs in 2019



450 export-based enterprises

linked to regional and global markets compared to 250 exporters in 2019



Multi-Facility Economic Zones (MFEZs) actualized investment:

USD 2.18 billion

compared to USD 1.90 billion in 2019

The year 2020 was unprecedented, owing to the continued outbreak of the COVID-19 Pandemic. The Pandemic affected the Agency's performance in facilitating enterprise development, promoting investments, and export development. This led to an overall reduction in the results achieved by the Agency, as highlighted.

in 2019. A total of 16,676 jobs were created in MFEZs in 2020 compared to 14,775 jobs in 2019.

The Agency linked 450 export-based enterprises to regional and global markets in 2020 by facilitating market development and promoting export development, compared to 250 exporters in 2019, representing an increase of 80 percent.

The value of non-Traditional Exports (NTEs) marginally reduced from USD 2.26 billion in 2019 to USD 1.94 billion in 2020. Correspondingly, the share of NTEs to total exports slightly reduced from 25.31 percent in 2019 to 24.5 percent in 2020. The reduced share of NTEs to total exports is attributed to the impact of the COVID-19 Pandemic, exchange rate volatility and energy deficits.

During the period under review, the Agency undertook structured research aimed at generating information for evidence-based decision making and informing Government policy. The Agency conducted its annual Client Satisfaction Survey aimed at measuring the level of satisfaction among its stakeholders. The 2020 Survey, comprising of 250 respondents, revealed an overall score of 67 percent. The annual targeted client satisfaction score, in line with the Agency's Strategic Plan, was 85 percent. In addition, the Agency undertook the Foreign Private Investment and Investor Perceptions (FPI and IP) Survey in collaboration with the Bank of Zambia

(BOZ) and Zambia Statistical Agency (ZSA), an annual Survey aimed at assessing foreign assets and liabilities and to determine investor perceptions in Zambia. The 2019/20 survey revealed that peace and security, political stability, a 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. Furthermore, the Agency partnered with the Zambia Institute for Policy Analysis and Research (ZIPAR) in conducting a study on MFEZs entitled "Special Economic Zones in Southern Africa: White Elephants or Latent Drivers of Growth and Employment? The Case of Zambia and South Africa".

The Agency drafted 6 impactful position papers and 6 parliamentary memoranda. Notably, the Agency advocated for amendment of the ZDA Act for a measure to reduce the minimum investment threshold for the local investors to qualify for incentives resulting in the Minister of Finance announcing the reduction of the minimum investment threshold from USD 500,000 to USD 100,000 for Zambian owned enterprises. This amendment will promote the participation of Zambian enterprises in priority productive sectors of the economy and accelerate industrialization to deepen diversification. In strengthening stakeholder collaborations, it signed 9 MOUs, 1 Partnership agreement, and executed 1 Service Level Agreement (SLA).



Zambia Development Agency Mandate

The Zambia Development Agency (the “Agency”) is the Country’s premier economic development institution with an encompassing and multi-dimensional mandate of facilitating trade and investment. This involves discharging investment facilitation, aftercare, 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



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



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.

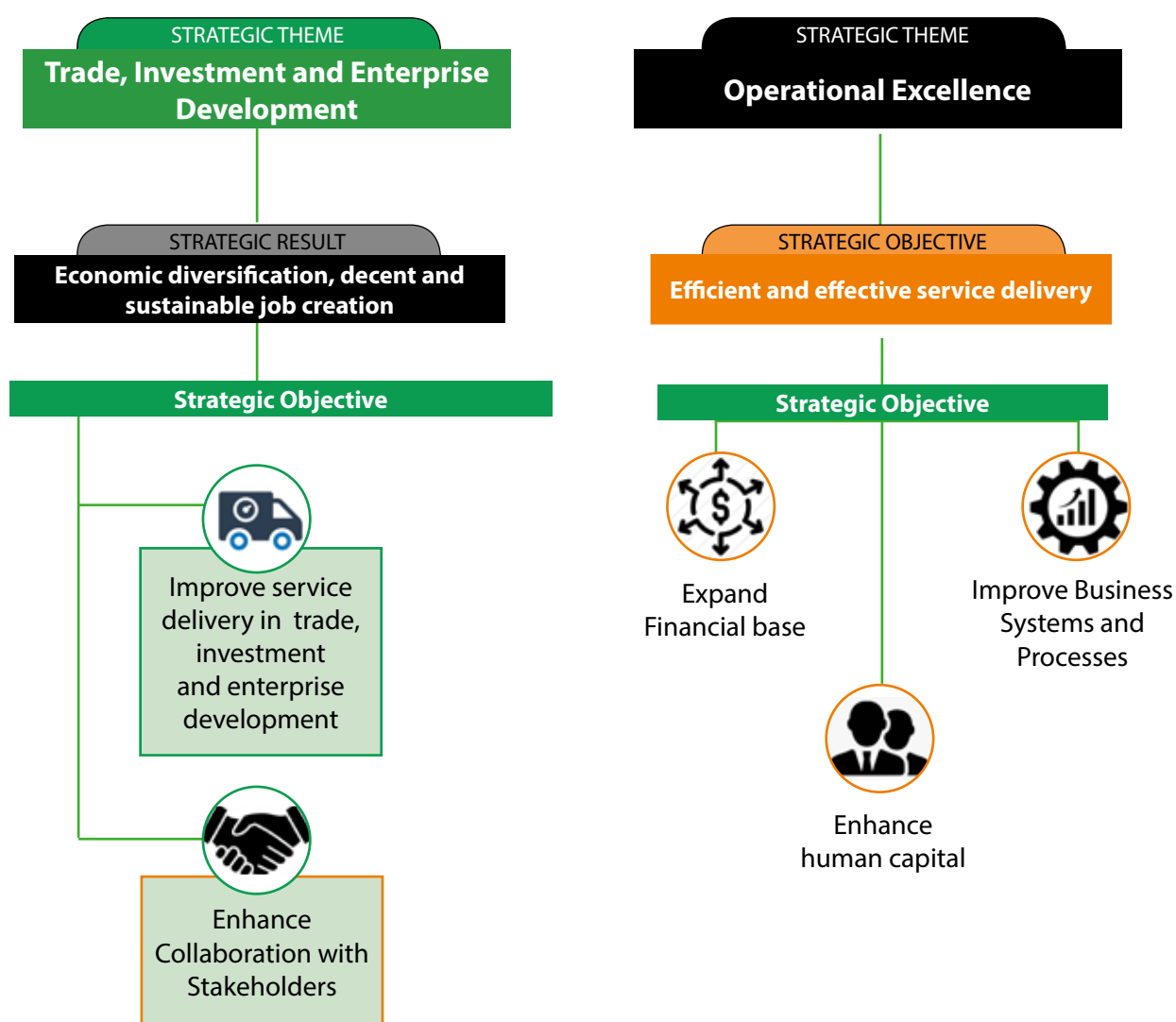


Team Spirit. The Staff commit to exhibit high levels of cooperation and collaboration to maximize efficiency and effectiveness. They will continue to reach out to create partnerships and leverage resources for the benefit of the business community and other stakeholders.



potential made possible

STRATEGIC FOCUS



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"

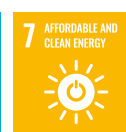
Pillar 1: Economic Diversification and Job Creation;

Pillar 3: Reducing Development Inequalities.

Pillar 2: Poverty and Vulnerability Reduction;

Pillar 4: Enhancing Human Development;

(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

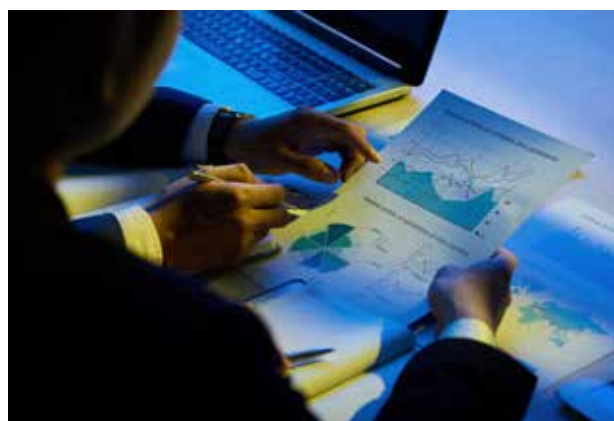
ECONOMIC OVERVIEW

According to the the Zambia Statistical Agency (ZSA, 2021), the Preliminary annual Gross Domestic Product for the year 2020 show that economic activities contracted by 3.0 percent compared to a growth rate of 1.4 percent in 2019. The reduction in GDP growth is largely attributed to the impact of the COVID-19 Pandemic on industry as well as domestic fiscal and monetary challenges.

The Agriculture, forestry & fishing industry had the highest positive contribution to GDP at 1.1 percent while the Wholesale & Retail Trade industry contributed significantly to the economy's contraction at negative 2.6 percent. Other industries that made positive contribution despite the decline in the annual GDP, were Mining and Quarrying (0.8 percent), Information and Communication (0.7 percent) and Financial and Insurance (0.5 percent). Further negative contributions came from Education (negative 1.5 percent), Public Administration and Defense (negative 0.9 percent), Construction (negative 0.5 percent) and Accommodation and Food (negative 0.4 percent), Arts, Entertainment and Recreation (negative 0.3 percent) and Manufacturing (negative 0.1 percent). Industries with the highest growth rates were Agriculture, Forestry and Fishing (17.2 percent), Information and Communication (14.3 percent) and Transportation (13.8 percent). Notable contractions were Arts, Entertainment and Recreation (negative 71.6 percent) and Accommodation and Food (negative 23.7).

The Kwacha depreciated against all major convertible currencies in 2020 compared to 2019, trading at an average of ZMW 18.26 compared to ZMW 14.11 per USD; ZMW 23.50 compared to ZMW 18.40 per Pound; and ZMW 1.12 compared to ZMW 1.00 per Rand, respectively. Consequently, industry paid relatively more for imported inputs, thus exacerbating import-led inflationary pressure.

During the year 2020, the economy recorded an inflation rate of 19.2 percent compared to 11.70 percent in 2019. The mounting inflationary pressure was largely driven by increased food prices, particularly for maize grain and related products; significant depreciation of the Kwacha against major convertible currencies including the US dollar; and energy deficits resulting from low supply of electricity.



**Economic activities
contracted by
3.0 %**



The Kwacha depreciated against major currencies in 2020 compared to 2019, trading at an average of

ZMW 18.26

compared to ZMW 14.11 per USD

**2020 inflation rate
19.2 %**

11.70 percent in 2019.

Commercial bank average
lending rate rose to

26.57%

25.63 percent in 2019

The commercial bank average lending rate rose by 0.93 percentage points from 25.63 percent in 2019 to 26.57 percent in 2020. The high lending rates reflect the increase in market risk, prevailing tight liquidity conditions, and the increase in inflation. Notwithstanding the central Banks reduction of the Monetary Policy Rate from 9.25 percent to 8 percent, Bank Lending Rates remained relatively high due to elevated levels of uncertainty within financial markets.

On the fiscal side, Zambia's fiscal deficit increased from ZMW 25.5 billion in 2019 to ZMW 45.8 billion in 2020. This was largely attributed to a fall in revenues and grants, higher than projected Farmer Input Support Programme (FISP) financing and the issuance of the Covid-19 Bond.

On the external side, Zambia's total exports earnings in 2020 were USD 5.86 billion compared to USD 8.94 billion in 2019, representing a decline of 34.6 percent. The value of Non-Traditional Export (NTEs) significantly reduced from USD 2.26 billion in 2019 to USD 1.94 billion in 2020, representing a reduction of 33.6 percent. The share of NTEs to total exports marginally increased from 25.3 percent in 2019 to 24.5 percent in 2020.

The macroeconomic environment was subdued due to fiscal and monetary challenges that were exacerbated by adverse effects of the COVID-19 Pandemic. The negative impact on Zambia's economic performance is summarized in Table 1 below.

Table 1: Selected Key Macroeconomic Indicators

No.	Indicator	2019	2020
1	Real GDP growth rate (%)	1.4	(3)
2	Exchange Rate (<i>period average</i>)		
	ZMW/USD	14.11	18.26
	ZMW/GBP	18.40	23.50
	ZMW/ZAR	1.00	1.12
3	Commercial banks' lending rate (<i>period average, %</i>)	25.63	26.57
4	Inflation (<i>end period, %</i>)	11.70	19.2
5	Fiscal balance: surplus (+)/deficits (-), (ZMW, billion)	(25.5)	(45.8)
6	Commodity prices (<i>period average</i>)		
	Copper (USD/Tonne)	6,034.32	6,118.13
	Cobalt (USD/Tonne)	34,120.31	32,883.75
	Crude oil (Dubai) (USD/Barrel)	61.84	43.01
7	Total Export earnings (USD, billion)	8.94	7.92
8	NTEs Export earnings (USD, billion)	2.26	1.94
9	Share of NTEs to Total Exports (%)	25.3	24.5

Source: BoZ, ZSA, MoF (2020)

**Fiscal deficit increased from
ZMW 25.5 billion in 2019 to**

ZMW 45.8 billion
in 2020

Exports Earnings decreased by

34.6%

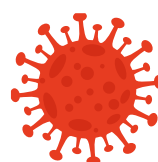
USD 5.86 billion in 2020

USD 8.94 billion in 2019

Non-Traditional Export (NTEs)

reduced from USD 2.26 billion in 2019 to

USD 1.94 billion
in 2020



The macroeconomic environment was subdued due to fiscal and monetary challenges that were exacerbated by adverse effects of the COVID-19 Pandemic.

OPERATIONAL AND PERFORMANCE REVIEW

76.6%

*The Agency performance Rating
with regards to key indicators*



the Agency intensified efforts aimed at the migration of clients and stakeholders to utilization of e-platforms in accessing the services outlined in the Client Charter

During the year under review, the Agency, with regards to performance against key indicators, recorded a rating of 76.6 percent (as measured by the implementation rate of interventions against set targets), representing a reduction of 3.8 percent in comparison to 80.4 percent in 2019.

The COVID-19 Pandemic generally disrupted trade and investment flows globally, regionally and domestically. By December 31, 2020, the number of COVID-19 cases in the country had risen significantly. The rise in the number of cases, compelled the Agency to adopt new working mechanisms including work from home measures, introduction of staff rotations and working online during the year. The Agency maintained implementation of COVID-19 preventive measures in line with Ministry of Health guidelines (Statutory Instruments No. 21 and 22 of 2020).

Furthermore, the Agency intensified efforts aimed at the migration of clients and stakeholders to utilization of e-platforms in accessing the services outlined in the Client Charter. These services included, among others; business development services, processing of applications for Certificate of Registration of micro, small and medium enterprises, large investors, as well as permits for MFEZs; facilitation of Business to Business (B2B) and Business to Government (B2G) meetings, conferences, summits, and other business facilitation functions.

Additionally, the performance of the Agency was adversely affected by financial deficits that necessitated the implementation of austerity measures aimed at mitigating the effects of the financial shortfall. These included:

- Reduction in Enterprise Performance Monitoring (EPM) and field research;
- Reduction in industrial and aftercare visits;
- Reduction in export promotion and market development activities;
- Reduction in local, inward and outward investment missions;
- Restriction of recruitment to strategic positions;

Inadequate staffing levels that were exacerbated by relatively higher staff attrition, compared to the year 2019, also had a negative effect on the Agency's performance.

DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES

The Agency implemented interventions aimed at developing MSMEs in key sectors of the economy, including Agriculture, Mining, Tourism, Manufacturing, Infrastructure and Services.

During the period under review, the Agency provided support to 3,203 MSMEs compared to 4,505 MSMEs that were supported in 2019, representing a reduction of 28.9 per cent.

This decline is mainly attributed to limited physical visits due to the COVID-19 outbreak. Figure 1 below provides a 5-year trend analysis of the number of MSMEs that were provided with BDS.

Employment Creation

The Agency provided entrepreneurship and enterprise development services to enterprises categorized as micro, small and medium, including cooperatives. In 2020, the Agency supported 3,203 MSMEs that created 6,082 jobs compared to 4,505 MSMEs that created 5,987 jobs in 2019. (See Figure 2).

Business Formalization

A total of 139 MSMEs were formalized in 2020 compared to 63 in 2019, representing a 122 percent increase. The manufacturing sector had the largest number of formalized MSMEs with 53 followed by agriculture and Services with 41 and 24 MSMEs, respectively. (See Figure 3).

Support to Youth and Women

During the year under review, the Agency implemented specific and deliberate interventions targeting youths and women, such as tailored BDS for women and youth entrepreneurs. During 2020, 1,265 enterprises owned by youth and women accessed BDS services compared to 1,712 MSMEs in 2019. Further, of the total aggregate of enterprises supported, 1,265 MSMEs, representing 74 percent were exclusively women-owned ventures, while 26 percent were owned by youth, compared to 16 percent of women and 22 percent of youth in 2019, captured in Figure 4 below.

Figure 1: Trends in Number of MSMEs supported with BDS, 2016 – 2020

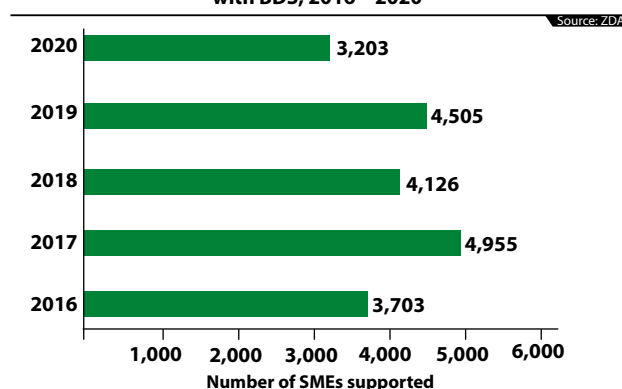


Figure 2: MSMEs Supported and Employment Created, 2019 - 2020

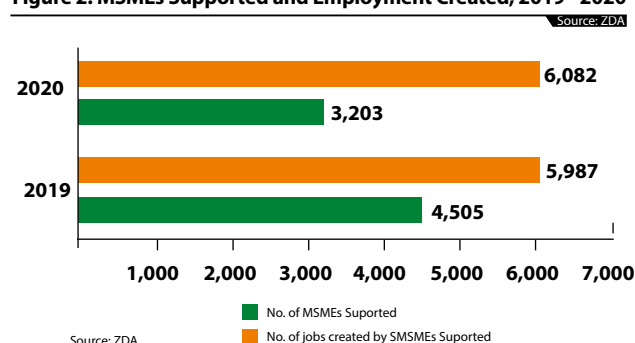


Figure 3: MSME Business Formalization by Sector, 2019 – 2020

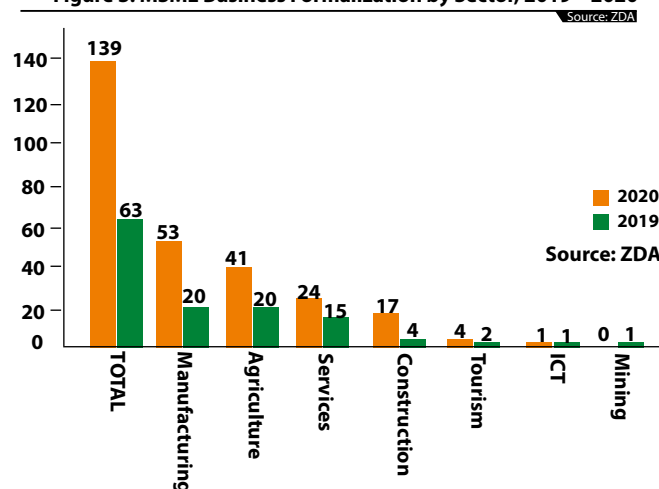
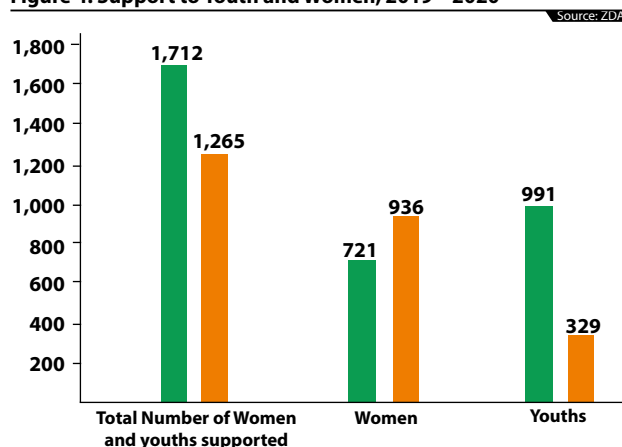


Figure 4: Support to Youth and Women, 2019 – 2020



KEY INTERVENTIONS AIMED AT DEVELOPING MICRO, SMALL AND MEDIUM ENTERPRISES

During the year under review, several interventions in entrepreneurship and enterprise development were employed to support 3,203 MSMEs which contributed to creating 6,082 jobs. The interventions implemented included Business Development Services, Business/Market Linkage and Entrepreneurship and Business Skills Capacity Development 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.

During the period under review, the key interventions

aimed at the development of enterprises and MSMEs included the following:

- (i) Entrepreneurship Development through capacity building to enable entrepreneurs generate business ideas, start-up and or formalization, and improvement of management skills; and
- (ii) Enterprise Development through business incubation, acceleration and business advisory services to steer enterprise growth.

The key interventions aimed at Developing Micro Small and Medium Enterprises are summarized in Table 2 below.

Table 2: Interventions aimed at Developing Micro, Small and Medium Enterprises

S/N	Interventions	Outputs
Entrepreneurship Development Services		
1	Entrepreneurship Training	1,284 MSMEs, that included women and youths, benefited from trainings conducted in Entrepreneurship skills development, Cooperatives Management and "EMPRETEC" among others.
2	Technical Skills Support	4 training workshops in product development, business plan development, record management, and packaging, branding and marketing of products. A total of 87 MSMEs benefited from this support.
3	Business Advisory Services	Business plan development and financial management trainings were conducted. A total of 325 Smallholder Farmers and MSMEs benefited from the programmes.
4	Business Formalization	Six awareness and sensitization programmes were undertaken. A total number of One Hundred and Thirty-Nine (139) MSMEs benefited.
Enterprise Development Support Services		
1	Business Incubation	96 MSMEs were supported with business incubation and acceleration.
2	Product Development	49 MSMEs were provided with product development support, in Agro-processing like Honey, Cassava, Cooking Oil and Peanut products as well as trainings in bar-coding, packaging and branding, respectively.
3	Business Linkage	727 MSMEs were supported with business linkages through access to finance and markets.
4	Business Intelligence and Market Information (BIMI)	496 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).

Source ZDA



INVESTMENT PROMOTION AND FACILITATION

Projected Investment¹

The Agency projected a total of USD 5.841 billion worth of investment in 2020 from 326 registered investment projects compared to USD 4.880 billion in 2019 from 350 registered investment projects. This represents a 19.7 percent increase in the value of projected investment. Of the total registered investment in 2020, USD 3.170 billion was Foreign Direct Investment (FDI) and USD 2.68 billion was Domestic Direct Investment (DDI), representing 45.3 percent and 38.3 percent of the total projected investment, respectively. A graphical representation is provided by Figure 5 below.

Furthermore, the Agency in 2020 recorded re-investments worth USD 1.97 billion from 26 investment projects compared to USD 3.95 billion from 76 projects recorded in 2019. These investments projected to expand their businesses and create 1,626 additional jobs in 2020, compared to the 1,101 jobs that were projected to be created by re-investments in 2019.

The Agency has, in the last five years, recorded a positive trend in the growth of projected investment, mainly in Greenfield projects (see Figure 6 below). The projected surge in investment confirms the relative conducive business and investment climate created by the Government through ease of doing business reforms, political and economic stability, peace and security, and good governance and favorable legal regulatory environment. Notwithstanding the negative effects of the COVID-19 Pandemic on investment caused by an increase in risk aversion, uncertainty, travel restrictions and the freezing of global investment capital, the continued growth of projected investment attests to the continued interest in Zambia as a preferred destination for investment.

During the period under review, the Manufacturing sector recorded the highest projected investment of USD 2.67 billion, representing 46 percent of total investment. The Energy and Transport sectors were second and third highest with projected investment of USD 1.66 billion and USD 0.64 billion, accounting for 29 percent and 11 percent, respectively (see Figure 7 below). A similar trend was observed in 2019 where the Manufacturing sector was the highest with a projected investment of USD 1.21 billion, representing 24.7 percent, followed by Energy with USD 1,051.35. Mining sector was third with projected investment of USD 986.49.

Figure 5: Value of Registered Investment by Type, 2019 – 2020

Source: ZDA

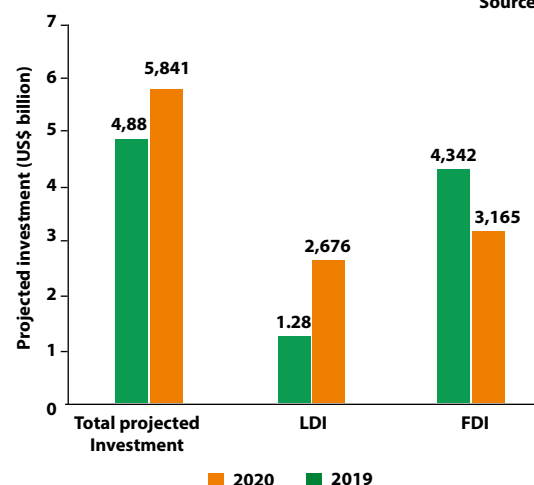
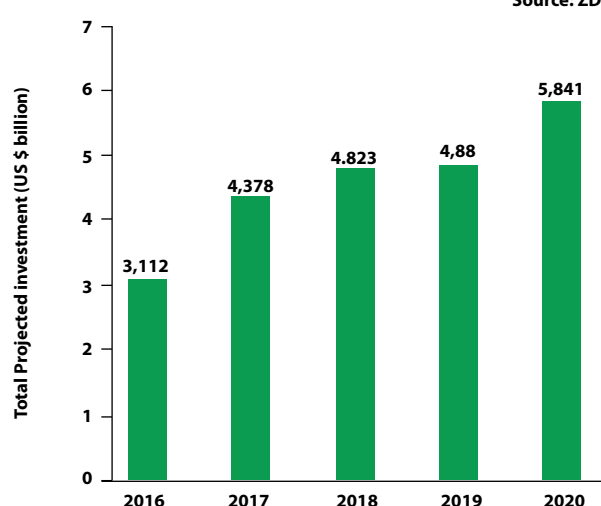


Figure 6: Trends in Registered Projected Investment, 2016 – 2020

Source: ZDA



The Agency has, in the last five years, recorded a positive trend in the growth of projected investment, mainly in Greenfield projects

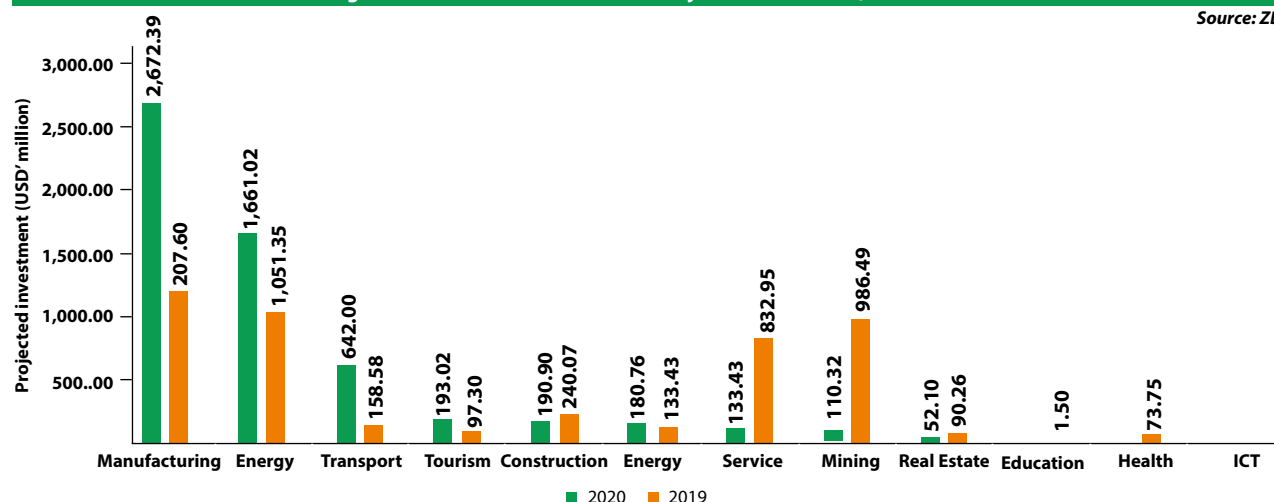


ZDA delegation at the Rudra Copper Limited operation site in Chingola

¹ Projected investment and employment figures in this report represent the investments facilitated by the ZDA.

Figure 7: Sectorial Contribution to Projected Investment, 2019 - 2020

Source: ZDA



In 2020, the Agency recorded one notable high value investment in the Mining sector worth USD 3,660 million, one in the Service sector worth USD 1,142 million and another one in the Energy sector worth USD 848.0 million as shown in Table 4 below.² This interest in the Mining sector is as a result of the recent export diversification strategy launched by the Zambian government for gold and gemstone to formalise artisanal small-scale mining and trading activities in order to generate revenue from precious metals. On the other hand, interest in the Service sector is a direct result of Government's efforts in prioritizing this Sector for development as well as the Agency's efforts in promoting and facilitating targeted and strategic investments, such as the promotion of investment in local tourism and renewable energy, in line with the aspirations of the Seventh National Development Plan (7NDP) and the United Nations Sustainable Development Goals (SDGs).

Table 3: Top 10 High Value Registered Investment Projects, 2020

No.	Company	Country of Origin	Sector	Projected Investment (USD, million)
1	Migodi Auric	Zambia	Mining	3,660
2	BL and D Plant Hire Limited	Zambia	Service	1,142
3	Maamba Collieries Limited	Singapore	Energy	848
4	Mobe Sugar Limited	Zambia	Manufacturing	579
5	Tsidkenu Air Limited	Nigeria	Transport	520
6	Universal Mining and Chemical Industries Limited	Zambia	Manufacturing	500
7	Lumwana Mining Company Limited – Renewal	Australia	Mining	417
8	Mopani Copper Mines Plc	Switzerland	Manufacturing	281
9	Ultra-Green Corporation Zambia Limited	USA	Energy	216
10	Zhonghui Mining Group Limited	China	Manufacturing	200

Source: ZDA



A delegation comprising of the MCTI and ZDA touring the construction of the Jiangxi MFEZ in Chibombo District, Central Province

² Investment project worth USD 500 million and over are classified as high value investment projects.

Actualized Investment³

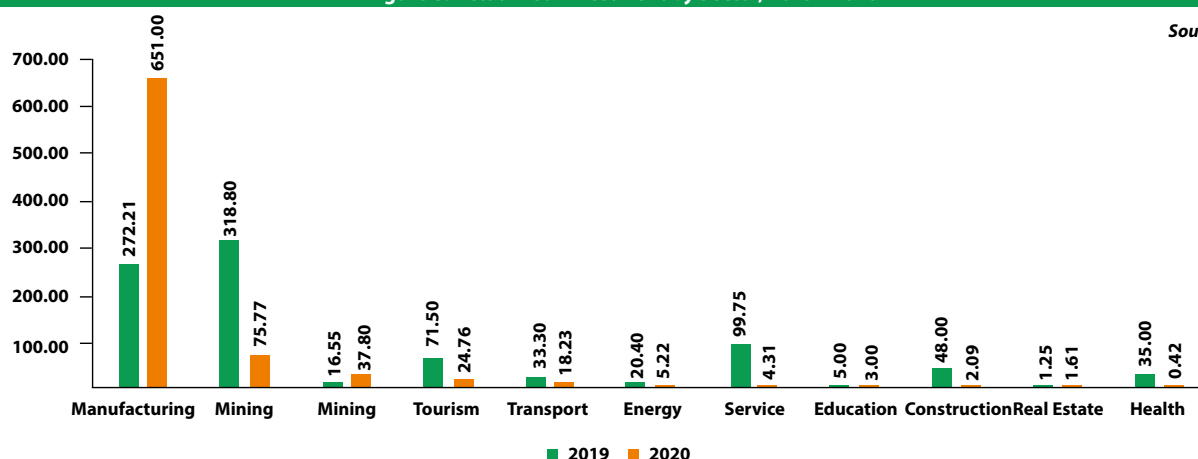
During the year under review the Agency continued to monitor and evaluate registered investment projects, exporters and MSMEs to determine the level of actualization of projected investment and employment. The Agency monitored a total of 72 investment projects in 2020, compared to 149 projects in 2019, representing a 52 percent reduction.

The monitored projects recorded an actualized investment of USD 834.2 million in 2020 compared to USD 921.6 million in 2019, representing a reduction of 9.5 percent. The reduction in actualized investment recorded is attributed to limited monitoring and evaluation undertaken by the Agency due to the outbreak of the COVID-19 pandemic which restricted movement of staff in industry. Monitoring and evaluation of investment ventures includes physical inspection of the business site and meeting the investors and staff. Of the 72 monitored enterprises, significant actualized investment was recorded from eight (8) enterprises in the Manufacturing sector amounting to USD 651.5 million, representing 78 percent of the total amount actualized.

An analysis of the sectorial contribution revealed that the Manufacturing sector recorded the highest actualized investment of USD 661 million in 2020 compared to USD 272.1 million in 2019. This was followed by the Mining sector which recorded USD 75.8 million in 2020 compared to USD 318.8 million in 2019. Actualized investment including the other sectors is captured in Figure 8 below.

Figure 8: Actualized Investment by Sector, 2019 - 2020

Source: ZDA

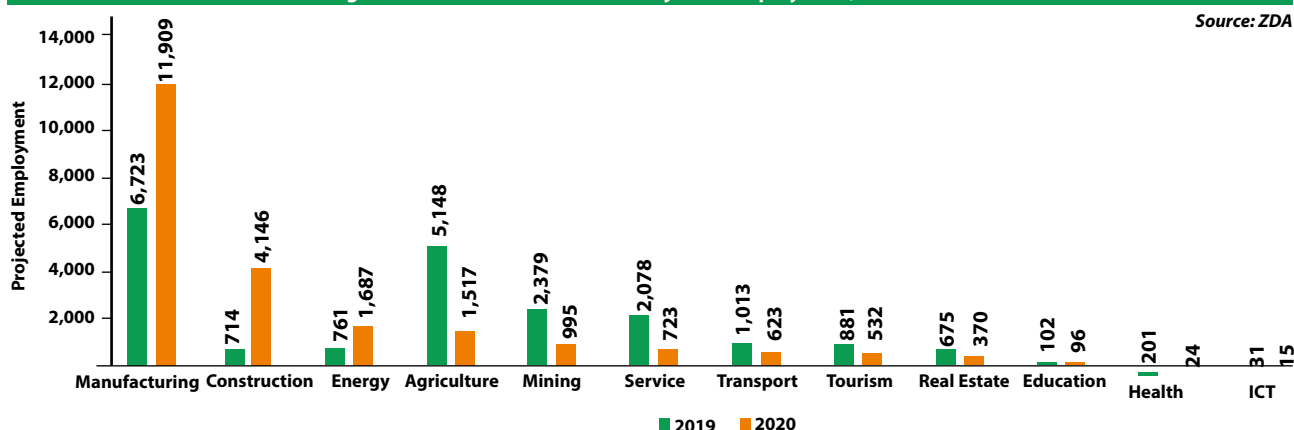


Projected Employment

In 2020, new investment projects and re-investment projects combined recorded total projected employment of 22,637 jobs compared to 22,140 jobs in 2019, representing a 2.2 percent increase. In particular, job creation remained buoyant within the Manufacturing sector recording the highest employment of 11,909 jobs, representing 53 percent. This was followed by the Construction and Energy sectors recording 4,146 jobs and 1,687 jobs, representing 18 percent and 8 percent, respectively. The Agriculture sector was fourth with 1,517 jobs, representing 7 percent. This is captured in Figure 9 below.

Figure 9: Sector Contribution to Projected Employment, 2019 - 2020

Source: ZDA



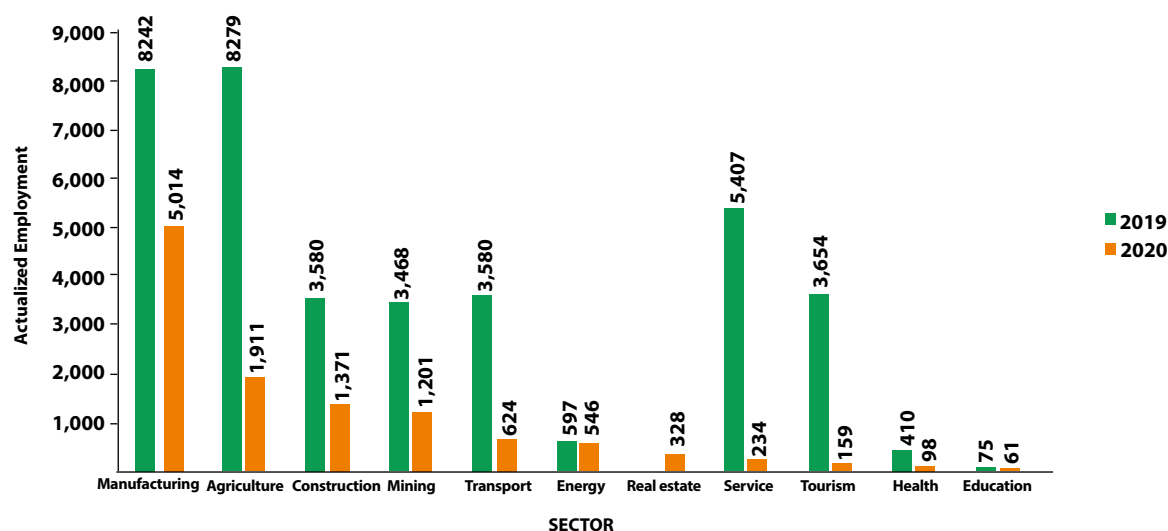
³ Actualized investment and employment figures in this report represent the findings from monitored enterprises registered with ZDA.

Actualized Employment

During the year under review a total of 11,547 jobs were created compared to 37,292 jobs in 2019, representing a 69 percent reduction. The reduction in actualized jobs recorded is attributed to the impact of the outbreak of the COVID-19 pandemic which restricted field monitoring of investment projects.

According to sector, Manufacturing created the highest number of jobs with 5,014, representing 43.4 percent. The Agriculture and Construction sectors were second and third with 1,911 and 1,371 jobs created, representing 16.5 and 11.9 percent, respectively. The Mining sector was fourth with 1,201 jobs, representing 10.4 percent (see Figure 10).

Figure 10: Actualized Employment by Sector, 2019-2020



Other Economic Development Impact from the Monitored Enterprises

The seventy-two (72) enterprises monitored by the Agency contributed to the development impact. The enterprises contributed to social security, local business development (LBD), and corporate social responsibility (CSR).

The Local Business Development (LBD) provided by the monitored enterprises included development of value chains through sourcing of local materials into production processes. In addition, most of the monitored enterprises are fostering information exchange, technology transfer as well as forward and backward linkages that are harnessing business opportunities for MSMEs including small holder farmers and cooperatives.

Development of Multi-Facility Economic Zones and Industrial Parks

The Agency remained committed to promoting the development and commercialization of Multi-Facility Economic Zones (MFEZ) and Industrial Parks (IPs) which are designed to support the growth and development of manufacturing activities in the country in line with

the new trend of industrialization and economic development. In 2020, three (3) MFEZs and two (2) IPs remained operational.

Table 4 highlights the progress made in the three (3) MFEZs and two (2) IPs from inception to date. Total actualized investments from both developers and companies amounted to USD 2.18 billion in 2020 as compared to USD 1.90 billion in 2019, representing a 14.7 percent increase in the actualized investments by both developers and investors.

Employment in all MFEZs and IPs stood at 16,676 as compared to 14,775, representing a 12.9 percent increment in jobs by both developers and investors in the same period of 2019

In 2020, Cabinet approved the declaration of Jiangxi MFEZ in Chibombo District.

Table 4: Operational Status of MFEZs/IPs as reported by the Developers

NAME	Pledged Investment at Inception by Developer (s) (USD, million)	Pledged Employment at Inception by Developer (s)	Number of Operational Companies		Jobs Created by companies operating in MFEZ / IP		Actualized Investment by Investors operating in MFEZ / IP (USD, million)		Invested amount by Developer (s) (USD, million)	
			2019	2020	2019	2020	2019	2020	2019	2020
Chambeshi MFEZ	800	12,897	49	51	8630	8959	1,880	2,170	167	192
Lusaka East MFEZ	500	10,432	13	15	474	1190	48.1	252.4	20	25.2
Lusaka South MFEZ	100	2,249	41	41	4875	5686	354.5	355	60	60.3
Sub-Sahara Industrial Park	N/A	191	3	5	130	150	30.0	N/A	N/A	N/A
Roma Park	100	25	17	20	666	691	24.6	120	20	20

Source: ZDA



ZDA delegation led by the Board Chairperson Bishop David Masupa during an industrial visitation exercise at Mpande Lime (Sinoma Cement)



ZDA Director General Mr. Mukula Makasa speaking to one of the managers at Zambeef Plc HQ in Lusaka during a familiarization tour of the company led by the Ministry of Commerce, Trade and Industry



A team comprising of the MCTI, MOF, ZDA and ZRA touring MMI Steel in Lusaka

Key Interventions aimed at Investment Promotion and Facilitation

The Agency continued to employ a number of interventions that included targeted investment promotion and business facilitation strategies, amid the COVID-19 pandemic, aimed at attracting investment and re-investment in Zambia across sectors. Due to the outbreak of the COVID-19 pandemic, physical investment missions were replaced by virtual meetings or postponed to future dates. During the period under review, the following were the key and strategic interventions implemented as displayed in Table 5 below.

Table 5: List of Investment Promotion Interventions, 2020

S/N	Interventions	Outputs
Key Local Investment Promotion		
1	Launch of the 50 million African Women Speak National Platform	Platform for women entrepreneurs to interact with their peers
2	Meet the Farmers' Virtual Conference	200 Zambian companies engaged in B2B meetings 17 exhibitors and 60 match making meetings
3	Eastern/Western Province Trade and Investment Expo	Profiling of Investment Opportunities
4	African Funding Readiness Tour	50 Zambian enterprises and 7 financiers, 30 enterprises were shortlisted for consideration
Key Inward Mission		
1	Zambia-Slovenia Virtual Forum	Information on the Zambian investment climate, opportunities and regulatory framework
2	Calvert Energy Group of Belgium	Information on the status of the Zambian Energy sector and the opportunities to establish a Biomass plant.
3	Zambia-France Virtual Forum	City Tap France expressed interest to partner with the four main Zambian utility Companies to supply smart water meters.
4	Saudi Agricultural and Livestock Investment Company (SALIC)	The company expressed interest to invest in agriculture, farming and processing of agriculture products.
5	Import Export (IMPEX) Conference	37 exhibitors exposed to market and attracted 400 delegates from around the world
6	Business Scooping Visit – Trade Facilitation Office (TFO) Canada	57 women-owned businesses in Trade for Inclusive and Sustainable Growth Project participated.
7	India Business Delegation	Delegation from Ponalab Bio growth Private company that specializes in agricultural bio-chemicals visited Zambia to explore the possibility of setting up a plant
8	Egypt Business Delegation	Hyma Plastic Pvt Company, expressed interests to invest in the Agriculture, Mining, and Manufacturing sectors
Key Outward Missions		
1	Zambia-Botswana Virtual Trade and Investment Conference	103 Zambian companies were exposed to international B2B and B2G meetings. 17 export leads were generated.
2	Beijing Investment and National Promotion	ZDA showcased Zambia investment opportunities to over 100 Chinese investors.
3	Zambia-South Africa Virtual Trade and Investment Conference	International B2B involving 109 Zambian and 130 South African companies. 12 Zambian enterprises benefited from match making meetings
4	Zambia-Brazil Biofuel Value Chain Virtual Conference	Explored prospects in the biofuel subsector and available opportunities.
5	INDIASOFT International B2B Event in Hyderabad, India	10 Zambian companies in the ICT sector participated.
6	Town Hall Virtual Investment Meeting with Zambians in UK	Investment opportunities in the country's Infrastructure Development sector.
Facilitation of Fiscal Incentives		
1	Recommendation for incentives	The Agency recommended 11 companies for fiscal incentives
2	Rebates	The Agency facilitated 7 rebates for 7 companies with ZRA for excise duty purposes
Aftercare Services		
1	Industrial Visitations	130 companies were engaged in Lusaka, Livingstone, Chilanga, Kafue, Chongwe and Chibombo district.
MFEZ and Industrial Park Development		
1	MFEZ / IP Declaration	One MFEZ was approved for declared, while 5 recommendations awaited approval

Source ZD

EXPORT FACILITATION AND MARKET DEVELOPMENT

During the period under review, the Agency linked 450 export-based enterprises to regional and global markets in 2020 by facilitating market development and promoting export development, compared to 250 exporters in 2019, representing an increase of 80 percent. The top three sectors were Manufacturing, Agriculture, and Chemicals and Pharmaceuticals. The Agency facilitated actualization of two deals out of the 450 exporters that were linked to markets both to companies in the DRC. These were: Daisy Meats, which secured trade deals amounting to USD 44,000 per month to supply Pork, Poultry and Beef, and Hitech, which secured a deal of supplying protective clothing amounting USD 45,000.00 to a mining company.

The low number of trade deals recorded was due to a number of factors, including travel restrictions due to the outbreak of the Covid-19 pandemic, financial challenges and exchange rate volatility.

Further, the Agency facilitated trade finance totaling USD 249,025 for three (3) exporters all from the Agro-Processing sector, through the Zambia Export Development Fund (ZEDF).

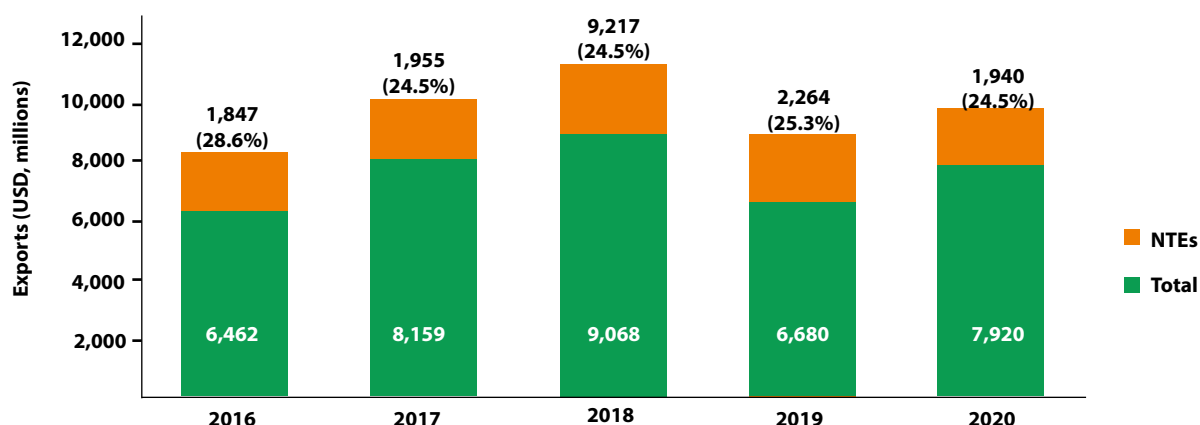
The performance of exports was affected by the volatility of the Kwacha, energy deficits, and the effects of the COVID-19 Pandemic. Zambia's total export earnings in 2020 were valued at USD 7.92 billion compared to USD 6.68 billion that was recorded in 2019, representing an increase of 18.6 percent.

Overall Performance of Non-Traditional Exports

The value of Non-Traditional Exports (NTEs) marginally reduced from USD 2.26 billion in 2019 to USD 1.94 billion in 2020. The share of NTEs to total exports marginally decreased from 25.31 percent in 2019 to 24.5 percent in 2020. The reduced share of NTEs to total exports was attributed to the COVID-19 Pandemic. This can be demonstrated in Figure 11 below.

Figure 11: Zambia's Export Composition, 2016-2020

Source: ZSA



Sectorial Performance of NTEs

At sector level, Primary Agriculture contributed the largest share of NTEs in 2020, accounting for 24 percent compared to 11.5 percent in 2019. Processed and Refined Food accounted for 12 percent in 2020 compared to 11.8 percent in 2019, Other Manufactures contributed 13.2 percent in 2020 against 14.6 percent. Chemicals and Pharmaceuticals contributed 7.9 percent in 2020 compared to 16.9 percent in 2019 while Engineering and Foundry contributed 14 percent in 2020 compared to 18.8 percent in 2019 (See Figure 12).

Top Five (5) NTE Markets

In terms of the major export markets for NTEs, Congo DR continued to be Zambia's top destination with export earnings of USD 632.7 million in 2020, representing 33 percent of NTEs compared to USD 898 million in 2019, representing 40 percent. The second and third largest markets for Zambia's NTEs were Switzerland and South Africa with exports valued at USD 186.2 million and USD 174 million, respectively compared to South Africa with USD 248 million and Malawi with 102 million, respectively. The rest of the World (ROW) accounted for the remaining USD 711 million compared to USD 610 million in 2019 (Figure 13).

Performance by Market Blocs

Zambia's major export destinations by market blocs continued to be dominated by trading partners within Asia with exports amounting to USD 2.52 billion in 2020, followed by SADC countries with USD 1.57 billion, then COMESA countries with USD 1.28 billion. Amongst the selected trading blocs, EU countries accounted for the least share of exports amounting to USD 0.19 billion in 2020. The results of the analysis reinforce the fact 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. The percentage distribution of Zambia's total exports by market bloc is depicted in figure 14 below.

Figure 12: Sectorial Contribution to NTEs, 2019-2020

Source: ZSA, ZDA estimates

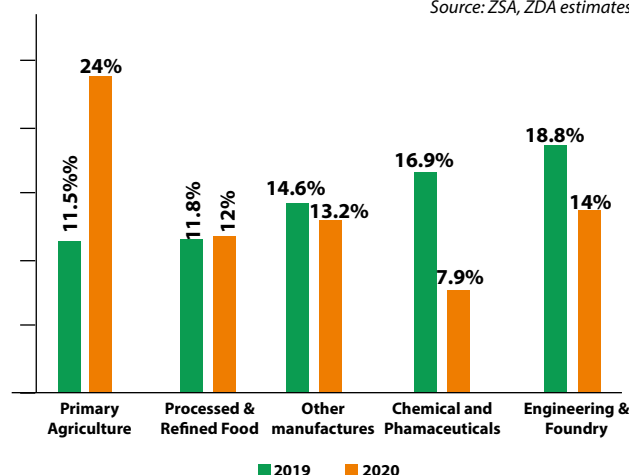


Figure 13: Top 5 NTE Export Markets, 2019 - 2020

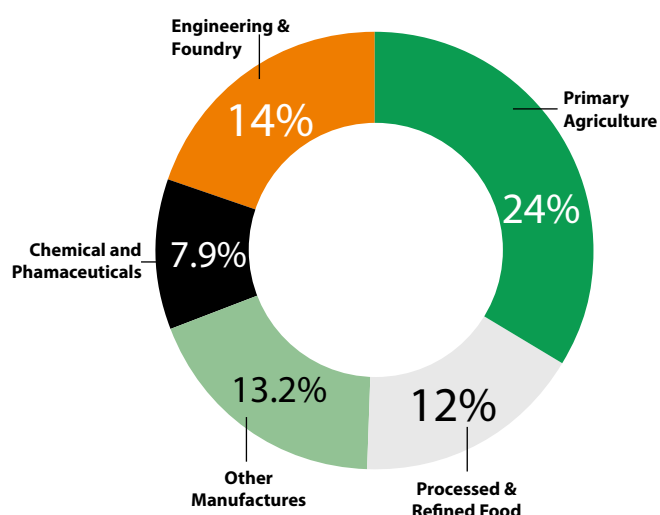
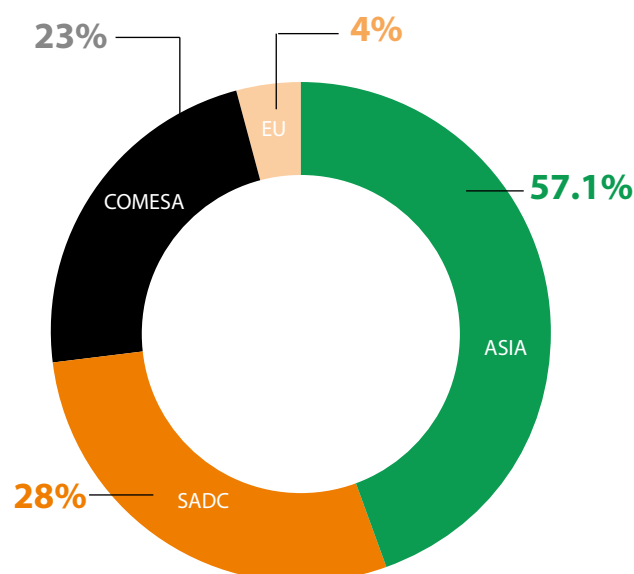


Figure 14: Total Export Performance by Market Bloc, 2019-2020



Source: ZSA, ZDA estimates

KEY INTERVENTIONS AIMED AT EXPORT PROMOTION AND MARKET DEVELOPMENT

ZDA 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 in collaboration with cooperating partners. In 2020, the Agency undertook the following key interventions as projected in Table 6 below.

Table 6: List of Export Promotion and Market Development Interventions, 2020

S/N	Interventions	Outputs
a) Trade Promotion		
1	Virtual IMPEX Conference	27 exporters exhibited their products and services. 400 delegates from different parts of the world participated
2	Zambia Egypt Business virtual Forum	97 participants were attracted to this forum.
3	India-Zambia B2B virtual meeting	25 Indian companies expressed interest to trade with Zambian Companies
4	Trade Mission to the DRC	Market access to 15 exporters to potential buyers in the DRC with interest in Mining, Agriculture and general supply
b) Capacity Building Interventions for Potential and Exporting Enterprises		
1	Export Readiness/Mentorship	Site visits to 3 companies among the Top 20 Exporters
2	Industrial Visitation	Industrial visitation to Luano Honey, Training to 10 women entrepreneurs under the She Trades initiative were conducted in packaging.
3	Exporters' Market Linkage	81 exporters from different sectors of the economy were linked to regional and international markets.
3.1	Ghanaian Honey Market	7 exporters were linked to the Ghanaian honey market through buyer-seller brokerage
3.2	Hong Kong	7 exporters were linked to buyers in Hong Kong for the export of wax and honey
3.3	INDIASOFT	10 Zambian enterprises in the ICT sector participated under the "Trade in ICT Services" where partnerships were fostered with 25 Indian companies
3.4	B2B Forum and Expo	2 health institutions participated in the India Heals Expo and B2B Forum
c) Engagement with the Top NTE Zambian Exporters		
1	Trade Kings Group, Forest Fruits, Lafarge Zambia, Zambian Breweries, Khal Amazi, Zambeef, Chankwankwa, Export Trading Group, Poultry Association of Zambia, and the Zambia Association of Manufacturers.	The key issues that emerged from the dialogue included the volatile exchange rates, increasing transport costs and input costs, implementation of VAT rule 18, load shedding and supply chain disruptions due to reduced trade among the countries in the region and world.
2	Women-in-Trade (She-Trades Initiative)	37 women-owned enterprises participated in the online training on topics such as public procurement and product development of Honey, Moringa products, and Textile and garments under the auspices of ITC - ZDA. 20 women-owned enterprises were trained
3	Macfrut Digital Conference and Exhibition hosted by Italy	12 Zambian companies participated
4	Market Development	Local companies were linked to the regional and international market
5	Concept to Develop Export Promotion Councils	Concept was submitted to MCTI for approval.
6	Launch of Zambia Trade Information Portal	Portal to support economic diversification through enhanced export competitiveness, job creation and fostering of a conducive business environment for trade and investment.
d) Export Finance (Access to Trade Finance)		
1	The Zambia Export Development Fund (ZEDF)	Concept Paper for US\$2.6m pilot to develop financing agricultural value chains 3 Exporters supported with ZEDEF Funds
e) Access to market Information		
1	Provision of Trade and Business Information	47.5 million unique users accessed trade and business information against a target of 93,960.
Aftercare Services		
1	Industrial visitation	130 enterprises to collate information pertaining to fiscal incentives, spillover of investments, as well as to document and resolve challenges faced by investors

Source ZDA

RESEARCH, POLICY ADVOCACY AND STAKEHOLDER ENGAGEMENT

The Agency undertakes research, policy advocacy and stakeholder engagement aimed at identifying business constraints and advising Government through the Minister of Commerce Trade and Industry on policy formulation to improve the business environment.

Research

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

Client Satisfaction Survey

This Survey is undertaken on an annual basis with an overall objective of establishing the extent to which the Agency has been satisfying its clients' needs and expectations. The Agency conducted the survey involving 250 respondents including ZDA clients and cooperating partners. The average weighted Client Satisfaction Index (CSI), a composite indicator for the perceived quality of satisfaction, revealed an overall satisfaction level score of 67 percent in 2020, which is below the Agency's annual satisfaction target of 85 percent. Taking into consideration the feedback obtained from the surveyed stakeholders, Management has developed a strategy that will focus on enhancing visibility and quality service provision including; rolling out the ZDA rebranding strategy, information provision, sensitization, continued decentralization to other Provinces, and enhanced stakeholder engagement.

Foreign Private Investment and Investor Perceptions (FPI and IP) Survey

The Agency, in collaboration with the Bank of Zambia (BOZ) and the Zambia Statistical Agency (ZSA), undertakes the FPI and IP Survey annually aimed at assessing foreign assets and liabilities and to determine investor perceptions in Zambia. The 2019/20 survey revealed that peace and security, political stability, a 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.

Special Economic Zones in Southern Africa: White Elephants or Latent Drivers of Growth and Employment? The Case of Zambia and South Africa

The Agency partnered with the Zambia Institute for Policy Analysis and Research (ZIPAR) in conducting a study on MFEZs entitled "Special Economic Zones in Southern Africa: White Elephants or Latent Drivers of Growth and Employment? The Case of Zambia and South Africa".

Submission of Parliamentary Memoranda

The Agency submitted informed papers on the following:

- The ratification of the Tripartite Free Trade Agreement. Zambia ratified the TFTA in accordance with the Agency's recommendation;
- The ratification of the AfCFTA. Zambia ratified the AfCFTA in accordance with the Agency's recommendation;
- The SADC Protocol on Trade in Services to the parliamentary committee on National Economy, Trade and Labour Markets. Zambia ratified the Protocol in accordance with the Agency's recommendation;
- The impact of the COVID-19 Pandemic on the economy. The Agency submitted a memorandum to the Committee on National Economy, Trade and Labour;
- Participation of Local Contractors in the Zambian Construction Sector. The Agency submitted a memorandum to the Parliamentary Committee on Transport, Works and Supply;
- The ratification of the Multilateral Agreement for the establishment of Land Locked Developing Countries; and
- The ratification of the Yamassoukro Decision for the full liberalisation of air transport in Africa. Zambia ratified the Decision in accordance with the Agency's recommendation.

Sector and Product Profiling

The Agency produced nine (9) country export profiles. The aim of these profiles was to provide detailed information on the N8+1 countries⁴ to aid current

⁴ N8+1 refers to Zambia's eight (8) neighboring countries plus South Africa.

and potential exporters as well as provide evidence towards the development of the N8+1 Implementation Plan. In addition, the Agency revised ten (10) investment sector profiles that are aimed at providing sector-specific information to potential investors as well as twelve (12) product profiles aimed at providing detailed information on the investment opportunities that exist in various products.

Policy Advocacy

One of the key mandates of ZDA, according to the ZDA Act No. 11 of 2006, is to provide a platform for private-public dialogue, private-private dialogue, and public-public dialogue in relation to improving the business environment. During the period under review, the Agency facilitated and participated in a number of consultative meetings and developed papers addressed to different stakeholders, as summarized in Table 7 below.

Table 7: Summary of Policy Papers and Outcomes, 2020

S/N	Title of Paper	Thematic Area/Issues Addressed/Raised	Addressed to:	Outcomes/Results
1	Position paper on fiscal incentives in the 2021 National Budget	Reduction of the investment threshold for Zambian enterprises from USD 500,000 to USD 100,000	MOF	Approval of the reduction in investment thresholds that will steer private sector development
2	Removal of export duty on crocodile hides	Removal of Export Duty on Crocodile hides	MCTI	Approval of the request to remove export duty on crocodile hides
3	Investment, Trade and Enterprise Development (ITED) Bill of 2020	Promotion of investment, trade and enterprise	MOJ	Under consideration
4	The Zambia Development Agency (ZDA) Bill of 2019	Promotion of investment, trade and enterprise	MOJ	Under consideration
5	Removal of export duty on stock feed	Removal of export duty on stock feed	MCTI	Under consideration
6	Paper on the Aviation sector	Promotion of investment	MCTI	Under consideration
7	Paper on Telecommunications	Promotion of investment	MCTI	Under consideration

Source: ZDA

Stakeholder Collaboration

In order to enhance operational and service excellence, ZDA continued to be proactive in its collaboration with key and strategic stakeholders in line with its strategic objective of enhancing stakeholder engagement. This includes partnerships with the public (government, embassies), private, international organizations (UN organization, international NGOs), institutions of learning, think-tanks, the media, among others. Through these strategic partnerships, ZDA expanded its footprint within and outside the country.



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, Zambia Daily Mail, Times of Zambia and Daily Nation, among others.



During the period under review, nine (9) MOUs, one (1) Partnership Agreement, and one (1) Service Level Agreement (SLA) were executed. The aim of the MOUs and SLAs was inter alia to improve collaboration, coordination, promotion, information sharing/facilitation of trade, investment and enterprise development.

MOUs were executed with the following partners:

Table 8: MOUs and SLAs Executed

S/N	Name of Service Provider	Type (MOU/SLA)	Overall Purpose
1	Development Bank of Zambia (DBZ)	MOU	To improve access to finance and capacity building of MSMEs
2	Financial Sector Deepening Limited (FSD Zambia)	Partnership Agreement	To improve financial linkages for MSMEs
3	MUSIKA Development Initiatives Limited	MOU	To provide various BDS services to MSMEs for improved business performance and competitiveness.
4	Zambia Credit Guarantee Scheme (ZCGS) Limited	MOU	To improve access to affordable financing in order to accelerate growth and graduation of MSMEs in Zambia, steering industrialization and deepening economic diversification.
5	One Life Communications and Events Company	MOU	To collaborate in hosting an Import and Export Conference and Exhibition dubbed IMPEX, aimed at promoting imports and exports within the Southern African region and specifically to position Zambia as a trade hub within the region.
6	Benefits Consulting Limited	MOU	To provide implement a voluntary personal pension scheme for all Agency employees
7	Centre for Innovative Governance and Research (CIGR)	MOU	To establish the principles and the basis for cooperation between the parties with a view towards increased competitiveness and investor friendly practices benchmarked on charter city best practices and building capacity in areas under the scope of ZDA in Zambia
8	Zambia Institute for Policy Analysis and Research (ZIPAR)	MOU	To provide a framework for the parties to undertake collaborative policy analysis and research on private sector development
9	Zambia Daily Mail	MOU	To provide a framework for cooperation in publishing both advertorial and editorial content which is intended to promote and stimulate trade, investment and entrepreneurship opportunities and economic development in Zambia
10	Zambia National Building Society (ZNBS)	MOU	For the provision of Institutional banking, Fixed deposits and Staff Savers accounts, Mortgage Loans, Building Materials Loans, Friendly loans and Salary Advances and refinancing of loans.
11	Water Resources Management Authority (WARMA)	SLA	To establish the manner in which the parties will collaborate, cooperate, interact and liaise with each other with respect to the effective facilitation of both local and foreign investments in Zambia and the enablement of a sustainable socio-economic environment insofar as it relates to investments

Source: ZDA



ZDA Director General Mr. Mukula Makasa and DBZ Managing Director Dr. Samuel Bwalya during the signing of an MoU between ZDA and DBZ



ZDA and ZNBC management teams posing for a photo after a meeting at ZNBC



ZDA Director General and Musika Managing Director during the signing of an MoU

PUBLIC RELATIONS AND COMMUNICATION

The role of the Communications and Public Relations Department is to manage the reputation and image of the Zambia Development Agency (ZDA) through public relations programs, social media, media relations, branding/advertising, corporate publications, website, trade exhibitions, events, success stories, partnerships and digital communications, in order to create an understanding of the role of the Agency among multiple stakeholders both local and international. The other role is that of managing the effective and efficient implementation of a communication/media strategy that positions the Agency as the premier economic development Agency in the country. The Communication and Public Relations Department also has a duty to advise management and other heads of Divisions and Departments on the strategic use of communication and on new approaches to communication.

During the year 2020, ZDA unveiled a new logo and

strategic focus aimed at positioning itself to be more responsive to the economic dynamics in the country's development trajectory. The new Logo and Strategic focus were unveiled on September 3, 2020 at Radisson Blu Hotel by the Honourable Minister of Commerce, Trade and Industry (MP) Mr. Christopher Bwalya Yaluma.

During the year under review, the Agency employed a number of tactics to increase visibility resulting in 47,456,946 Users accessing trade and investment information. Some of the visibility tactics used include: television programs, traditional and social media, media relations, event management, digital communications, website management, promotional materials and corporate publications, media briefings/engagements and corporate branding.

Table 9 below highlights some of the key interventions employed to increase Agency visibility.

Table 9: Interventions to Increase Visibility

SN	Intervention	Output	Objective
1	TV (Investment Trends Series)	A total of 48 episodes. One episode reaches approximately 5,261,000 people representing 68 per cent of the Zambian population.	Increase access, coverage and awareness to trade, investment, and enterprise development services as well as the ZDA's mandate and key services. The episodes are uploaded on the Agency's social media platforms
2	Social Media (Facebook, LinkedIn, Twitter, YouTube revived, Instagram a/c created)	107,911 followers reached.	
3	Press Releases	35 press releases	
4	Rebranding/New logo	Mandate more relevant and in line with national blueprint	
5	Launch of new rebranded Website	Ease of accessing trade, investment and enterprise development information.	
6.	Promotional materials	1000 brochures, six telescopes, six pull up banners and 100 corporate shirts (meant for Rudra Trip)	

Source: ZDA

LAUNCH OF ZDA NEW BRAND IN PICTURES



Minister of Commerce, Trade and Industry Hon. Christopher Yaluma giving his keynote speech



Permanent Secretary Ministry of Commerce, trade and Industry Mr. Mushuma Mulenga giving his remarks



ZDA Board Chairperson Bishop David Masupa giving his remarks



ZDA Director General Mr. Mukula Makasa giving a vote of thanks



Group Picture comprising of (from the left) ZDA vice Board Chairperson Dr. Chisoma Lombe, PS MCTI Mr. Mushuma Mulenga, Minister MCTI Hon. Christopher Yaluma, ZDA board Chairperson Bishop David Masupa and DBZ Managing Director Dr. Samuel Bwalya

SUCCESS STORIES - CASE FOR IMPACT INVESTMENT

Bakaintu Mumakwebo MPCs Limited

Bakaintu Mumakwebo MPCs Limited is a cooperative comprising 1,500 small scale farmers, with 75 percent of members being women, and 30 percent youth. The Cooperative grows Sesame Seed and other various types of vegetables. The enterprise is located in Monze, Southern Province. Its membership comprises farmers in almost all parts of Southern Province, including Livingstone. Arising from the sources of capital available, the Agency facilitated access to finance for the venture from Zambia Agri-business Trade Project (ZATP). This enterprise graduated from being a micro enterprise to being a large enterprise due to capital injected amounting ZMW 1.3 million. Enterprise growth according to the MSME policy is measured by the amount of investment, annual turnover and employment.

Chabutete Yam and Tuber Growers Co-Operative

Chabutete Yam and Tuber Growers Cooperative is a cooperative comprising 100 small scale farmers, with 30 percent of the number being women and 20 percent youth. The Cooperative is in the Agriculture sector, growing yam tubers, making traditional drinks from yam, yam chips and meal flour. The enterprise is located in Mpongwe, Copperbelt Province. ZDA facilitated market linkages for the venture with Freshmark (Shoprite), and

Melisa Supermarket for the supply of yam products including tubers, traditional drinks, chips and meal flour.

BPC Abundant Valley Investments Limited

BPC Abundant Valley Investments Limited is an MSME registered with the Agency in the Agriculture sector, focused on rearing quails, landscaping, and plant propagation or seedlings including flowers and vegetables. The Agency worked closely with this enterprise, providing it with various BDS services. As part of the various services discharged, the Agency facilitated financial linkages, leading to access to finance from the Zambia Export Development Fund amounting to USD 49,025.00. This was an effort to promote NTEs, particularly for local enterprises.

DSD Investments Limited

DSD Investments Limited is a ZDA registered MSME, operating in the Agro-Processing sector adding value to meat by producing various meat products that include sausages. The Agency provided various BDS services to the enterprise. This included facilitating access to finance from ZEDF amounting to USD 100,000.00. The Agency further facilitated market linkages, linking the enterprise to markets in the DRC, for the supply of pork on a monthly basis.

Minister of Commerce, Trade and Industry Honourable Christopher B Yaluma MP handing over the USD 49,025.00 cheque to BCP Abundant Valley Investments Limited Proprietor Mrs. Janet Chondoka as the ZDA Board Chairperson Bishop David Masupa and ZEDF Fund Manager Dr. David Chewe look on.



ZDA and Bakaintu Mumakwebo Cooperative team pose for a photo after the Cooperative received over K1.4 million Grant from the Zambia Agribusiness and Trade Projects as a result of the ZDA financial linkages programme



Minister of Commerce, Trade and Industry Honourable Christopher B Yaluma MP handing over the USD 100,000.00 cheque to DSD Investments Limited Proprietor Mrs. Daisy Diangamo as the ZDA Board Chairperson Bishop David Masupa and ZEDF Fund Manager Dr. David Chewe look on.

Mansa Chili Limited

Mansa Chili Limited is an MSME based in Mansa, Luapula province. The company is operating in the Agro-Processing sector, producing, processing and packaging chili pepper. The enterprise is export-oriented, therefore, the Agency facilitated access to finance from ZEDF, amounting to USD 100,000.00.

Roland Imperial Tobacco Company Limited (RITCO)

Roland Imperial Tobacco Company Limited is a wholly Zambian owned enterprise registered with the Agency in the Manufacturing sector. RITCO manufactures cigarettes to supply to the local and export markets at an economical cost in order to help cut down on importation of cigarettes as well as creating additional job opportunities. The Company is one of the largest manufacturers of cigarettes in the Country, largely sourcing its raw materials locally. The enterprise is



Minister of Commerce, Trade and Industry Honourable Christopher B Yaluma MP handing over the USD 100,000.00 cheque to Mr. Chileshe Mwenya (receiving it on behalf of Mansa Chili) as the ZDA Board Chairperson Bishop David Masupa and ZEDF Fund Manager Dr. David Chewe look on.

located in the MFEZ and as such, the Agency facilitated access to fiscal incentives, which included importation of capital equipment as well as provision of aftercare services.



ZDA Board Chairperson, Bishop David Masupa, standing next to Roland Imperial Tobacco Company Limited (RITCO) General Manager, Mr. Aliport Ngoma (r.) with the ZDA and the RITCO team during the Industrial Visit to the company, Lusaka, December 2020

Jiangxi United Industrial Investment Limited (Chibombo) MFEZ

Following the Agency's successful facilitation and recommendation, Cabinet approved the declaration of Farm Number 2112, situated in Chibombo District in Central Province, belonging to Jiangxi United Industrial Investment Limited, as a Multi-Facility Economic Zone (MFEZ). The MFEZ had projected to invest USD 1 billion and create 6,000 jobs. Jiangxi has so far invested about USD 40 million in the development of infrastructure within the soon-to-be declared MFEZ.

Policy Advocacy on Fiscal Incentives – Reduced Investment Threshold for Locals

In its bid to significantly contribute to building a competitive and attractive business environment aimed at fostering economic activity through policy advocacy, the Agency successfully recommended fiscal incentives for Zambian enterprises in the 2021 National Budget. Consequently, the MOF approved reduction of the investment threshold for Zambian enterprises from USD 500,000 to USD 100,000. This reduction in investment thresholds for locals is anticipated to steer private sector development and accelerate industrialization.

TOWARDS SERVICE EXCELLENCE

In 2020, ZDA improved its business processes and procedures aimed at enhancing service delivery to facilitate trade and investment in key sectors of the economy, as outlined in the ZDA Strategic Plan.

The Agency continued to implement the following key initiatives during the period under review:

Encouraged increased use of E-Platform Services

In order to optimize the use of technology, especially during the surge of the COVID-19 pandemic, the Agency encouraged customers to increase the use of ZDA's e-platform services. An e-services portal was enhanced on the ZDA website and an e-platform service charter was developed and disseminated to encourage customers and stakeholders to optimize the use of online services, in accordance with public health guidelines provided by the MOH. The services included among others receipt and processing of duly completed application forms and issuance of certificates/investment licenses (i.e. MFEZ permits, Certificate of Registration); facilitation of meetings with government institutions, among investors; facilitation of investor permits, incentives, and secondary licensing.

Migration from the Q-Bee CRM to the FDI Tracking Tool

Furthermore, ZDA continued to optimize the use of technology to improve internal processes so as to achieve service and operational excellence. In this regard, the Agency continued to optimize the use of the Customer Relationship Management (CRM) database to interact with clients, including capturing of leads and monitoring enterprise performance. Concurrently, with support from PIGA, the Agency commenced the process of migrating from the Q-Bee CRM to the FDI Tracking Tool that offered more internal control, flexibility, functionality and less financial costs.

Decentralization of the Agency's Services

The Agency continued to fully operationalize the regional offices in Chipata in Eastern province and Livingstone in Southern province. This has improved proximity of ZDA's services to clients, especially MSMEs. The Agency plans to further decentralize its services by opening additional offices in the others provinces of Zambia.

OUR PEOPLE – OUR ASSETS

“In order to build a rewarding employee experience, you need to understand what matters most to your people.” – Julie Bevacqua

ZDA is committed to being a good employer and an employer of choice. We promote equal employment opportunities through organization-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.

The Agency's establishment stood at 62 employees out of an approved establishment of 121 staff representing a 51.2 percent staffing level as at December 31, 2020. There were eight (8) recruitments and nine (9) separations during the course of the year. Due to funding challenges, the Agency submitted a Concept Note and a Request to the Ministry of Commerce Trade and Industry to approve restructuring of the institution that is aimed at enhancing staff optimization, hence reducing staff costs.

Town Hall Meetings

Town Hall meetings provided members of staff the opportunity to engage with their leaders on key and strategic issues pertaining to organizational performance and strategy. During the period under review, the

Agency conducted three (3) key meetings that related to organizational performance, staff sensitization on voluntary pension scheme, and on staff sensitization and awareness on COVID-19. The COVID-19 staff sensitization and awareness meetings were facilitated by Medical Practitioners through the ZDA staff medical scheme. In addition, monthly Divisional/Departmental staff meetings were conducted for planning purposes.

Public Events

International Women's Day

ZDA commemorated the 2020 International Women's Day whose theme was *“I am the Generation Equality: Realizing Women's Rights,”* on March 8, 2020. The activities that characterized this event included a sensitization and awareness meeting of entrepreneurs and members of the community in Shibuyunji district of Lusaka province and a Cervical Cancer screening of female ZDA staff at Planned Parenthood Association of Zambia (PPAZ) in Lusaka. ZDA's regional offices in Chipata and Livingstone participated in the activities in their respective districts.

Team Building Event

The Agency held a fun filled team building event on November 6, 2020 at Pazuri under the theme *“Innovation and Integration”*.



ZDA Female Staff posing for a photo at PPAZ on IWD in Lusaka 8th March, 2020



ZDA Regional Office in Chipata during IWD, 8th March 2020



ZDA Staff during team building event in Chongwe on 6th November, 2020

OUTLOOK FOR 2021

The ZDA 2021 Work Plan outlines the key interventions, processes and tasks that the Agency will undertake in order to achieve the desired results in the short term¹ contributing to the achievement of medium to long-term results². In order to demonstrate how the immediate results contribute to the desired medium to long-term results, an M&E Results-Based Framework is attached for ease of reference (Appendix 2).

Summary of Key Planned Interventions and Expected Results

Development of Micro, Small and Medium Enterprises

The Agency will focus on enhancing the growth and development of MSMEs for wealth and job creation. To achieve enterprise development, the Agency plans to provide Business Development Support (BDS) services to 1,000 cooperatives and MSMEs by conducting business clinics, providing business advisory services, facilitating business formalization, fostering product development support, and building capacity of business enterprises, among others. The Agency plans to build the capacity of 204 MSMEs in product development and to train 1,780 MSMEs in entrepreneurship and business management. The Agency will facilitate 80 business and market linkages while fostering rural-urban linkages to 80 MSMEs in rural and peri-urban areas in line with aspirations in the 7NDP.

Investment Promotion and Facilitation

The Agency will continue to promote and facilitate domestic as well as foreign direct investment while enhancing partnerships and joint ventures between large and MSMEs for wealth and job creation, access to capital as well as technology and skills transfer. The Agency plans to enhance business facilitation that will result in increased investment registrations to approximately 300 enterprises.³ To spur investment inflows, the Agency will promote investment through facilitation of business fora for the private sector, including the Zambia International Trade Fair, Copperbelt Agriculture, Mining and Trade Expo (CAMINEX), and other investment missions that will steer investment interests in various sectors of the economy. With the outbreak of the COVID-19 Pandemic, the Agency plans to facilitate virtual business fora for 18

targeted destinations, while enhancing collaboration with Foreign Missions Abroad. The Agency will also profile the Green and Technical Packaging Centre and promote establishment of the Centre to potential investors through investment missions.

The Agency will continue to facilitate declaration of new MFEZs and IPs, monitor development of economic zones (MFEZ/IP), while facilitating and promoting investments in the zones, including Farm Blocks. Further, the Agency will develop a non-fiscal incentive package that will supplement the existing fiscal incentives contained in the ZDA Act No. 11 of 2006 and other pieces of legislation. This package will be used to promote and facilitate business expansion and re-investment, as the Agency concurrently enhances its Aftercare Service provision to investors.

Export Promotion and Development

In line with the development agenda contained in the 7NDP to promote an export-oriented and diversified private sector-led economy, the Agency will continue to facilitate and promote trade while enhancing market access to potential and existing exporters of NTEs to regional and international markets. To steer export potential, the Agency will build the capacity of 240 exporters in export readiness which will result in at least 60 exporters accessing foreign markets. Further, the Agency will coordinate the private sector to participate in international business-to-business (B2B) fora at international events, such as the China International Import Expo (CIIE), Intra Africa Trade Fair (IATF) and the Dubai Expo.

In order to promote women's participation in trade, the Agency will coordinate and facilitate the participation of 80 women-owned business enterprises to specific international trade fairs and exhibitions under the She Trades initiative. This intervention coupled with capacity building will increase women-owned business enterprises' exposure to foreign markets, which will contribute to enhancing competitiveness.

The Agency will continue to provide trade information to exporters through various platforms, including the ZDA website. In this regard, the Agency will update and publish the Exporter Directory as well as the Exporters Handbook, while undertaking market research in regional markets.

¹ At output level

² At outcome and impact level

Policy Advocacy, Research, and Monitoring and Evaluation

The Agency will continue to be a strategic pillar in driving Zambia's private sector development through the provision of accurate and timely investment and trade information. In this regard, the Agency will undertake economic research, policy analysis and enhance stakeholder engagement. The Agency will profile trade and investment opportunities by packaging the information into product, sector, and export profiles, respectively. The Agency will continue to collaborate with research institutions to generate evidence-based information aimed at enhancing the policy advocacy function. In addition, the Agency will enhance its monitoring and evaluation function in order to determine levels of actualized investment, wealth, jobs, technology and skills transfer. Specifically, the Agency plans to monitor 200 enterprises, out of which 120 will be large enterprises, 50 MSMEs, 20 exporters, and 10 large enterprises with Investment Promotion and Protection Agreements (IPPA). Through this process, the Agency will track other economic benefits from their operations such as local business development, partnerships such as joint ventures, contribution to the treasury, and social security, amongst other areas.

The Agency will strengthen public-private dialogue in order to improve the business environment through engagements with stakeholders. In this regard, the Agency will facilitate quarterly private sector liaison fora to discuss and address business constraints that may be identified in different sectors. Further, the Agency will strengthen its resource mobilization efforts through increased partnerships with cooperating partners and other stakeholders.

Management and Support Services

The Agency has seven (7) key management and support service functions related to Board Secretarial and Legal Services, Procurement, ICT, Human Resources, Public

Relations and Communication, Systems Assurance, and Finance and Administration. The overall objective of these functions is to improve corporate governance, operational and business processes in order to enhance service delivery to clients and stakeholders.

In order to promote sound corporate governance, the Agency will continue to provide secretarial services to the Board and its Committees while providing legal services that will protect the Agency's interests. In addition, the Agency will continue to ensure implementation of competitive and fair procurement process.

The Agency will enhance its internal support systems that are aimed at safeguarding assets, ensuring reliability of accounting data, accurate financial reporting and promotion of operational efficiency. Furthermore, the Agency will ensure that staff have adequate tools and supplies. The interventions aimed at enhancing staff welfare include team building, skills enhancement through training, coaching and mentorship. Further, the Agency will implement a Business Understanding Programme (BUP) that will expose its staff to updated information on the business environment, including changes in the macroeconomic, policy, legal, corporate and business environments, to mention a few.

With the successful launch of the new ZDA Brand, the Agency will strive to integrate and mainstream the rollout of the Brand in all services provided by the Institution. In this regard, all activities and tasks in enterprise development, investment, export development, policy, planning, research and management support services will mainstream the new ZDA Brand. Further, the Agency's visibility and corporate image will be enhanced through engagement with media houses, improved publicity through regular media briefings, publications such as newsletters, and production of promotional materials. The Agency will also undertake provisional roadshows aimed at enhancing its visibility and sensitizing the public on its mandate and the services that it provides.

APPENDIX 1: MONITORING AND EVALUATION RESULT FRAMEWORK

Annex I: ZDA's M&E Results Framework

ZAMBIA DEVELOPMENT AGENCY							
M&E Logical Framework							
	Results Chain	Indicators	Baseline (2018)	Target (2021)	Current Value (2020)**	Source and Means of Verification	Assumptions
Overall Objective: Impact	To facilitate trade and investment, and enterprise development for economic diversification, decent and sustainable job creation in Zambia.	Proportion of women and youth participating in business and market linkages (percent)	Women: 37	30	30	ZDA Annual Report	(i) Optimal organisation structure.
			Youth: 27	40	34	ZDA Annual Report	
		Foreign Direct Investment as percent of GDP	1.50	3.50	2.36	BOZ Annual Report	(ii) Adequate skilled and committed staff.
		Share of NTEs to Total Exports (percent)	24.45	30.00	25.31	ZSA Bulletin	
Outcomes (Specific Objectives)	Specific Objective 1 (SO1): To facilitate the growth and development of MSMEs to wealth and job creation	Capital Invested/ actualized investment (ZMW, million)	3.26	10.00	6.90	ZDA Annual Report	(iii) Decentralisation of ZDA operations.
		No. of actualized jobs	5,485	5,000	5,987	ZDA Annual Report	(iv) Timely and adequate mobilisation of resources.
	Specific Objective 2: To promote and facilitate targeted (re-) investment for wealth and job creation in key sectors	Value of actualized investment (USD, million)	40.4	1,000.0	548.0	FPI and IP Survey	
		No. of actualized jobs	20,116	20,000	37,292	ZDA Annual Report	(v) Timely and adequate funding from Treasury.
	Specific Objective 3: To increase penetration of NTEs into regional and international markets	Value of NTEs (USD, billion)	1.95	3.85	2.22	ZSA Bulletin	(vi) Continued political stability.
	Specific Objective 4: To enhance structured research, monitoring and evaluation, and business intelligence for evidence-based decisions	No. of Ministerial and Parliamentary Submissions	3	10	6	ZDA Bill; ITED Bill; Parliamentary Papers	(vii) Continued support from Co-operating Partners and other key stakeholders.
		Integrated planning and robust M&E system	1	1	1	Strategic Plan ZDA Annual Report	(viii) Enactment of ZDA Bill and ITED Bill into law

SO1: To facilitate the growth and development of MSMEs for wealth and job creation							
Outputs	Output 1.1: MSMEs provided with Business Development Support (BDS) services leading to Business Formalisation	1.1.1: No. of MSMEs accessing BDS services	4,126	5,000	4,505	ZDA Annual Report	Adequate resources to execute planned activities
		1.1.2 No. of MSMEs formalised	57	80	63	ZDA Annual Report	
		1.2.1: No. of tailor-made business development service programme developed	0	2	0	ZDA Annual Report	
	Output 1.2: MSMEs capacity built and competitiveness enhanced	1.2.2: No. of MSMEs receiving Capacity Development Support	932	1,780	622	ZDA Annual Report	
		1.2.3: No. of products developed	3	2	4	ZDA Annual Report	
		1.2.4: No. of MSMEs provided with Aftercare services	15	50	25	ZDA Progress Report	
		1.2.5: No. of MSMEs accessing Business Intelligence and Market Information	1,683	1,000	1,427	ZDA Annual Report	
		Output 1.3: MSMEs business and market linkages enhanced	1.3.1: No. of MSMEs linked to markets (A2M)	83	80	11	
	1.3.2: No. of MSMEs linked to finance (A2F)		63	80	13	ZDA Progress Report	
	1.3.3: No. of MSMEs engaged in Agro and Forestry based processing and manufacturing		0	500	491	ZDA Progress Report	
SO2: To promote and facilitate targeted (re-) investment for wealth and job creation in key sectors							
	Output 2.1: Targeted investment and re-investment attracted in key sectors of the economy - matching investors to opportunities	2.1.1: No. of Investment Missions facilitated	8	8	2	ZDA Progress Report	Adequate resources to execute planned activities
		2.1.2: No. of Local Investment Missions undertaken	6	6	1	ZDA Progress Report	
		2.2.1.1: No. of Investment Projects registered	401	540	350	ZDA Annual Report	
	Output 2.2: Enhanced Aftercare and Business Facilitation for (re-) investment and business expansion	2.2.1.2: Value of projected investment (USD, billion)	4.82	3.50	4.88	ZDA Annual Report	
		2.2.1.3: No. of projected jobs	27,560	20,000	22,140	ZDA Annual Report	
		2.2.1.4: No. of Investment Renewals	24	n/a	76	ZDA Annual Report	
		2.2.1.5: Value of Re-Investments (USD, million)	205	n/a	395	ZDA Annual Report	
		2.2.2: No. of Aftercare visits	-	25	58	Activity Reports	
	Output 2.3: Economic Zones Developed and Promoted	2.3.1: No. of MFEZs/IP declared	5	2	3	LPCA Reports	
		2.3.2: Value of investment in MFEZs/IPs (USD, billion)	-	-	3,39	ZDA Annual Report	

Outputs	SO3: To increase penetration of NTEs into regional and international markets						
	Output 3.1: Increased penetration of NTEs into regional and international markets	3.1.1: No. of Exporters (incl. MSMEs) linked to export market	113	n/a	75	ZDA Annual Report	Adequate resources to execute planned activities
		3.1.2: Value of new exports deals (USD, million)	6.17	n/a	81.75	ZDA Annual Report	
		3.1.3: No. of trade issues mediated upon	-	-	-	ZDA Annual Report	
	Output 3.2: Enhanced capacity and competitiveness of exporters to participate in regional and international markets	3.2.1: No. of exporters participating in export readiness and other capacity building sessions	43	50	200	ZDA Annual Report	
		3.2.2: No. of NTE products developed	3	2	3	ZDA Annual Report	
		3.2.3: No. of Exporters (incl. MSMEs) linked to export financiers	-	-	-	ZDA Annual Report	
		3.2.4: No. of users accessing electronic trade info.	38,846	100,000	37,440	ZDA Annual Report	
	SO4: To enhance structured research, monitoring and evaluation, and business intelligence for evidenced-based decisions						
	Output 4.1: Enhanced structured research, policy analysis, and business intelligence to inform policy and business processes	4.1.1: No. of country export profiles produced	n/a	9	4	ZDA Progress Report	Timely and adequate reporting
		4.1.2: No. of product profiles produced	n/a	6	0	ZDA Progress Report	
		4.1.3: No. of sector and industry profiles produced	7	18	7	Sector Profiles	
		4.1.4: No. of research and policy analysis produced	2	4	2	ZDA Progress Report	
		4.1.5: No. of information packs produced	1	1	1	FPI&IP survey	
		4.1.6: Customer Satisfaction Index	72percent	80percent	76percent	CSS Report	
	Output 4.2: Enhanced planning, monitoring and evaluation of programme interventions in trade and investment, and enterprise development	4.2.1: No. of enterprises monitored (MSMEs and Large)	112	200	149	M&E Reports	
		4.2.2: No. of enterprises with IPPA monitored	0	10	0	M&E Reports	
		4.2.3: No. of M&E reports produced	4	4	2	M&E Reports	
		4.2.4: No. of CORs/Permits revoked	0	10	0	M&E Reports	
		4.2.5: No. of reports produced and approved by the Board	5	5	3	ZDA Annual Report and ZDA Progress Reports	
		4.2.6: Strategic Plan and workplan produced	2	2	2	Strategic Plan Annual workplan	

Activities	Activity Matrix	Means and Costs	Assumptions
	Activity 1.1.1: Provide Business Development Support (BDS) services to MSMEs	Means: - Internal Business Processes i) CRM enhanced. ii) COR process re-engineered. iii) Capacity built to use applications. iv) SAGE enhanced. v) SOP utilized	i) Optimal organisation structure.
	Activity 1.1.2: Conduct Business Clinics for Business Formalisation		ii) Adequate skilled and committed staff.
	Activity 1.2.1: Develop tailor-made business development service programme		
	Activity 1.2.2: Conduct entrepreneurship and business management training, coaching and mentorship of MSMEs		
	Activity 1.2.3: Facilitate product development support for MSMEs		
	Activity 1.2.4: Undertake site visits to MSMEs to provide Aftercare services		
	Activity 1.2.5: Facilitate to Business Intelligence and Market Information (BIMI)		
	Activity 1.3.1: Facilitate business and market linkages for MSMEs		
	Activity 1.3.2: Facilitate linkages of MSMEs to financiers		
	Activity 1.3.3: Facilitate linkages of MSMEs to local and regional value chains		
	Activity 2.1.1: Facilitate Targeted Investment Missions (incl. participation in States visits)		
	Activity 2.1.2: Facilitate Local Investment Missions (Local Investment Exhibitions and Expos)		
	Activity 2.2.1: Facilitate registration of investment projects	Costs: i) Personal Emoluments and staff related costs. ii) Operational Costs	
	Activity 2.2.2.1: Undertake Aftercare industrial visitation to both domestic and foreign investors		iv) Timely and adequate funding from Treasury.
	Activity 2.2.2.2: Conduct an investors' symposium		
	Activity 2.3.1: Facilitate the declaration of new MFEZs and IPs and provide technical support in the development of the Zones		
	Activity 2.3.2: Undertake monitoring of MFEZs and Industrial Parks		
	Activity 3.1.1: Undertake Outward Trade Missions (Fairs and Expos)		
	Activity 3.1.2.1: Facilitate participation of exporters to international B2B fora (Fairs and Expos) (e.g. CIIE, India Soft, CIFIT, SVUM, Africa's Big Seven)		
	Activity 3.1.2.2: Conduct the Import-Export (IMPEX) Conference		
	Activity 3.1.3: Participate in Bilateral, Regional and International Trade Negotiations (SADC, COMESA, AFCETA, TFTA)		
	Activity 3.2.1.1: Conduct Export Readiness Training		
	Activity 3.2.1.2: Conduct industrial visitation, coaching and mentorship to the Top 20 exporters		
	Activity 3.2.2: Provide product development support		
	Activity 3.2.3: Facilitate linkage of Exporters to export financiers		
	Activity 3.2.4: Facilitate provision of electronic trade info.		
	Activity 4.1.1: Produce country export profiles for N8+1 export strategy		
	Activity 4.1.2: Produce NTE product profiles		
	Activity 4.1.3: Update and produce sector and industry sector profiles		
	Activity 4.1.4: Conduct a review of Cost of Doing Business in Zambia		
	Activity 4.1.5: Participate in the Private Capital Flows and Investor Perceptions Survey		
	Activity 4.1.6: Conduct a Customer Satisfaction Survey		
	Activity 4.2.1.1: Redesign and update the M&E system		
	Activity 4.2.1.2: Conduct enterprise performance monitoring		
	Activity 4.2.2: Conduct IPPA monitoring		
	Activity 4.2.3: Monitor implementation of Agency's interventions and results		
	Activity 4.2.4: Produce list of COR/Permits recommended for revocation/suspension		
	Activity 4.2.5: Produce ZDA reports (Quarterly Progress, Annual Report)		
	Activity 4.2.6.1: Facilitate production of ZDA annual workplan		
Activity 4.2.6.2: Facilitate alignment of ZDA strategic plan and monitor its implementation			

APPENDIX 2:

ZAMBIA'S INTERNATIONAL RANKINGS IN 2020


4th

 Globally-in getting credit - **World Bank**
4th

 In Africa-Safety & Security - **Global Peace Index**
20th

 In Africa-most competitive economy - **World Bank**
8th

 In Africa – most attractive investment destination - **Quantum Global**
20th

 Globally-Safety & Security Global Peace Index - **Global Peace Index**
4th

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

 Selective Default Credit Rating - **S&P**
RD

 Restricted Default Credit Rating - **Fitch**
Ca

 High risk of Default Credit Rating - **Moody's**
11th

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



His Excellency Dr Edgar Chagwa Lungu, President of Zambia, Launches the Economic Recovery Programme (ERP) 2020 – 2023, December 2020



His Excellency Dr Edgar Chagwa Lungu, President of Zambia, Launches Sunbird Bioenergy's Out-Grower Program in Kawambwa, Luapula Province, January 2020



potential made possible

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020



REPORT OF THE DIRECTORS

The Directors present their report on the activities of Zambia Development Agency (ZDA) for the year ended 31 December 2020.

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:

	2020	2019
	ZMW	ZMW
Revenue	27,250,083	19,875,532
Deficit for the year	(5,733,029)	(18,725,468)

4. Directors and Secretary

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

Ms. Mary Ncube	Private Business Person – Chairperson – (Resigned April 2020)
Mr. Fisho Mwale	Private Business Person – Chairperson (Appointed April 2020)
Mr. Fisho Mwale	Private Business Person - (Appointment revoked September 2020)
Bishop David M Masupa	Private Business Person – Chairperson (September April 2020)
Mr. Enock Bwalya	Private Business Person – Vice Chairperson (Appointed April 2020)
Mr. Enock Bwalya	Private Business Person – (Appointment revoked September 2020)
Ms. Chisoma Lombe	Private Business Person – Vice Chairperson (Appointed September 2020)
Mr. Robson Mwansa	Private Business Person – (Appointed April 2020)
Mr. Robson Mwansa	Private Business Person – (Deceased October 2020)
Mr. Mushuma Mulenga	Permanent Secretary – Ministry of Commerce, Trade and Industry (Appointed April 2020)
Mr. Chanda Kaziya	Permanent Secretary - Ministry of Labour and Social Security (Appointed April 2020)
Mr. Mukali Chikuba	Permanent Secretary – Ministry of Finance (Appointed April 2020)
Mr. Jobbbick Kalumba	Permanent Secretary – Ministry of General Education (Appointed April 2020)
Mr. Songowayo Zyambo	Permanent Secretary- Ministry of Agriculture (Appointed April 2020)
Mr. Barnaby Mulenga	Permanent Secretary – Ministry of Mines (Appointed April 2020)
Mr. Likando Kalaluka Sc	Attorney General – Ministry of Justice (Appointed April 2020)
Mrs. Chiwego Z Chileshe	Zambia Association of Manufacturers (Appointed April 2020)
Mrs. Rebecca Katowa	Zambia Chamber of Commerce and Industry (Appointed April 2020)

Secretary

Ms. P Goma - Board Secretary

REPORT OF THE DIRECTORS

5. Management

The management of the ZDA was as follows:

Mr. M Makasa	Acting Director General (Appointed September 2020)
Mr. M Makasa	Director Enterprise Development
Mr. Cosam Ngoma	Acting Director General (Appointed June 2020)
Mr. Cosam Ngoma	Acting Director General (Tenure expired September 2020)
Mr. M Matamwandi	Acting Director General (Appointed April 2019)
Mr. M Matamwandi	Acting Director General (Appointment revoked September 2020)
Mr. M Matamwandi	Director Investments (Resigned September 2020)
Ms. P Goma	Board Secretary and Legal Counsel
Mr. C Ngoma	Director Policy and Planning (Contract expired September 2020)
Ms. C Chilambwe	Acting Director Finance and Administration (Appointed June 2019)
Mrs. J Chombo	Acting Director Export Development (Appointed September 2019)
Mrs. T Chuula	Acting Director Investments (Appointed September 2020)
Mr. G Musentekwa	Acting Director Enterprise Development (Appointed September 2020)
Mr. I Melu	Acting Director Policy and Planning (Appointed September 2020)

6. Employees

The average number of persons employed by the Agency during the year was 62 (2019: 66). The total employees' remuneration paid by ZDA was ZMW 25,659,367 (2019: ZMW 23,995,909).

7. Donations

ZDA did not make any donations during the year (2019: ZMW Nil).

8. Property, plant and equipment

Additions to Property, plant and equipment in the year amounted to ZMW 119,594 (2019: ZMW 225,034). In the opinion of the directors, the fair values of Property, plant and equipment are not less than the amounts at which they are included in the financial statements.

9. Other material facts, circumstances and events

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

10. Annual financial statements

The annual financial statements on pages 42 to 50 have been approved by the Directors.

By order of the Board



Board Secretary

Lusaka

Date: 30/3/21

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.

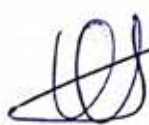
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the ZDA and enable them to ensure that the financial statements comply with the Zambia Development Agency Act, No. 11 of 2006 of the Laws of Zambia. They are 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 2020, 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



DIRECTOR



Audit - Advisory - Tax

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE

ZAMBIA DEVELOPMENT AGENCY BOARD OF DIRECTORS (CONTINUED)

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 2020 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

Mark Daniels

Winston Kasongo (AUD/F003127)

Name of Partner signing on behalf of the firm

WKK Kasongo

Lusaka

Date

31 MAR 2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 ZMW	2019 ZMW
Revenue			
GRZ and other revenue grants	5	26,058,120	16,649,512
Other income	6	5,721,229	7,994,394
Total revenue		31,779,349	24,643,906
GRZ Control 99 deposits	6	(4,529,266)	(4,768,374)
Net Revenue		27,250,083	19,875,532
Staff costs	7	(25,659,367)	(23,995,909)
Depreciation	7	(1,066,464)	(1,388,509)
Other operating expenses		(6,257,281)	(13,216,582)
Deficit before taxation		(5,733,029)	(18,725,468)
Income tax expense	8	-	-
Deficit for the year		(5,733,029)	(18,725,468)
Other comprehensive income		-	-
Comprehensive Deficit for the year		(5,733,029)	(18,725,468)

STATEMENT OF CHANGES IN FUNDS

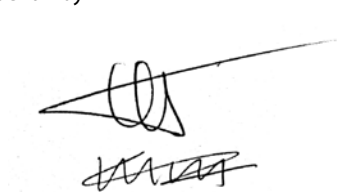
FOR THE YEAR ENDED 31 DECEMBER 2020

	Revaluation Reserve ZMW	Accumulated deficit ZMW	Contributed reserves ZMW	Total ZMW
At 1 January 2019	3,375,982	(139,506,754)	24,336,863	(111,793,909)
Comprehensive deficit for the year	-	(18,725,468)	-	(18,725,468)
At 31 December 2019	3,375,982	(158,232,222)	24,336,863	(130,519,377)
Prior year PAYE adjustment	-	14,115,967	-	14,115,967
Assets Disposal	(159,900)			(159,900)
Comprehensive deficit for the year	-	(5,733,029)	-	(5,733,029)
At 31 December 2020	3,216,082	(149,849,284)	24,336,863	(122,296,339)

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2020

	Note	2020	2019
		ZMW	ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	9	4,647,415	5,763,386
Intangible Assets	10	82,241	123,361
		4,729,656	5,886,747
Current assets			
Inventory	11	241,873	290,658
Trade and other receivables	12	335,826	556,209
ZDA - cash and cash equivalents	13	1,056,739	1,827,385
Escrow – cash and cash equivalent	13	3,358,933	7,719,335
		4,993,371	10,393,587
Total assets		9,723,027	16,280,334
RESERVES AND LIABILITIES			
Funds and reserves			
Contributed reserves	14	24,336,863	24,336,863
Revaluation reserve	pg 8	3,216,082	3,375,982
Accumulated deficit	pg 8	(149,849,284)	(158,232,222)
		(122,296,339)	(130,519,377)
Non-Current liabilities			
Obligation under finance leases	15	-	-
		-	-
Current liabilities			
Obligation under finance leases	15	-	108,634
Trade and other payables	16	132,019,366	146,691,077
		132,019,366	146,799,711
Total reserves and liabilities		9,723,027	16,280,334

The financial statements on pages 42 to 50 were approved by the Board of Directors on 30 March 2021 and were signed on its behalf by



)
) **BOARD CHAIRPERSON**
)
)
)
) **DIRECTOR GENERAL**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		ZMW	ZMW
Cash flows from operating activities			
Deficit for the year		(5,733,029)	(18,725,468)
Depreciation		1,066,464	1,388,509
Interest expense		2,843	147,363
Profit on disposal		(94,733)	(9,199)
Decrease / (Increase) in inventory		48,785	(29,396)
Decrease in trade and other receivables		220,383	7,508,953
(Decrease) / Increase in trade and other payables		(14,671,711)	5,825,900
Net cash outflow) operating activities		(19,160,998)	(3,893,338)
Investing activities			
Purchase of property, plant and equipment		(119,594)	(225,034)
Purchase of Intangible		-	(123,363)
Interest expense		(2,843)	(147,363)
Proceeds on disposal of Assets		145,055	9,199
Net cash inflow/(outflow) from/(on) investing activities		22,617	(486,559)
Financing activities			
PAYE paid by MOF		14,115,966	-
Motor vehicle lease payments	15	(108,634)	(1,064,980)
Net cash inflow /(outflow) from /(on) from financing activities		14,007,333	(1,064,980)
Decrease in cash and cash equivalents		(5,131,048)	(5,444,877)
Cash and cash equivalents at beginning of the year		9,546,720	14,991,596
Cash and cash equivalents at end of the year	12	4,415,672	9,546,720
Represented by:			
Bank balances		1,056,739	1,827,385
Escrow accounts		3,358,933	7,719,335
Cash in hand and at bank		4,415,672	9,546,720

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

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 5,733,029 and net current liabilities of ZMW 127,025,995. 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 as a guarantor, through the Ministry of Finance, will continue to fund the Agency a statutory body established by an Act of Parliament, 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

3. Principal accounting policies

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

(a) Basis of presentation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It 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 2020

IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and then an entity assesses materiality in the context of the financial statements as a whole, and

the meaning of ‘primary users of general-purpose financial statements to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors that must rely on general purpose financial statements for much of the financial information they need.

IFRS 3 Definition of a business

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term ‘outputs’ is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

3. Principal accounting policies

(b) New and revised standards that are effective for annual periods beginning on or after 1 January 2020 (continued)

IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform-IBOR ‘phase2’

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate.

However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

3. Principal accounting policies

(c) Forthcoming requirements

As at 31 May 2020, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2020.

IFRS 16 COVID 19-Related Rent Concession

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

IAS 1 Classification of liabilities as current or non-current

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

IAS 16 Property, plant and equipment: Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

3. Principal accounting policies

(c) Forthcoming requirements (continued)

IFRS 3 Reference to the conceptual framework

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be amendments also confirm that contingent assets should not be recognised at the acquisition date

IAS 37 Onerous contracts-Cost of fulfilling a contract

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018-2020

The following improvements were finalised in May 2020:

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

IFRS 1 First-time Adoption of International Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

3. Principal accounting policies

(d) Revenue

(i) Grants

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

(e) Property, plant and equipment

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

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

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	2.0
Motor vehicles	25.0
Computer Hardware	33.3
Office Equipment	30.0
Office Furniture and fittings	20.0

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

3. Principal accounting policies (continued)

(f) Financial assets

Classification

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.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the corporation has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The corporation reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the corporation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the corporation has transferred substantially all the risks and rewards of ownership.

Measurements

At initial recognition, the corporation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The corporation subsequently measures all equity investments at fair value. Where the corporation's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the corporation's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

3. Principal accounting policies (continued)

(f) Financial assets (continued)

Impairment

The corporation assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 7(b) for further details.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) 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.

(j) 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.

(k) 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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

3. Principal accounting policies (continued)

(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.

(m) **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.

(n) **Trade and other payables**

Trade and other payables are stated at cost.

(o) **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.

(p) **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.

	2020	2019
	ZMW	ZMW
5 GRZ and other revenue grants		
GRZ revenue grants	26,058,120	16,649,512
GRZ grants represent amounts received monthly.		
6 Other income		
Donor Funds	909,036	1,575,171
Exchange gain	(31,076)	29,250
Proceeds on Asset Disposal	94,733	-
Rebate fees	7,840	17,500
Rental income	200,306	233,774
Sales of tender documents	7,500	
Sundry income	3,624	352,804
	1,191,963	2,208,499
Income received on behalf of Government		
Licensing fees	3,869,841	4,853,308
Processing fees	648,435	929,989
Processing fees SMEs	10,990	2,597
	4,529,266	5,785,894
Total Other Income	5,721,229	7,994,394

According to the Public Finance Management Act 2018 all funds received on behalf of the Government must be deposited in the Government bank account, control99. In the year under review K4, 529,266 was collected and deposited in control.

7 Surplus/(Deficit)

8 Deficit is stated after charging:

	2020	2019
	ZMW	ZMW
Audit fees	60,784	60,787
Depreciation	1,066,464	1,388,509
Directors emoluments	534,555	10,770
Interest payable	2,843	147,363
Staff costs	25,659,367	23,995,909

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

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 2019	5,330,742	4,729,769	1,381,177	1,106,171	1,205,370	-	13,753,228
Additions	-	-	45,850	800	74,332	104,052	225,034
Disposal	-	(110,000)	-	-	-	-	-110,000
At 31st December 2019	5,330,742	4,619,769	1,427,027	1,106,971	1,279,702	104,052	13,868,261
Additions	-	-	16,743	10,200	92,650	-	119,594
Transfer	-	-	104,052	-	-	-104,052	-
Disposals	(195,000)	(967,025)	-	-	-	-	-1,162,025
At 31st December 2020	5,135,742	3,652,744	1,547,822	1,117,171	1,372,352	-	12,825,831
Depreciation							
At 1 January 2019	699,495	3,088,823	1,059,043	869,949	1,109,056	-	6,826,366
Charge for the year	105,814	921,609	123,805	152,670	84,611	-	1,388,509
Disposals	-	(110,000)	-	-	-	-	(110,000)
At 31st December 2019	805,309	3,900,432	1,182,848	1,022,619	1,193,667	-	8,104,875
Charge for the year	105,614	652,199	130,164	75,745	61,622	-	1,025,344
Disposals	(35,100)	(916,703)	-	-	-	-	(951,803)
31-Dec-20	875,823	3,635,927	1,313,012	1,098,364	1,255,289	-	8,178,416
Net book value							
At 31 December 2020	4,259,919	16,816	234,810	18,807	117,063	-	4,647,415

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020 (CONTINUED)

9. Property, plant and equipment (continued)

- (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.
- (c) The Agency now has title to all properties in the financial statements.
- (d) In the opinion of the directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.
- (e) Land and Buildings not in the ZDA asset register due to questionable ownership are shown in schedule 2.

	2020	2019
	ZMW	ZMW
8. Intangible Assets (Computer Software)		
As at start of the year	123,361	-
Additional	-	123,361
Amortization	(41,120)	-
At the end of the year	82,241	123,361
9. Inventories		
Office Consumables	241,873	290,658
	241,873	290,658
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	192,173	232,719
Other receivables and prepayments	143,654	323,490
	335,826	556,209
(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	-	-
At the end of the year	8,429,582	8,429,582
13. Cash and cash equivalents		
Bank and cash balances	1,056,739	1,827,385
Bank and cash balances	3,358,933	7,719,335
Escrow accounts (note i)	4,415,672	9,546,720
(i) Analysis of the Escrow bank balances		
ZDA ZMW Escrow-ZANACO	610	742,150
USD Escrow – ZANACO	3,867	295,320
Zamtel USD Escrow- Barclays Bank	3,354,456	6,617,671
Zamtel ZMW Escrow – Barclays Bank	-	64,194
	3,358,933	7,719,335
(ii) Movement in the escrow account balances		
Balance at 1 January 2020	7,719,335	10,864,473
Exchange gain	1,315,277	735,049
Payments and bank charges	(5,675,679)	(3,880,186)
Balance at 31 st December 2020	3,358,933	7,719,335

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)**14. Contributed reserves**

	2020	2019
	ZMW	ZMW
At beginning of the year	24,336,863	24,336,863
Decrease in net difference between predecessor assets and liabilities	-	-
At the end of the year	24,336,863	24,336,863

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 stated below:-

	Balances Taken over	Change Balance	Change
	ZMW	ZMW	ZMW
Trade and other receivables	1,718,766	1,718,766	-
Trade and other payables	5,544,505)	(480,196)	(5,064,309)
	(3,825,739)	(1,238,570)	(5,064,309)

- (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 10 and 14 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

15. Obligation under finance Leases

	2020	2019
	ZMW	ZMW
Opening balance	108,634	1,173,614
Addition		
Repayment during the year	(108,634)	(1,064,980)
Lease obligation due at 31 December	-	108,634
Payable within twelve months	-	108,634
Repayable after 12 months	-	-
	-	108,634

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.

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

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

16. Trade and other payables

	2020	2019
	ZMW	ZMW
Trade payables	485,180	935,859
Provision and Accruals	36,628,246	47,678,361
Privatisation Proceeds	94,425,744	92,532,352
Predecessor payables	480,196	5,544,505
	132,019,366	146,691,077

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

17. Financial assets and liabilities

Financial assets

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

Financial liabilities

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

(a) Price risk

(i) Currency risk

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

(ii) Interest rate risk

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

(iii) Market risk

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

(b) Credit risk

(i) Trade debtors

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

(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:

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

18. Fair value measurement (continued)

- 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 2020, 31 December 2019 and 31st December 2018.

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 2020, 31 December 2019 and 31st December 2018:

	Level 1	Level 2	Level 3	Total
	ZMW	ZMW	ZMW	ZMW
31st December 2020				
Property, plant and equipment				
Land held in Zambia	-	155,000	-	155,000
Office building in Zambia	-	5,175,741	-	5,175,841
	-	5,330,741	-	5,330,741
31st December 2019				
Property, plant and equipment				
Land held in Zambia	-	155,000	-	155,000
Office building in Zambia	-	5,175,741	-	5,175,841
	-	5,330,741	-	5,330,741
31 December 2018				
Property, plant and equipment:				
Land held in Zambia	-	155,000	-	155,000
Office building in Zambia	-	5,175,741	-	5,175,741
	-	5,330,741	-	5,330,741

Fair value of the Agency's main property assets is estimated based on appraisals performed by independent, professional-ly-qualified property values, 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

19. Related party transactions

The following transactions were carried out with related parties:

	2020	2019
	ZMW	ZMW
(i) <i>Key management compensation</i>		
Salaries and other short term benefits	1,984,591	3,110,414
(ii) <i>Directors' remuneration</i>		
Fees for service as a director	534,555	10,770

20. Contingent liabilities

- (i) Contingent liabilities not provided for in these financial statements are estimated at ZMW Nil at 31 December 2020 (2019: 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.

DETAILED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
INCOME	ZMW	ZMW
GRZ and other revenue grants	26,058,120	16,649,512
Cooperating Partner Funds	909,036	1,575,171
Other Income	4,812,193	6,419,223
Total income	31,779,349	24,643,906
GRZ Fees Deposited in Control 99	(4,529,266)	(4,768,374)
Net Revenue	27,250,083	19,875,533
EXPENDITURE		
Audit fee	60,784	60,787
Bank charge	44,835	41,471
Depreciation	1,066,464	1,388,509
Electricity and Water	320,678	110,000
Insurance	943,883	1,169,269
Motor Vehicle Expenses, Fuel & other lubricants	239,642	418,994
Newspapers and Periodicals	72,140	4,460
Improve Service delivery	10,400	24,370
Office Consumables /Printing and Stationery	448,414	491,499
Cleaning and Sanitation	327,448	322,332
Penalties and Interest	409,347	188,627
Postage, Telephone and Fax	30,040	116,977
Publicity and Marketing	152,647	241,976
Repairs and Maintenance	215,804	333,758
Salaries and Wages	25,659,367	23,995,909
Security	264,480	265,780
Staff Recruitment	128,354	10,960
Subscription	64,896	375,577
Provision for Doubtful Debts	-	4,958,333
Staff Welfare	50,462	48,772
Settlement of Court Cases & legal	175,357	998,701
Workmen's Compensation	11,763	16,537
ZDA Meeting Expenses	77,105	125,091
ZDA Directors Emoluments (Board)	534,555	10,770
Enterprise development activities	7,880	217,944
Investment promotion activities	329,339	800,420
System Assurance and Risk Management		5,020
Export Market Development activities	357,077	713,978
Information & technology activities	773,039	959,575
Fire Services & Fire Drill	2,000	2,158
Disciplinary related costs	-	1,798
Research, policy & planning activities	169,867	164,149
Decentralisation of ZDA Services to Regions	35,045	16,499
Total expenses	32,983,112	38,600,999
Deficit for the year	(5,733,029)	(18,725,466)



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
	1,458,200



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