ZICTA

2019 ANNUAL REPORT

Advancing the Nation to a Digital Society

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ZICTA

The 2019 Annual Report

Advancing the Nation to a Digital Society

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ZICTA

ADVANCING THE NATION
TO A DIGITAL SOCIETY

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Director General's Overview

Director General's Overview

Eng. Patrick M. Mutimushi
Director General

It is with great pleasure that I present the Authority's Annual Report for the year ended December 31, 2019 covering the major activities undertaken by Zambia Information and Communications Technology Authority (ZICTA) in accordance with the Information and Communication Technologies Act No. 15 of 2009.

The Authority achieved a number of milestones in the previous year, mainly aligned to its 2017-2021 strategic plan. These aspirations were well linked to the country's medium term development strategy, the Seventh National Development Plan as well as the global development agenda of the Sustainable Development Goals.

During the year under review, the country continued to record notable improvements in the uptake of Information and Communication Technology (ICT) services. Particularly, the total number of mobile telephone subscriptions increased by 11.3 percent to reach 17.2 million active subscriptions at the end of 2019 relative to 15.5 million active subscriptions recorded at the end of 2018. The growth in mobile telephone subscriptions represented an improvement in the mobile penetration rate from 91.6 percent recorded in 2018 to 99.1 percent in 2019.

The total number of active internet subscriptions in the country also increased from 8.4 million subscriptions reported in 2018 to 9.2 million subscriptions in 2019 reflecting an increase in internet penetration rate from 49.8 percent to 53.1 percent between 2018 and 2019. In order to complement the administrative information collected to track progress in the uptake of ICT products and services, the Authority with support from the Swedish International Development Cooperation Agency, concluded its third nationwide demand side survey on access and usage of ICTs in 2019.

The Authority also made considerable progress in reducing the cost of ICT services in the country following the implementation of the findings of the 2018 cost of service study. I am pleased to acknowledge the tremendous achievements scored in reducing the termination rates for mobile voice and SMS, headline tariffs as well as the cost of signal distribution for digital terrestrial transmission. All these developments ensured that consumers in the country continued to access ICT products and services at affordable prices.

In 2019, the Authority revised its Quality of Service guidelines as well as Consumer Protection guidelines aimed at ensuring that consumers accessed ICT products and services of the highest quality and standard. Despite the challenges associated with electricity load management that intensified towards the end of the year, I am pleased to note that the Authority together with all the operators in the ICT sector worked together to minimise the effects on the quality of ICT services delivered to consumers.

As the uptake of ICT services continued to improve in 2019, the Authority also noted a significant increase in cyber related incidents mainly associated with mobile money transactions and the use of social media platforms. In this regard, the Authority issued directives to all service providers in 2019 which were aimed at strengthening the SIM registration requirements such as the facial capture and biometric specifications of mobile subscribers.

In addition, through a collaborative initiative with the Financial Sector Deepening Zambia (FSDZ), an extensive consumer awareness programme was implemented in a number of provinces which assisted in mitigating the observed risks. In addition, a number of vulnerability assessments were conducted at both public and private establishments to mitigate risks of cyber related incidents.

In terms of corporate governance, the Board of the Authority was dissolved on November 25, 2019. In this vein, the Ministry of Transport and Communications continued to provide policy guidance on various matters pertaining to the operations of the Authority. I would like to take this opportunity to thank the outgoing Board for their tremendous contribution towards the success of the Authority.

Looking ahead, the Authority is committed to ensuring that it continues to play an important role in the development of the country through the discharge of its mandate. The Authority has already identified a number of planned initiatives such as dealing with the challenges associated with the expiry of data bundles, improving market conduct by effectively managing competition, the assignment of spectrum from the digital dividend, improvements in the tools for monitoring quality of service, enhancing our capabilities to manage cyber related incidents as well as contributing to the review of the legislation surrounding data protection, electronic transactions and cybercrimes among others.

I would like to take this opportunity to appreciate the efforts of my colleagues in Management and the entire staff for their invaluable contribution and dedication in supporting the organization’s mandate in the previous year. I am confident that with the appointment of a new Board, the Authority will continue to deliver on its mandate of advancing the nation to a digital society.

Eng. Patrick M. Mutimushi
Director General

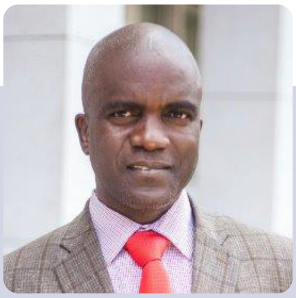
The Board of the Authority

Mr. Emmanuel M. Musonda
Board Chairperson

Eng. Misheck Lungu
Member

Dr. Chileshe Mulenga
Member

Mr. Andrew Nkunika
Member



Mr. Vestus Chungu
Member

Mr. Francis Mwale
Member

Eng. Patrick M. Mutimushi
Member

Mr. Benaiah M. Mupenda
Authority Secretary

The Management Team of the Authority

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Director General

Mr. Thomas K. Malama
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Mr. Mulenga M. Chisanga
Director Economic Regulation

Mr. Mofya Chisala
Director Consumer Protection and Information Management

Eng. Mwenya Mutale
Director Technology and Engineering

Mrs. Pethel C. Phiri
Director Finance

Mr. Thomas Matandala
Director Human Capital and Operations

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Acronyms

2G	Second Generation Mobile Network
3G	Third Generation Mobile Network
4G	Fourth Generation Network
CEC	Copperbelt Energy Corporation
DCA	Department of Civil Aviation
GPRS	General Packet Radio Services
GRZ	Government of the Republic Zambia
GSM	Global System for Mobile Communication
ICT	Information and Communication Technology
ISP	Internet Service Provider
MNO	Mobile Network Operator
MoU	Memorandum of Understanding
MTN	MTN Zambia Limited
PSTN	Public Switched Telephone Network
SAT3/ WASC	South Atlantic 3/West Africa Submarine Cable
SMS	Short Message Service
UASF	Universal Access and Service Fund
WACS	Submarine Communication Cable Linking South Africa with the United Kingdom
ZABS	Zambia Bureau of Standards
ZEMA	Zambia Environmental Management Agency
ZICTA	Zambia Information and Communications Technology Authority
ICT Act	Information and Communication Technologies Act
ECT Act	Electronic Communications & Transactions Act
ZNFU	Zambia National Farmers Union
ZCPA	Zambia Consumers Protection Association
LAZ	Law Association of Zambia
WRC	World Radio-Communication Conference
IMT	International Mobile Telecommunications
EESS	Earth-exploration satellite service
SRS	Space Research Service
Non GSO	Non-geostationary Satellite Orbit
GCI	Global Cybersecurity Index
TEE	Trusted Execution Environment
SSA	Sub-Saharan Africa
UPU	Universal Postal Union
ZMW	Zambian Kwacha
MNO	Mobile Network Operator
7NDP	Seventh National Development Plan

M2M	Machine To Machine
SIDA	Swedish International Development Cooperation Agency
IBA	Independent Broadcasting Authority
ZDA	Zambia Development Agency
DTT	Digital Terrestrial Transmission
PAYG	Pay As You Go
PS Act	Postal Services Act
INRIS	Integrated National Registration Information System
SRD	Short Range Device
QoS	Quality of Service
QoE	Quality of Experience
IoT	Internet of Things
SDOs	Standards Development Organisations
TVWS	Television White Spaces
ZPPA	Zambia Public Procurement Authority
e-GP	E-Government Procurement
SIS	Student Information System
RTSA	RTSA Advanced Road Safety Management Solution
IMS	Intelligence Mobility Solutions
CCPC	Consumer and Competition Protection Commission
IEC	Information Education and Communication
DFS	Digital Financial Services
UNDP	United Nations Development Programme
PAGEEZ	Programme on Advancement of Gender Equity and Equality in Zambia
FSDZ	Financial Sector Deepening Zambia
CBU	Copperbelt University
UNZA	University of Zambia
UNILUS	University of Lusaka
ZCAS	Zambia Centre for Accounting Studies
ATU	African Telecommunication Union
CEEC	Citizens Economic Empowerment Commission

About Us

The Zambia Information and Communications Technology Authority (ZICTA), formerly Communications Authority of Zambia (CAZ), came into existence in 1994 following the enactment of the Telecommunications Act, Chapter 469 of the Laws of Zambia, with the primary mandate to supervise and promote the provision of telecommunication services throughout Zambia.

In 2009, the Government of the Republic of Zambia enacted three pieces of legislation; namely the Information and Communication Technologies (ICT) Act No. 15 of 2009, the Electronic Communications and Transactions (ECT) Act No. 21 of 2009 and the Postal Services Act No. 22 of 2009 to regulate ICTs, postal and courier services. The ICT Act renamed the Communications Authority of Zambia as the Zambia Information and Communications Technology Authority and repealed the Telecommunications Act of 1994 and the Radio Communications Act of 1994.

Pursuant to the three pieces of legislation, ZICTA's primary mandate is to regulate the provision of electronic communication services and also monitor the performance of the ICT sector in terms of levels of investment, cost and quality of service among other things. Furthermore, ZICTA has the mandate to regulate the postal and courier sector as well as administer the Electronic Communications and Transactions Act.

Our Vision

A Regulator advancing the nation to a digital society.

Our Mission

To ensure quality, secure, accessible and affordable ICT services and products for all through effective regulation.

Our Mandate

01 Regulate the provision of electronic communication services and products in Zambia

02 Monitor the performance of the sector including levels of investment and availability, quality, costs and standards of electronic communication services

03 Administer the Country Code Top Level Domain (ccTLD) as well as electronic addresses

04 Disseminate information and promote the participation by the public in the provision of electronic communication services

05 Provide for a national frequency and numbering plan

06 Set standards for the ICT sector

07 Promote competition in the sector and also regulate tariffs charged by operators offering electronic communication services

08 Protect the rights and interests of consumers, service providers, suppliers and manufactures.

Strategic Goals

The Zambia Information and Communications Technology Authority has the following strategic goals:

01	Promote competition
02	Catalyzing universal access
03	Consumer protection
04	Ensuring efficient management of scarce resources
05	Enhancing our capacity to deliver.

Statement on Corporate Governance

Statement On Corporate Governance

Mr. Benaiah M. Mupenda
Authority Secretary

Role of the Board

ZICTA is governed by the Board of the Authority which has been given the mandate to exercise and perform the powers and functions of the Authority. The Board is appointed by the Minister of Transport and Communications in terms of Part I of the First Schedule to the Information and Communication Technologies Act No. 15 of 2009 (the ICT Act).

The primary responsibility of the Board is to provide governance and oversight functions to the Authority in accordance with the ICT Act, the Electronic Communications & Transactions Act No. 21 of 2009, the Postal Services Act No. 22 of 2009 and other relevant laws and regulations.
Some of the specific responsibilities of the Board include the following:

- Provide strategic direction by approving management strategies and plans including financial budgets, and monitor the Authority's performance against such strategies and plans;
- Determine employee remuneration and conditions of service to ensure that they are consistent with sustainable achievement of the Authority's objectives and prudent management of operations;
- Approve and regularly review the performance and effectiveness of the Authority's corporate governance policies and procedures;
- Approve and monitor the effectiveness of the Authority's risk management and control framework; ensure that management takes actions to mitigate identified risks; and
- Appoint the Director General and the Authority Secretary as well as approve the appointment of senior staff of the Authority as recommended by the Director General.

In carrying out its responsibilities and exercising its powers, the Board recognizes its overriding responsibility to act honestly, fairly, diligently, and in accordance with the law. Individually and collectively, the Board upholds the good governance principles of discipline, transparency, independence, accountability, fairness and social responsibility.

Composition of the Board

The ICT Act provides that the Board should consist of the following members:

a) One representative each from the Ministries responsible for information and communications technology and home affairs;
b) One member from an agency responsible for national security;
c) A representative of the Attorney General;
d) One person nominated by the Zambia National Farmers Union (ZNFU);
e) One person nominated by the Zambia Consumers Protection Association;

f) One person nominated by the Law Association of Zambia (LAZ);
g) One person nominated by the Engineering Institution of Zambia (EIZ);
h) One person nominated by a trade union representing staff employed by the Authority (National Union of Communications Workers); and
i) One other person appointed by the Minister.

The Director General, who is the Chief Executive Officer of the Authority, is an ex-officio Member.

There were four (4) vacancies that were created by the non-appointment of representatives of the following institutions: ZNFU, LAZ, EIZ and NUCW. In this regard, between January 1 and November 25, 2019, the Board consisted of the following:

Name	Position
Mr. Emmanuel M. Musonda	Chairperson
Eng. Misheck Lungu	Member
Dr. Chileshe Mulenga	Member
Mr. Andrew Nkunika	Member
Mr. Francis Mwale	Member
Mr. Vestus Chungu	Member
Eng. Patrick M. Mutimushi	Member
Mr. Benaiah M. Mupenda	Authority Secretary

The Board was dissolved on November 25, 2019.

Board Committees

On June 20, 2019, the Board reconstituted its Committees to assist in the performance of its functions under the Act. The Committees are as follows:

a) Executive/Operating Committee

The Committee is responsible for exercising all the powers and authority of the Board during intervals between board meetings except for those powers which are delegated to other board committees.
The Committee is also responsible for Board remuneration, strategy, management performance and Corporate Social Responsibility.

b) Audit & Risk Committee

Subject to the provisions of the Public Finance Management Act No. 1 of 2018, the primary purpose of the Committee is:

- To monitor the integrity of the financial statements of the Authority;
- To review the Authority's internal financial control system, risk management systems as well as ethics and governance;
- To monitor and review the effectiveness of the Authority's internal audit function;
- To make recommendations to the Authority in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor following appointment by the Board;
- To monitor and review the external Auditor's independence, objectivity and effectiveness; and
- To develop and implement policy on the engagement of an external Auditor to supply non-audit services.

c) Technical Committee

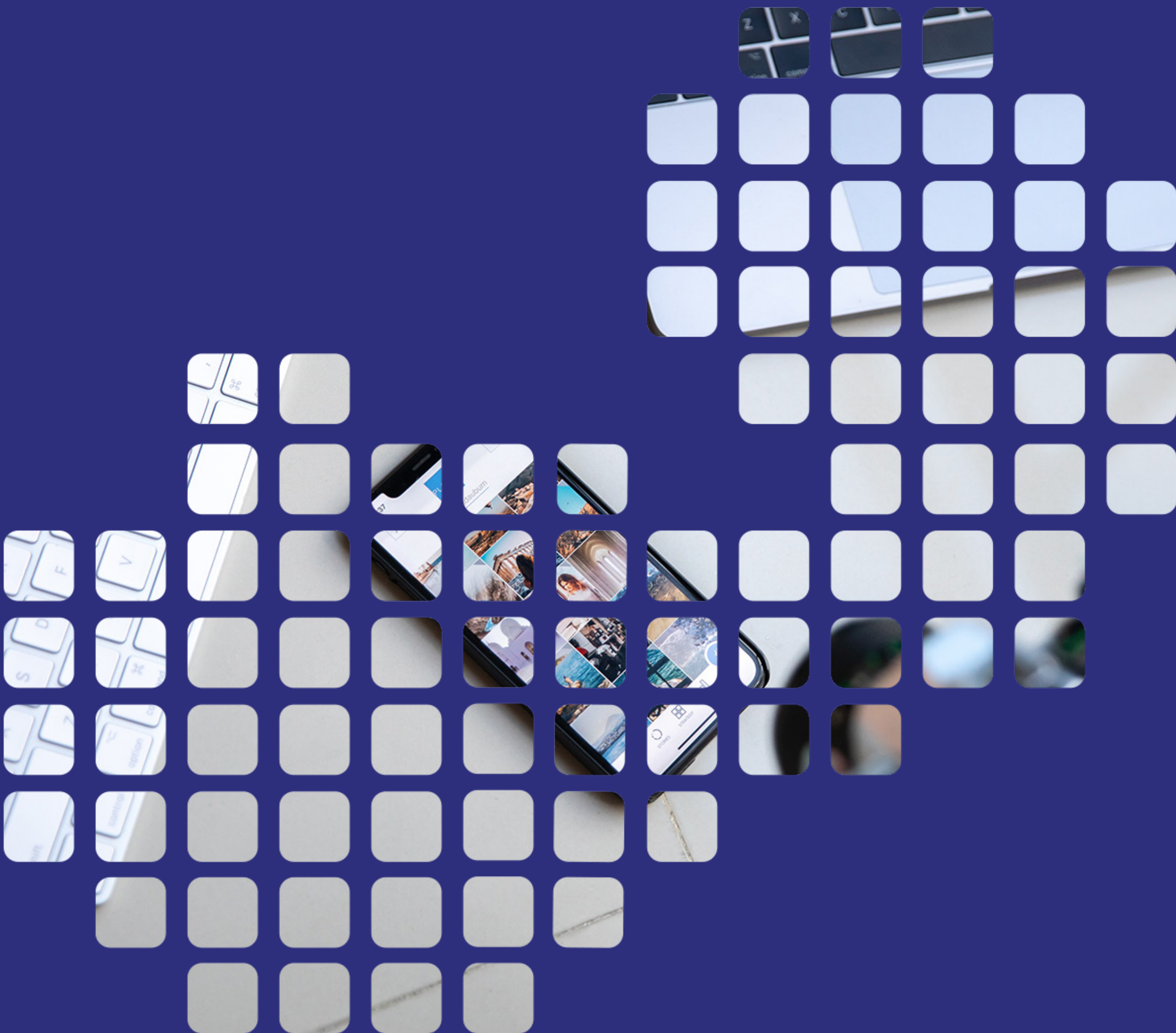
The Committee oversees any appropriate technical related matters that the Authority may encounter both in the discharge of its regulatory mandate as well as in its operations such as quality of service, frequency assignment and spectrum monitoring, innovation and uptake of new technologies by entities in the sector.

d) Finance, Human Resource and Administration Committee

The Committee makes recommendations to the Board on any appropriate matters relating to financial matters, human capital as well as general administration of the Authority.

Mr. Benaiah M. Mupenda,
Authority Secretary

Recent Global Developments in the ICT Sector



1. Recent Global Developments in the ICT Sector

1.1 2019 GSMA Mobile Economy Report

The 2019 GSMA Mobile Economy Report revealed that an estimated 710 million new mobile subscribers would be added to the global mobile subscriber base by the year 2025.

Over half of these new subscribers were expected to come from the Asia Pacific region and just under a quarter were expected to come from Sub-Saharan Africa.

The Report further added that with such growth continuing, 4G would become the dominant mobile technology, surpassing half of global mobile connections in 2019 and was expected to reach 60 percent in 2023[1].

1.2 Key Outcomes of the World Radio Communication Conference 2019

The 2019 World Radiocommunication Conference (WRC-19) sought to address some of the leading technological issues set to play a pivotal role in the digital economy and the future development of services, systems and technologies. Some of the key WRC-19 outcomes[2] included:

a) The identification of harmonized frequency bands for International Mobile Telecommunications (IMT) including IMT-2020 (otherwise known as 5G mobile);

b) According of protections to the Earth-exploration satellite service (EESS) as well as meteorological and other

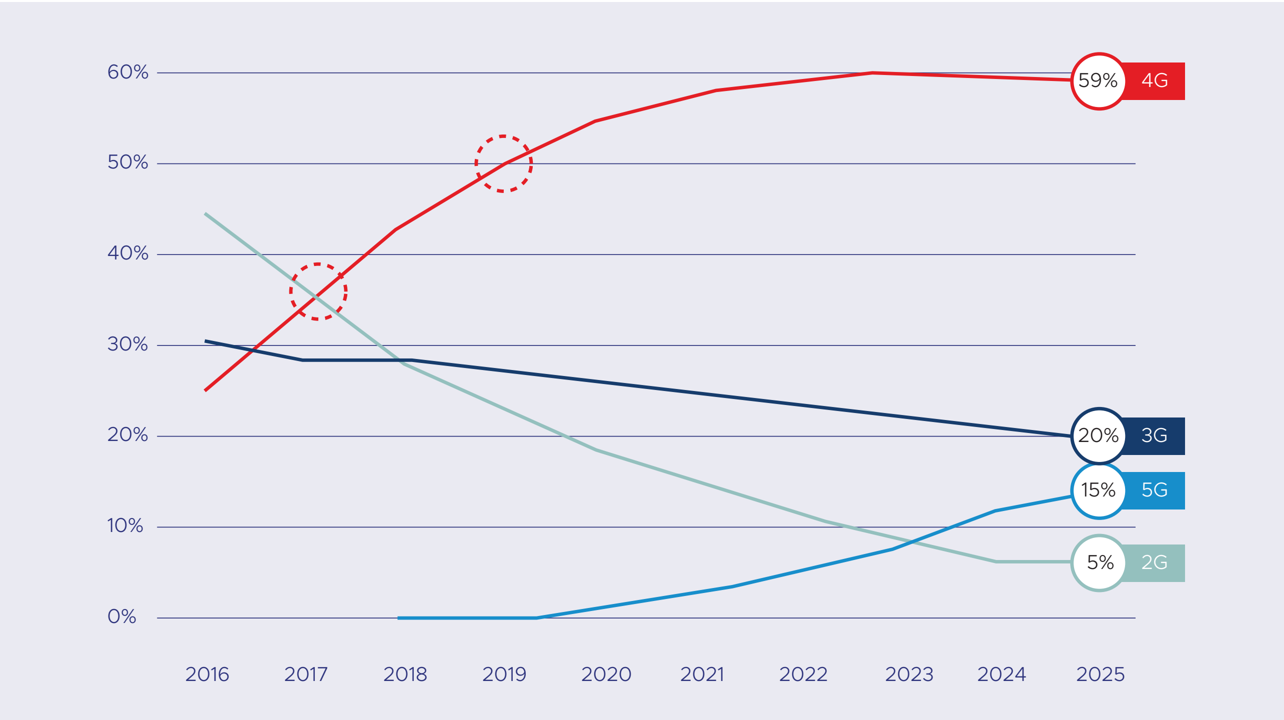


Figure 1: Growth of 4G Connections Relative to Other Technologies

[1] https://www.gsma.com/r/mobileeconomy/

[2] https://www.itu.int/en/itunews/Documents/2019/2019-06/2019_ITUNews06-en.pdf

passive services in adjacent bands such as the space research service (SRS);

c) The definition of a stable regulatory framework for non-geostationary satellite orbit (non GSO) systems; and

d) Approval of the Intelligent Transport Systems towards connecting vehicles, improving traffic management and assisting safe driving.

1.3 Global Cybersecurity Index 2018

The 2018 Global Cybersecurity Index (GCI) Report, revealed that there was an overall improvement and strengthening on all five pillars of the cybersecurity agenda across all regions.

According to the 2018 GCI estimates, Zambia scored 0.436 giving it a global rank of 90 and an African regional rank of 12. The GCI survey also showed more progress and commitment in the legal pillar with Benin, Estonia and Poland bringing in new laws on cybercrime.

It further showed that Zimbabwe, Zambia, Egypt, South Africa and the Kingdom of Eswatini (formerly known as Swaziland) had drafted new laws on cybercrime while Uganda drafted its data privacy or protection legislation[3].

1.4 Increase in Mobile Money Accounts Worldwide

The State of Industry Report on Mobile Money indicated that at the end of 2018, there were more than 866 million registered accounts in 90 countries representing a growth of 20 percent from the previous year. The report also showed that the mobile money industry processed transactions worth US$1.3 Billion per day in 2018, with digital transaction values growing at more than twice the rate of cash transactions[4].

1.5 Increased Uptake of Mobile Technologies by Women in Low and Middle Income Countries

The GSMA Mobile Gender Gap study revealed that 80 percent of women in low and middle-income countries had become mobile owners. That represented an increase of 250 million women in comparison to the previous year.

Mobile technology was also noted as the primary means of internet access in these markets, where 48 percent of women used mobile phones to get online. Despite the growth in connectivity, the gender gap in mobile phone ownership continued to persist. Women remained 10 percent less likely than men to own a mobile phone in low- and middle-income countries, and 23 percent less likely than men to use mobile internet.

[3]https://www.itu.int/en/ITU-D/Cybersecurity/Documents/draft-18-00706_Global-Cybersecurity-Index-EV5_print_2.pdf

[4]https://www.gsma.com/newsroom/press-release/gsma-report-highlights-20-per-cent-annual-increase-in-mobile-money-accounts/

1.6 Collaboration by Cloud Service Providers for New Security Initiative

The Linux Foundation announced its intention to form the Confidential Computing Consortium, a community dedicated to defining and accelerating the adoption of confidential computing. The world's leading cloud service providers involved in the consortium included Google Cloud, Microsoft, Alibaba Cloud, IBM, Red Hat, Baidu, Intel, Swisscom, Arm and Tencent. The consortium would undertake the following[5]:

a) Bring together hardware vendors, cloud providers, developers, open source experts and academics to accelerate the confidential computing market;
b) Influence technical and regulatory standards; and
c) Build open source tools that would provide the right environment for trusted execution environment (TEE) development.

1.7 Mobile Money Growth

According to the reports released by the IMF, World Bank and GSMA, mobile money growth in the Sub-Saharan Africa (SSA) was expected to increase substantially in the next five years. According to the Mobile Economy Sub-Saharan 2019 Report, the number of registered mobile money accounts in SSA represented almost half of total global accounts. The number of accounts was expected to increase to over 600 million by 2025[6].

1.8 Broadband for all in Africa

According to the resolutions of the 2019 Annual Meetings of the World Bank Group, which called for urgent action to close the internet access gap, less than a third of Africa's population had access to broadband connectivity.

It was therefore noted that achieving universal, affordable and good quality internet access by 2030 would require US$100-billion worth of investment.

Furthermore, to achieve universal broadband access, African countries would need to bring about 1.1 billion more people online, and would also require exceptional and coordinated efforts from governments, the private sector, development partners and the civil society[7].

1.9 Resolutions from the UPU Extraordinary Congress

The Universal Postal Union (UPU) held its third Extraordinary Congress in Geneva in September 2019. The extraordinary congress amongst other things considered changes to the system used to compensate the delivery of inbound international bulky letters and small packets. Further, the Union found consensus on a new system, known as "Option V". The main highlights of option V were as follows:

a) Ensured that postal operators could cover their costs;
b) Recognized the difference between commercial and non-commercial mail especially the latter when sent by low-volume developing countries;
c) Showed that the UPU can react quickly to market changes;
d) Established a success story for multilateralism; and
e) Prevented the United States of America's exit from the UPU.

[5] https://techtrends.com/2019/10/01/leading-cloud-service-providers-team-up-for-new-security-initiative/

[6] http://extensia-ltd.com/africa-poised-for-mobile-money-growth/

[7] http://extensia-ltd.com/africa-broadband-for-all-in-africa-will-cost-us100-billion/

Selected Local Developments in the ICT Sector

2. Selected Local Developments in the ICT Sector

2.1 Issuance and Renewal of Licences to Operators in the ICT Sector

As at the end of December, 2019, there were a total of 88 valid licences issued in the ICT sector compared to 87 valid licences that were issued by the end of December, 2018.

2.2 Issuance and Renewal of Licences to Operators in the Postal Sector

As at the end of December, 2019, ZICTA had issued a total of 28 valid licences in the Postal sector compared to 23 valid licences that were issued by the end of December, 2018.

Table 1: Number of Valid Licences Issued in the ICT Sector, 2018-2019

Type of Licence	Market Segment	Number of Licences 2018	Number of Licences 2019
Network (Service & Facilities)	International	4	4
	National	41	39
	Provincial	1	2
	District	3	5
Service (With a Network- Category A)	National	30	28
	Provincial	0	0
	District	1	3
Service (Without a Network- Category B)	National	7	7
	Provincial	0	0
	District	0	0
Total		**87**	**88**

Table 2: Number of Valid Licences Issued in the Postal Sector, 2018-2019

Type of Licence	Number of Licences 2018	Number of Licences 2019
Public Postal Operator	1	1
International & Domestic Courier Licence	13	16
Domestic Courier Licence	8	9
Local Courier Licence	1	2
Total	**23**	**28**

2.3 Trends in Mobile Money Transactions

The usage of mobile money or electronic money services in Zambia continued to be on the increase mainly driven by sending and receiving of funds as well as payments for utility services such as electricity and water as well as subscription to pay TV channels.

Specifically, the value of mobile money transactions more than doubled from ZMW 22.2 billion recorded at the end of 2018 to ZMW 49.6 billion at the end of 2019 reflecting an increase of 123.4 percent.

Similarly, the volume of mobile money transactions increased from 304 million transactions at the end of 2018 to 553 million transactions at the end of 2019 reflecting an improvement of 81.9 percent.

Table 3: Trends in Volumes and Values of Electronic Money Transactions

	Dec, 2017	Dec, 2018	Dec, 2019	Percentage Change 2018/19
Volumes (Number of Transactions 'Millions')	172,429,910.89	303,955,243.00	552,829,070.00	81.9%
Values (ZMW 'Million')	7,287,745,101.44	22,191,565,753.86	49,576,813,972.80	123.4%

Source: Bank of Zambia

2.4 Integration of Hai Telecommunications

Hai Telecommunications Limited became part of Liquid Telecom Zambia on January 31, 2019 following the acquisition of CEC Liquid Telecom in Zambia by Liquid Telecom.

2.5 UZI Zambia Limited

The Minister of Transport and Communications in March 2019 granted additional time to the nation's fourth mobile network operator (MNO), UZI Zambia Limited to launch its operations. UZI Zambia Limited was initially scheduled to commence its operations in November 2018.

2.6 New Communication Towers

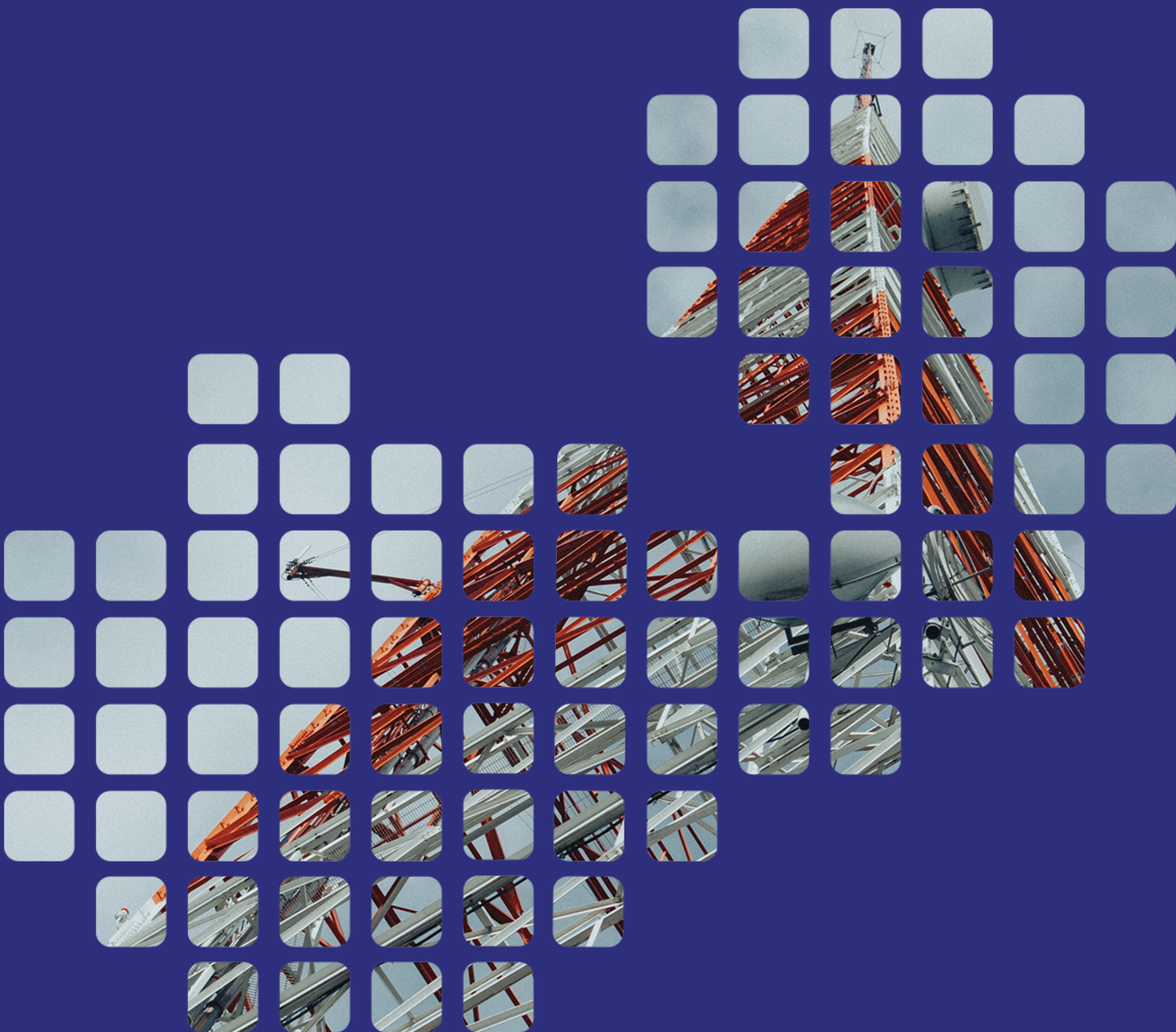
By the end of 2019, Zambia Telecommunications Company Limited (Zamtel) had connected a total of 615 new communication towers across the country. The towers were part of the 1,009 new towers planned to be constructed under Phase II of the GRZ Communication Tower Project as part of the Seventh National Development Plan (7NDP).

2.7 Cancellation of Mobile Broadband Limited's Licences

On September 12, 2019, the Authority cancelled the network and service licences issued to Mobile Broadband Limited trading as Vodafone Zambia Limited.

The cancellation was on the grounds that Vodafone had ceased to fulfil its eligibility by not being technically and financially capable of meeting the obligations and the terms and conditions of the licence contrary to the provision of Section 12 of the ICT Act No. 15 of 2009.

Performance of the ICT Sector



3. Performance of the ICT Sector

3.1 Mobile Telephone Market

3.1.1 Active Mobile Network Subscription

The total number of active mobile phone subscriptions continued to grow in the last twelve years as shown in Figure 2.

The total number of mobile phone subscriptions increased by 11.3 percent to reach 17.2 million active subscriptions recorded at the end of 2019 relative to 15.5 million active subscriptions recorded at the end of 2018.

The growth in mobile telephone subscriptions represented an improvement in the mobile penetration rate from 91.6 percent recorded in 2018 to 99.1 percent in 2019.

The performance was mainly attributed to increased investments in telecommunication coverage infrastructure, heightened competition among the service providers and the increased adoption of machine to machine (M2M) services such as point of sale machines and other data-enabled devices that utilize sim cards.

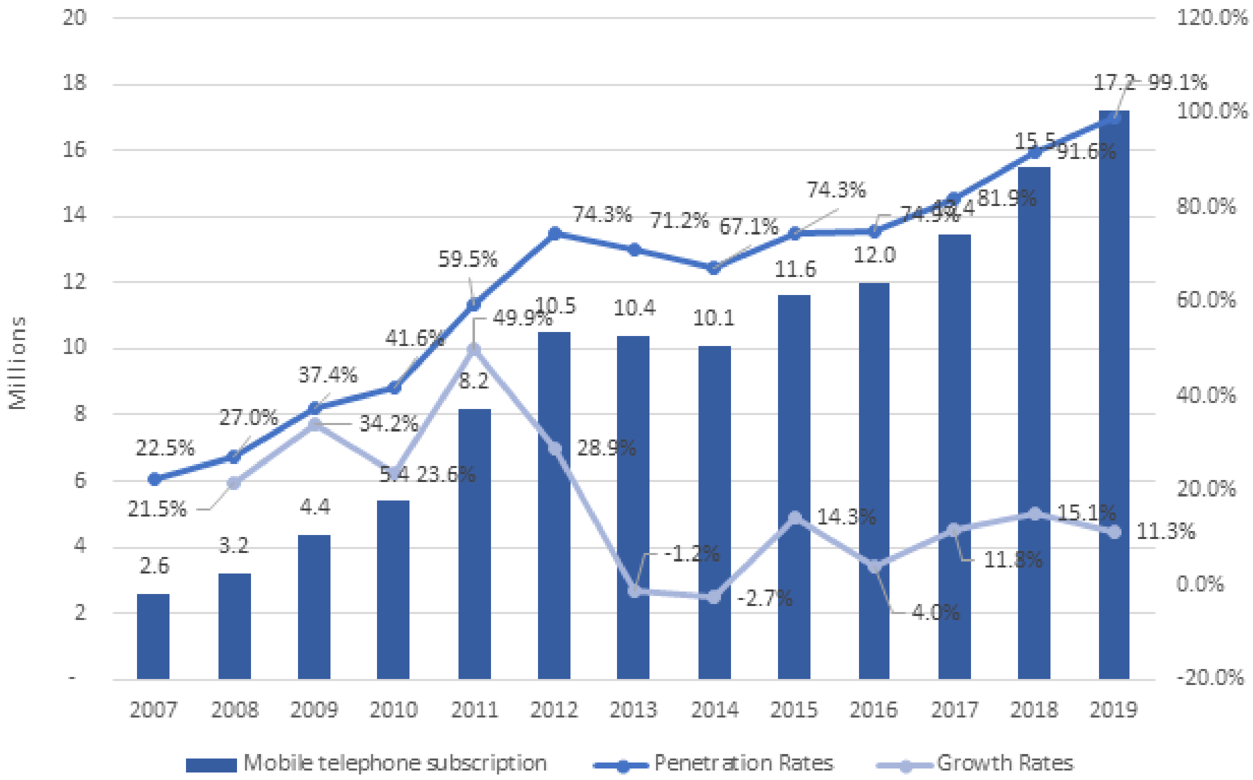


Figure 2: Active Mobile Subscriptions for the period 2007 to 2019

3.1.2 Market Shares of Mobile Network Subscription

MTN Zambia Limited and Airtel Zambia Limited continued to have relative dominance in market share, with 43.7 percent and 33.9 percent respectively. Zamtel maintained the least market share in mobile telephone subscriptions of 22.4 percent.

Notwithstanding, Zamtel continued to record notable improvements in market share which was reflective of an evolving positive participation of the company in the competition landscape for mobile telecommunication services as well as its increased investments in mobile telecommunication network coverage infrastructure.

3.1.3 Mobile Voice Call Traffic

The total domestic incoming calls increased from 2.0 billion minutes recorded in 2018 to 2.1 billion minutes in 2019 representing an increase of 4.4 percent. Similarly, outgoing calls increased from 14.0 billion minutes in 2018 to 16.0 billion minutes in 2019 representing an increase of 14.3 percent.
The increase in the domestic traffic was mainly attributed to heightened volume based bundled price offers on the market that received wide adoption as well as the increased number of mobile subscriptions.
The international incoming traffic declined from 37.4 million minutes recorded in 2018 to 26.3 million minutes 2019 representing a reduction by 29.8 percent.

Similarly, the international outgoing traffic declined from 39.9 million minutes in 2018 to 29.2 million minutes representing a reduction by 26.9 percent.

The decline was predominantly attributed to the increasing adoption of internet-based applications like WhatsApp, FaceTime, Skype and Viber to make international voice calls. In addition, practices such as SIM boxing could also explain the decline in international incoming traffic.

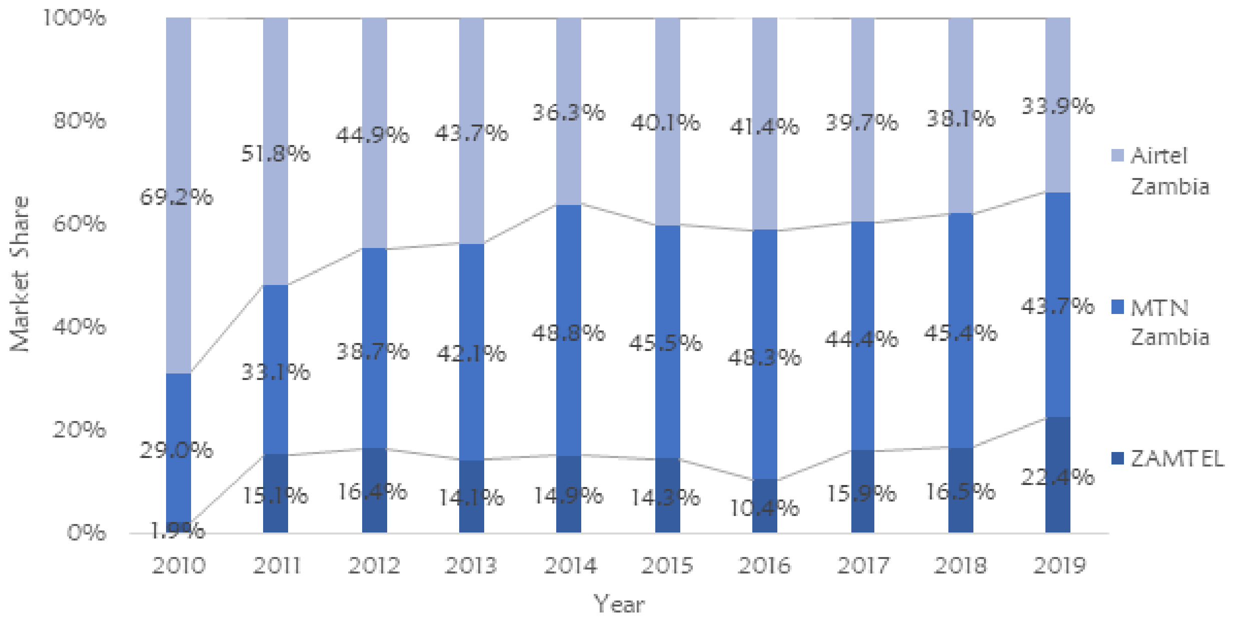


Figure 3: Market Shares for Mobile Subscriptions, 2010 – 2019

Table 4: Mobile Voice Call Traffic Volumes

	Incoming Calls		% Change	Outgoing Calls		% Change
	2018	2019		2018	2019	
Domestic	2,031,404,096	2,121,610,516	4.4	13,975,890,482	15,975,065,393	14.3
International	37,414,374	26,253,419	-29.8	39,891,483	29,152,335	-26.9

3.1.4 Mobile Voice Tariffs

Following the conclusion of the Cost of Service Study for Next Generation Networks, the Authority through a determination made in March, 2019 reduced the interconnect rate from ZMW0.15 to ZMW0.11, resulting into the reduction in the cost of communication across networks. In addition, all the operators reduced their headline tariffs at the beginning of June, 2019 to a maximum of ZMW1.00.

The average headline tariffs charged in Zambia were relatively competitive when compared to the tariffs charged for similar services in other countries in the region. Based on an assessment of ten (10) comparable countries in the region, Zambia's ranking on the cost of headline tariffs relative to other countries was as highlighted below:

a) Fourth (4th) on 'Off net' off Peak calls;
b) Third (3rd) on 'Off net' on Peak calls;
c) Fourth (4th) on 'On net' on Peak calls; and
d) Fifth (5th) on 'On net' on off Peak calls.

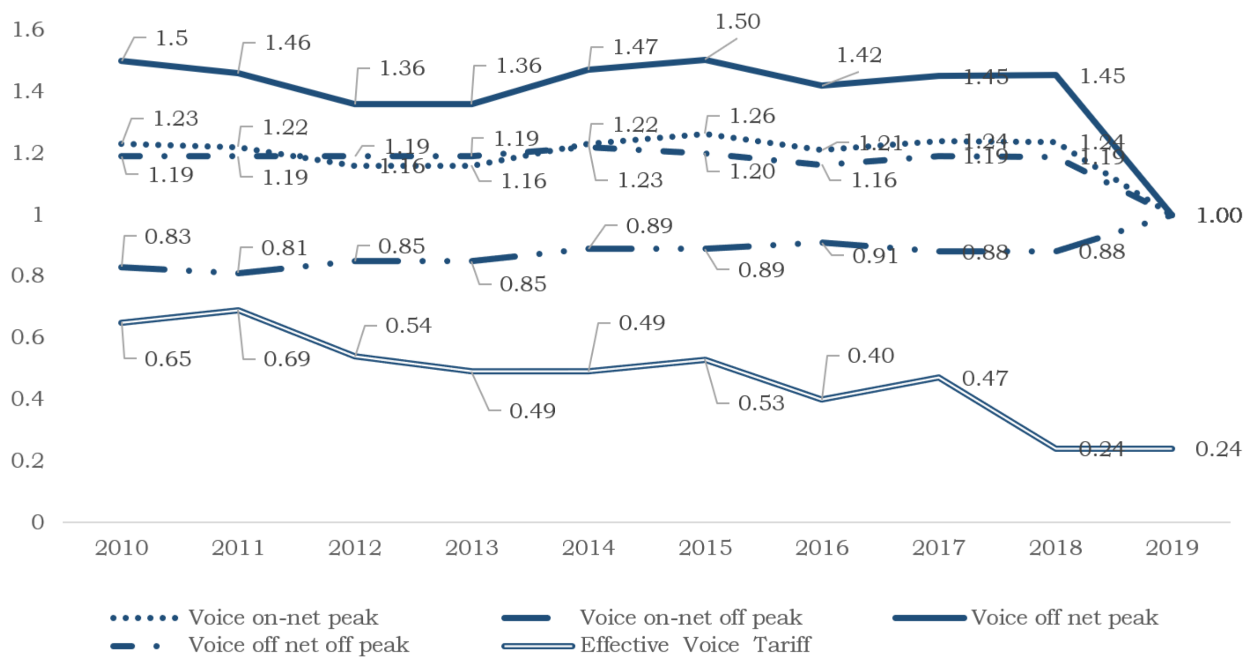


Figure 4: Mobile Voice Tariffs 'Per Minute in ZMW': 2010-2019

Table 5: Benchmarking of Mobile Voice Tariffs in USD

Provider (Country)	On Net Peak	Rank	On Net Off Peak	Rank	Off Net Peak	Rank	Off Net Off Peak	Rank
Econet (Zimbabwe)	1.0593	10	1.0593	10	1.0241	10	1.0241	10
Zambia	0.0709	4	0.0709	5	0.0709	3	0.0709	4
MasCom (Botswana)	0.1128	7	0.0564	4	0.1128	7	0.0564	3
MTC (Namibia)	0.0525	3	0.0525	3	0.105	5	0.105	6
Airtel (Tanzania)	0.000301	1	0.000301	1	0.000301	1	0.000301	1
Airtel (Malawi)	0.1008	6	0.1008	7	0.112	6	0.112	7
Vodacom (South Africa)	0.0875	5	0.0875	6	0.0875	4	0.0875	5
Eswatini (Swaziland)	0.000649	2	0.0003894	2	0.000649	2	0.0003894	2
Airtel (Congo DR)	0.1162	8	0.1162	8	0.14	9	0.14	9
Vodacom (Lesotho)	0.1183	9	0.1183	9	0.1183	8	0.1183	8

3.2 Internet Service Provision

By the end of 2019, the total number of active internet subscriptions in Zambia increased to 9.2 million from 8.4 million reported in 2018, reflecting an increase in internet penetration rate from 49.8 percent in 2018 to 52.8 in 2019.

The improvement was mainly attributed to higher investments among service providers which led to extensive coverage of 3G/4G networks and the increased adoption of emerging technologies such as 3G and 4G/LTE. Further, the increased roll out of networked devices such as point of sale machines had partly influenced the growth of mobile internet uptake.

Table 6: Internet Subscriptions and Penetration Rates 2017 - 2019

Internet Usage	2017	2018	2019
Fixed Internet Subscriptions	36,121	73,532	89,507
Fixed Internet subscriptions Per 100 Inhabitants	0.22	0.44	0.51
Mobile Internet Subscriptions– 3G and 4G/LTE	7,723,855	8,346,609	9,140,666
Mobile Internet Subscriptions– Per 100 Inhabitants	47.1	49.4	52.6
Internet Subscriptions—Fixed & Mobile Internet Subscriptions	7,759,976	8,420,141	9,230,173
Internet Subscriptions Per 100 In-habitants	47.3	49.8	53.1

3.3 Communications Towers

The total number of communications towers increased from 2,521 in 2018 to 3,235 communication towers in 2019 representing an increase of 28.3 percent. The distribution of ownership of communications towers is as highlighted below:

Table 7: Ownership of Tower Infrastructure, 2017 to 2019

Year	IHS	ZICTA	ZAMTEL	INFRATEL	AIRTEL	TOTAL
2019	1,751	229	22	1,216	17	3,235
2018	1,707	229	545	-	15	2,521
2017	1,713	204	493	-	16	2,426

3.4 Telecommunication Sites

At the end of 2019, a total 10,303 telecommunication sites were operational in the country representing an increase of 35.5 percent from 7,605 telecommunication sites that were operational at the end of 2018.

The largest proportion of the sites continued to be 2G sites accounting for 49.3 percent of the total followed by 3G sites at 28.2 percent of the combined total number of sites. Only 22.5 percent of the telecommunication sites were 4G/LTE sites.

However, the proportion of 4G/LTE sites had continued to increase, from 1,466 sites in 2018 to 2,316 sites in 2019 representing the largest improvement of 58 percent.

Table 8: Distribution of Telecommunication Sites

Description	2017	2018	2019	% Change 2018/19
2G	2,990	3,412	5,081	48.9%
3G	2,146	2,727	2,906	6.6%
4G/LTE	1,057	1,466	2,316	58.0%
Total	6,193	7,605	10,303	35.5%

Economic Regulation

4. Economic Regulation

4.1 Policy and Research

4.1.1 2018 National ICT Survey

The 2018 National ICT Survey report was finalised and disseminated to all stakeholders in March, 2019.

The Survey was undertaken by ZICTA in collaboration with the Central Statistical Office and the Ministry of Transport and Communications with financial support from the Government of Sweden through the Swedish International Development Cooperation Agency (SIDA).

The exercise was aimed at measuring progress in the uptake of ICT products and services across the country.

4.1.2 Tax and Non-Tax Proposals for the ICT Sector

The Authority initiated a consultative process through which proposals were received from operators in the ICT sector aimed at enhancing the policy and administrative aspects of taxation in the country.

The proposals were compiled and submitted to the Government for consideration for the 2020 Budget year.

4.1.3 Training of Data Suppliers and Development of a Manual for ICT Indicators

The Authority facilitated a training activity for all licenced operators in the postal and ICT sector. The training was aimed at providing awareness on the required indicators, definitions and data upload procedures. The Authority also published a manual on the navigation of the ICT databank as well as definitions for the ICT indicators.

4.1.4 Emergence of IPTV and Mobile TV

The Authority developed a position paper on the regulatory considerations for IPTV and Mobile TV. The Authority proposed that IPTV and Mobile TV should be regulated by Independent Broadcasting Authority (IBA).

4.1.5 ICT and Postal Sector Investment Profile

The Authority updated the ICT and Postal Sector Investment Profile which was subsequently shared with the Zambia Development Agency (ZDA) for use in its investment promotion activities. The profile was updated to reflect the existing business and regulatory environment in the ICT and postal and courier services sectors.

It also highlighted some of the market performance outcomes, existing opportunities for prospective investors, ongoing projects, as well as licencing procedures based on existing frameworks in the ICT and Postal Sectors.

4.1.6 ICT Market Reports

The Authority published four market reports in 2019. These included two quarterly reports, the mid-year market report and the 2018 Annual market report.

The reports provided details on the developments in the ICT sector as well as highlighting issues that needed redress. The reports were shared with the Ministry of Transport and Communications as well as the Ministry of Finance among other key stakeholders.

4.1.7 Publication of ICT Research and Studies

During the period under review, the Authority facilitated the publication of six papers in the ICT Sector Journal, following an external peer review process.

The external reviewers were drawn from various organisations to assist with providing feedback to the external researchers that submitted their papers for consideration.

4.2 ICT Innovation

In line with the mandate to promote research and development in the ICT sector, the Authority continued to implement the ICT Innovation Programme. Following the selection of the top five innovators from the 2018 cohort, the finalists were awarded with financial support to assist with the implementation of their projects.

A total of ZMW325, 000 was allocated towards the support for the start-ups. The shortlisted innovators were also provided with mentorship support and working space at the Authority during the commercialisation phase of their innovations.

The Authority shortlisted sixty innovators to participate in the 2019 cohort of the ICT innovation programme. The shortlisted candidates participated in a number of technical development and business development workshops.

The workshops were facilitated by a number of partners that were engaged by the Authority. The programme also received financial support from Airtel Networks Zambia and IHS while ZANACO donated four laptops for the initiative.

4.3 Markets and Competition

4.3.1 Implementation of the Next Generation Networks/Access (NGN/A) Cost of Services Study Results

In line with the mandate to regulate tariffs in the ICT sector the Authority concluded the NGN/A Cost of Service study in 2018. The findings and recommendations of the study were implemented in 2019 and included the following:

a) Reduction in the interconnection—Mobile Termination Rates for Voice & SMS;
b) Voice Headline Tariffs; and
c) Digital Terrestrial Transmission (DTT) Signal Distribution.

4.3.1.1 Reduction in the interconnection - Mobile Termination Rates for Voice & SMS

The SMS termination rate was maintained at ZMW0.01. However, with effect from March 1, 2019 the glide path was implemented and this brought about a reduction in termination rates from K0.15 to K0.11 per minute.

Table 9: Interconnection Rates for voice services

Financial Year		2019	2020	2021	2022
Uniform Rate for 3 existing MNOs	ZMW/Min	0.11	0.10	0.09	0.09
Asymmetric Rate for New Entrant (For a period of 2 years)	ZMW/Min	0.15	0.13	0.09	0.09

4.3.1.2 Reduction in Voice Headline Tariffs

In line with the results of the Cost of Service Study, the consultation process and Regulation 23 (1)(a) of the 2018 Tariff Regulations, a price cap of ZMW1.00 per minute on headline voice tariffs was implemented on June 1, 2019.

This resulted in a substantial reduction in all headline tariffs from an average of ZMW1.19 per minute to ZMW1.00 per minute, representing a reduction of approximately 16 percent.

4.3.1.3 Digital Terrestrial Transmission (DTT) Signal Distribution

Based on the results of the cost of service study, the determination was made for DTT Signal Distribution charges as shown in the table below.

4.3.2 Review of Access Charges in The ICT Sector

In May 2019, the Authority concluded a study of the wholesale access charges in Zambia. The aim of the study was to carry out a comprehensive review of the state of IP and Fiber access (wholesale leased capacity) as well as co-location in the Zambian market in order to determine the relevant regulatory interventions to be taken to ensure fair competition.

Based on the findings of the study, the Authority took the following regulatory actions:

a) Cost Based Co-location charges;
b) Co-location charges in local currency;
c) Removal of Annual Price Escalation;
d) Retail Minus Margin; and
e) Industry Pricing Standard.

Table 10: Signal Distribution Determination

Kwacha per channel per site	Existing	New	% Change
Major sites	17,920	8,021	55% Reduction
District Sites	7,000	4,376	37% Reduction

The determination took effect on April 1, 2019.

4.3.2.1 Cost Based Co-location charges

In order to address the high cost of co-location, the Authority directed the two main passive infrastructure providers to unpack the co-location costings and implement a price ceiling for the various categories of co-location.

Further, a cost standard was determined to ensure that pricing was cost based and, took into account all relevant parameters such as weight, surface area and position on the tower among others.

4.3.2.2 Removal of Annual Price Escalation

The Authority reviewed the price escalation mechanism and directed that any revisions to pricing whether as a result of rises in the annual consumer price index, general underlying costs or otherwise were only to be implemented subject to approval from the Authority.

4.3.2.3 Increase in the Retail Minus Margin

To ensure a level playing field in the leased capacity market where vertically integrated operators competed with retail operators, the Authority set a minimum acceptable retail minus discount to provide more relief to the operators that would procure bandwidth from vertically integrated operators and compete within the same retail market. That resulted in an increase in the retail minus margin from 9% to 20%.

4.3.2.4 Industry Pricing Standard

In line with Section 40 of the ICT Act of 2009, the Authority published in the Government Gazette, a list of identified relevant markets and licensees deemed to hold a dominant position. The determination for the year 2020 was as summarised in the table below.

Table 11: 2020 Relevant Markets and Dominance Determination

Relevant Market	Service/Product Provision	Dominant Player (s)
Mobile Voice	Traditional Mobile Voice Services	Airtel Zambia and MTN Zambia
Fixed Voice	Traditional Fixed Voice Service (PSTN)	Zamtel
Mobile Internet	2G, 3G, 4G and LTE inter-net services	Airtel Zambia and MTN Zambia
Fixed wired/ Wireless internet	ADSL,	No player is dominant
Co-location Service – Passive	Passive Infrastructure	IHS Zambia
Co-location – Data Centers	Physical Server renting, cloud storage, back up as a service, on site managed services and cloud virtual machine	INFRATEL and NetOne
Leased Capacity Service	IP transit, Private Leased Lines, Ethernet Private Lines, Metro Access Circuit	INFRATEL and Liquid Telecom
Signal Distribution	Digital Terrestrial Transmission services	GOtv Zambia and TopStar

4.3.6 Expiry of Data Bundles

Following the adoption of the motion in parliament regarding the expiry of data bundles, the Authority held extensive consultative meetings with all the relevant stakeholders to discuss the implementation modalities.

It was resolved that the Parliamentary Resolution on the expiry of data bundles would be implemented by introducing additional data bundle options with no expiry dates which would exist alongside the existing data bundles with expiry dates.

That was aimed at providing consumers with more choice and enabling them to purchase data based on their unique usage requirements. The new non-expiry data bundles were scheduled to be implemented by April 1, 2020.

4.3.7 Tariffs for electronic communication services

In line with sections 47, 48 and 50 of the ICT Act the Authority received a total of 82 applications for approval of tariffs for electronic communications services. Out of these, four were rejected and 78 approved.

The table below provides a summary of the electronic communication services that the tariff applications were related to.

Of the total applications received, 44% were applications for promotional offers, 36% were applications for permanent offers and 20% were applications for headline voice, SMS or Pay as you go (PAYG) data tariffs.

Table 12: Tariff Applications for Electronic Communications Services

Service	No. of Applications	Percentage
Combo Bundles (Voice, SMS and Data)	15	18%
Fixed internet	15	18%
Mobile data	15	18%
Signal Distribution	1	1%
SMS	1	1%
Social Data Bundle	4	5%
Value Added Services	21	26%
Voice	9	11%
Leased Capacity	1	1%
Total Applications	82	100%

4.4 Postal Services

4.4.1 Development of the Postal Policy

The Authority participated in the development of the Postal Policy in collaboration with the Ministry of Transport and Communications.

The development of the first ever National Postal Policy was expected to provide a framework for reinventing the Postal Sector into an innovative provider of quality postal services through adoption and adaptation of ICTs and emerging technological trends among other things.

4.4.2 Review of the Postal Services Act of 2009

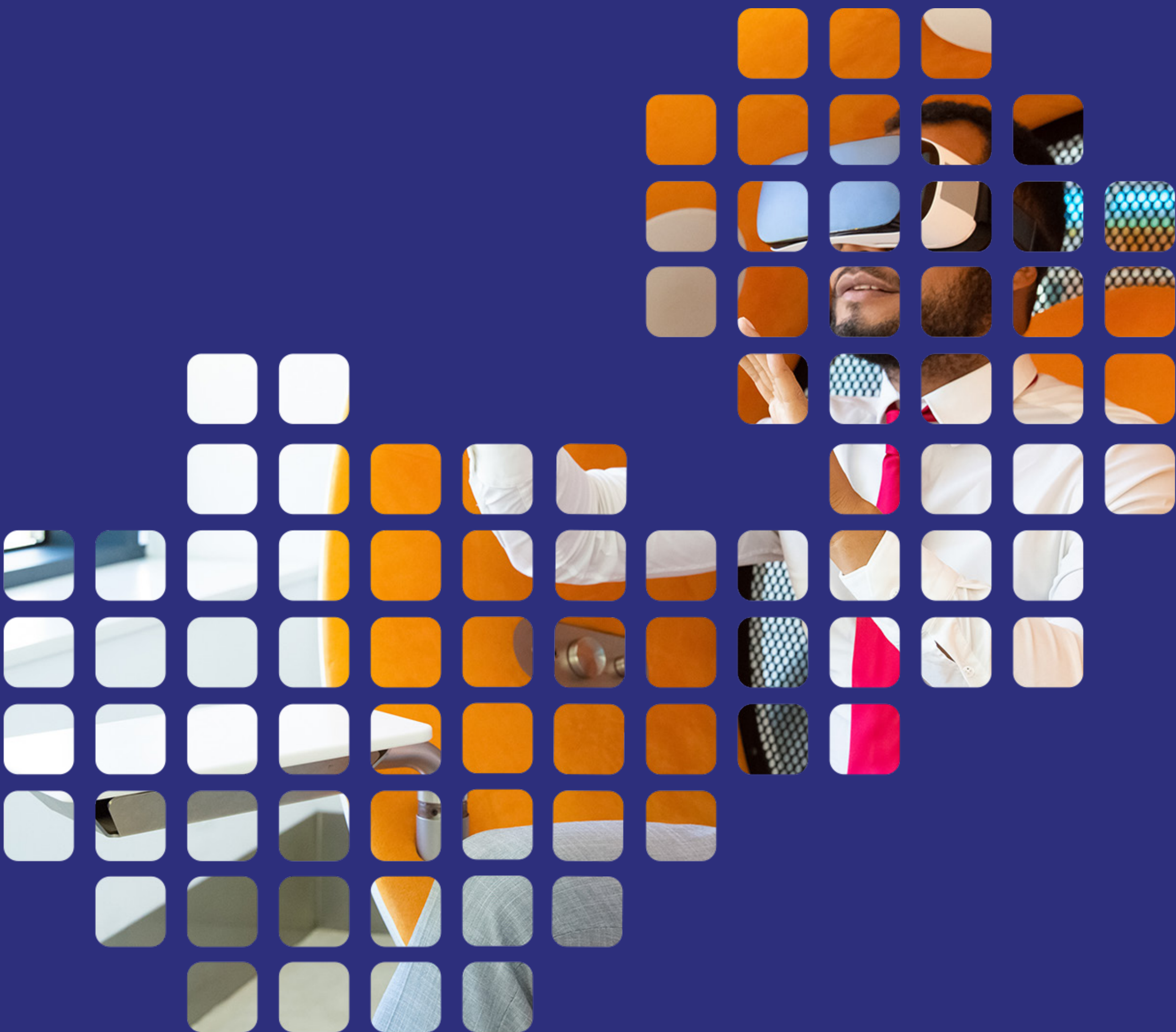
The Postal Services Act No.22 of 2009 was enacted to mandate the Authority to regulate the postal and courier services in Zambia. The Authority commenced the process of reviewing the Act in order to address the existing shortcomings in the postal and courier sector.

4.4.3 E-Commerce Strategy

The Authority participated in the formulation of Zambia's first National e-Commerce Strategy led by the Ministry of Commerce, Trade and Industry. The strategy was aimed at taking advantage of the growth in the use of e-commerce in Zambia and enhancing the participation of several players in the e-commerce value chain in the country.


ZICTA

Technology & Engineering



5. Technology and Engineering

5.1 Standards

5.1.1 Standards Development

5.1.1.1 Biometric Standards

The Technical Committee responsible for 'Cybersecurity and future networks' held two meetings which resulted into the adoption of biometrics standards that would support the roll-out of nation digital identity cards under the Integrated National Registration Information System (INRIS) project.

5.1.1.2 Standards for Short Range Devices

The Technical Committee responsible for 'Networks, Technologies and Numbering' adopted the standards for Short Range Device (SRD) to facilitate for the harmonized operation of the devices locally and regionally. The adopted standards detailed the technical requirements that would enable regulation on the use of the devices. Some of the technical specifics included but were not limited to:

a) The operating frequency range for SRDs;
b) The maximum allowable transmission power for the specified SRDs; and
c) Global harmonization mechanism of short-range devices.

Eighteen (18) standards were adopted with an additional of thirty-nine (39) normative references.

5.1.1.3 Telecommunication Infrastructure Installation Standards

The Technical Committee responsible for 'ICT and the Environment' adopted standards that would facilitate the installation of various telecommunication infrastructure.

These standards would be implemented through the installation guidelines that were developed by the Authority. The following were among some of the elements prescribed through the standards:

a) Trenching techniques with minimum impact on both the environment and other infrastructure. These trenching techniques were recommended mostly for installations that involve cutting through roads;
b) The quality of equipment and material to be used in the installations of the telecommunication infrastructure which include ducts, masts/poles, concrete and many others; and,
c) Best practices that would minimize the environmental impact resulting from telecommunication infrastructure installation with an emphasis on infrastructure sharing.

The committee reviewed and adopted eleven (11) standards out of the fifteen (15) that were proposed for adoption.

5.1.1.4 Performance of Digital Financial Services (DFS)

The Technical Committee responsible for 'Quality of Service (QoS), Quality of Experience (QoE) and Performance' adopted five (5) standards intended to be used to regulate the performance of digital financial services in Zambia.

5.1.1.5 Smart Applications Standards

The Technical Committee responsible for 'Internet of Things (IoT) and Multimedia' Applications adopted three (3) smart applications standards and thirteen (13) normative references.

5.1.2 Standards Categories

Table 3 and figure 2 show the types of standards that were adopted from different international Standards Development Organisations (SDOs).

Table 13: Category of standards adopted

Standard Type	No. of Standards	%
ITU	55	39
ISO IEC/IEC	33	24
ETSI	15	11
BS EN/EN	32	23
FCC	5	4
TOTAL	140	100

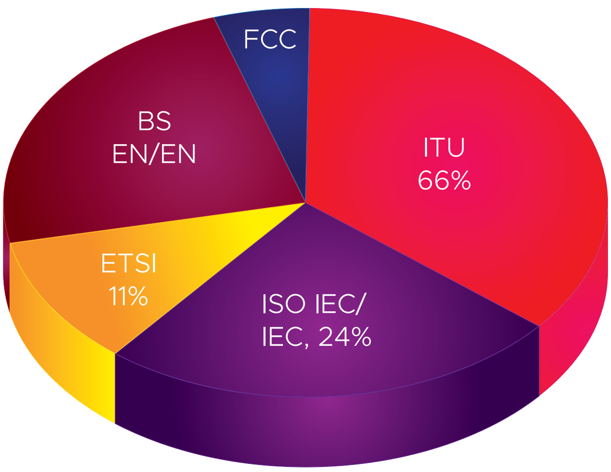


Figure 5: Category of standards adopted

5.2 Numbering and Domain Names

5.2.1 Number Resources

5.2.1.1 Allocation of Number Resources

There were a total of sixty-four (64) new allocations, four hundred and ninety two (492) renewed allocations and fourteen (14) expired resources in 2019.

Table 14: Allocation of Number Resources

Month	New Allocations	Renewed Allocations	Expired	Growth
Jan	2	12	2	0
Feb	1	14	1	0
March	7	333	0	7
April	6	10	3	3
May	5	14	0	5
June	14	12	0	14
July	5	16	0	5
August	5	15	1	4
September	4	53	1	3
October	4	4	0	4
November	9	7	3	6
December	2	2	3	-1
Total	**64**	**492**	**14**	**50**

5.2.2.1 Registration of Domain names

The Authority registered a total of 6,004 domain names in 2019 compared to 5,549 registered in 2018 representing an increase of 10.18 percent as shown in the table below. The co.zm accounted for the largest proportion of the total number of registered domain names representing 71.6 percent. The table below provides a summary of the different types of domain names registered.

Table 15: Allocation of Number Resources

Zone	Total Domains 2019	Total Domains 2018	Growth
co.zm	4301	3942	359
org.zm	531	511	20
com.zm	478	456	22
gov.zm	317	198	119
ac.zm	99	90	9
edu.zm	137	114	23
.zm	63	63	0
sch.zm	40	39	1
net.zm	15	13	2
info.zm	9	10	-1
biz.zm	9	9	0
mil.zm	5	4	1
Total	**6004**	**5449**	**555**

5.3 Type Approval and Registration of Dealers

There were a total of sixty-four (64) new allocations, four hundred and ninety two (492) renewed allocations and fourteen (14) expired resources in 2019.

5.3.1 Registration of Dealers

During the year under review, a total of 76 new dealers were registered while 125 dealers renewed their certificates.

5.3.2 Type Approvals

In 2019, physical inspections were conducted in Lusaka, Muchinga and Eastern Provinces to ensure that electronic equipment conforms to prescribed standards.

5.3.3 Monitoring of imported Equipment and Devices through ZRA Single Window

In line with the Authority's mandate to ensure that all electronic communication equipment and devices are type approved, a total of 5,618 imported electronic communication equipment and devices were monitored through the ZRA single window in order to ascertain if they were Type Approved.

Of all the importations during the reporting period, 46 percent required Type Approval whereas 48 percent of the imports were already Type Approved. Amongst the imports that required Type Approval, only a small fraction of the consignees submitted the products for Type Approval thereby resulting in high levels of non-compliance.

5.4 Spectrum Planning and Licencing

5.4.1 Deployment of Television Whitespaces

The Authority approved in principle the usage of Television White Spaces (TVWS) in Zambia. There had been interest shown in the usage of TVWS which mainly focused on the deployment of affordable wireless broadband in rural and underserved areas.

5.4.2 Spectrum Licensing

During the year 2019, the following key spectrum licensing decisions were made:

a) The Authority approved Paratus Telecom application for 3.5GHz spectrum. This approval was for 10.5MHz (3550.75-3561.25MHz) for Copperbelt and 21MHz (3540.25-3561.25) for North-western Province;
b) The Authority approved the countrywide offer of 20MHz spectrum in the 2.6GHz Band for Orbital Telecom Limited;
c) The Authority approved 30 MHz radio spectrum license for A-Com Limited for North-western Province with spectrum ranging from 2590-2620MHz;
d) The Authority approved the request by Microlink Technology to swap its 30MHz spectrum from 2560MHz-2560MHz to 2590-2620MHz;
e) The Authority approved the offer of 2x10MHz in the 1800MHz band for Uzi Zambia Limited;

Following the integration of Hai Telecommunications into Liquid Telecommunications, the Authority made the following decisions:

a) Transferred spectrum in the 3500 MHz and 5400 MHz bands previously held by Hai Telecommunications to Liquid Telecommunications;

b) Transferred the VSAT licences (54 urban, 18 rural) previously held by Hai Telecommunications to the Liquid Telecommunications; and

c) Offered 14 MHz spectrum in the 3500 MHz Band in Southern and Central Provinces to Liquid Telecommunications.

The Authority assigned TopStar 2 DTT channels for Lusaka and 2 DTT channels for Kitwe.

5.4.3 Annual Radio Spectrum Licences

In the year under review, the Authority renewed a total of 718 spectrum licences, approved a total of 78 new applications and cancelled a total of 59 licences.

5.5 Cybersecurity

5.5.1 Forensics Cases

The Authority received and processed 59 forensic requests. Of these, 42 requests came from the Zambia Police Service, 16 from Drug Enforcement Commission and one (1) from the Immigration Department.

5.5.2 Vulnerability Assessments and Incidence Response

The Authority conducted a number of vulnerability assessments including the following:

a) A system vulnerability assessment on the Zambia Public Procurement Authority (ZPPA) E-Government Procurement (E-GP) System;
b) Vulnerability assessment of the UNZA

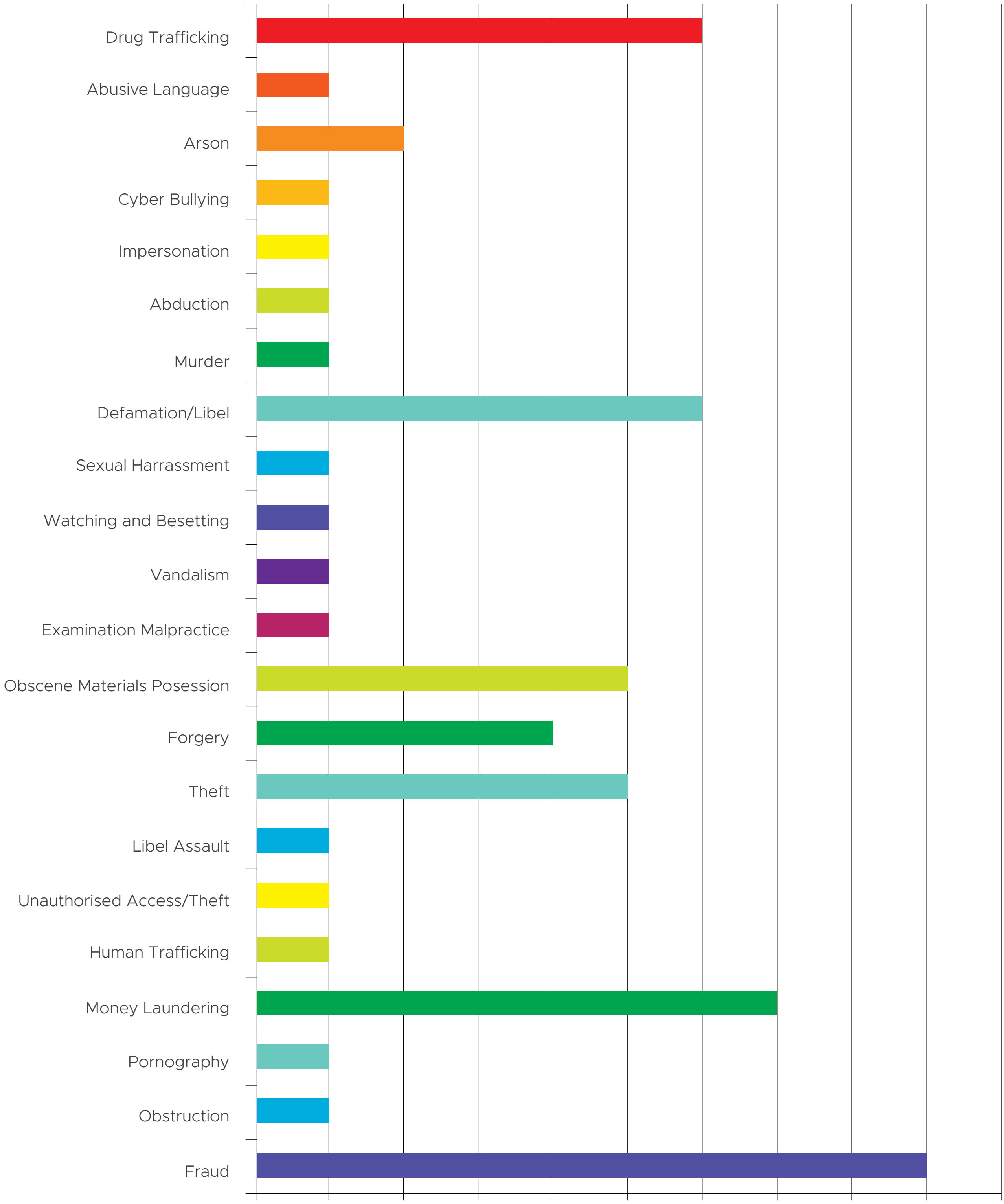


Figure 6: Types of Forensic Incidences

student information system (SIS);

c) An IT security inspection was carried out on the RTSA Advanced Road Safety Management Solution at Intelligence Mobility Solutions (IMS) premises;
d) Conducted a vulnerability assessment on the Consumer and Competition Protection Commission (CCPC) ICT systems;
e) Recommended website security enhancements to the Teaching Service Commission for their SMART Zambia hosted website;

In addition, the Authority held separate meetings with MTN and Airtel Networks Zambia in order to prevent SMS scams, SIM swap fraud and Mobile money frauds.

5.5.3 Awareness Programmes

The Authority conducted Cybersecurity awareness programmes with numerous institutions drawn from churches, learning institutions and corporate organisations.

5.5.4 Regulation of Critical Databases

In line with the Authority's first ever mandatory activity of the regulation of critical databases, the Authority conducted inspections of foreign based data centres that host Zambia's financial critical databases for Citibank in London and Frankfurt and Standard Chartered in London.

5.6 Spectrum Monitoring and Compliance

5.6.1 Compliance Inspections

The Authority conducted physical inspections for all spectrum users which ensured technical and financial compliance for each Licensee.

A number of inspections were conducted in 2019 that resulted into a considerable revenue collection on spectrum users in Zambia.

5.6.2 National Network Coverage Simulations

The Authority provided input to government ICT policy aimed at achieving universal access to ICT for all by providing ICT national coverage information. The information was vital in directing Government road map to ensuring the Zambian citizenry was connected to mobile services.

Zambia Statistics Agency and Disaster Management and Mitigation Unit also used the information for various purposes including that of disaster preparedness.
In addition, the Authority conducted an analysis in order to establish the Mobile cellular national coverage.

5.6.3 Occupancy Tests on Channels for Smart City Zambia Project

The Authority conducted spectrum occupancy tests for all the channels that were assigned for using in the Smart City Zambia project to ensure that there were no unauthorized transmissions in the entire band.

5.7 Quality of Service

5.7.1 Statistical QoS Data Samples

The Authority conducted a total of 530,000 QoS tests aimed at ascertaining whether operators were meeting the required QoS standard. The QoS tests related to voice, data and SMS.

The figures 7 to 14 below provide an overview of the performance following the tests.

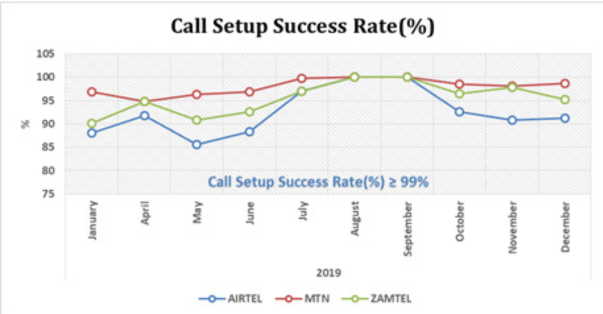


Figure 7 — Call Setup Success Rate

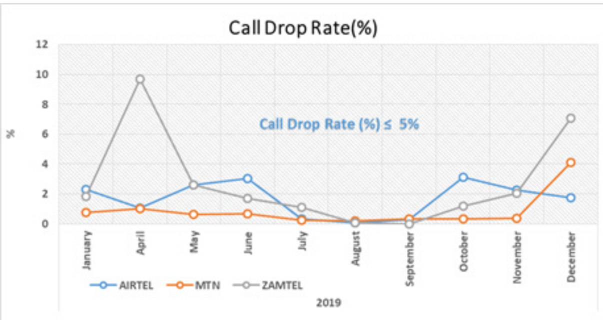


Figure 8 — Call Drop Rate

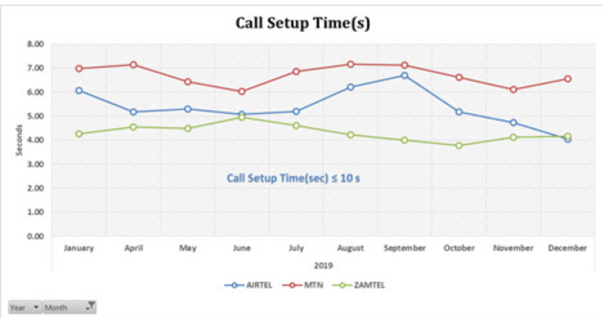


Figure 9 — Call Setup Time

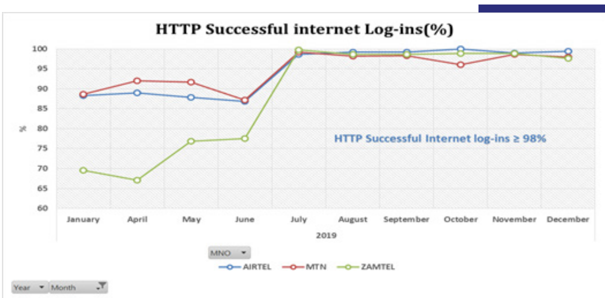


Figure 10 — HTTP Successful Internet Log-Ins

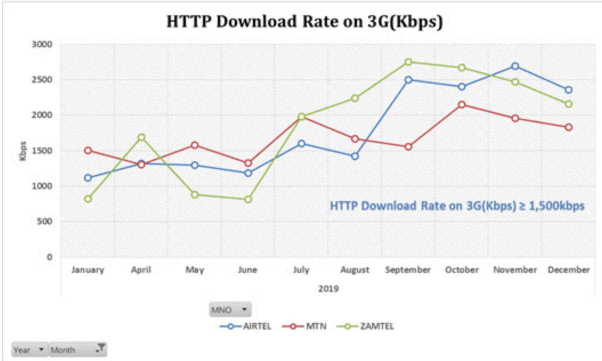


Figure 11 — HTTP Download Rae on 3G

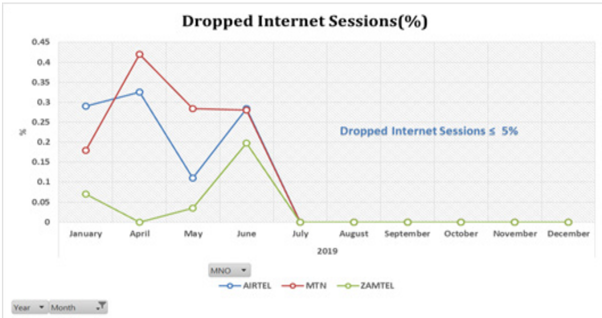


Figure 12 — Dropped Internet Sessions

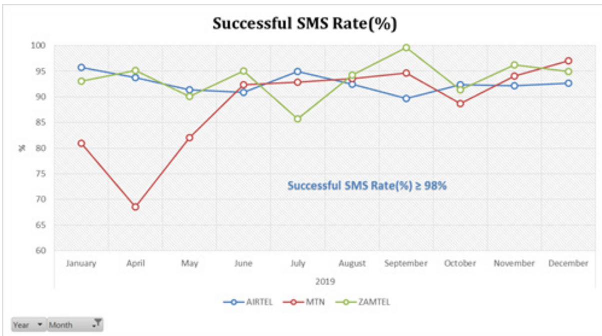


Figure 13 — Successful SMS Rate

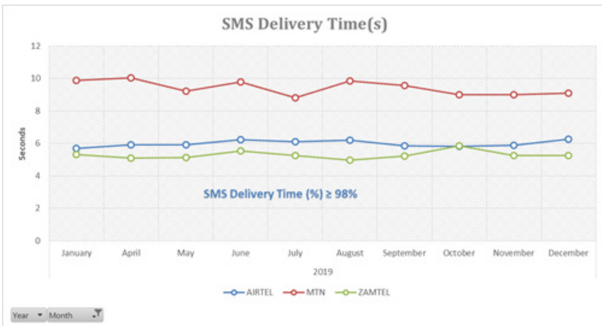
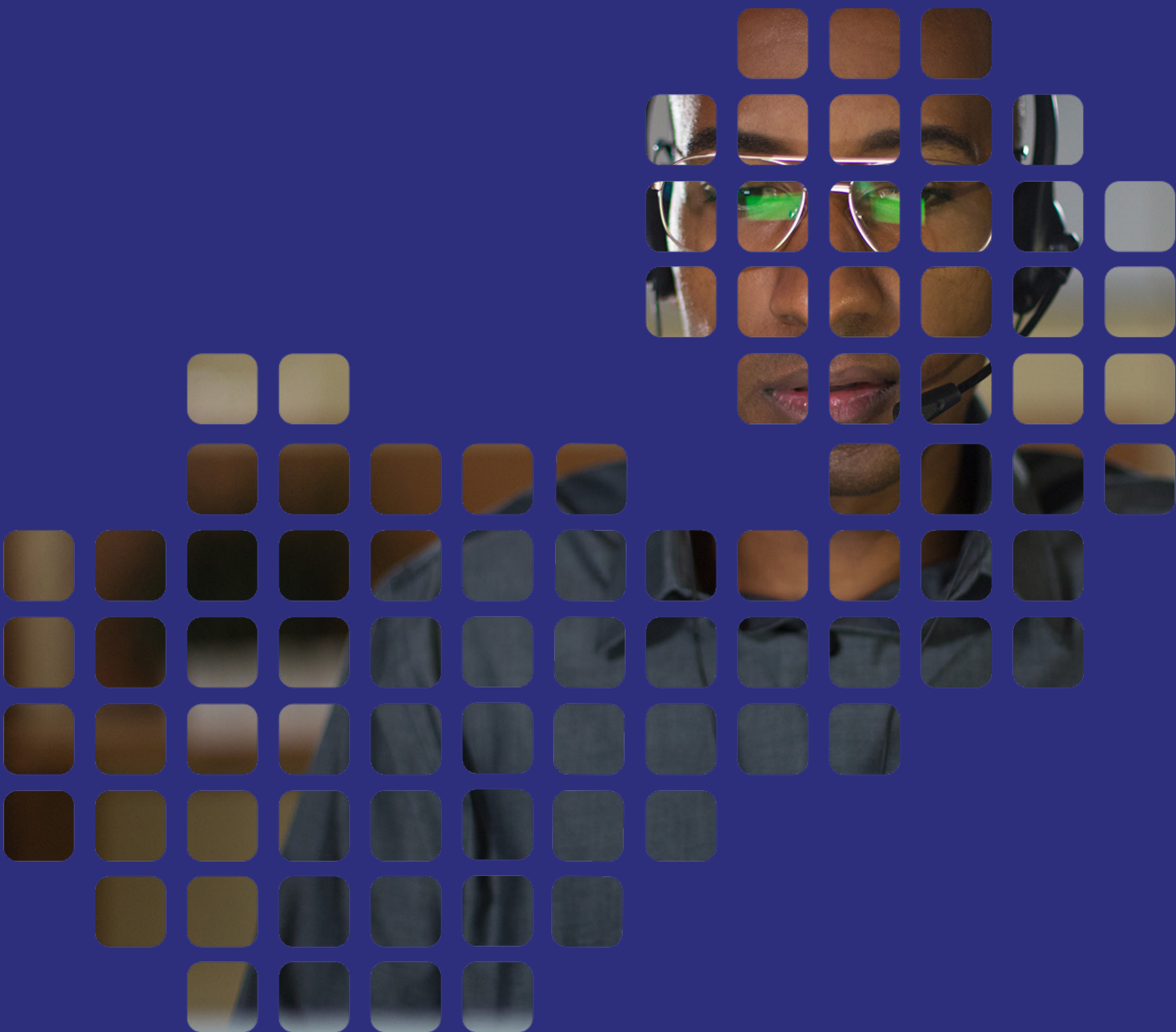


Figure 14 — SMS Delivery Rate

Consumer Protection and Information Management



6. Consumer Protection and Information Management

6.1 Complaint Management

In line with the Authority's mandate of protecting consumer interests, the Authority intensified its awareness programmes of the 7070 toll free line.

This resulted in an increment in the volume of traffic to the call centre from 16,876 calls in 2018 to 33,115 calls in 2019 representing an increase of 96.2%.

6.2 Complaint Resolution Rate

The Authority achieved an annual complaint resolution rate of 97% against a 2019 target of 87.5%. The total number of complaints received was 465 with Airtel recording the highest complaints volume with 230 cases, followed by MTN 149 cases and ZAMTEL 86 cases.

Poor Quality of Service represented the highest volume of complaints with 44.20%, followed by complaints relating to mobile money with 27.60%, loss of airtime with 11.50%, SIM registration anomaly with 9.10% and network outage was 7.6%.

6.3 Information Education and Communication – (IEC)

The Authority undertook IEC activities in Lusaka, Copperbelt, Muchinga, Northern, Luapula, Western, North-Western and Eastern Province.

These activities addressed a variety of thematic issues in the ICT which included among others, ZICTA's Mandate, Complaints Redress Channels, Digital Financial Services, Online Risk and the Responsible use of Social Media.

The activities were conducted through various channels including, stakeholder workshops, radio programmes, Learning institutions sensitisations, Media Engagements, Religious Institutions sensitisations and Government official sensitisations.

One of the main activities in 2019 involved a strategic partnership with the Financial Sector Deepening Zambia (FSDZ) to undertake awareness programmes on digital financial services in various provinces across the country.

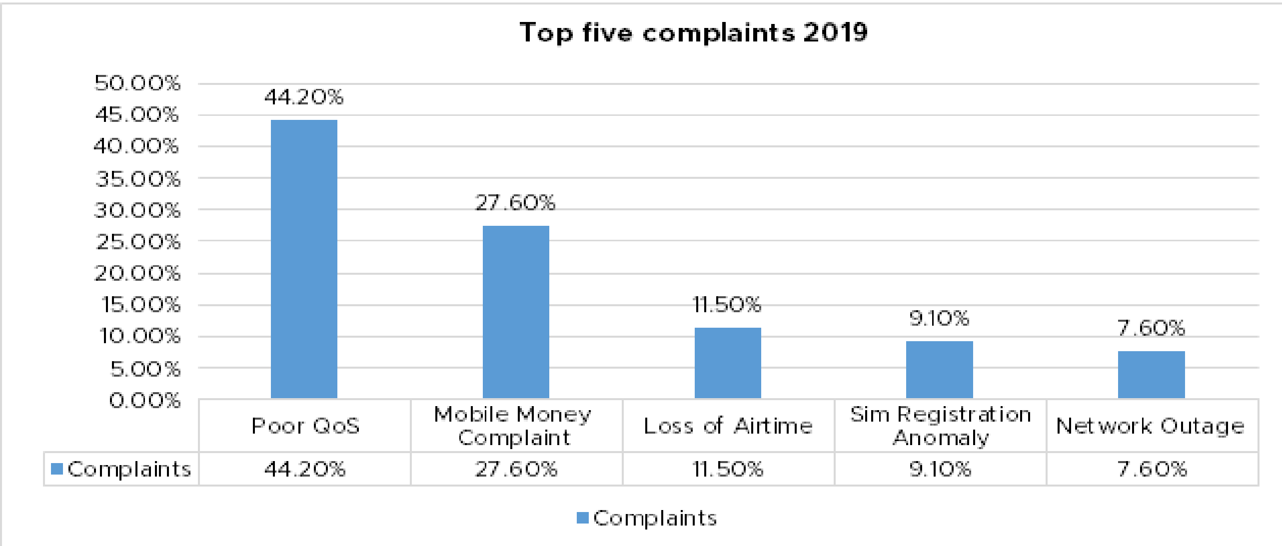


Figure 15: Top five Complaints 2019

6.4 Compliance

The Authority is mandated to ensure that operators adhere to the terms and conditions of their licences. In the period under review, the Authority continued to undertake a number of compliance activities which included inspections of licenced operators.

One of the most notable observations was that pre-registered SIM cards were being used as a conduit for criminal activities. As such, compliance efforts placed emphasis on reinforcing security within the sector by strengthening SIM registration requirements such as the facial capture and biometric specifications of mobile subscribers.

6.5 Social Media and Cybercrime

The Authority established strategies that enabled the Social Media Desk to provide real time regulatory insights and solutions.

Cyber case volumes in the first quarter were high due to mobile money scams complaints prompting the Authority to immediately embark on a consumer awareness programme covering the provinces.

The awareness programmes resulted in a significant reduction in the number of cyber cases as shown in the figure below.
Out of a total of 304 victims of cybercrimes, 77.3 percent were women. Most of these women were victimised through false offers of employment, sextortion and cyberbullying.

The majority of victims were targeted through fraudulent social media pages impersonating high profile persons. Over 2,000 fraudulent pages were proactively identified and taken down in 2019 through effective collaboration with Facebook.

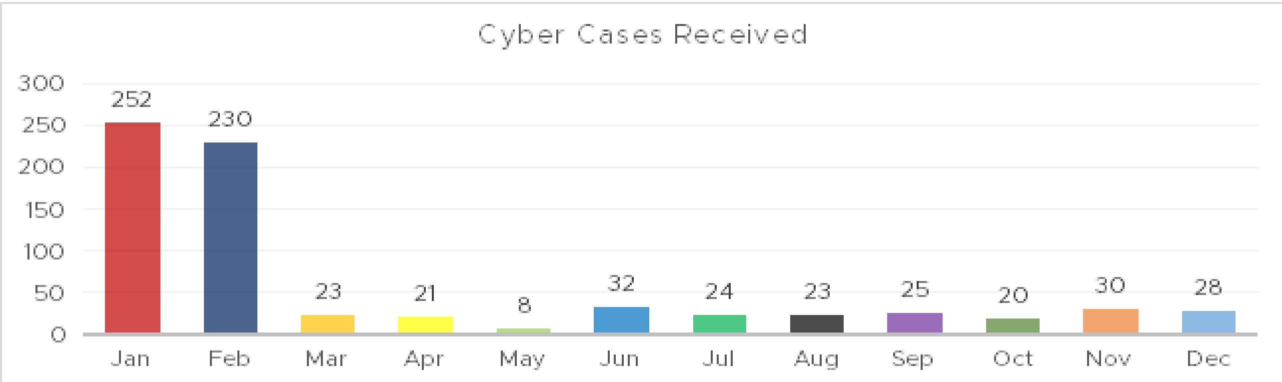
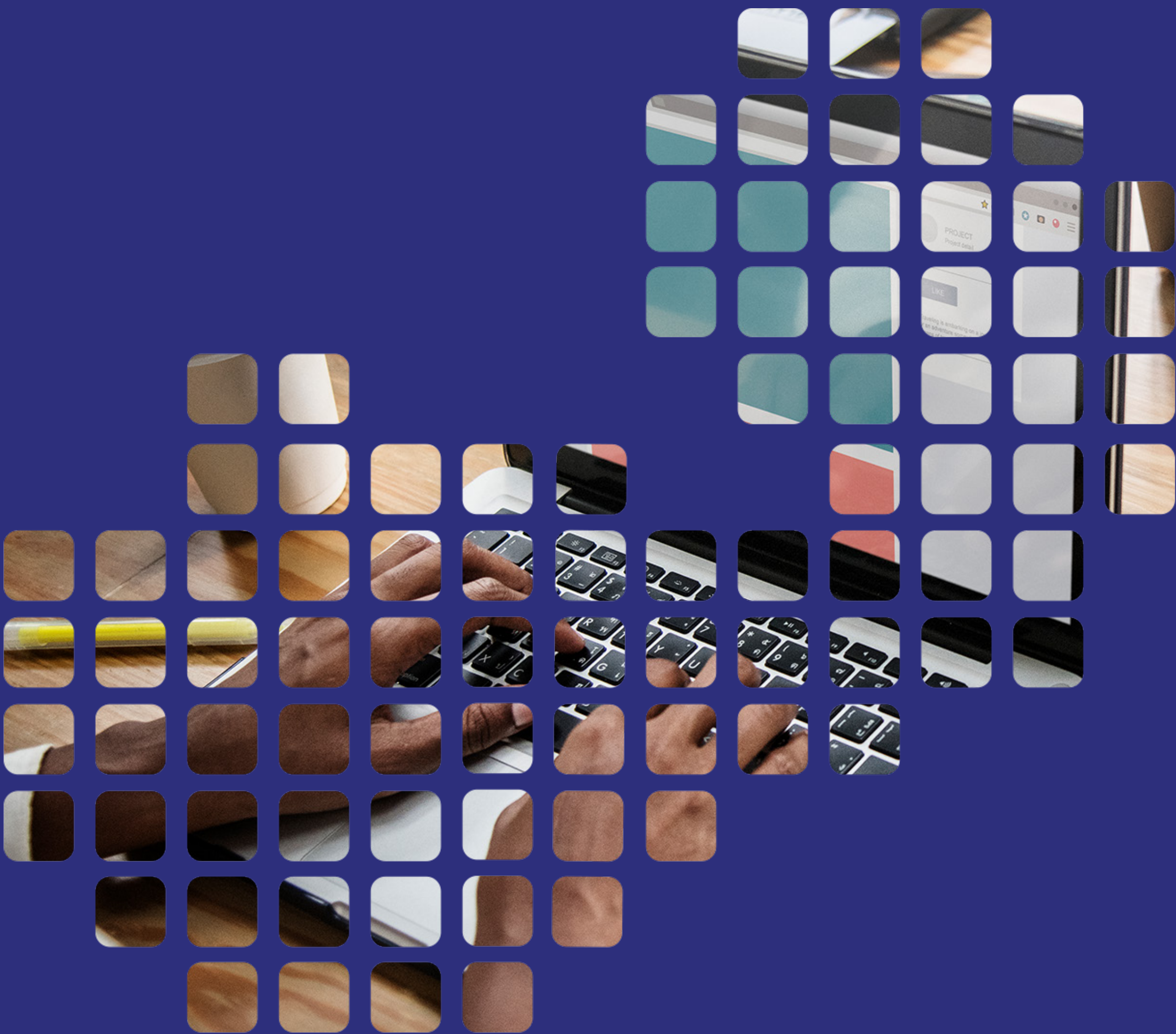


Figure 16: Cyber cases recieved

Business Technology



7. Business Technology

In the year under review, ICT systems availability was recorded at an average of 97.1%. Business Continuity and ICT Policies were revised to respond to technological changes and also to align with national and international best practices.

The Authority successfully conducted two disaster simulations to support efficient operations and the Authority's business continuity.

Legal & Regulatory Affairs

8. Legal and Regulatory Affairs

8.1 Progress on the reform of the legal environment

During the period under review, the Authority participated in the formulation of the Cybersecurity and Cybercrimes Bill, the Data Protection Bill and the Electronic Commerce and Transactions Bill in collaboration with the Ministry of Justice.

The aim of the Cybersecurity and Cybercrimes Bill, among others was to, enhance cybersecurity in Zambia, protect victims against cybercrimes, provide for child online protection and create offences relating to computers and computer systems.

The Data Protection Bill aims at providing an effective system for the use, and protection of personal data while the Electronic Commerce and Transactions Bill aims to facilitate a safe and effective environment for electronic transactions and other related matters carried by means of electronic communication.

8.2 Review of Guidelines

The Authority revised and published the following guidelines during the year 2019:

a) Quality of service Guidelines;
b) Code of Conduct for ICT service providers; and,
c) Consumer Protection Guidelines

8.3 ICT and Postal Licensing

The number of licences that were issued and cancelled during the course of 2019 were as follows:

a) ICT Licences issued during the period from January 1 to December 31, 2019:

Licensee	Licence Type	Market Segment
TAZAMA Pipelines Limited	Network	National
Mopani Copper Mines Plc	Network	Provincial
Lumwana Mining Company Limited	Network (Upgrade)	National
Lubambe Copper Mine Limited	Network	District
A.Com Limited	Network & Service	District
Medianxt Limited	Network & Service	District
Africonnect Zambia Limited	Network & Service	National
Infratel Corporations Limited	Network & Service	National
Jenny Internet Service Limited	Network & Service	National
City Channels Cable Network	Network	District

b) Postal Licences issued during the period from January 1 to December 31, 2019:

Licensee	Licence Type
B. E Mbachi Limited	Domestic Courier Licence
Guinness Supply Chain Solutions	International & Domestic Courier Licence
Afridelivery Zambia Limited	Local Courier Licence
Shipflex Express Limited	International & Domestic Courier Licence
Bra Express Limited	Domestic Courier Licence
East Wing Logistics Limited	International & Domestic Courier Licence
Joseph & Mary Courier Logistics	International & Domestic Courier Licence
Infratel Corporations Limited	Network & Service
Jenny Internet Service Limited	Network & Service
City Channels Cable Network	Network

c) ICT Licences that were cancelled by the Authority from January 1 to December 31, 2019:

Licensee	Reason
Radixus Zambia Company Limited	Request by licensee
Zambian Towers	Merge with IHS, who hold a valid licence
Hai Telecommunications Limited	Merge with Liquid, who hold valid licences
Mobile Broadband Limited	Failure to pay licence fees

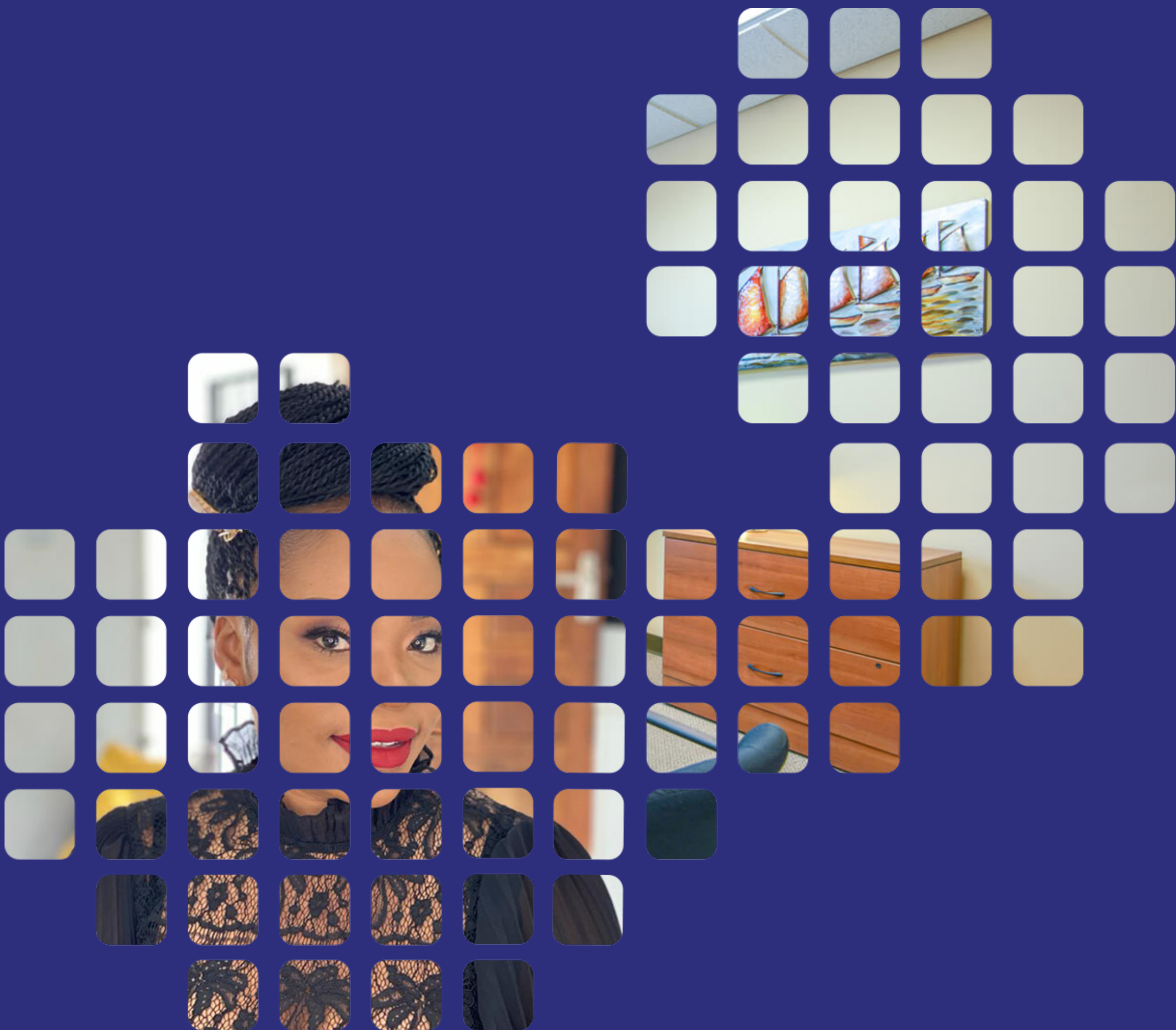
d) Postal Licence(s) that were cancelled by the Authority from January 1 to December 31, 2019:

Licensee	Reason
Daily Mail Courier Limited	Request by licensee

8.4 Enforcement Activities

During the period under review, the Authority undertook enforcement activities which related to Type Approval and quality of service amongst others. The major enforcement outcome was the penalization of the three mobile network operators namely Airtel Networks Zambia Limited, MTN Zambia Limited and ZAMTEL Limited for failure to adhere to the set parameters outlined in the Quality of Service guidelines. The total amount fined was ZMW5.4 million.

Human Capital & Operations



9. Human Capital and Operations

9.1 Human Capital Development

9.1.1 Labour Complement

The total labour strength stood at 148 as at December 31, 2019 against the approved establishment of 211. With regards to gender segmentation, 54 were female and 94 male.

Members of Management were 24 comprising of the Director General, 6 Directors, 4 Deputy Directors and 13 Managers. The staff movement and distribution was as provided in the table below.

Table 16: Staff Complement 2019

Description	Male	Female	Total
Labour Strength as at 01.01.2019	90	54	144
Recruitments	7	1	8
Resignations	1	0	1
Non-renewal of contract	1	0	1
Promotions	7	10	17
Dismissals	1	1	2
Labour Strength as at 31.12.2019	94	54	148

9.1.2 Capacity Building

The Authority continued to support career growth and development in different disciplines. In line with its growth plan, the focus during the year was on supporting staff to improve their academic qualifications through self-learning initiative as provided for by the Learning and Development policy.

9.1.3 Knowledge Management

The Authority through its knowledge management community of practice addressed the organizational learning needs during the year through sharing knowledge in Cybersecurity and Social Media Tips, Emotional intelligence, Corruption prevention, Leadership and management, Strategy and how to actualize it, Employment Code Act and Code of Ethics.

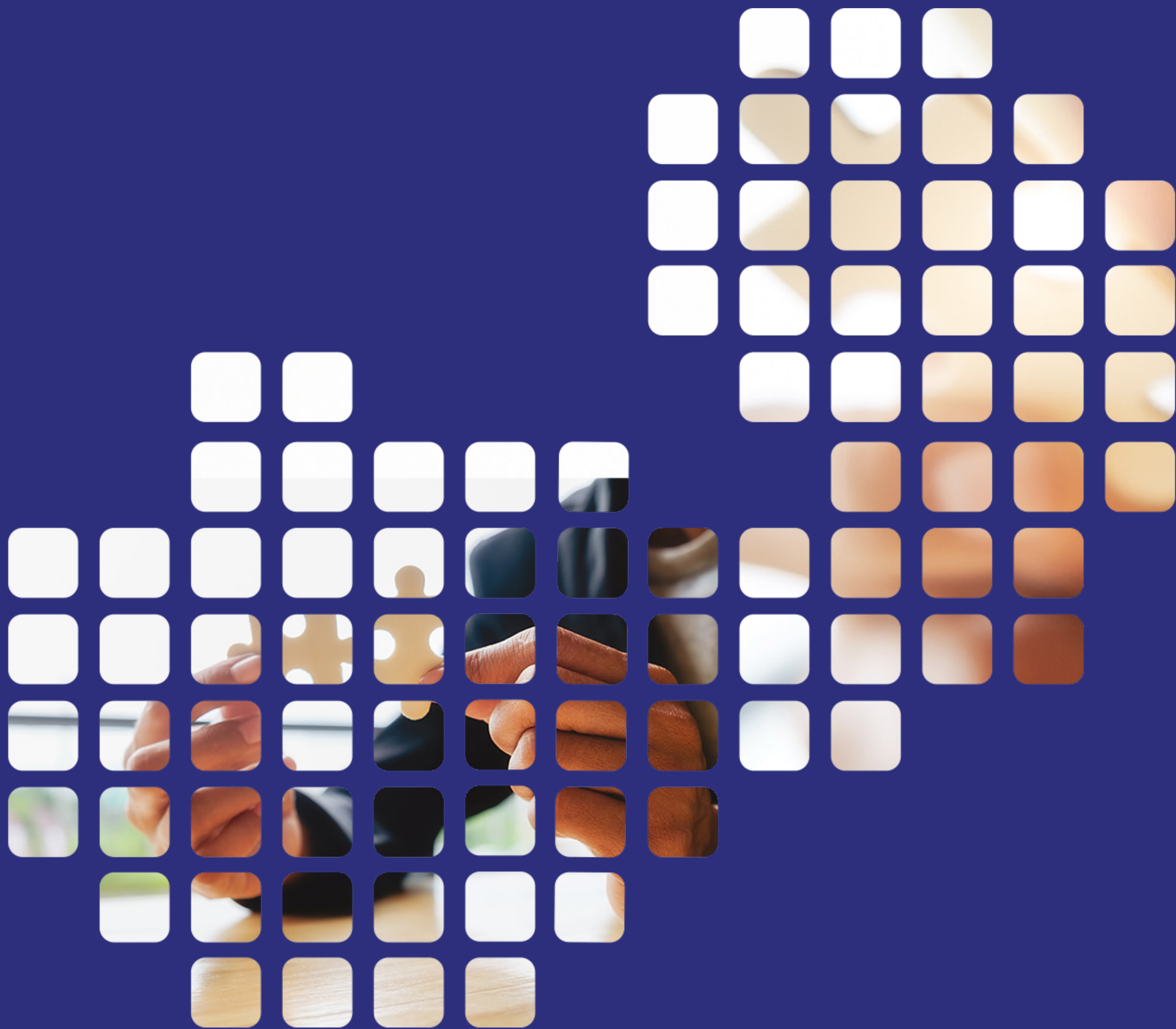
9.1.4 Gender Audit

A Participatory Gender Audit was undertaken for purposes of gender mainstreaming. The audit was spearheaded by experts from the Ministry of Gender. The purpose of this holistic audit is to ensure that the Authority was fully compliant with all gender protocols.

9.1.5 Industrial Relations

During the year under review, the Authority continued to enjoy harmony between Management and the Union thereby enhancing consistency in productivity. Further, Management and the Union had declared a dispute on Salary increment and Subsistence Allowance. However, through a process of reconciliation the dispute was resolved and both parties were able to sign the Collective Agreement.

Strategy & Risk Management



10. Strategy and Risk Management

In the year 2019, the Authority continuously undertook assessment of its performance, in order to ensure that actions and deliverables were aligned to key strategic objectives.

The key focus areas for the year 2019 were as follows:

a) Facilitating fair pricing and competition of divergent and emerging ICT Services;

b) Enhancing efforts towards the effective regulation of the Postal and Courier services sector;

c) Promoting research and innovations in the ICT and Postal sectors;

d) Facilitating increase in mobile broadband coverage;

e) Legislative reforms in the ICT Sector;

f) Management of scarce resources;

g) Enforcement of Quality of Service; and

h) Consumer Protection and Awareness.

The Authority continued to execute its mandate through collaborative regulation of the ICT and Postal sectors, promotion of competition and fair pricing within the ICT sector, protecting consumers as well as dealing with cross cutting issues such as data protection, financial inclusion and cybersecurity.

As at December 31, 2019, the Authority attained a performance rate of 84% complete with 6% in progress and 4% not implemented.

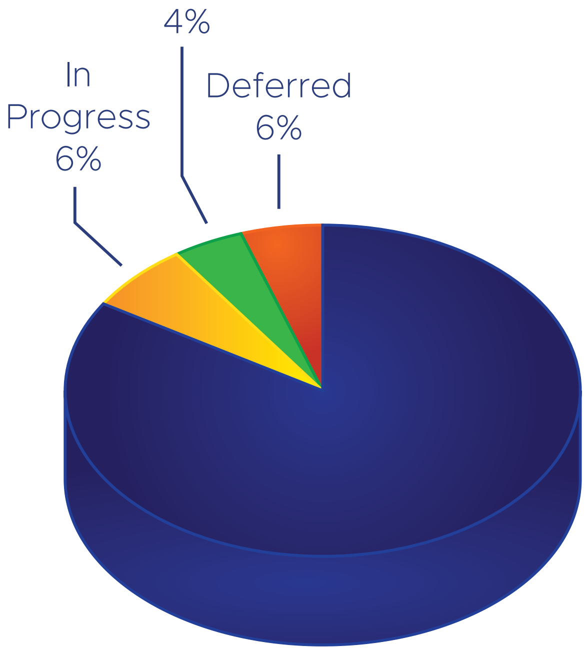


Figure 17: The Performance of the Authority in 2019

The Authority made commendable progress towards the achievement of the following performance indicators in the ICT sector:

a) Mobile cellular penetration increased from 91.6% to 99.1% from the previous year;

b) Mobile internet penetration rate was recorded an upward increase of 5.46%;

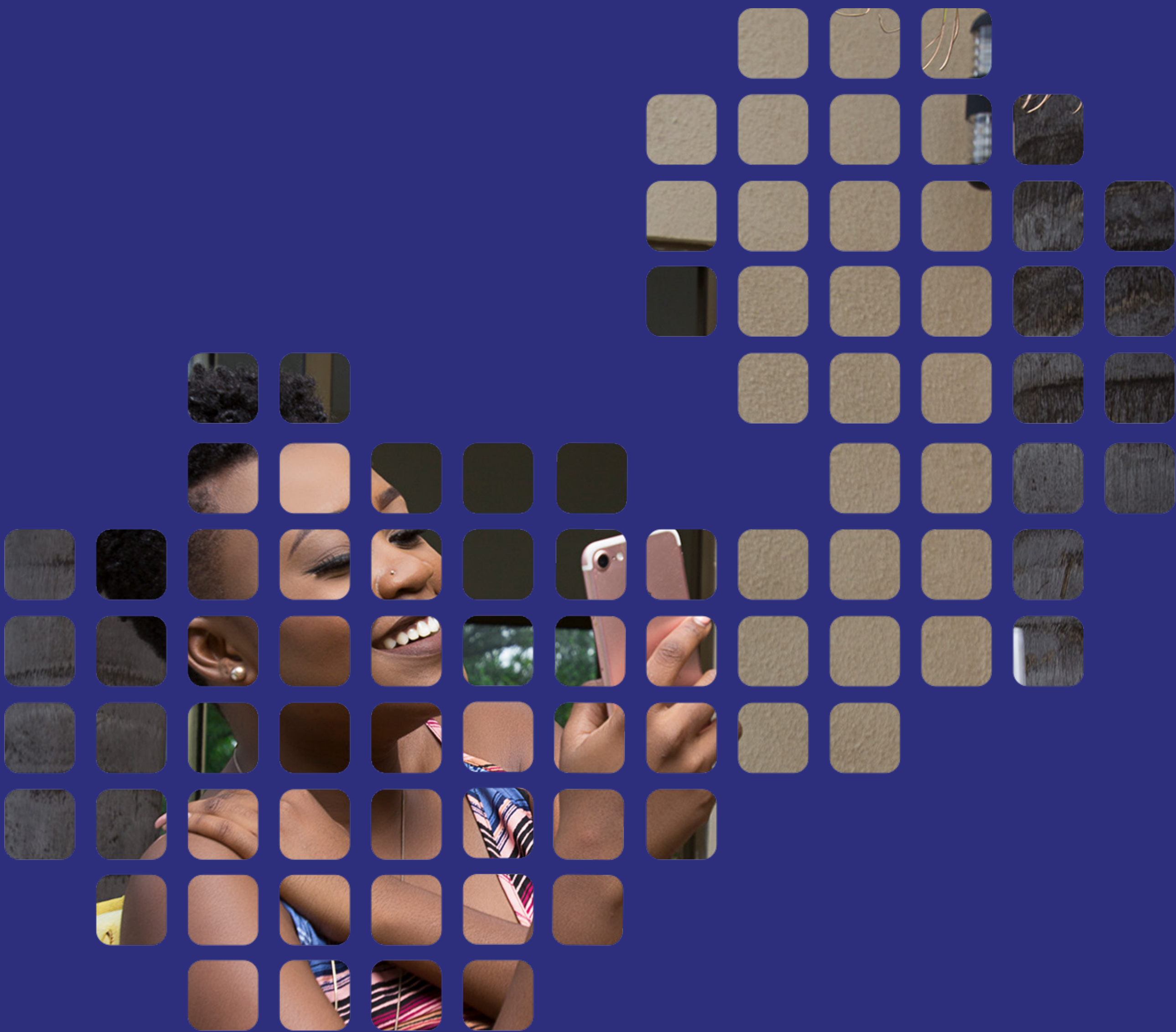
c) Fixed internet penetration although still relatively low was recorded at 0.38% representing an upward increase of 0.16% from 0.22% recorded in 2018;

d) Average broadband speed was recorded at 1.27 representing a decrease of 0.01% from 1.28 recorded in 2018;

e) The complaint resolution rate remained relatively high at 85%; and

f) The Cybersecurity Readiness Index increased to 43.60% representing an increase of 14.4% from 29.2% recorded in 2018.

Corporate Communications



11. Corporate Communications

11.1 Authority Visibility

The Authority undertook stakeholder workshops, community radio programmes and networking sessions with media personnel aimed at not only encouraging the uptake of Digital Financial Services (DFS) but also addressing issues of online risks. The activities were undertaken in Luapula, Northern, Western, North-Western and Eastern Provinces, in response to the findings of the 2018 National ICT survey which revealed that there was low uptake of DFS by consumers in the named provinces.

During the year under review, the Authority received fair coverage in the print, electronic and online media. The radio stations accounted for the biggest media coverage of 44 percent followed by newspapers with a coverage of 29 percent. The figure below provides a summary of the coverage across all media platforms.

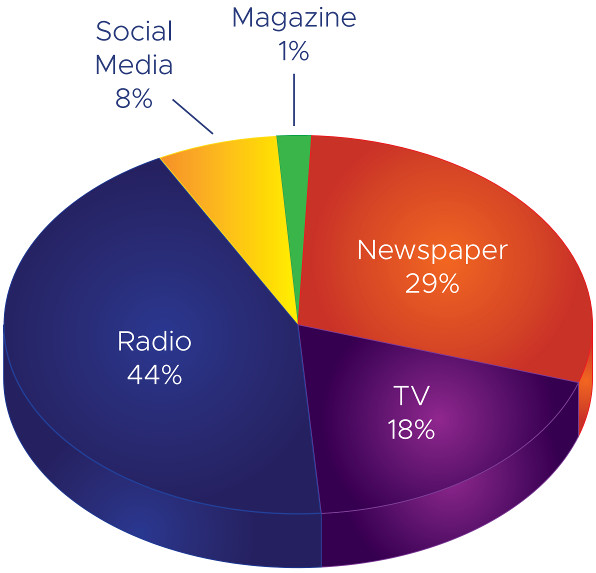


Figure 18: Coverage Across all Media Platforms

11.2 Publications

In line with the Authority's Strategic Plan, the following key publications were produced`:

a) Brochures covering key topical issues such as Universal Access projects, co-location and interconnection, postal and courier services and E-waste;

b) Social Media Strategy which outlined how the social media and issues emanating from all its platforms could be handled;

c) Frequently Asked Questions which addressed queries from the general public as well as users of ICT and postal services; and

d) Employee Social Media Guidelines provided a framework for ensuring that the use of social media communications maintained the Authority's brand, identity, integrity and reputation while minimizing legal risks.

11.3 Gender and ICT

In the year under review, the Authority established a Gender and ICT portfolio and collaborated with strategic partners such as Ministry of Transport and Communication, Ministry of Gender and United Nations Development Programme (UNDP) to strategise on how best gender and ICT issues could be integrated in the Authority's corporate focus areas.

That resulted in the Authority being incorporated in the Programme on Advancement of Gender Equity and Equality in Zambia (PAGEEZ).

The PAGEEZ was a national initiative which UNDP supported with Ministry of Gender. By the end of the period under review, a draft National Gender and ICT strategy was developed and three potential sites for the establishment of ICT hubs for women and girls were identified in Itezhi-tezhi, Chisamba and Chongwe.

11.4. International Engagements and Commemorations

11.4.1 International Youth Day

The Authority participated in the commemoration of the 2019 International Youth Day under the theme “Leveraging opportunities for the Youth in the ICT Sector”. The Authority show cased and exhibited its services to members of the general public and gave out information regarding the Innovation Programme which targeted the youths.

11.4.2 Girls in ICT Day

The Authority collaborated with the United Nations Development Programme (UNDP), Financial Sector Deepening Zambia (FSDZ) and other stakeholders to host the Girls in ICT Indaba. The event was commemorated under the theme “Expand Horizons, Change Attitudes” and was attended by over 200 selected girls from Itezhi-Tezhi, Chongwe, Lusaka, Chisamba and Chipata districts.

The Honourable Minister of Transport and Communications, Dr. Brian Mushimba, MP delivering his keynote speech during the Indaba.

ZICTA Director General, Mr Patrick Mutimushi, delivering his keynote speech during the Indaba.

Mr Mushimba and ZICTA Director General, Mr Patrick Mutimushi interacting with the robot during the Indaba.

The Indaba was held in line with the International Telecommunications Union (ITU) resolution 70 on Girls and ICT, to inspire the girls to take up careers and programmes in male dominated fields such as ICT, Mathematics and Science.

Honourable Minister of Transport and Communications, Dr. Brian Mushimba officiated at the event. In attendance were also three (3) Traditional Leaders from Southern and Central provinces respectively.

11.4.3 International Anti-Corruption Day

The Authority participated in the commemoration of the 2019 International Anti-Corruption Day which was aimed at raising awareness on corruption and the role of the United Nations Convention Against Corruption.

11.4.4 Universal Postal Union and the World Postal Day

The Authority participated in the commemoration of the 145th Anniversary of the Universal Postal Union (UPU) and the 50th World Postal Day. The occasions were graced by the Minister of Transport and Communications Honourable, Mutotwe Kafwaya.

11.5.1 Zambia 2019 Digital Summit

The Authority, in collaboration with Stimuli PR, hosted the 2019 Digital Summit, which was held at Mulungushi International Conference Centre from October 31, 2019 to November 1, 2019 in Lusaka.

The summit was held under the theme Accelerating Digital Transformation, aimed at exploring and evaluating Zambia's potential and progress in adopting new strategies that would enable organisations to adopt the digital transformation process and unravel the full potential of their products and services.

In addition, the summit was aimed at enhancing private sector relations with the government as well as creating a platform for the two sectors to exchange and share ideas and views of an economic nature in the sector.

From Left to Right: Mr. Patrick Mutimushi, Director General ZICTA, Mr. Yese Bwalya, Director Communications, Ministry of Transport and Communication, Mr. David Kombe, Group CEO Mulundu Holding – , Mr. Ceaser Siwale, CEO, Pangea Securities and Brad Magrath, Chairman, Zambia Digital Summit during the official opening of the summit.

11.5.2 2019 Zambia International Trade Fair

In the period under review, the Authority participated at the 2019 Zambia International Trade Fair (ZITF) which was held in Ndola from June 26 to July 2, 2019, under the theme Inclusive Growth through Entrepreneurship.

The Fair, which was officially opened by His Excellency, Dr. Edgar Chagwa Lungu, President of the Republic of Zambia, saw the Authority scooping the First (1st) Prizes in the Information and Communications Technology and Regulatory Organisation categories, respectively. The Authority used the Fair as an opportunity to interact with members of the public.

11.5.3 Agricultural and Commercial Show

The Authority participated at the Agricultural and Commercial Show of Zambia (ACSZ) which was held in Lusaka under the theme Embracing Industrial Development. The participation enhanced the interaction with members of the public, and the Authority scooped the 2nd Best Regulatory Organisation award.

11.5.4 Media Engagement

In order to enhance the Authority's media relations, an engagement was held with journalists from various print and electronic media houses. The media personnel interacted with the management and staff of the Authority, and shared ideas on how best the relations might be enhanced for effective communication to consumers on developments in the ICT and postal sectors.

11.5.5 Copperbelt Regional Office Open Day

The Authority held an open day at its new office in Ndola in the Copperbelt Province, on October 22, 2019. The primary objective of the event was to create awareness on the existence of the Copperbelt Regional Office and showcase the various aspects of the Authority's mandate.

11.5.6 Academia Engagement Programme

The Authority held a stakeholders engagement meeting with the academia on October 23, 2019 with a purpose to establish and nurture long term strategic partnerships. The institutions present included the Copperbelt University (CBU), University of Zambia (UNZA), University of Lusaka (UNILUS) and Zambia Centre for Accounting Studies (ZCAS).

11.5.7 Other Meetings

During the period under review, the Authority hosted the Africa Telecommunication Union (ATU) Administrative Council Meeting. In addition, the Authority signed a Memorandum of Understanding (MoU) with the Citizen Economic Empowerment Commission (CEEC) with a view of enhancing future collaboration in ICT innovations relating to young people.

11.6 Corporate Social Responsibility

In 2019, the Authority developed and implemented the internal Corporate Social Responsibility initiative in which staff participated in supporting the tuition fees for the vulnerable.

11.7 International Collaboration

In meeting its regulatory obligations in both the ICT and Postal sectors, the Authority has to collaborate with regional and international bodies in order to and share best practice and agree on strategic decisions.

The Authority participated in various regional and international meetings of both technical and strategic nature. These meetings included those organised by ITU, Universal Postal Union (UPU), ATU, Pan-African Postal Union (PAPU), Communication Regulators' Association of Southern Africa (CRASA), amongest others. The Authority chairs a number of technical committees in some of these organisations.

Dedicated collaboration with the international bodies who are key Stakeholders of the Authority, gives the institution the opportunity to share relevant information regarding its operations and Government policy on issues with regard to the ICT and Postal industries respectively.

11.8 Social Media

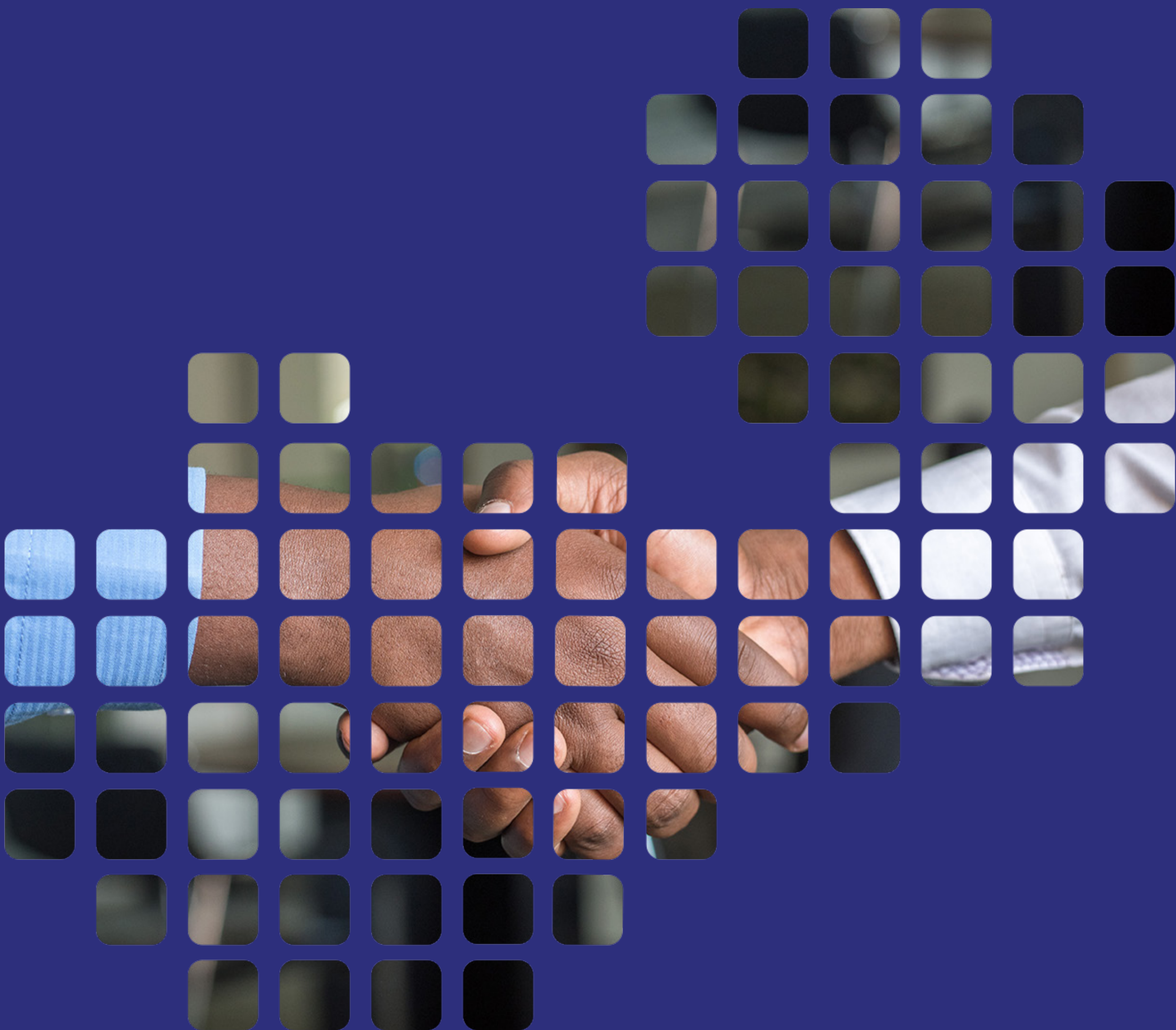
11.8.1 Facebook

During the period under review, the Authority conducted a number of activities which were posted on Facebook. The Authority had an increase of total likes which saw the number of followers increase by 9, 300. This therefore increased the following from 56, 099 to 65,000 followers.

In 2019, a total of 45, 200 engagements were recorded on Facebook with 40, 000 reactions,1,300 shares and 3,900 comments.

Further, the Authority received a total of 4,460 inbound messages.

Procurement



12.0 Procurement

12.1 Procurement Plan and Reports

The Authority prepared the Annual Procurement Plan for the year 2019 which served as a strategic tool for planning, execution and monitoring the processes used for the purchase of goods, works and services.

The Authority also prepared monthly reports for all procurement activities undertaken through direct bidding. As part of the monitoring activities, the Authority further prepared quarterly reports detailing all the activities undertaken, contracts signed and contracts amended.

The Annual Procurement Plan, monthly and quarterly reports were also submitted to the Zambia Public Procurement Authority for review. No adverse feedback was received during the period under review.

12.2 Volume of Procurements for the Year 2019

In 2019, the Authority contracted goods, works and services amounting to ZMW58,763,935.48. A total of ZMW33,921,516.65 was procured in the first quarter representing 28.23% of the annual volume.

In the second quarter, a total of ZMW27,945,003.00 was procured representing a ratio of 48% of the annual spend. The third quarter accounted for a total expenditure of ZMW14,344,680.99 while the fourth quarter accounted for ZMW5,970,992.81 representing 24% and 11% respectively of the total annual expenditure. Local suppliers accounted for 95% of the volume and only 5% was attributed to foreign suppliers.
Some of the major procurements undertaken in 2019 in support of the Authority mandate were as listed in the table below.

Table 17: Major Procurements Undertaken in 2019

No	Description	Method of Procurement	Status
1	Support services for the .zm registry services	Direct bidding	Completed (ZMW210,000.00)
2	Provision of security services to Head Office, Lumumba office, and Chisamba monitoring site on contractual basis for a period of 36 months	Open bidding	Ongoing (ZMW887,400.00)
3	Re-inforcement of roof at the ZICTA main building	Simplified bidding	60% complete (ZMW123,435.60)
4	Supply and installation of various software applications	Simplified bidding	100% complete (ZMW560,152.55)
5	Supply and delivery of spare parts for the towers	Direct bidding	Completed (ZMW989,793.63)
6	Supply and installation of fire hydrants	Simplified bidding	Completed (ZMW237,370.50)
7	Supply, delivery and installation of last mile optic fiber connectivity to six (6) learning institutions	Open bidding	Awaiting delivery of materials (ZMW1,831,935.54)
8	Supply, delivery and installation of braille embossers and sixty three (63) desktop computers with jaws software	Open bidding	Awaiting delivery (US$336,973.97)
9	Supply, delivery and installation of braille embossers and sixty two (62) desktop computers, six (6) printers and four (4) projectors	Direct bidding	Awaiting delivery (ZMW738,880.00)

No	Description	Method of Procurement	Status
10	Supply and delivery of one motor vehicle	Direct bidding	Delivered (US$62,080.00)
11	Supply and installation of digital content to primary schools	Direct bidding	Completed (ZMW740,821.93)
12	Supply, delivery and installation of last mile optic fibre connectivity	Open bidding	Completed ZMW2,375,707.60)
13	Supply and installation of MS project spare parts for the period March, April and May 2019	Running contract	Completed (US$315,792.00)
14	Supply and delivery of computers to 30 learning institutions	Open bidding	Completed (ZMW9,539,841.56.08)
15	Upgrade of two (2) sites from microwave repeater sites to coverage sites in north-western province	Direct bidding	Completed (US$101,807.46)

12.4 Procurement Committee Meetings

Fourteen (14) Procurement Committee meetings were held in 2019, representing an average of one meeting per month.

12.5 Electronic Government Procurement System

The Authority continued to conduct procurement activities through the Electronic Government Procurement (e-GP) System. This has enhanced the integrity of the procurement process.

12.6 Training in Public Procurement

A workshop in public procurement was organized for staff in 2019. The training was meant to create strong understanding of public procurement procedures.

12.7 Bidder Complaints

No bidder complaint was received during the year. This reaffirms the increased compliance to rules and procedures and high integrity on the part of the Authority in handling procurement matters.


Tender
ZICTA
ADVANCING THE NATION
TO A DIGITAL SOCIETY

Projects

13.0 Projects

During the year 2019, the Projects Unit continued to implement the Authority's project activities and reviewed the progress toward expected results as highlighted in the following projects:

13.1 Last Mile Fibre Connectivity to ZAMREN Member Institutions

The purpose of the project is to enhance the provision of low-cost broadband connectivity to public Universities, Colleges, Schools and Research Institutions through the provision of funding to the Zambia Research Network (ZAMREN). In September 2018, China Comserve Zambia Limited, Smartnet Limited and Industrial Cabling and Installations Limited were contracted to supply and install last-mile optic fibre to 17 learning institutions in Muchinga, Western, Lusaka, Eastern and Southern Provinces. The contracts rolled over into 2019 and they were successfully closed in March 2019. (See attached appendix 1 for list of schools).

13.2 Connecting learning institutions project - Phase II

The purpose of the project is to enhance the provision of low-cost broadband connectivity to public Universities, Colleges, Schools and Research Institutions through the provision of funding to the Zambia Research Network (ZAMREN). In September 2018, China Comserve Zambia Limited, Smartnet Limited and Industrial Cabling and Installations Limited were contracted to supply and install last-mile optic fibre to 17 learning institutions in Muchinga, Western, Lusaka, Eastern and Southern Provinces. The contracts rolled over into 2019 and they were successfully closed in March 2019. (See attached appendix 1 for list of schools).

13.3 Connecting learning institutions project- Phase III

In June 2019, the Authority embarked on a countrywide readiness assessment exercise of selected primary and secondary schools in all the 10 provinces of Zambia. The purpose of the readiness assessment exercise was to create a database of potential schools to benefit from ICTs equipment donation programmes in the coming years beyond 2019.

The exercise was also aimed at sensitizing the schools on the need to put in place some minimum standard requirement for the establishment of a functional computer laboratory. A total of 558 schools were assessed in all the 10 provinces. The schools comprising 188 Secondary, 325 Primary, 36 Combined and 9 Community Schools. The database for the same schools was created in October, 2019.

13.4 Connecting learning institutions project- Phase IV

In January 2019, the Authority initiated the Phase IV of the Connecting Learning Institutions Project which was aimed at enhancing the integration of information technology in teaching, learning and thereby improving the widespread use of educational technology in tertiary institutions.

A total of 25 tertiary institutions from Ministries of Higher Education, Health, Defence, and Community Development and Social Services were listed to benefit from the ICT equipment donation under the project in 2020 implementation year. (See attached list of schools).

13.5 Telecommunication traffic monitoring system

In August 2017, the Government of the Republic of Zambia acting through the Ministry of Transport and Communications engaged Nanjing Sinovatio Technology Company Limited of China as an equipment supplier and project contractor for the supply, delivery, installation and commissioning of a Telecommunications Traffic Monitoring System (TTMS). The TTMS was principally acquired in order to fulfil the implementation of Statutory Instrument No. 80 of 2015 (Telecommunications Traffic Monitoring Regulations). Generally, TTMS seeks to achieve the following functions among others:

i. Ensure accurate information regarding actual number of minutes for both international and domestic voice traffic passing through licensed operators in Zambia;

ii. Enhance accountability of revenue from both domestic and international traffic in Zambia through revenue assurance and billing verification systems;

iii. Ensure that such traffic meets quality of service standards;

iv. Monitor the tariffs for incoming international traffic;

v. Mitigate loss of revenue through fraudulent termination for both voice and data traffic trading; and,

vi. Provide essential regulatory tools and systems for regulating the ICT sector.

The TTMS acquired from Nanjing Sinovatio Technology Co. Ltd has six (06) modular subsystems namely: Revenue Assurance Subsystem (RAS), Traffic Monitoring Subsystem (TMS), Fraud Management Subsystem (FMS), Device Detection and User Management Subsystem (DDUMS), Quality of Service Monitoring Subsystem (QoSMS) and Mobile Money Subsystem (MMS).

As at December 31, 2019, the overall project status towards completion was rated at 90% completion. All the modules apart from the Mobile Money Subsystem (MMS) module were rated at 100% completion. Provisional Acceptance Tests for the completed 5 modules was done.

Audited Financial Statements

for the year ended 31 December 2019

14. ZICTA Financial Statements

Report of the Board

The members of the Board submit their report on the activities for the year ended 31 December, 2019.

The Authority

The Zambia Information and Communications Technology Authority (ZICTA) is an autonomous body established under the Information and Communication Technologies (ICT) Act No. 15 of 2009. The Authority`s mandate is drawn from three pieces of legislation, namely, the ICT Act, the Electronic Communications and Transactions (ECT) Act No. 21 of 2009 and the Postal Services Act No. 22 of 2009. The Authority`s principal functions as outlined in these Acts are mainly to regulate the provision of electronic communication services and products, and the monitoring of the performance of the sector, including the levels of investment and availability, quality, cost and standards of electronic communication services.

Review of activities

The Authority was allocated grant income from the Government of the Republic of Zambia (GRZ) of K115,420,594 for the year ended 31 December 2019 (2018: K98,216,843) of which K115,422,594 (2018:K81,847,369) was received. The surplus of income over expenditure for the year ended 31 December 2019 amounted to K1,210,928 (2018: Deficit of K23,812,105).

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Stand No. 4909,
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Postal address
P.O Box 36871
Lusaka—Zambia

Events after the reporting date

In late 2019, a novel strain of corona virus, known as COVID-19, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it has now spread to several other countries, including Zambia, and infections have been reported globally. The World Health Organization has declared the outbreak of the novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern.” In an effort to mitigate the spread of COVID-19 the Government of the Republic of Zambia has implemented a number of measures that include temporary closure of selected businesses, restrictions on travel and the movement of people, and other material limitations on the conduct of business such as requiring non-essential employees to work from home.

As the COVID-19 pandemic is complex and rapidly evolving, Board cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on operations of the Authority. The Authority depends on Government funding for its operations. The extent to which the coronavirus pandemic will impact funding is at the date of signature of these financial statements highly uncertain and cannot be predicted with confidence.

The Board and Secretary

The Members of the Board and the Secretary during the year under review were as follows:

Mr. Emmanuel M. Musonda
Chairperson (Until 25 November 2019)

Eng. Misheck Lungu
Member (Until 25 November 2019)

Dr. Chileshe Mulenga
Member (Until 25 November 2019)

Mr. Francis Mwale
Member (Until 25 November 2019)

Mr. Vestus Chungu
Member (Until 25 November 2019)

Mr. Andrew Nkunika
Member (Until 25 November 2019)

Mr. Patrick M. Mutimushi
Member (Until 25 November 2019)

Mr. Benaiah M. Mupenda
Authority Secretary

Management

Members of Management of the Authority during the year were as follows:

Mr. Patrick M. Mutimushi
Director General (CEO)

Mr. Thomas Malama
Director Legal and Regulatory Affairs

Mrs. Pethel C. Phiri
Director Finance

Mr. Mutale Mwenya
Director Technology and Engineering

Mr. Mulenga M. Chisanga
Director Economic Regulation

Mr. Mofya Chisala
Director Consumer Protection and Information Management

Mr. Thomas Matandala
Director Human Capital Development and Operations

Employees

The monthly average number of persons employed by the Authority during the year was 152 (2018: 145). The total remuneration paid to employees by the Authority was K92,388,173 (2018: K87,571,319).

Donations

The Authority made donations during the year amounting to K52,687 (2018: K60,960).

Health

The Authority has policies and procedures to safeguard the occupational health, safety and welfare of its employees.

Capital expenditure

Capital expenditure during the year amounted to K36,438,681 (2018: K67,690,819). In the opinion of the Board, the fair value of the property and equipment is at least equivalent to their carrying amounts.

By order of the Board.

Authority Secretary
Lusaka—Zambia

Date: **24 April, 2020.**

Statement of responsibilities in respect of the preparation of financial statements

The Members of the Board ("the Board") are responsible for the preparation of financial statements for each financial period that present fairly the state of affairs of the Authority and its financial activities for that period.

In preparing the financial statements, the Board is required to:

a) Design, implement and maintain internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement;
b) Select suitable accounting policies and then apply them consistently; and
c) Make judgments and accounting estimates that are reasonable and prudent in the circumstances.

The Board is also responsible for ensuring that the Authority keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority.

It is also responsible for safeguarding the assets of the Authority, and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The independent external auditors, MPH Chartered Accountants, have audited the financial statements and their report is shown on pages 82 to 85.

The Board is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements.

The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. The Board was dissolved on 25 November 2019.

In our opinion the financial statements are drawn up so as to present fairly the financial activities of the Authority for the year ended 31 December 2019 and its financial position as at that date, and have been prepared in accordance with International Financial Reporting Standards.

Approval of the financial statements

The financial statements of the Authority as indicated above and set out on pages 86 to 127 were approved on **24 April, 2020**, and were signed by:

Permanent Secretary
Ministry of Transport and Communications

Chief Executive Officer

Independent Auditor's Report

To the Minister of the Ministry of Transport and Communications

Report on the financial statements

We have audited the separate financial statements of the Zambia Information and Communications Technology Authority ("the Authority"), which comprise the Statement of Financial Position as at 31 December 2019, and the Statement of Comprehensive Income, the Statement of Changes in Accumulated Funds and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Authority`s separate financial statements give a true and fair view of the financial position of the Authority as at December 31, 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 Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 1.2 in the financial statements. The Authority has over the last six years experienced liquidity constraints and minimal growth in grant income resulting in recurring excesses of expenditure over income and declining reserves. As stated in Note 1.2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

Receivables

At 31 December 2019, the Authority's net receivables were K5,840,101 (2018: K7,458,607). The debtors are in respect; of International Traffic Fees Receivables (note 9); Other Receivables and Prepaid Expenses (note 10); and Amounts due from Related Parties (note 17(iii)).

Independent Auditor's Report (continued)

Key audit matter

Recoverability of receivables

The Authority's debtors include balances that may be irrecoverable.

Our response

Our audit procedures in respect to the valuation of receivables included, among others:

- Assessing the existence of the receivables through direct confirms or review of supporting documents giving rise to the debtors balances;
- Assessing the recoverability of the debt; and
- Review of payments from debtors received after the reporting date;

We found disclosures in respect of the of receivables in notes 9,10 and 17(iii) to be appropriate.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 and those charged with governance are responsible for assessing the Authority'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 entity or cease operations, or has no realistic alternative but to do so.

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

Auditor`s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor`s report that includes our opinion.

Reasonable assurance is a high level of 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.

Independent Auditor's Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the 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 Authority'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 organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

MPH Chartered Accountants
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P.O. Box 31014
Lusaka, Zambia

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Independent Auditor's Report (continued)

Other Information

The Directors are responsible for the other information included in the Annual Report. Other information also includes the Directors' Report and Supplementary Information set out in appendices 6 and 7. Our opinion on the financial statements does not cover other information and we do not express an audit opinion thereon. Our responsibility is to read the other information and consider whether the information therein is materially consistent with the financial statements. If based on our work, we conclude that there is a material misstatement, we are required to report to that fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

In accordance with Part II Section 3(1) of the First Schedule of the Information and Communications Technologies Act No 15 of 2009, we report that, in our opinion, the required accounting records, and other records relating to the Authority's accounts have been properly kept in accordance with the Act.

MPH Chartered Accountants
Lusaka, Zambia

Hampande Hachongo (AUD/F000186)
Partner

Date: 24 April 2020

Statement of Comprehensive Income

	Notes	2019 K	2018 K
Revenue			
Grant income	4(i)	**115,422,594**	98,216,843
International traffic fees	4(ii)	**23,188,487**	23,805,703
Total revenue		**138,611,081**	122,022,546
Other income			
Sundry income		**780,776**	6,699,728
Other- grants		**736,354**	3,092,553
Total other income		**1,517,130**	9,792,281
Financing (costs)/income			
Net finance (costs)/income		**1,363,791**	(135,353)
Total net financing(costs)/income		**1,363,791**	(135,353)
Total income		**141,492,002**	131,679,474
Expenditure			
Salaries, gratuity and other retirement benefits	5(a)	**(92,338,173)**	(87,571,319)
Administration expenses	5(b)	**(27,571,668)**	(46,082,954)
Operating expenses	5(c)	**(13,173,105)**	(13,830,015)
Depreciation expense	7	**(7,198,128)**	(8,007,291)
Total expenditure		**(140,281,074)**	(155,491,579)
Surplus of income over expenditure/(Excess of expenditure over income)		**1,210,928**	(23,812,105)
Other comprehensive income			
Surplus on defined benefit plan	19	**866,508**	1,073,743
Total comprehensive income for the year		**2,077,436**	(22,738,362)

The accounting policies and notes on pages 94 to 135 are an integral part of these financial statements.

Statement of Financial Position

	Notes	2019 K	2018 K
Assets			
Non-Current Assets			
Property and equipment	7	**210,146,677**	180,906,124
Investments in subsidiaries	18	**-**	**-**
Retirement benefit plan assets	19	**4,093,025**	6,805,891
		214,239,702	187,712,015
Current Assets			
Inventory	8	**535,121**	532,629
International traffic fee receivables	9	**3,556,372**	2,620,538
Other receivables and prepaid expenses	10	**2,197,539**	3,912,200
Amounts due from related parties	17 (iii)	**86,190**	925,869
Investments at amortised cost	11	**-**	-
Cash and bank balances	12	**14,141,113**	916,028
		20,516,335	8,907,264
Total Assets		**234,756,037**	196,619,279
Accumulated Funds and Liabilities			
Accumulated funds		**56,455,636**	54,378,200
Non-Current Liabilities			
Gratuity benefits	14	**3,916,560**	4,268,313
Capital grant	20	**145,194,245**	112,566,081
Total-Non-Current Liabilities		**149,110,805**	116,834,394
Current Liabilities			
Amounts due to related parties	17(ii)	**10,835**	257,617
Sundry payables and accrued expenses	13	**21,010,134**	16,442,065
Gratuity benefits	14	**8,168,627**	8,707,003
Total Current Liabilities		**29,189,596**	25,406,685
Total Accumulated Funds and Liabilities		**234,756,037**	196,619,279

The financial statements set out on pages 83 to 135, which have been prepared on a going concern basis, were approved on **24 April, 2020**, and were signed by:

Permanent Secretary
Ministry of Transport and Communications

Chief Executive Officer

The accounting policies and notes on pages 94 to 135 are an integral part of these financial statements.

Statement of Changes in Accumulated Funds

	Accumulated Funds K
Balance at 1 January 2018	**77,116,562**
Excess of expenditure over income for the year	(23,812,105)
Surplus on defined benefit plan assets	1,073,743
At 31 December 2018	**54,378,200**
Balance as at 1 January 2019	**54,378,200**
Excess of income over expenditure for the year	1,210,928
Surplus on defined benefit plan assets	866,508
At 31 December 2019	**56,455,636**

Accumulated funds

The accumulated funds represent retained excess of income or expenditure for the current year and balances brought forward from the previous years.

The accounting policies and notes on pages 94 to 135 are an integral part of these financial statements.

Statement of Cash flows

	Notes	2019 K	2018 K
Cash flows from operating activities			
Excess of income over expenditure/(expenditure over income)		**1,210,928**	(23,812,105)
Adjustments			
Depreciation expense	7	**7,198,128**	8,007,291
(Profit)/Loss on disposal of fixed assets		**(1,000)**	126,032
Interest received		**(1,152,634)**	(1,136,134)
Amortisation of pension asset	19	**3,579,374**	-
Operating cash flows before movements in working capital		**10,834,796**	(16,814,916)
Movements in working capital			
(Increase)/decrease in inventory	8	**(2,492)**	1,425,023
(Increase)/decrease in traffic fee receivables	9	**(935,834)**	2,056,192
Decrease in other receivables and prepaid expenses	10	**1,714,661**	1,271,458
Decrease in amounts due from related parties	17 (iii)	**839,679**	7,955,222
Increase in sundry payables and accrued expenses	13	**4,568,069**	9,184,943
(Decrease)/increase in gratuity benefits	14	**(890,129)**	3,087,690
Decrease in amounts due to related parties	17 (ii)	**(246,783)**	(1,413,337)
Net cash out flows from operating activities		**15,881,967**	6,752,275
Cash flows from investing activities			
Proceeds from disposal of fixed assets		**1,000**	385,282
Expenditure on property and equipment	7	**(36,438,681)**	(67,690,819)
Net cash out flows from investing activities		**(36,437,681)**	(67,305,537)
Cash flows from financing activities			
Capital grant – Deferred income	20	**32,628,164**	42,566,081
Interest received		**1,152,635**	1,136,134
Net cash from financing activities		**33,780,799**	43,702,215
Increase/(decrease) in cash and cash equivalents		**13,225,085**	(16,851,047)
Cash at the beginning of the year		**916,028**	17,767,075
Cash and cash equivalents at end of the year	12	**14,141,113**	916,028

The accounting policies and notes on pages 94 to 135 are an integral part of these financial statements.

Accounting Policies

1. The Zambia Information and Communications Technology Authority

The Zambia Information and Communication Technology Authority (ZICTA) is an autonomous body established under the Information and Communication Technologies (ICT) Act No. 15 of 2009. The Authority`s mandate is drawn from 3 pieces of legislation, namely, the ICT Act, the Electronic Communications and Transactions (ECT) Act No. 21 of 2009 and the Postal Services Act No. 22 of 2009. The Authority`s principal functions as outlined in these Acts are mainly to regulate the provision of the electronic communication services and products, and the monitoring of the performance of the sector, including the levels of investment and availability, quality, cost and standards of the electronic communication services.

1.1 Going Concern

The Authority has over the last six years experienced liquidity constraints and stagnation in grant income resulting in recurring excesses of expenditure over income and declining reserves. Further at 31 December 2019, the Authority`s current liabilities exceeded its current assets by K8,673,261 (2018-K16,499,421). These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. The Directors have instituted measures to sustain the operations of the Authority. These measures include the following:-

1.1.1 Lobbying for an improved funding mechanism

The Board is actively following up a request with the Ministry of Finance for increased budgetary allocations and had made proposals for an enhanced funding mechanism with a view to having the ICT regulatory functions financed through license fees from the sector. The request has been partially addressed following the increase in the Grant allocation for 2019. The Ministry of Finance has committed to quarterly payments of the approved funding. The release of the funding is however tied to the achievement of the quarterly revenue collection targets.

1.1.2 Cost containment measures

As a result of the constrained financial position, the Authority has put in place measures to contain costs. These measures include amendment of conditions of service for permanent and pensionable employees, migration of non-management contract staff to permanent and pensionable employment, and migration from a defined benefit to a defined contribution pension plan. All these measures are intended to rationalise the Authority's staff related costs while maintaining key human resources cardinal to the Authority's execution of its mandate. Should the Authority fail to improve its generation of funds to meet the working capital requirements, there is a material uncertainty which may cast significant doubt about the Authority's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements have been prepared on a going concern basis which assumes that the Authority will continue in existence for the foreseeable future.

2. Basis of preparation and accounting policies

Statement of compliance

The financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Authority takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Separate financial statements

The Authority has issued these Separate Financial Statements in accordance with the provisions of IAS 27 Separate Financial Statements. Under IAS 27 an entity may elect to issue Separate Financial Statements and account for investments in subsidiaries either at cost, in accordance with IFRS 9 'Financial Instruments', or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. The Authority has issued these Separate Financial Statements due to the non-availability of up to date financial statements of the subsidiary to enable timely consolidation in accordance with IFRS 10, "Consolidated Financial Statements". The subsidiary undertakings are described in note 18.

2.1 Revenue recognition

Grant income

Grant income represents funds received from the Government of the Republic of Zambia during the year. Income from the Government is recognised in the statement of income and expenditure when there is reasonable assurance that it will be received and the Authority will comply with the conditions associated with the grant.

Grants that compensate the Authority for expenses incurred are recognised in comprehensive income on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Authority for the cost of an asset are recognised in comprehensive income on a systematic basis over the useful life of the asset.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Authority and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

International traffic fees income

International traffic termination fees are fees charged on the mobile network operators for international telecommunication traffic. Income is recognised when the Authority bills the operator based on international incoming telecommunication traffic. The fee is charged at the rate of 9 US cents per minute, of which 6 US cents is retained by the Authority and 3 US cents is remitted to the Government. Payment of the fees is due 30 days after a quotation is raised.

2.2 Property and equipment

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Authority's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for the intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated to write off the cost of property 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:

Item	Rate
Leasehold land and buildings	2%
Furniture and fittings	20%
Motor vehicles	25%
Office equipment	30%
Telecommunication and radio equipment	10%

2.2 Property and equipment (continued)

Capital work in progress is not depreciated. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.3 Impairment of tangible and other assets

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

At the end of each reporting period, the Authority reviews the carrying amounts of its tangible and other assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised immediately in income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal on impairment loss is recognised immediately in income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.4 Leases
The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Authority as a lessee
The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Authority recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Furniture and fixtures – 5 years
- Office Equipment -3.33 years
- Motor vehicles - 4 years
- Property – Lease term

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities
At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Authority and payments of penalties for terminating the lease, if the lease term reflects the Authority exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Authority uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2.4 Leases (continued)

iii) Short-term leases and leases of low-value assets

The Authority applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Authority as a lessor

Leases in which the Authority does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of income and expenditure due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Authority‘s statement of financial position when the Authority becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Recognition and initial measurement

Trade receivables, lease receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provisions of the instrument. Financial assets (except for trade receivables without a significant financing component) or financial liabilities are initially measured at fair value plus or minus, for items not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to their acquisition or issue.

Trade receivables without a significant financing component are initially measured at the transaction price. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received).

If the Authority determines that the fair value at initial recognition differs from the transaction price, the Authority nevertheless recognises the financial instrument at its fair value and accounts for the difference at that date as follows:

- If the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable

2.5 Financial instruments (continued)

markets, the Authority recognises the difference between the fair value at initial recognition and the transaction price, also referred to as "day 1 profit or loss" in Statement of Comprehensive Income on the fair value line.

- In all other cases, the Authority defers the day 1 profit or loss on the statement of financial position in "Other financial assets". After initial recognition, the Authority recognises the deferred day 1 profit or loss in Statement of Comprehensive Income– on the fair value line – only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability. Any amounts not recognised in Statement of Comprehensive Income before the date of maturity or derecognition of the financial instrument is recognised in Statement of Comprehensive Income on that date.

Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at either;

(i) amortised cost,
(ii) at fair value through other comprehensive income (FVTOCI) or
(iii) at fair value through profit or loss (Comprehensive Income).

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial instruments are reclassified on the first day of the financial year following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL on initial recognition:

• It is held within a business model whose objective is to hold assets to collect contractual cash flows.
• Its contractual terms give rise on specified dates to cash flows that are solely payments of principal plus interest (SPPI) on the principal amount outstanding.

The Authority's financial assets measured at amortised cost include trade and other receivables, short-term deposits, and cash and cash equivalents. Cash and cash equivalents comprise cash at bank and on hand, and highly liquid instruments which are readily convertible to known amounts of cash within 90 days from the reporting date or date of acquisition, subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents include bank overdrafts. A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated at FVTPL on initial recognition:
• It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
• Its contractual terms give rise on specified dates to cash flows that are solely payments of principal plus interest on the principal amount outstanding.
On initial recognition of an equity investment that is not held for trading, the Authority may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or at FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2.5 Financial instruments (continued)

Business model assessment

The Authority makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed and the information provided to management. The Authority considers the following sources of information in making the assessment:

- The stated policies and objectives of the portfolio and operation of these policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash out flows or realising cash flows through the sale of assets.
- How the performance of the portfolio is evaluated and reported to management.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Authority's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity and administrative costs), as well as a reasonable profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Authority considers the contractual terms of the instrument. The Authority also considers the following:

- Contingent events that could change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable rate features.
- Prepayment and extension features.
- Terms that limit the Authority's claim to cash flows from specified assets (e.g. non-recourse features).

The assessment also includes whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

2.5 Financial instruments (continued)

Subsequent measurement and gains and losses

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Comprehensive Income unless they are part of an effective hedge accounting relationship.
Financial assets at amortised cost	Subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in Comprehensive Income. Any gain or loss on derecognition is also recognised in Comprehensive Income.
Debt investment at FVTOCI	Subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in Comprehensive Income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVTOCI	Subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or at FVTPL. A financial liability is classified as at FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition. The Authority's financial liabilities measured at amortised cost include trade and other payables and accruals.

A financial liability may be designated at FVTPL on initial recognition if:
• the contract contains one or more embedded derivatives;
• such designation would eliminate an accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains or losses on them on different bases; or
• a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to management.

Financial liabilities at FVTPL are measured at fair value and the net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and gains or losses on derecognition are recognised in the Statement of Comprehensive Income under finance charges, except where they are capitalised to qualifying assets.

2.5 Financial instruments (continued)

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Recognition of credit losses no longer depends on the Authority first identifying a credit loss event. Instead the Authority considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2).
- Stage 3 covers financial assets that have objective evidence of impairment at the reporting date.

Under the general approach in IFRS 9, '12-month expected credit losses' are recognised for stage 1 – except for trade and lease receivables where the simplified approach is applied, and 'lifetime expected credit losses' are recognised for stages 2 and 3.

The Authority recognises loss allowances for expected credit losses (ECLs) on:

- Financial assets measured at amortised cost, which includes trade and lease receivables;
- Contract assets (as defined in IFRS 15 Revenue from Contracts with Customers); and
- Debt investments measured at FVTOCI, short-term deposits and bank balances.

Trade and other receivables

The Authority applies the simplified approach in IFRS 9 in measuring expected credit losses which uses a lifetime ECLs allowance for all trade and other receivables. To measure the ECLs; trade and other receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of customers over a one year period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of the customers to settle the receivables. This includes the customer's credit risk profile, including the general macroeconomic conditions as well as industry sector-specific conditions affecting the Authority's customers.

Investments in short-term deposits and bank balances

The Authority's short-term deposits and bank balances, which are carried at amortised cost are considered to have low credit risk, and the loss allowance recognised on these assets is therefore limited to 12-months ECLs. Short term deposits and bank balances are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. If the Authority considers that credit risk on a financial instrument has increased significantly since initial recognition, the expected credit losses are estimated based on the lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Authority compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

2.5 Financial instruments (continued)

In making this assessment, the Authority considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.
Irrespective of the outcome of the above assessment, the Authority presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Authority has reasonable and supportable information that demonstrates otherwise.

Event of default

The Authority considers any of the following as constituting an event of default:

- The debtor is more than 90 days past due.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its credit obligations to the Authority in full, without recourse by the Authority to actions such as realising security (if any is held).

Credit-impaired financial assets

At each reporting date, the Authority assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on estimated future cash flows of the financial asset have occurred.

The evidence that a financial asset is credit-impaired includes observable data about any of the following events.

- Significant financial difficulty of the debtor or issuer.
- A breach of contract such as default.
- Restructuring of a debt, loan or advance on terms that the Authority would not otherwise consider.
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for a security because of financial difficulties.

Measurement and recognition of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Authority in accordance with the contract and the cash flows that the Authority expects to receive) – calculated either on the 12-month or lifetime expected credit losses as applicable. Expected credit losses are discounted at the effective interest rate of the financial asset.

Presentation of allowance for expected credit losses

The Authority recognises an impairment gain or loss in the Statement of Comprehensive Income with a corresponding adjustment to the carrying amount of the financial asset through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI for which the loss allowance is recognised in other comprehensive income and accumulated in the investment valuation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

2.5 Financial instruments (continued)

Derecognition

Financial assets

The Authority derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Authority neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. The Authority may enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all the risks and rewards of the transferred asset. In these cases, the transferred assets are not derecognised.

Write-off

The gross carrying amount of a financial asset is written off or derecognised (either partially or in full) when all attempts to recover the outstanding amount have failed or there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. The amount written off is recognised as a reduction to the allowance for ECLs. Financial assets written off may still be subject to enforcement activities under the Authority's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Comprehensive Income, as a reduction to the impairment loss for the period.

Financial liabilities

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Authority also derecognises a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Comprehensive Income under finance charges.

Derivative financial instruments and hedge accounting

The Authority does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

2.6 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.7 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Zambian Kwacha (K).

Transactions and balances

In preparing the financial statements of the Authority, transactions in currencies other than the Authority's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in income or expenditure in the period in which they arise.

2.8 Retirement benefit obligations

(i) Defined benefit plan

A defined benefit plan is a retirement benefit plan that is not a defined contribution plan. For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out every three years. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in accumulated funds and will not be reclassified to income and expenditure. Past service cost is recognised in income and expenditure in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Re-measurement.

The Authority presents the first two components of defined benefit costs in income and expenditure in the line item Employee Benefits Expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Authority's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Authority migrated from a defined benefit pension plan to a defined contribution pension plan as at June 30, 2017.

2.8 Retirement benefit obligations (continued)

(ii) Defined contribution plan

A defined contribution plan is a retirement benefit plan under which the Authority pays fixed contributions into a separate entity. The Authority has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to the defined contribution plan are recognised as an employee benefit expense in comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
The Authority and all its employees also contribute to the National Pension Scheme, which is a defined contribution scheme.

(iii) Short-term and long-term benefits

The cost of all short-term employee benefits, such as salaries, accumulated leave, bonuses, medical and other contributions, is recognised in income statement in the period in which the employee renders the related service.

The Authority's obligation in respect of long-term service benefits, other than pension plans and post-retirement medical benefits, is recognised in profit or loss in the period in which the employee renders the related service.

(iv) Termination benefits

Termination benefits are payable when an employee's employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

2.9 Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition.

2.10 Investments in subsidiaries

A subsidiary is an entity in which the Authority has control. The Authority controls an investee when the Authority is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are measured at historical cost decreased by potential accumulated impairment losses. The Authority assess regularly at the end of each reporting period whether there is any impairment loss by comparing the carrying values of each investment with its recoverable amount. If any recoverable amount is lower, the Authority recognises the impairment loss through the use of an allowances account.

Investments in subsidiaries are presented in the line 'Investments in Subsidiaries' in the statement of financial position.

2.11 Cash flow statement

For the purposes of the Statement of Cash flows, cash and cash equivalents mainly comprises of cash on hand, demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

2.12 Critical accounting estimates and judgments

Critical judgments in applying accounting policies

In the application of the Authority's accounting policies, which are described above, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the Directors have made in the process of applying the Authority's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the 'Solely Payments of Principal and Interest' (SPPI) and the 'Business Model test'. The Authority determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

The Authority monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

Monitoring is part of the Authority's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Discount rate used to determine the carrying amount of the Authority's defined benefit obligation

The Authority's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on Government bonds. Significant judgment is required to set the criteria for Government bonds to be included in the population from which the yield curve is derived.

2.12 Critical accounting estimates and judgments (continued)

Calculation of loss allowance on receivables
When measuring credit losses the Authority uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Assessment of the existence of control for consolidation

Significant judgement is required to determine the existence of control, the basis on which the Authority consolidates an investee entity. IFRS:10 defines control as:

- Power over the investee;
- Exposure, or rights, to variable returns from investment with the investee; and
- The ability to use power over the investee to affect the amount of the investor`s return.
- Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates of asset lives, residual values and depreciation methods

The Directors review the estimated useful lives of property, plant and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The Directors assign a residual value of nil as equipment is not held for trading and is normally scrapped.

2.13 Application of new and revised International Financial Reporting Standards (IFRSs)

2.13.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) have become effective and are mandatorily effective for an accounting period that begins on or after January 1, 2019.

2.13.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements (continued)

Standard	Subject of amendment	Effective date and impact
IFRS 16: Leases	IFRS 16 requires lessees to recognise most leases on their statement of financial position. Lessees have a single accounting model for all leases, with two exemptions (low value assets and short term leases). Lessor accounting is substantially unchanged from IAS 17. There are additional disclosure requirements.	1 January 2019. IFRS 16 has had no significant impact on the Authority.
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to: • determine whether uncertain tax positions are assessed separately or as a group; and • assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.	The Interpretation is effective for annual periods beginning on or after 1 January 2019. The amendment has no impact on the Authority.
Amendments to IFRS 9: Prepayment Features with Negative Compensation	The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	The amendment applies to annual periods beginning on or after 1 January 2019. The amendment has had no impact on the Authority in the current year.
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to: • Determine whether uncertain tax positions are assessed separately or as a group; and • Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.	The Interpretation is effective for annual periods beginning on or after 1 January 2019. The amendment has no impact on the Authority.

2.13.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements (continued)

Standard	Subject of amendment	Effective date and impact
Amendments to IFRS 9: Prepayment Features with Negative Compensation	The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	The amendment applies to annual periods beginning on or after 1 January 2019. The amendment has had no impact on the Authority in the current year.
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).	The amendment applies to annual periods beginning on or after 1 January 2019. The amendments has no impact on the Authority.
Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	IAS 12 Income Taxes The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. IAS 23 Borrowing Costs The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. IFRS 3 Business Combinations The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation. IFRS 11 Joint Arrangements The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	Annual periods beginning on or after 1 January 2019. The changes have had no impact on the Authority.

2.13.2 New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Authority has not applied the following new and revised IFRs that have been issued but are not yet effective. The Directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Authority in future periods, except where indicated:

Title	Description	Effective Date
Amendments to References to the Conceptual Framework in IFRs	Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRs. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.	Annual periods beginning on or after 1 January 2020
Definition of a Business (Amendments to IFRS 3)	The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They: • Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; • Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and • Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.	Business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020

2.13.2 New and revised IFRSs in issue but not yet effective (continued)

Title	Description	Effective Date
Definition of Material (Amendments to IAS 1 and IAS 8)	The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.	Annual reporting periods beginning on or after 1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.	Annual reporting periods beginning on or after 1 January 2020.
IFRS 17 Insurance Contracts	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	The Standard is effective for annual reporting periods beginning on or after 1 January 2022.
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping organizations determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	Annual reporting periods beginning on or after 1 January 2022.

2.14 Impact of the application of IFRS 16

The Authority adopted IFRS 16 with a transition date of January 1, 2019. The Authority has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. January 1, 2019).Details of the impact the standard has had are given below.

Effective January 1, 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

2.14 Impact of the application of IFRS 16 (continued)

Transition method and practical expedients utilised

The Authority adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures.

The Authority elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019. IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. As a lessee, the Authority previously classified leases as finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. In addition the Authority classified leases for rent of office space as operating leases.

Under IFRS 16, the Authority recognizes right-of-use assets and lease liabilities for all leases. However, the Authority has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets based on the value of the underlying asset when new and for short-term leases with a lease term of 12 months or less.

Notes to the Financial Statements

	2019 K	2018 K
3. License fees On 1 January 2013, the Government issued Statutory Instrument No. 15 of 2013 which required that license and other fees collected by the Authority be remitted to the Government treasury. Accordingly, with effect from that date these fees are no longer recorded as income of the Authority. The Authority collected a total of K 199,137,515 (2018: K209,531,529), and remitted a total of K 199,137,515 (2018: K209,531,529) in respect of license fees. Details of the license fees collected and remitted are as shown in Appendix 2. The amounts owing to the Government from Zamtel totaled K118,293,195 (2018: K95,633,027), as detailed in Appendix 3. **4. Grant income** (i) Grant income represents funds receivable from Government during the year. (ii) Effective 1 January 2016 the Authority, as provided for by Statutory Instrument No.80 of 2015 commenced collection of fees on International Traffic. Of the 20 US cents charged per minute, 11 US cents is retained by operators, 6 US cents is retained by the Authority and US 3 cents is remitted to Government.		
5. Expenditure		
(a) Salaries, gratuity and other retirement benefits		
Salaries	**75,027,516**	69,910,867
Gratuity and other terminal expenses	**10,081,350**	10,785,191
Social tour and holiday allowance	**6,109,771**	5,817,522
Other	**1,119,536**	1,057,739
	92,338,173	87,571,319

Notes to the Financial Statements (continued)

	2019 K	2018 K
(b) Administrative expenses		
Board expenses	**3,081,200**	4,296,503
Medical expenses	**1,723,404**	2,078,520
International meetings and conferences	**3,133,830**	2,873,440
Other	**19,633,234**	36,834,491
	27,571,668	46,082,954
(c) Operating expenses		
Service maintenance agreements	**1,057,026**	1,829,293
System operating expenses	**8,488,815**	755,069
Other	**3,627,264**	11,245,653
	13,173,105	13,830,015

6. Taxation

Zambia Information and Communications Technology Authority is exempt from income tax under section 5 of the Income Tax Act CAP 323: Part 3 - Exempt organisations.

7. Property and equipment

	Leasehold land and buildings	Machinery and equipment	Telecommunication and radio equipment	Motor vehicles	Furniture and fittings	Capital work in progress	Total
Cost	K	K	K	K	K	K	K
At 1 January 2018	32,440,722	21,736,802	45,308,102	19,593,675	2,661,498	75,166,233	196,907,032
Additions	-	1,007,325	-	4,056,290	61,152	62,566,052	67,690,819
Disposals	-	(51,909)	-	(2,351,409)	-	-	(2,403,318)
At 31 December 2018	32,440,722	22,692,218	45,308,102	21,298,556	2,722,650	137,732,285	262,194,533
Additions	-	993,786	-	821,505	920,787	33,702,603	36,438,681
Disposals	-	(420,849)	-	-	-	-	(420,849)
Transfers	22,227,475	2,202,532	-	-	-	(24,430,007)	-
At 31 December 2019	**54,668,197**	**25,467,687**	**45,308,102**	**22,120,061**	**3,643,437**	**147,004,881**	**298,212,365**
Depreciation							
At 1 January 2018	3,747,904	18,503,118	33,802,267	16,935,719	2,184,113	-	75,173,121
Charge for the year	648,815	2,091,580	3,112,709	1,934,481	219,707	-	8,007,291
Disposals	-	(51,909)	-	(1,840,094)	-	-	(1,892,004)
At 31 December 2018	4,396,719	20,542,789	36,914,976	17,030,106	2,403,820	-	81,288,410
Charge for the year	945,181	1,882,270	2,450,921	1,651,902	267,853	-	7,198,128
Disposals	-	(420,849)	-	-	-	-	(420,849)
At 31 December 2019	**5,341,900**	**22,004,210**	**39,365,897**	**18,682,008**	**2,671,673**	**-**	**88,065,688**
Carrying amount At 31 December 2019	**49,326,297**	**3,463,477**	**5,942,205**	**3,438,052**	**971,764**	**147,004,881**	**210,146,677**
At 31 December 2018	28,044,004	2,149,429	8,393,126	4,268,451	318,829	137,732,285	180,906,124

The cost of fully depreciated assets at 31 December 2019 was K58,547,731 (2018: K53,564,253).

Notes to the Financial Statements (continued)

	2019 K	2018 K
8. Inventory		
Office stationery	**535,121**	532,629
	535,121	532,629
9. International traffic fee receivables (Note i)		
International traffic fees	**2,620,538**	4,676,730
Impairment provision	**-**	(499,150)
Write back of impairment provision	**499,150**	-
Current year invoices	**23,195,395**	23,805,703
Receipts	**(23,053,764)**	(25,071,586)
Exchange difference	**295,053**	(291,159)
	3,556,372	2,620,538
Note (i) International traffic fees recoverable are due from Zamtel, Airtel and MTN. The Authority does not hold any collateral over these balances.		
Movement in allowance for doubtful debts		
Balance at the beginning of the year	**499,150**	3,807,408
Bad debts recovered	**(499,150)**	(3,807,408)
International traffic fees impairment provision	**-**	499,150
Balance at 31 December	**-**	499,150

The average credit period on fees receivable is 30 days. No interest is charged on outstanding trade receivables. The expected credit loss (ECL) is mainly based on the ageing of the receivables balance and historical experience. The receivables are assessed on an individual basis or grouped into homogenous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case by case basis if deemed not to be collectable on the assessment of the underlying facts and circumstances.

The Authority uses a provision matrix to measure the expected credit loss of receivables. Based on the environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

Notes to the Financial Statements (continued)

	2019 K	2018 K
10. Other receivables and prepaid expenses		
Receivables from employees (note below)	**1,572,168**	2,684,580
Other staff receivables	**14,572**	9,902
	1,586,740	2,694,482
Prepayments	**1,024,951**	1,701,036
Sundry receivables	**2,109,824**	2,191,144
Sub-total	**4,721,515**	6,586,662
Impairment provision	**(2,523,976)**	(2,674,462)
Total	**2,197,539**	3,912,200
Movement in impairment provision		
At beginning of the year	**2,674,462**	36,786
Charge/adjustment for the year	**(36,786)**	2,637,676
Recoveries made during the year	**(113,700)**	-
At 31 December	**2,523,976**	2,674,462
Receivables from employees		
The receivables from employees are loans and advances to employees that are recovered through the payroll. The loans and advances carry an interest charge of 4% to 5%. The loans and advances are given to employees as part of the Authority‘s retention policy. The repayment terms vary based on the purpose of the loan or advance.		
The value of the receivables are analysed as follows:		
Fair value at market rate	**714,255**	1,396,427
Unexpired benefits to employees	**434,546**	763,120
	1,148,801	2,159,557
Interest income on receivables in income and expenditure from employees is as follows:		
Interest income at market rate		
Expired benefits provided by the employer	**162,237**	314,198
Interest on employee receivables in income and expenditure	**(118,533)**	(170,902)
	43,704	143,296

Notes to the Financial Statements (continued)

	2019 K	2018 K
11. Investments at amortised cost		
60 days fixed term deposits	**4,063,123**	-
66 days fixed term deposits	**2,252,393**	-
80 days fixed term deposits	**2,031,562**	-
	8,347,078	**-**
The fixed term deposits are held with the following financial institutions:		
• Atlas Mara Bank	**4,283,955**	
• Zambia National Commercial Bank Plc	**4,063,123**	
	8,347,078	**-**
Less: disclosed in the Statement of Financial Position as cash and bank balances (Note 12)	**(8,347,078)**	**-**
Disclosed as investments held at amortized cost	**-**	**-**
12. Cash and bank balances		
Cash and cash equivalents include investments at amortised cost maturing less than 90 days after year end. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Statement of Financial Position as follows:		
Bank account balances and cash in hand	**5,794,035**	916,028
Fixed term investments classified under cash equivalents (Note 11)	**8,347,078**	-
At 31 December	**14,141,113**	916,028

Notes to the Financial Statements (continued)

	2019 K	2018 K
13. Sundry payables and accrued expenses		
Leave pay	**2,386,654**	2,254,015
NAPSA	**-**	281,028
PAYE	**4,016,154**	4,041,887
Pension contributions	**22,985**	1,456,637
Personal levy		1,088
Trade creditors	**4,151,958**	3,853,507
Audit fees provision	**65,000**	150,800
Provisions for legal and professional charges (note (a) below)	**324,447**	655,414
Other payables	**10,042,936**	3,747,689
	21,010,134	16,442,065
Note (a)		
Provisions for legal and professional charges		
At 1 January	**655,414**	655,414
Provisions charged to comprehensive income in the year	**-**	-
Provisions utilised in the year	**(330,967)**	-
At 31 December	**324,447**	655,414
Current	**324,447**	655,414
Non-Current	**-**	-
	324,447	655,414

The Authority is currently involved in some legal disputes. The amount provided represents the Directors' best estimate of the Authority's liability (including professional charges) having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Authority is successful in defending the actions. Due to the nature of the disputes, the Directors have not disclosed further information on the basis that they believe that this would be seriously prejudicial to the Authority's position in defending the cases brought against it.

	2019 K	2018 K
14. Gratuity benefits		
At beginning of year	**12,975,316**	9,887,626
Charge for the year	**9,966,036**	10,471,552
Payments during the year	**(10,971,478)**	(7,697,501)
Fair value adjustment	**115,313**	313,639
At 31 December	**12,085,187**	12,975,316
Non-current portion	**3,916,560**	4,268,313
Current portion	**8,168,627**	8,707,003
	12,085,187	12,975,316

Notes to the Financial Statements (continued)

		2019 K	2018 K
15. Financial instruments – Risk management			
Capital management			
The Board manages the Authority to ensure that the Authority will be able to continue as a going concern while maximising the return to the stakeholders through the optimisation of returns on investments made. The Authority had no borrowings as at the reporting date.			
Gearing ratio			
The Authority reviews the capital structure on an ongoing basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Authority has no borrowings and therefore has a 0% gearing ratio (2018: 0%).			
Categories of financial instruments			
Financial assets			
	Notes		
Cash and bank balances	12	**14,141,113**	916,028
Receivables from employees	10	**1,586,740**	2,694,482
Payments	10	**1,024,951**	1,701,036
International traffic fees receivable	9	**3,556,372**	2,620,538
Amounts due from related parties	17 (iii)	**86,190**	925,869
Sundry receivables	10	**2,109,824**	2,191,144
		22,505,190	11,039,195
Financial liabilities			
Gratuity benefits	14	**12,085,187**	12,975,316
NAPSA	13	**-**	281,028
PAYE	13	**4,016,154**	4,041,887
Pension contributions	13	**22,985**	1,456,637
Personal levy	13	**-**	1,088
Leave pay	13	**2,386,654**	2,254,015
Trade creditors	13	**4,151,958**	3,853,507
Audit fees provision	13	**65,000**	150,800
Provisions for legal and professional charges	13	**324,447**	655,414
Other payables	13	**10,042,936**	3,747,689
Amounts due to related parties	17(ii)	**10,835**	257,617
		33,106,156	29,674,998

Notes to the Financial Statements (continued)

			2019 K	2018 K
16. Financial instruments- Risk management				

Financial risk management objectives
Management co-ordinates access to domestic markets, monitors and manages the financial risks related to the operations of the Authority. These risks include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The Authority does not enter into or trade in derivative financial instruments.

Market risk

The Authority's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see below). The Authority does not trade any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk. This is also because the Authority does not have debt.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Authority undertakes certain transactions dominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board.

The carrying amount of the Authority's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

Currency	**Asset/Liabilities**		**K**	K
US Dollars	Trade creditors		**105,013**	160,862
US Dollars	Bank balances		**4,055,616**	34,934
US Dollars	Receivables		**3,556,372**	2,620,538

The Authority is exposed to foreign exchange risk arising primarily from the importation of materials and finished goods and receivables arising from International traffic fees.

		Mid-market exchange rates as at 31 Dec 2019	**Mid-market exchange rates as at 31 Dec 2018**	**Average currency depreciation during the year**
US Dollars		13.95	11.89	17.35%

At 31 December 2019, if the US Dollar had appreciated or depreciated by 10% against the Kwacha, with all other variables held constant, the increase or decrease in the surplus for the year would have been K750,698 (2018: K299,376).

Notes to the Financial Statements (continued)

		2019 K	2018 K
16. Financial instruments- Risk management (Continued)			

Interest rate risk management

The exposure to interest rate risk is reviewed regularly by management to align with interest rate reviews and defined risk appetite, by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.
The Authority's exposure to interest rate is low as they do not have interest bearing borrowings and invest in fixed interest bearing investments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Authority. The Authority has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Authority's maximum exposure to credit risk is analysed below:

	Note	2019 K	2018 K
International traffic fees	9	**3,556,372**	2,620,538
Other receivables and prepaid expenses	10	**2,197,539**	3,912,200
Amounts due from related parties	17 (iii)	**86,190**	925,869
Sub total		**5,840,101**	7,458,607
Cash and bank balances	12	**14,141,113**	916,028
Sub total		**14,141,113**	916,028
Total		**19,981,214**	8,374,635

Ageing of receivables

The aging of receivables at the reporting date was:

	31 Dec 2019 Gross amount	**31 Dec 2019 Impairment**	**31 Dec 2019 Net amount**	31 Dec 2018 Gross amount	31 Dec 2018 Impairment	31 Dec 2018 Net amount
	K	**K**	**K**	K	K	K
Current	**2,867,505**	**-**	**2,867,505**	10,166,797	(8,501,867)	1,664,930
0-30	**944,865**	**-**	**944,865**	10,248,233	(8,366,756)	1,881,477
31-60	**959,414**	**-**	**959,414**	-	-	-
61-90	**19,961,767**	**(18,893,450)**	**1,068,317**	6,549,877	(2,637,677)	3,912,200
	24,733,551	**(18,893,450)**	**5,840,101**	**26,964,907**	**(19,506,300)**	**7,458,607**

The Authority holds security over its financial assets in respect of receivables from employees. The receivables from employees in respect of house loans are mortgaged by the Authority, and the certificates of title are in the custody of the Authority. The Authority also provides for an insurance scheme to cover all loans above K50, 000.00 in the event of death of an employee. The cost of the insurance is borne by the employee and is recovered over a period of 24 months.

Notes to the Financial Statements (continued)

16. Financial instruments - Risk management (Continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities. The following table details the Authority's remaining period for contractual maturity of its non—derivative financial assets and liabilities. The table below has been drawn up based on the contractual maturities of the financial assets and liabilities with the exception of statutory obligations.

				2019 K	2018 K
	Notes	1 to 3 months	3 months to 1 year	More than 1 year	Total
		K	K	K	K
31 December 2019 Liabilities					
Trade creditors	13	-	4,151,958	-	4,151,958
Leave pay	13	-	2,386,654	-	2,386,654
Other payables	13	-	10,042,936	-	10,042,936
NAPSA	13	-	-	-	-
PAYE	13	-	4,016,154	-	4,016,154
Pension contributions	13	-	22,985	-	22,985
Personal levy	13	-	-	-	-
Audit fees provision	13	-	65,000	-	65,000
Provisions for legal and Professional charges	13	-	324,447	-	324,447
Gratuity benefits	14	-	8,168,627	3,916,560	12,085,187
Amounts due to related parties	17(ii)	-	10,835	-	10,835
		-	**29,189,596**	**3,916,560**	33,106,156
31 December 2019 Assets					
International traffic fees	9	-	3,556,372	-	3,556,372
Receivables from employees	10	-	1,586,740	-	1,586,740
Other staff receivables	10	14,572	-	-	14,572
Sundry receivables	10	-	2,109,824	-	2,109,824
Prepayments	10	-	1,024,951	-	1,024,951
Cash and bank balances	12	-	14,141,113	-	14,141,113
Amounts due from related parties	17(iii)	-	86,190	-	86,190
		14,572	**22,505,190**	**-**	22,519,762

Notes to the Financial Statements (continued)

				2019 K	2018 K
16. Financial instruments- Risk management (Continued)					
	Notes	**1 to 3 months**	**3 months to 1 year**	**More than 1 year**	**Total**
		K	**K**	**K**	**K**
31 December 2018 Liabilities					
Trade creditors	13	-	3,853,507	-	3,853,507
Leave pay	13	-	2,254,015	-	2,254,015
Other payables	13	-	3,747,689	-	3,747,689
NAPSA	13	-	281,028	-	281,028
PAYE	13	-	4,041,887	-	4,041,887
Pension contributions	13	-	1,456,637	-	1,456,637
Personal levy	13	-	1,088	-	1,088
Audit fees provision	13	-	150,800	-	150,800
Provisions for legal and Professional charges	13	-	655,414	-	655,414
Gratuity benefits	14	-	8,707,003	-	12,975,316
Amounts due to related parties	17(ii)	-	257,617	-	257,617
			25,406,685	**4,268,313**	29,674,998
31 December 2018 Assets					
International traffic fees	9	-	2,620,538	-	2,620,538
Receivables from employees	10	-	2,684,580	-	2,684,580
Other staff receivables	10	9,902	-	-	9,902
Sundry receivables	10	-	1,701,036	-	1,701,036
Prepayments	10	-	2,191,144	-	2,191,144
Cash and bank balances	12	916,028	-	-	916,028
Amounts due from related parties	17(iii)	925,869	-	-	925,869
		1,851,799	**9,197,298**	**-**	11,049,097

Notes to the Financial Statements (continued)

16. Financial instruments - Risk management (Continued)

Fair value measurements
The information set out below provides information about how the Authority determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:
Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Authority considers relevant and observable market prices in its valuations where possible.
Fair value of the Authority's financial assets and financial liabilities that are measured at fair value on a recurring basis.

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period. The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Notes to the Financial Statements (continued)

		2019 K			2018 K
16. Financial instruments- Risk management (Continued)					
	Notes	**Carrying amount**	**Fair value**	Carrying amount	Fair value
		K	**K**	K	K
Financial assets					
International traffic fee receivables	9	**3,556,372**	**3,556,372**	2,620,538	2,620,538
Receivables from employees	10	**1,586,740**	**1,586,740**	2,694,482	2,694,482
Prepayments	10	**1,024,951**	**1,024,951**	1,701,036	1,701,036
Sundry receivables	10	**2,109,824**	**2,109,824**	2,191,144	2,191,144
Bank and cash balances	12	**14,141,113**	**14,141,113**	916,028	916,028
Amounts due from related parties	17 (iii)	**86,190**	**86,190**	925,869	925,869
Financial liabilities					
Trade creditors	13	**4,151,958**	**4,151,958**	3,853,507	3,853,507
Audit fees	13	**65,000**	**65,000**	150,800	150,800
Legal provision charges	13	**324,447**	**324,447**	655,414	655,414
Other payables	13	**10,042,936**	**10,042,936**	3,747,689	3,747,869
Gratuity obligations	14	**12,805,187**	**12,805,187**	12,975,136	12,975,136
Amounts due to related parties	17 (ii)	**10,835**	**10,835**	257,617	257,617

Notes to the Financial Statements (continued)

	2019 K	2018 K
17. Related party transactions The Authority undertakes to disclose the nature of related party relationships, and types of transactions necessary for the understanding of the annual financial statements. In the context of the Authority, related party transactions include any transactions carried out with any of the following: • Government ministries and parastatals; • Subsidiaries; • Defined benefit pension fund; • Board members; and • Key management personnel. The transactions to be reported are those that affect the Authority in making financial and operating decisions. **i) Transactions during the year** *Fees collected on behalf of and payments to Government*		
(a) Fees on behalf of Government (Appendix 2)	**199,137,515**	209,531,529
(b) Payments to Government (Appendix 2)	**199,137,515**	209,531,529
This represents collections of fees made by ZICTA on behalf of Government from operators and subsequently remitted to Government.		
(c) Grant receivable for the year from the Government	**115,422,594**	98,216,843
(d) TTMS Capital grant - Government	**32,628,164**	42,566,080
(e) Zambia ICT College operating expenses	-	39,596

Notes to the Financial Statements (continued)

	2019 K	2018 K
17. Related party transactions (continued)		
ii) Amounts due to related parties		
Universal Access Service Fund	**-**	257,617
Government – Central Treasury	**10,835**	-
	10,835	257,617
iii) Amounts due from related parties		
Amounts due from Universal Access Service Fund	**86,190**	-
Government transfer	**-**	925,869
Government grant	**16,369,474**	16,369,474
	16,455,664	17,295,343
Impairment provision	**(16,369,474)**	(16,369,474)
	86,190	925,869

Government grant represents funds receivable from Government in respect of grant income allocation for the year.

iv) Compensation of Directors and key Management personnel

The remuneration of Directors and members of key Management is determined by the Board having regard to funding and market trends.

The remuneration of the Board and key members of Management during the year was as follow:

(a) Key Management personnel compensation Salaries and other short term benefits	**13,458,524**	10,667,070
(b) Board members expenses	**3,081,200**	4,296,503
Balances due (to)/from key members of Management were as follows:		
(a) Loans due from key Management personnel	**326,571**	128,567
(b) Gratuity and leave due to key Management personnel	**8,457,976**	3,487,532

Notes to the Financial Statements (continued)

				2019 K	2018 K
18. Investments in subsidiaries					
	Place of operation and incorporation	**31 December 2019**	**31 December 2018**	**31 December 2019**	**31 December 2018**
		Holding in %	**Holding in %**	**K**	**K**
Zambia ICT College Limited (Note 1)	Zambia	100	100	-	-
Zambia National Data Centre Limited (Note 2)	Zambia	-	100	-	-
				-	-

Note 1 — Zambia ICT College Limited

The Zambia ICT College Limited was incorporated as a Company limited by guarantee (with no share capital) in 2010. ZICTA appointed the guarantors and the Board of Directors of the College. The principal activities of the College are to offer various ICT skills training courses delivered using various media such as e-learning platform, e-classroom and e-lab.

Effective 1 January 2018, the entity has an independent budget allocation in the national budget and receives funding directly from the Ministry of Finance. However ZICTA continues to appoint Directors and controls the Board of ICT College.

Note 2 — Zambia National Data Centre

In December 2015, ZICTA incorporated a Company, the Zambia National Data Centre (ZNDC), as a private company limited by guarantee. The Board of ZNDC was appointed by ZICTA. The principal activities of the ZNDC are storage of data, back up and disaster recovery. Effective 1 January 2018 ZNDC was placed under Smart Zambia Institute with independent budget allocation in the National budget and funding was received directly from the Ministry of Finance.

In June 2019, the ownership and control of ZNDC was transferred to the Industrial Development Corporation (IDC). Consequently, ZNDC business and assets were integrated into the National Telecommunications Infrastructure Corporation Limited (INFRATEL), a company under the IDC Group. Following the transfer of ownership and control, the Board of Directors that had been appointed by ZICTA was dissolved. The transfer of ZNDC to IDC was for no consideration.

Note 3

Significant transactions between ZICTA and the subsidiaries are disclosed in note 17.

Notes to the Financial Statements (continued)

	2019 K	2018 K
19. Retirement benefits		
Until 30 June 2017, the Authority provided through a Defined Benefit Pension Scheme a pension for all non-fixed contract employees. The Scheme was administered by a Board of Trustees. The assets of this scheme were held in administered trust funds legally separate from the Authority's assets and are governed by the Pension Scheme Regulation Act, No. 26 of 1996. The Board of the Pension Fund is composed of an equal number of representatives from both the employer and employees. The Board of the Pension Fund is required by law and its articles of association to act in the interest of the Fund and of all relevant stakeholders in the scheme. The Board of the Pension Fund is responsible for the investment policy with regards to the assets of the Fund. Contributions to the defined benefit fund were charged against income based upon actuarial advice. Any deficits were funded to ensure the ongoing financial soundness of the fund. The benefits provided were based on the years of membership and salary level. These benefits were provided from contributions by employees and the employer, as well as income from the assets of the scheme. The fund was subject to an actuarial valuation every three years by independent consultant actuaries. The last actuarial valuation was carried out by Independent Consultant Actuaries to determine the Fund's position as at 30 June 2017. As at 31 December 2019, the plan assets were K4,093,025 (31 December 2018: K6,805,891) and liabilities were nil (31 December 2018: nil) resulting in a surplus of K 4,093,025 (31 December 2018: K6,805,891).		
Balance at beginning of year	**6,805,891**	5,732,148
Surplus on defined benefit plan assets	**866,508**	1,073,743
Amortisation of pension asset (contribution holiday)	**(3,579,374)**	-
Balance at end of year	**4,093,025**	6,805,891

The defined benefit scheme has been replaced with a defined contribution scheme. 50% of the residual assets on the defined benefit scheme will be allocated among the members, while the balance has accrued to the employer and has been utilized as a contribution holiday.

Notes to the Financial Statements (continued)

	2019 K	2018 K
20. Capital grant		
Balance at beginning of year	**112,566,081**	70,000,000
Payment received during the year	**32,628,164**	42,566,081
Balance at end of year	**145,194,245**	112,566,081

The Authority is in the process of implementing a Telecommunication Traffic Monitoring System (TTMS) which is being funded through a Capital Grant from the Government. The system is aimed at providing revenue assurance through the monitoring of telecommunication traffic volume. The Government of the Republic of Zambia through the Ministry of Transport and Communications (MTC) entered into a contract with Nanjing Sinovatio Technology Co. Ltd for the supply, delivery, installation and commissioning of the system for a total contract price of US 21,109,740.00. As at the end of December 2019, the Authority has paid out a total of K145,194,245 towards the purchase of the equipment. Implementation of this system follows issuance of Statutory Instrument No. 80 of 2015.

The deferred income was not amortised during the period as the related asset is yet to be commissioned.

21. Contingent liabilities

There are no known contingent liabilities as at 31 December 2019 (2018: nil)

22. Capital commitments		
Authorised by the Board and contracted for	**2,984,673**	3,300,036

23. Events after the reporting date

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As a result of implementation of preventive measures in Zambia, the Authority may experience disruptions in operations resulting from quarantines, self-isolations, or other movement restrictions which may affect the ability of the Authority employees to perform their jobs effectively.

The advent of COVID- 19 has resulted in risks which could significantly disrupt operations, and a prolonged outbreak could negatively impact the Authority's licensees, vendors and other stakeholders. The Authority cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact its operations, especially with regard to the timing and quantum of grant funding from Central Treasury.

24. Comparatives
Where necessary comparatives for 2018 have been reclassified in order to have meaningful comparison with the current year.

Appendix 1 — Detailed Statement of Income and Expenditure

	2019 K	2018 K
Income		
Grant income	**115,422,594**	98,216,843
International traffic fees	**23,188,487**	23,805,703
Balance at end of year	**138,611,081**	122,022,546
Other income		
Sundry income	**780,776**	6,699,728
Other-grants	**736,354**	3,092,553
	1,517,130	9,792,281
Finance costs		
Interest on bank term deposits	**1,076,251**	971,699
Staff loans interest	**70,390**	143,296
Exchange gains	**624,517**	1,225,200
Exchange losses	**(413,359)**	(2,496,686)
Bank interest	**5,992**	21,138
Total income	**1,363,791**	(135,353)
Expenditure (Refer to pages 131 to 133 for details)	**140,281,074**	(155,491,579)
Surplus of income over expenditure/(Excess of expenditure over income)	**1,210,928**	(23,812,105)

Appendix 1 — Detailed Statement of Income and Expenditure (continued)

	2019 K	2018 K
Expenditure		
Advertising expenses	**480,900**	333,271
Audit expenses	**498,879**	526,014
Bank charges	**162,331**	222,888
Board expenses	**3,081,200**	4,296,503
Business lunches and entertainment	**52,446**	88,652
Call centre expenses	**244,840**	135,080
Child online protection	**64,760**	262,009
Communications expenses	**1,619,042**	1,840,248
Computer software and network expenses	**60,091**	143,081
Consumer awareness expenses	**255,048**	226,084
Corporate social responsibility	**52,687**	60,960
Cost of service study	**-**	3,735,761
Cybersecurity operating expenses	**172,014**	327,607
Depreciation	**7,198,128**	8,007,291
Drafting of regulations and guidelines	**334,692**	4,805
Education and training	**162,318**	74,718
Electricity and water	**321,797**	909,052
Enforcement expenses	**-**	268,196
Fixed site monitoring	**271,674**	351,539
Fuel, oil and lubricants	**603,527**	405,998
Funeral expenses	**103,257**	79,459
General legal expenses	**7,455**	1,693
Girls in ICT expenses	**148,371**	189,964
Gratuity and retirement benefits	**10,081,350**	10,785,191
GRZ receivable written off	**-**	155,594
Hosting of workshops	**30,275**	132,032
Balance carried forward	**26,007,082**	33,563,690

Appendix 1 — Detailed Statement of Income and Expenditure (continued)

	2019 K	2018 K
Balance brought forward	**26,007,082**	33,563,690
ICT Innovation & resource centre	**376,443**	234,052
Impairment provisions	**-**	19,506,300
Insurance	**1,414,484**	1,100,003
Library expenses	**73,816**	88,251
Loss on disposal	**-**	126,032
Managed services	**842,000**	-
Medical expenses	**1,723,404**	2,078,520
Meetings and conferences – abroad	**3,133,830**	2,873,440
Meetings and conferences - local	**689,808**	1,018,571
Monitoring, compliance and inspection expenses	**739,580**	607,400
National ICT Survey	**304,210**	2,641,871
Office consumables	**291,396**	264,541
Operating expenses – CCTCD Zm Domain	**273,806**	8,364
Other staff costs	**1,024,863**	892,025
Outside services - other	**646,225**	298,315
Outside services - security	**803,237**	837,335
Postal National Addressing System	**11,463**	1,939,823
Postal operating expenses	**85,214**	-
Printing and stationery expenses	**585,037**	650,404
Project – Spectrum Reforming	**44,112**	-
Project monitoring and evaluation	**-**	19,404
Provincial offices expenses	**193,661**	180,328
Publicity and promotional expenses	**429,881**	388,354
Quality of service monitoring expenses	**757,342**	323,822
Recruitment expenses	**94,673**	165,714
Rent and rates	**50,828**	67,708
Repairs and maintenance	**1,438,938**	1,420,667
Repatriation and relocation expenses	**33,382**	163,133
Research and development	**141,350**	9,545
Salaries and wages	**75,027,516**	69,910,867
Seminars and workshops - local	**24,786**	23,612
Balance carried forward	**117,262,367**	141,402,091

Appendix 1 — Detailed Statement of Income and Expenditure (continued)

	2019 K	2018 K
Balance brought forward	**117,262,367**	141,402,091
Service maintenance agreement	**1,553,974**	2,455,182
Skills development expenses	**-**	7,300
Social tour and holiday allowances	**6,109,771**	5,817,522
Staff welfare	**308,258**	352,371
Stakeholders engagement expenses	**58,391**	91,906
Stamps and postages expenses	**165,674**	102,598
Standardisation expenses	**10,500**	134,109
Study tours - abroad	**-**	111,550
Subscriptions	**4,985,986**	2,544,869
Subsistence and travel expenses	**59,450**	79,765
System operating expenses	**8,488,815**	755,069
Tender and evaluations expenses	**324,132**	496,849
Trade shows and exhibitions	**784,291**	898,331
Travelling expenses	**78,670**	97,240
Uniform and protective clothing	**47,818**	51,149
World Consumer rights day expenses	**42,977**	54,082
Zambia ICT College operating expenses	**-**	39,596
Total expenditure	**140,281,074**	155,491,579

Appendix 2 — Fees collected on behalf of and remitted to Government

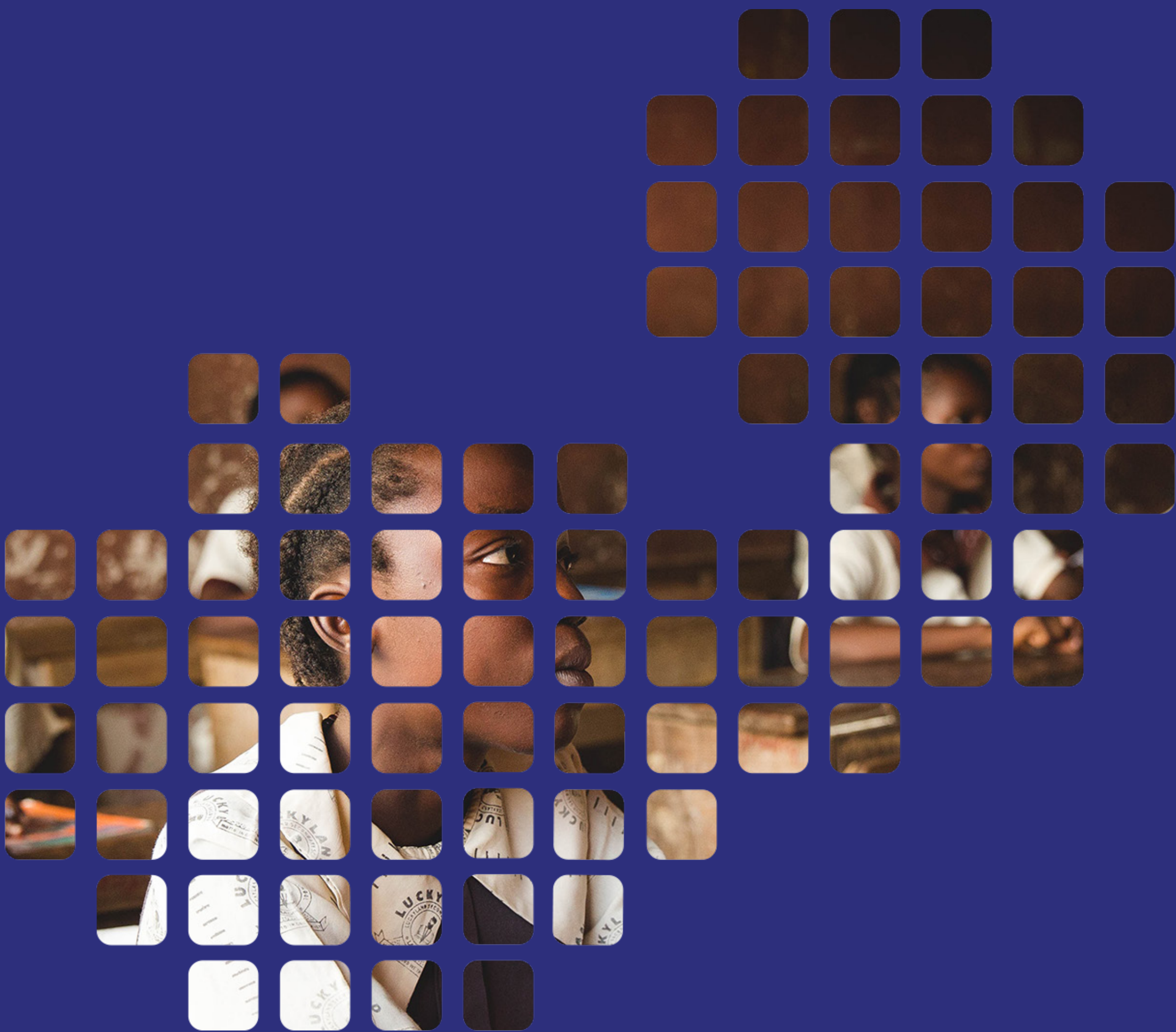
	2019 K	2018 K
Nature of funds collected on behalf of Government		
Annual operating fees	**70,830,824**	69,555,834
Radio license fees	**78,331,940**	80,002,895
International traffic fees	**12,326,862**	14,626,801
Numbering fees	**20,920,337**	18,484,900
Sundry income	**4,958,445**	9,995,519
Type approval fees	**3,737,101**	1,818,598
Initial licensing fees	**8,032,006**	15,046,982
Total funds collected	**199,137,515**	209,531,529
Remittance to Government	**199,137,515**	209,531,529
Funds (retained)/remitted to Government from prior year collection	**-**	-

Appendix 3 — Fees owing to Government by Zamtel

	2019 K	2018 K
Nature of fees owed by Zamtel		
Annual operating fees	**62,738,068**	54,944,182
Spectrum fees	**48,443,127**	35,888,845
Penalty fees (Quality of service)	**7,112,000**	4,800,000
Total fees receivable	**118,293,195**	95,633,027

Universal Access & Service Fund

Financial Statements for the year ended 31 December 2019



15. UASF Financial Statements

Statement of Responsibilities in respect of the Preparation of Financial Statements

The Members of the Board ("The Board") are responsible for the preparation of financial statements for each financial period which present fairly the state of affairs of the Fund and its financial activities for that period. In preparing the financial statements, the Board is required to:

a) Design, implement and maintain internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement;
b) Select suitable accounting policies and then apply them consistently; and
c) Make judgments and accounting estimates that are reasonable and prudent in the circumstances.

The Board is also responsible for ensuring that the Fund keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund. It is also responsible for safeguarding the assets of the Fund, and taking reasonable steps for the prevention and detection of fraud and other irregularities. The independent external auditors, MPH Chartered Accountants, have audited the financial statements and their report is shown on pages 130 to 132.

The Board is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review. The Board was dissolved on 25 November 2019.

In the opinion of the Board the financial statements are drawn up so as to present fairly the financial activities of the Fund for the year ended 31 December 2019 and its financial position as at that date, and have been prepared in accordance with the accounting policies set out at note 2 to the financial statements and in the manner required by the Information and Communication Technologies Act No. 15 of 2009 and the Information and Communications Technologies (Universal Access) Regulations, 2012.

Approval of the financial statements

The financial statements of the Fund as indicated above and set out on pages 133 to 155 were approved on **24 April, 2020,** and were signed by:

Permanent Secretary
Ministry of Transport and Communications

Chief Executive Officer

MPH Chartered Accountants
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Independent Auditor's Report

To the Minister of the Ministry of Transport and Communications

Report on the financial statements

Opinion

We have audited the financial statements of the Zambia Information and Communications Technology Authority Universal Access and Service Fund ("the Fund"), which comprise the Statement of Financial Position as at 31 December 2019, and the Statement of Comprehensive Income, the Statement of Changes in Accumulated Fund and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Fund`s financial statements give a true and fair view of the financial position of the Fund as at 31 December, 2019, and of its financial performance and its cash flows for the year then ended on the basis of the accounting policies described in note 2 of the financial statements.

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 Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with IESBA code. 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 and fair presentation of the statements in accordance with the accounting policies set out at notes 2.1 to 2.8 of the financial statements, 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 Fund'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 Fund or cease operations, or has no realistic alternative but to do so.

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

Auditor`s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor`s report that includes our opinion. Reasonable assurance is a high level of 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.

Independent Auditor's Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the 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 entity'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 organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

The Directors are responsible for the other information included in the annual report. Other information includes Supplementary

Independent Auditor's Report (continued)

Information set out at Appendices 1 and 2 of the financial statements. Our opinion on the financial statements does not cover other information and we do not express an audit opinion thereon. Our responsibility is to read the other information and consider whether the information therein is materially consistent with the financial statements. If based on our work, we conclude that there is a material misstatement we are required to report on that fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

In our opinion, the required accounting records, and other records relating to the Fund's accounts have been properly kept in accordance with generally accepted accounting practices and as required by the Information and Communication Technologies (Universal Access) Regulations 2012.

Section 70 (1) of the Information and Communication Technologies Act establishes the Universal Access and Service Fund (UASF). The purpose of the Fund is to enable Government through ZICTA to finance Universal Access Projects. Included in amounts due from related parties is the amount of United States Dollars 700,000 that the Fund lent the Ministry of Transport and Communications for the purchase of a property. The funds remained unpaid at 31 December 2019.

MPH

MPH Chartered Accountants
Lusaka, Zambia

Hampande Hachongo (AUD/F000186)
Partner

Date: 24 April 2020

Statement of Comprehensive Income

	Notes	2019 K	2018 K
Income			
Universal Access contributions	3	**68,925,846**	68,423,852
		68,925,846	68,423,852
Other income			
Interest income		**5,577,495**	8,863,763
Total other income		**5,577,495**	8,863,763
Net financing income/(costs)			
Exchange gain		**668,855**	3,533,540
Exchange loss		**(2,158,049)**	(2,895,710)
Total net financing income/(costs)		**(1,489,194)**	637,830
Operating income after net financing income/(costs)		**73,014,147**	77,925,445
Expenditure			
Operating expenses		**(78,386,807)**	(59,045,924)
Administrative expenses		**(1,619,230)**	(260,436)
Depreciation	4	**(13,156,942)**	(14,061,143)
		(93,162,979)	(73,367,503)
(Excess of expenditure over income)/Surplus of income over expenditure for the year		**(20,148,832)**	4,557,942
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(20,148,832)**	4,557,942

The accounting policies and notes on pages 145 to 162 are an integral part of these financial statements.

Statement of Financial Position

	Notes	2019 K	2018 K
Assets			
Non-current assets			
Property and equipment	4	**106,678,295**	109,751,028
		106,678,295	109,751,028
Current assets			
Trade and other receivables	5	**4,279**	2,853,764
Amounts due from related parties	6	**75,471,999**	48,809,694
Investments at amortised cost	7	**13,042,079**	47,990,852
Cash and bank balances	8	**2,204,981**	7,152,622
		90,723,338	106,806,932
Total assets		**197,401,633**	216,557,960
Accumulated fund and liabilities			
Accumulated fund		**181,205,619**	201,354,451
Current liabilities			
Trade and other payables	9	**16,196,014**	15,203,509
		16,196,014	15,203,509
Total accumulated fund and liabilities		**197,401,633**	216,557,960

The financial statements set out on pages 141 to 165, were approved and authorised for issued on **24 April, 2020**, and were signed by:

Permanent Secretary
Ministry of Transport and Communications

Chief Executive Officer

The accounting policies and notes on pages 145 to 162 are an integral part of these financial statements.

Statement of Changes in Accumulated Fund

	Accumulated fund
	K
Balance at 1 January 2018	196,796,509
Surplus of income over expenditure for the year	4,557,942
Balance at 31 December 2018	**201,354,451**
Balance at 1 January 2019	201,354,451
Excess of expenditure over income for the year	(20,148,832)
Balance at 31 December 2019	**181,205,619**

The Accumulated Fund represents the excess of income over expenditure and other movements in the Fund arising other than out of income and expenditure.

The accounting policies and notes on pages 145 to 162 are an integral part of these financial statements.

Statement of Cash flows

	Notes	2019 K	2018 K
Cash flows from operating activities			
(Excess of expenditure over income)/surplus of income over expenditure for the year		**(20,148,832)**	4,557,942
Adjustments			
Interest income on bank term deposits and bank interests		**(5,577,495)**	(8,863,763)
Depreciation	4	**13,156,942**	14,061,143
Operating cash flows before movements in working capital		**(12,569,385)**	9,755,322
Movements in working capital			
Decrease/(increase) in trade and other receivables	5	**2,849,485**	(2,491,738)
Increase /(decrease) in trade and other payables	9	**992,506**	(3,160,243)
Increase in amounts due from related parties	6	**(26,662,305)**	(48,363,092)
Decrease in held to maturity investments	7	**34,948,773**	40,590,799
Decrease in amounts due to related parties		**-**	(66,835)
Net cash outflow used in operating activities		**(440,926)**	(3,735,787)
Cash flow from investing activities			
Expenditure on property and equipment	4	**(10,084,210)**	(7,011,700)
Net cash out flow from investing activities		**(10,084,210)**	(7,011,700)
Cash flows from financing activities and funds			
Interest received		**5,577,495**	8,863,763
Net cash from financing activities		**5,577,495**	8,863,763
Net decrease in cash and cash equivalents		**(4,947,641)**	(1,883,724)
Cash at the beginning of the year		**7,152,622**	9,036,346
Cash and cash equivalents at end of the year	8	**2,204,981**	7,152,622

The accounting policies and notes on pages 143 to 163 are an integral part of these financial statements.

Notes to the Financial Statements

1. The Universal Access and Service Fund

Section 70 (1) of the Information and Communication Technologies Act establishes the Universal Access and Service Fund (UASF). The purpose of the Fund is to enable Government through ZICTA to finance Universal Access Projects.

2. Accounting policies

2.1 Basis of preparation and accounting policies

Statement of compliance

The financial statements of the Fund have been prepared in accordance with the accounting policies selected and consistently applied by Management as set out in note 2 to the financial statements.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions and measurements that have some similarities to fair value but are not fair value.

2.2 Income

Universal Access Contribution

Contributions to the Fund have been recognised on the receipts basis and represent contributions made by operators licensed under the Information and Communication Technologies Act No. 15 of 2009. Regulation 20 (1) of the Information and Communication Technologies (Universal Access) Regulations, 2012 provides that a licensee shall contribute to the Fund in accordance with section 70 of the Information and Communication Technologies Act No. 15 of 2009, at the rate not exceeding 1.5 percent of the gross annual turnover of the licensee. The contributions are collected by ZICTA. The basis of determination of the contribution are the financial results of the operator. The contributions are accounted for on a receipts basis.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Fund and the amount of income can be measured

Notes to the Financial Statements (continued)

Interest income (continued)

reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.3 Property and equipment

Leasehold land and buildings held for use in the provision of services, or for administrative purposes, are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Fund's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for the intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is calculated to write off the cost of property 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:

Item	Rate
Leasehold land and buildings	2%
Furniture and fittings	20%
Motor vehicles	25%
Office equipment	30%
Telecommunication and radio equipment	10%
VSAT	14%
GSM	20%
Power-Solar	7%
Power-Grids	14%
Tower masts	4%
Fence	4%
Batteries	33%

Capital work in progress is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income and expenditure.

Notes to the Financial Statements (continued)

Impairment of tangible and other assets

At the end of each reporting period, the Fund reviews the carrying amounts of its tangible and other assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal on impairment loss is recognised immediately in income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Fund‘s statement of financial position when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

On derecognition of a financial asset measured at amortised cost, the difference between the asset‘s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In

Notes to the Financial Statements (continued)

2.5 Financial instruments (continued)

contrast, on derecognition of an investment in equity instrument which the Fund has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Fund, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and policy permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to

Notes to the Financial Statements (continued)

2.5 Financial instruments (continued)

retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Fund that are designated by the Fund as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss determined and
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses'.

line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Fund exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Fund accounts for substantial modification of

Notes to the Financial Statements (continued)

2.5 Financial instruments (continued)

terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments

The Fund does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

2.6 Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that the Fund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.7 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Zambian Kwacha (K).

Transactions and balances

In preparing the financial statements of the Fund, transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in income and expenditure in the period in which they arise.

2.8 Critical accounting estimates and judgments

In the application of the Fund's accounting policies, which are described above, the Directors are required to make judgments,

Notes to the Financial Statements (continued)

2.8 Critical accounting estimates and judgments (continued)

estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgments in applying accounting policies

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the critical judgment, apart from those involving estimations, that the Directors have made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Fund determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Fund monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Fund‘s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates of asset lives, residual values and depreciation methods

The Directors review the estimated useful lives of property, plant and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The Directors assign a residual value of nil as equipment is not held for trading and is normally scrapped.

Notes to the Financial Statements (continued)

	2019 K	2018 K
3. Income		
Annual operating fees network-Network Services	**3,730,160**	2,773,755
Annual operating fees service-Mobile Cellular	**54,308,620**	53,255,645
Annual operating fees service-Internet	**5,916,066**	6,160,622
Annual operating fees service-other	**4,971,000**	6,233,830
	68,925,846	68,423,852

The Fund raises income primarily from collections from annual operating fees, the bulk of which comes from annual operating fees on mobile cellular services from Airtel, MTN and Zamtel. The operating fees are charged on total annual turnover of individual mobile operators at a rate of 2% and 3%, of which an apportionment of 50% is made to the Fund. There are, however, significant amounts owing to the Fund in unpaid operating fees from Zamtel amounting to K62,738,068 (2018: K54,944,182), as shown in Appendix 2.

Notes to the Financial Statements (continued)

4. Property and equipment

	Motor Vehicles	Office Equipment	VSAT HUB	GSM	VSAT	Power-Solar	Power Grid	Tower Masts	Fence	Batteries	Capital work in progress	Total
Cost	K	K	K	K	K	K	K	K	K	K	K	K
At 1 January 2018	1,805,563	-	3,907,981	17,419,773	4,838,826	12,124,162	1,811,656	28,742,625	14,806,806	17,032,667	47,437,899	142,916,259
Additions	-	136,285	-	-	-	-	-	-	-	-	9,947,925	7,011,700
Transfers	-	-	3,105,935	150,894	3,080,490	6,218,906	222,141	10,993,665	1,911,132	-	(25,683,163)	-
At 31 December 2018	**1,805,563**	**136,285**	**7,013,916**	**17,570,667**	**7,919,316**	**18,343,068**	**2,033,797**	**39,736,290**	**16,717,938**	**17,032,667**	**31,702,661**	**149,927,959**
Depreciation												
At 1 January 2018	165,679	-	1,595,758	10,026,333	1,949,565	4,886,180	364,436	3,308,689	1,704,476	16,175,815	-	40,176,931
Charge for the year	451,391	13,628	1,685,960	3,539,282	1,242,192	2,495,476	183,832	1,955,907	732,422	856,852	-	13,156,942
At 31 December 2018	**617,070**	**13,628**	**3,281,718**	**13,565,615**	**3,191,757**	**7,381,656**	**548,268**	**5,264,596**	**2,436,898**	**17,032,667**	**-**	**53,333,873**
Carrying amount At 31 December 2019	**1,188,493**	**122,657**	**3,732,198**	**4,005,052**	**4,727,559**	**10,961,412**	**1,485,529**	**34,471,694**	**14,281,040**	**-**	**31,702,661**	**106,678,295**
At 31 December 2018	**1,639,884**	**-**	**2,312,223**	**7,393,440**	**2,889,261**	**7,237,982**	**1,446,220**	**25,433,936**	**13,103,331**	**856,852**	**47,437,899**	**109,751,028**

The Capital work in progress represents construction of Towers that was in progress at the year end. As the works had not yet been completed and commissioned no depreciation has been recognised.

The land on which the towers have been erected is public and acquired traditionally, and the Fund is yet to secure title deeds.

Notes to the Financial Statements (continued)

4. Property and equipment (continued)

	Motor Vehicles	VSAT HUB	GSM	VSAT	Power-Solar	Power Grid	Tower Masts	Fence	Batteries	Capital work in progress	Total
Cost	K	K	K	K	K	K	K	K	K	K	K
At 1 January 2018	-	3,907,981	17,419,773	4,838,826	12,124,162	1,811,656	28,742,625	14,806,807	17,032,667	42,231,762	142,916,259
Additions	1,805,563	-	-	-	-	-	-	-	-	5,206,137	7,011,700
At 31 December 2018	**1,805,563**	**3,907,981**	**17,419,773**	**4,838,826**	**12,124,162**	**1,811,656**	**28,742,625**	**14,806,807**	**17,032,667**	**47,437,899**	**149,927,959**
Depreciation											
At 1 January 2018	-	1,048,641	6,542,378	1,272,129	3,188,797	237,620	2,158,984	1,112,204	10,555,035	-	26,115,788
Charge for the year	165,679	547,117	3,483,955	677,436	1,697,383	126,816	1,149,705	592,272	5,620,780	-	14,061,143
At 31 December 2018	**165,679**	**1,595,758**	**10,026,333**	**1,949,565**	**4,886,180**	**364,436**	**3,308,689**	**1,704,476**	**16,175,815**	**-**	**40,176,931**
Carrying amount At 31 December 2019	**1,639,884**	**2,312,223**	**7,393,440**	**2,889,261**	**7,237,982**	**1,446,220**	**25,433,936**	**13,103,331**	**856,852**	**47,437,899**	**109,751,028**

Notes to the Financial Statements (continued)

	Notes	2019 K	2018 K
5. Trade and other receivables			
Prepayment		**3,000**	419
Sundry receivables		**1,279**	2,853,345
		4,279	2,853,764
6. Amounts due from related parties			
Zambia Information and Communications Technology Authority		**-**	254,017
Government – Central Treasury	12	**-**	135,000
Government – Central Treasury (TTMS)	12	**65,542,499**	48,420,677
Government - Ministry of Transport and Communications		**9,929,500**	-
		75,471,999	48,809,694
7. Investments at amortised cost			
90 days fixed term deposits		**13,042,079**	-
180 Days fixed term deposits		**-**	47,990,852
		13,042,079	47,990,852
The fixed term deposits are held with the following financial institutions:			
Investrust Bank Plc		**-**	10,332,243
Zambia National Commercial Bank Plc		**13,042,079**	21,087,362
Atlas Mara Bank		**-**	16,571,247
		13,042,079	47,990,852
Disclosed as investments at amortised cost		**13,042,079**	47,990,852
8. Cash and bank balances			
Cash and cash equivalents include held to maturity investments maturing less than 90 days after year end. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flow can be reconciled to the related items in the Statement of Financial Position as follows:			
Bank account balances and cash in hand		**2,204,981**	7,152,622
		2,204,981	7,152,622

Notes to the Financial Statements (continued)

	Notes	2019 K	2018 K
9. Trade and other payables			
Trade payables		**11,963,695**	10,519,034
Audit fees		**68,750**	127,600
Accrued expenses		**4,163,569**	4,556,875
		16,196,014	15,203,509
10. Financial instruments			
Categories of financial instruments			
Financial assets			
Investments at amortised cost	7	**13,042,079**	47,990,852
Cash and bank balances	8	**2,204,980**	7,152,622
		15,247,059	55,143,474

Financial risk management objectives
ZICTA's Management co-ordinates access to domestic markets, monitors and manages the financial risks related to the operations of the Fund. These risks include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.
The Fund does not enter into or trade in derivative financial instruments.

Market risk
The Fund's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see below). The Fund does not trade any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk. This is also because the Fund does not have debt.

There has been no change to the Fund's exposure to market risk or the manner in which it manages and measures the risk.

Notes to the Financial Statements (continued)

			2019 K	2018 K
11. Financial instruments				
Foreign currency risk management				
The Fund undertakes certain transactions dominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board.				
Currency	**Asset/Liabilities**			
US Dollars	Trade and other payables		**5,899,829**	7,512,013
US Dollars	Trade and other receivables		**-**	2,843,075
US Dollars	Bank balances		**19,388**	116,192
The Fund is exposed to foreign exchange risk arising primarily from the importation of raw materials and finished goods and cash balances.				
		Mid-market exchange rates 2019	**Mid-market exchange rates 2018**	**Average currency depreciation during the year**
US Dollars		13.95	11.89	17.33%

As at 31 December, if the US Dollar had appreciated or depreciated by 10% against the Kwacha, with all variables held constant, the increase or decrease in the deficit would have been K588,044 (2018: K672,069).

Interest rate risk management
The exposure to interest rate is reviewed regularly by Management to align with interest rate reviews and defined risk appetite, by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

The Fund's exposure to interest rate is low as the Fund does not have interest bearing borrowings.

Credit management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Notes to the Financial Statements (continued)

	Notes	2019 K	2018 K
11. Financial instruments (continued) The Fund's maximum exposure to credit risk is analysed below:			
Investments at amortised cost	7	**13,042,079**	47,990,852
Trade and other receivables	5	**4,279**	2,853,764
Amounts due from related parties	6	**75,471,999**	48,809,694
Cash and bank balances	8	**2,204,981**	7,152,622
		90,723,338	106,417,915

The Fund does not hold any collateral or credit enhancements to cover its credit risk associated with its financial assets.

Liquidity risk management

Ultimate responsibility for liquidity risk Management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Fund's remaining period for contractual maturity of it's non—derivate financial assets and liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities.

Notes to the Financial Statements (continued)

	Notes	1 to 3 months	3 months to 1 year	More than 1 year	Total
31 December 2019		K	K	K	K
Liabilities					
Trade and other payables	9	-	16,196,014	-	**16,196,014**
		-	**16,196,014**	**-**	**16,196,014**
31 December 2019					
Assets					
Trade and other receivables	5	4,279	-	-	**4,279**
Amounts due from related parties	6	-	9,929,500	65,542,499	**75,471,999**
Cash and bank balances	8	2,204,981	-	-	**2,204,981**
Investments at amortised cost	7	-	13,042,079	-	**13,042,079**
		2,209,260	**22,971,579**	**65,542,499**	**90,723,338**
31 December 2018					
Liabilities					
Trade and other payables	9	-	15,203,509	-	**15,203,509**
		-	**15,203,509**	**-**	**15,203,509**
31 December 2018					
Assets					
Trade and other receivables	5	2,853,764	-	-	**2,853,764**
Amounts due from related parties	6	-	48,809,694	-	**48,809,694**
Cash and bank balances	8	7,152,622	-	-	**7,152,622**
Investments at amortised cost	7	-	47,990,852	-	**47,990,852**
		10,006,386	**96,800,546**	**-**	**106,806,932**

Fair value measurements

The information set out below provides information about how the Fund determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable

Notes to the Financial Statements (continued)

market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible. Fair value of the Fund's financial assets and financial liabilities that are measured at fair value on a recurring basis. There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period. The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

		2019		2018	
	Notes	**Carrying amount**	**Fair value**	Carrying amount	Fair value
		K	**K**	K	K
Financial assets					
Investments at amortised cost	7	**13,042,079**	**13,042,079**	47,990,852	47,990,852
Fair value hierarchy as at 31 December 2019					
		Level 1	**Level 2**	Level 3	Total
		K	**K**	K	K
Financial assets					
Investments at amortised cost	7	**-**	**13,042,079**	-	13,042,079
Financial liabilities					
Trade and other payables	9	**-**	**16,196,015**	-	16,196,015
Fair value hierarchy as at 31 December 2018					
		Level 1	**Level 2**	Level 3	Total
		K	**K**	K	K
Financial assets					
Investments at amortised cost	7	**-**	**13,042,079**	-	13,042,079
Financial liabilities			**16,196,015**	-	16,196,015
Sundry payables and accrued expenses	9	**-**	**15,203,509**	-	15,203,509

Notes to the Financial Statements (continued)

	2019 K	2018 K
12. Related party transactions		
In the context of the Fund, related party transactions include any transactions carried out with any of the following: • Government ministries and parastatals; • ZICTA; and • Members of the Governing Board and key Management personnel of ZICTA. The transactions to be reported are those that affect the Fund in making financial and operating decisions. i) Transactions during the year During the year the transactions that took place with related parties are as follows:		
Staff expenses-receivables	**860**	2,480
Investments-receivables	**-**	247,444
Government – Central Treasury	**-**	135,000
Government Central Treasury - TTMS	**65,542,499**	48,420,677
Government – Ministry of Transport and Communications	**9,929,500**	-
Trade payables	**-**	4,093
Staff expenses-payable	**17,925**	-
ii) Related party transaction balances- Receivable		
Zambia Information and Communications Technology Authority	**860**	384,924
Government Central Treasury - TTMS	**65,542,499**	48,420,677
Government - Ministry of Transport and Communications	**9,929,500**	-
	75,472,859	48,805,601
iii) Related party transactions balances - Payable		
Zambia Information and Communications Technology Authority	**17,925**	4,093
13. Contingent liabilities		
There were no known significant contingent liabilities as at 31 December 2019.		
14. Capital commitments		
Authorised by the Board and contracted for	**2,226,947**	9,900,000

Notes to the Financial Statements (continued)

15. Events after the reporting date

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As a result of implementation of preventive measures in Zambia, the Fund may experience disruptions in operations resulting from quarantines, self-isolations, or other restrictions in movements.

The advent of COVID- 19 has resulted in risks which could significantly disrupt operations, and a prolonged outbreak could negatively impact the Fund's ability to execute its projects. The Fund cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact its operations, especially with regard to the recoverability of receivables and receipt of annual operating fee contributions from ICT sector licensees.

Appendix 1 — Detailed Statement of Income and Expenditure

	2019 K	2018 K
Income		
Universal Access contributions	**68,925,846**	68,423,852
	68,925,846	68,423,852
Sundry income		
Interest income on bank term deposits	**5,577,495**	8,863,763
Total sundry income	**5,577,495**	8,863,763
Finance costs		
Exchange gain	**668,855**	3,533,540
Exchange loss	**(2,158,049)**	(2,895,710)
Total net financing income/(costs)	**(1,489,194)**	637,830
	4,088,302	9,501,593
Total income	**73,014,147**	77,925,445
Expenditure		
Operating expenses		
Special Projects – Connecting Learning Institutions	**32,047,221**	4,025,737
Special Projects – Tertiary Institutions (ZAMREN)	**356,950**	229,008
Special Projects – Operating Tower Installations	**43,633,625**	36,153,331
Special Projects - E-Government	**1,692,945**	16,333,384
Special Projects - People with Disabilities	**370,125**	56,630
Special Projects – Computer Assembly Plant	**-**	2,229,567
Special Projects – Monitoring and Evaluation	**285,941**	18,267
Total operating expenses	**78,386,807**	59,045,924

Appendix 1 — Detailed Statement of Income and Expenditure (continued)

	2019 K	2018 K
Administrative expenses		
Audit fees	**110,550**	178,866
Bank charges	**32,615**	42,615
Fund Management costs	**372,725**	-
Other administration costs	**128,389**	38,955
Recruitment expenses	**15,450**	-
Board expenses	**664,572**	-
Insurance	**700**	-
Medical expenses	**2,926**	-
Meetings & conferences	**287,626**	-
Courier expenses	**3,677**	-
Total administrative expenses before depreciation	**1,619,230**	260,436
Depreciation	**13,156,942**	14,061,143
Total administrative expenditure	**14,776,172**	14,321,579
Total expenditure	**93,162,979**	73,367,503
(Excess of expenditure over income)/surplus of income over expenditure for the year	**(20,148,832)**	4,557,942

Appendix 2: Contributions due from Zamtel

	2019 K	2018 K
Universal Access contributions due		
Annual operating fees 2012	**5,112,120**	5,112,120
Annual operating fees 2013	**7,372,455**	7,372,455
Annual operating fees 2014	**8,642,340**	8,642,340
Annual operating fees 2015	**8,998,965**	8,998,965
Annual operating fees 2016	**6,480,510**	6,480,510
Annual operating fees 2017	**9,495,225**	9,495,225
Annual operating fees 2018	**8,858,835**	8,842,567
Annual operating fees 2019 — estimate	**7,777,618**	-
	62,738,068	54,944,182

Appendices

16. Appendices

Appendix 1: List of Beneficiary Schools Last- Mile Connectivity Contracts

SN	Name of institution	District	Province
1	Kasiya Secretarial College	Monze	SOUTHERN
2	Monze College Of Agriculture	Monze	SOUTHERN
3	Monze Community Development College	Monze	SOUTHERN
4	Kasiya Secretarial College	Pemba	SOUTHERN
5	Mpika Boys Secondary School	Mpika	MUCHINGA
6	Chilonga Nursing School	Mpika	MUCHINGA
7	Chinsali Girls Secondary School	Chinsali	MUCHINGA
8	Kansenshi Secondary School	Ndola	COPPERBELT
9	Michael Chilufya Sata Medical School	Ndola	COPPERBELT
10	Ndola School For Continuing School	Ndola	COPPERBELT
11	Kaoma School Of Nursing	Kaoma	WESTERN
12	Senanga School Of Nursing	Senanga	WESTERN
13	Centre For Veterinary Institute	Lusaka	LUSAKA
14	Hillside Girls Technical Secondary School	Chipata	EASTERN
15	Chizongwe Technical Secondary School	Chipata	EASTERN
16	Popota College Of Agriculture	Choma	SOUTHERN
17	Zambia Institute Of Animal Health	Mazabuka	SOUTHERN

Appendix 2 – Connecting Learning Institutions Phase II 160 Beneficiaries

No.	Name of Learning Institution	District	Province
1	Nkongolo Primary School	Chibombo	Central
2	Kalangwa Primary School	Chibombo	Central
3	Shalubala Primary School	Chibombo	Central
4	Anchorage Primary & Secondary School	Chibombo	Central
5	Chinyongola Secondary School	Chibombo	Central
6	Kasosolo Secondary School	Chibombo	Central
7	Musoka Primary and Secondary School	Chibombo	Central
8	Mulilabanyama Primary School	Itezhi-tezhi	Central
9	Makululu Secondary School	Kabwe	Central
10	Jasmine Boys Secondary School	Kabwe	Central
11	Mpima Prisons Primary School	Kabwe	Central
12	Gombe Secondary School	Kabwe	Central
13	Makululu C Primary School	Kabwe	Central
14	Chindwin A Secondary School	Kabwe	Central
15	Kakwelesa Primary School	Kapiri Mposhi	Central
16	Kapiri Girls Technical Secondary School	Kapiri Mposhi	Central
17	Chipepo Secondary School	Kapiri Mposhi	Central
18	Luanshimba ZNS Secondary School	Mkushi	Central
19	Maimwene Primary School	Mumbwa	Central
20	Ibolelo Secondary School	Serenje	Central
21	Lubengele primary school	Chililabombwe	Copperbelt
22	Musenga Primary school	Chingola	Copperbelt
23	Chikola Secondary school	Chingola	Copperbelt
24	Kalilo Primary school	Chingola	Copperbelt
25	Ipafu Primary school	Chingola	Copperbelt

26	Muchinshi Secondary School	Chingola	Copperbelt
27	Matelo Primary School	Chingola	Copperbelt
28	Chavuma Secondary school	Kalulushi	Copperbelt
29	Kalulushi secondary school	Kalulushi	Copperbelt
30	Miseshi Secondary school	Kitwe	Copperbelt
31	SOS Children's Villages Zambia	Kitwe	Copperbelt
32	Mitanto Secondary School	Kitwe	Copperbelt
33	Ipusukilo Primary school	Kitwe	Copperbelt
34	Twatemwa Primary School	Luanshya	Copperbelt
35	Gandhi Primary school	Luanshya	Copperbelt
36	St Mary's Day Secondary School	Lufwanyama	Copperbelt
37	Kafulafuta Secondary School	Masaiti	Copperbelt
38	Fiwale Primary school	Masaiti	Copperbelt
39	Chileshe Primary School	Masaiti	Copperbelt
40	Chisanga Secondary School	Mpongwe	Copperbelt
41	Mpongwe South Boarding Secondary School	Mpongwe	Copperbelt
42	Mufulira Primary school	Mufulira	Copperbelt
43	Buyantanshi Secondary School	Mufulira	Copperbelt
44	Mawilo Primary school	Ndola	Copperbelt
45	St. Bonaventure Primary & Secondary School	Ndola	Copperbelt
46	St.Antanazio Secondary school	Chipata	Eastern
47	Feni Day Secondary School	Chipata	Eastern
48	Makwe Primary School	Chipata	Eastern
49	Madzimawe Primary School	Chipata	Eastern
50	Kapala Primary school	Chipata	Eastern
51	Chizongwe Technical Secondary School	Chipata	Eastern
52	Nyakutwa Primary Shool	Chipata	Eastern
53	Jerusalem Secondary School	Chipata	Eastern
54	Mphangwe Primary School	Katete	Eastern
55	Sikatengwa Primary School	Lundazi	Eastern
56	Mfuwe Primary School	Mambwe	Eastern
57	Riverside Primary School	Petauke	Eastern
58	Mununga Primary School	Chienge	Luapula
59	Ponde Primary School	Chienge	Luapula
60	Kalundu Pre, Primary & Secondary School	Chipili	Luapula
61	Lengwe Primary School	Kawambwa	Luapula
62	Kawambwa Boys Technical Secondary School	Kawambwa	Luapula
63	Kalamba Primary School	Kawambwa	Luapula
64	Mabel Shaw Secondary School	Kawambwa	Luapula
65	Kasoma Lunga Primary School	Lunga	Luapula
66	Nsamba Secondary School	Lunga	Luapula
67	Kombaniya Primary School	Mansa	Luapula
68	Lubunda Primary & Secondary School	Mwense	Luapula
69	Kanyemba Primary School	Mwense	Luapula
70	Nshinda Primary School	Nchelenge	Luapula
71	Kabuta Primary School	Nchelenge	Luapula
72	Lubwe Girls Primary School	Samfya	Luapula
73	Mount Makulu Secondary School	Chilanga	Lusaka
74	St. Michael Primary & Secondary School	Chilanga	Lusaka
75	Chongwe Secondary School	Chongwe	Lusaka
76	Silverest Secondary School	Chongwe	Lusaka
77	Kyindu Primary School	Chongwe	Lusaka
78	Evergreen Primary School	Chongwe	Lusaka
79	Kankumba Primary School	Chongwe	Lusaka
80	Kasisi Girls Secondary School	Chongwe	Lusaka

81	Twatasha ZNS Secondary School	Chongwe	Lusaka
82	Mphango Hope Seconday School	Chongwe	Lusaka
83	Kapete Primary School	Chongwe	Lusaka
84	Mpemba Primary School	Chongwe	Lusaka
85	Mphango Primary School	Chongwe	Lusaka
86	Nangongwe Primary School	Kafue	Lusaka
87	Lishiko Primary School	Kafue	Lusaka
88	Likasa Boys Boarding School	Kafue	Lusaka
89	Kapwelyomba Primary School	Lusaka	Lusaka
90	Chisengalumbwe Primary school	Lusaka	Lusaka
91	Chunga Primary School	Lusaka	Lusaka
92	Timothy Mwanakatwe Primary School	Lusaka	Lusaka
93	Woodlands A Primary School	Lusaka	Lusaka
94	Munali Girls Secondary School	Lusaka	Lusaka
95	Twatasha Primary School	Lusaka	Lusaka
96	Kamwala South Secondary School	Lusaka	Lusaka
97	Thorn park Primary School	Lusaka	Lusaka
98	Lusaka Central Correctional Facility	Lusaka	Lusaka
99	Tiyende Pamodzi Primary School	Lusaka	Lusaka
100	Kaunda Square Primary School	Lusaka	Lusaka
101	Mtendere Primary School	Lusaka	Lusaka
102	St. Monica's Primary and Secondary School	Lusaka	Lusaka
103	Mikango Secondary School	Lusaka	Lusaka
104	Twalumba Primary School	Lusaka	Lusaka
105	Chunga Secondary School	Lusaka	Lusaka
106	New Northmead Primary School	Lusaka	Lusaka
107	Kabulonga Boys Secondary School	Lusaka	Lusaka
108	Yotam Muleya Primary School	Lusaka	Lusaka
109	George Central Primary School	Lusaka	Lusaka
110	Simon Mwansa Kapwepwe Primary School	Lusaka	Lusaka
111	Chipata Primary School	Lusaka	Lusaka
112	St. Pauls Secondary Schools	Lusaka	Lusaka
113	Katoba Secondary School	Lusaka	Lusaka
114	Edwin Mulongoti Primary School	Lusaka	Lusaka
115	Chitanda Primary School	Lusaka	Lusaka
116	Kalingalinga Primary School	Lusaka	Lusaka
117	Chiteba day secondary	Chama	Muchinga
118	Chama South Boarding School	Chama	Muchinga
119	Lubwa primary school	Chinsali	Muchinga
120	Pokola Day Secondary school	Kabompo	North Western
121	Luamala Primary School	Mushindamo	North Western
122	Kasapa primary School	Mushindamo	North Western
123	Kabisapi Day secondary school	Mushindamo	North Western
124	Mapunga Secondary school	Mushindamo	North Western
125	Lamba Day Secondary school	Mushindamo	North Western
126	Chiwoma Day Secondary school	Mwinilunga	North Western
127	Kamapanda Basic School	Mwinilunga	North Western
128	Musangila Primary school	Mwinilunga	North Western
129	Katuyola Primary School	Mwinilunga	North Western
130	Shafilundu primary school	Solwezi	North Western
131	Kimiteto primary and secondary school	Solwezi	North Western
132	Chishimba Day Secondary School	Kasama	Northern
133	Lunte Girls Technical Secondary School	Kasama	Northern
134	Kalukanya Primary School	Mbala	Northern
135	Masonsa Primary School	Choma	Southern

136	Batoka Primary School	Choma	Southern
137	Fumbo Basic School	Gwembe	Southern
138	Twabuka Primary School	Livingstone	Southern
139	Munsangu Primary & Secondary School	Mazabuka	Southern
140	Nanga Secondary School	Mazabuka	Southern
141	St. Patricks Secondary School	Mazabuka	Southern
142	Mulumbwa Primary school	Monze	Southern
143	Kaumba Secondary School	Monze	Southern
144	Niko Girls Technical Secondary School	Namwala	Southern
145	Sinazongwe Primary and Secondary School	Sinazongwe	Southern
146	Sinazeze Primary School	Sinazongwe	Southern
147	Chimonselo Primary School	Sinazongwe	Southern
148	Kaoma Secondary School	Kaoma	Western
149	Mapatu Primary school	Limulunga	Western
150	Nang'oko Primary School	Limulunga	Western
151	Lukulu Boarding Secondary School	Lukulu	Western
152	Namushakende Secondary School	Mongu	Western
153	Mandanga Primary & Secondary School	Mongu	Western
154	Kalale Primary School	Nkeyema	Western
155	Mulobezi Secondary school	Sesheke	Western
156	Katima Day Secondary School	Sesheke	Western
157	Sikongo Day Secondary School	Shang'ombo	Western
158	Nyengo Day Secondary	Shang'ombo	Western
159	Kalobolelwa Secondary School	Sioma	Western
160	Nangweshi boarding Secondary school	Sioma	Western

Appendix 3 – Planned Beneficiaries for Connecting Learning Institutions Phase IV

No.	Province	District	Name Of Learning Institution
1	Central	Kabwe	Zambia National Service Kabwe Training School
2	Central	Kabwe	Kabwe Community Development Skills Training Center
3	Central	Kabwe	Military Training Establishment of Zambia MILTEZ
4	Copperbelt	Kitwe	Zambia Institute of Business Studies & Industrial Practice
5	Copperbelt	Kitwe	Kitwe Community Development Staff Training College
6	Copperbelt	Luanshya	Technical and Vocational Teachers College
7	Copperbelt	Ndola	Gemstone Processing & Lapidary Training Center
8	Copperbelt	Ndola	Ndola School for Continuing Education
9	Copperbelt	Ndola	School of Artillery
10	Eastern	Lumezi	Lumezi St. Joseph College of Nursing and Midwifery
11	Eastern	Lundazi	Lundazi Skills Training Centre
12	Lusaka	Kafue	ZNS Kafue Training School
13	Lusaka	Lusaka	Defence Services Command & Staff College
14	Lusaka	Lusaka	Evelyn Hone College of Applied Arts & Commerce
15	Lusaka	Lusaka	Defence School of Health Sciences
16	Muchinga	Mpika	Chilonga College of Nursing and Midwifery
17	Northern	Mbala	ZAF Ground Training School
18	Northern	Mungwi	Mungwi Skills Training Centre
19	North Western	Ikelenge	Kalene College of Nursing
20	North Western	Solwezi	Solwezi Community Development Skills Training Center
21	Southern	Livingstone	Zambia Airforce Academy
22	Southern	Monze	Community Development College
23	Western	Kaoma	Kaoma College of Nursing & Midwifery
24	Western	Senanga	Senanga College of Nursing & Midwifery
25	Lusaka	Lusaka	University of Zambia

Appendix 4

Province	Base Stations Sites	MW Repeater Sites	Percentage of Base Stations	Total Towers
Lusaka	20	5	3%	25
Copperbelt	21	6	3%	27
Luapula	33	4	5%	37
Eastern	42	11	7%	53
Northern	64	13	10%	77
Northwestern	67	12	11%	79
Southern	72	28	12%	100
Muchinga	94	23	15%	117
Central	96	11	15%	107
Western	116	10	19%	126
Grand Total	**625**	**123**	**100%**	**748**

Table 18: Number of Nominal Gap Sites per Province

Head Office
Stand No. 4909, Corner of Independence
and United Nations Avenues,
P.O. Box 36871,
Lusaka, Zambia
info@zicta.zm
www.zicta.zm
Toll Free 7070
Tel: +260 211 378200

Copperbelt Regional Office
Plot 2735 Liberia Road,
Trade Fair Grounds
Ndola, Zambia
Tel: +260 212 651032

Muchinga Regional Office
Plot 888 Nkakula Street
Chinsali, Zambia

Chipata Regional Office
Plot No. 56, Bishop John Osmers
Office Complex, Church Road

ZICTA

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TO A DIGITAL SOCIETY