ZICTA

# 2020 Annual Report

Advancing the Nation to a Digital Society

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ZICTA

ADVANCING THE NATION
TO A DIGITAL SOCIETY

# Annual Report 2020

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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 |
| **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 |

ZICTA

# The Authority

- Vision, Mission and Values
- Our Mandate
- Strategic Goals

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# 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.

# Vision, Mission and Values

## Vision

A Regulator advancing the nation to a digital society.

## Mission

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

## Values

**Integrity** – Consistent moral and ethical standards
**Transparency** – Openness, communication and consultative
**Innovation** – Creative and dynamic
**Teamwork** – Unity of purpose
**Fairness** – Equity and free from discrimination
**Excellence** – Providing services of supreme quality at all times
**Effectiveness** – Working to address stakeholder expectations all the times
**Accountability** – Answerable to stakeholders for all our actions and results

# Our Mandate

| | |
|---|---|
| 1 | Regulate the provision of electronic communication services and products in Zambia |
| 2 | Monitor the performance of the sector including levels of investment and availability, quality, costs and standards of electronic communication services |
| 3 | Administer the Country Code Top Level Domain (ccTLD) as well as electronic addresses |
| 4 | Disseminate information and promote the participation by the public in the provision of electronic communication services |
| 5 | Provide for a national frequency and numbering plan |
| 6 | Set standards for the ICT sector |
| 7 | Promote competition in the sector and also regulate tariffs charged by operators offering electronic communication services |
| 8 | Protect the rights and interests of consumers, service providers, suppliers and manufacturers |

# Strategic Goals

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

- Promote competition
- Catalyzing universal access
- Consumer protection
- Ensuring efficient management of scarce resources
- Enhancing our capacity to deliver

**Strategic Goal**

To bridge the digital divide and increase access for all to ICTs by 2021

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# Board and Management of the Authority

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# Board of the Authority

**Mr. Frightone Sichone**
Chairperson

**Ms. Celine Meena Nair**
Member

**Mr. Yese Bwalya**
Member

**Eng. Willie M. Muyambo**
Member

**Mrs. Maureen B. Mwanza**
Member

**Mr. Isaac Nonde**
Member

**Mr. David Kasongo**
Member

**Eng. Dunstan Chola**
Member

**Eng. Patrick M. Mutimushi**
Member

**Mr. Benaiah M. Mupenda**
Authority Secretary

# Management Team of the Authority

**Eng. Patrick M. Mutimushi**
Director General

**Mr. Thomas K. Malama**
Director Legal & Regulatory Affairs

**Mr. Mulenga M. Chisanga**
Director Economic Regulation

**Mr. Mofya Chisala**
Director Consumer Protection & Information Managemnt

**Mr. Mwenya Mutale**
Director Technology Engineering

**Mrs. Pethel C. Phiri**
Director Finance

**Mr. Thomas Matandala**
Director Human Capital & Operations

**Mr. Benaiah M. Mupenda**
Authority Secretary

ZICTA

# Director General's Overview

# Director General's Overview

**Eng. Patrick M. Mutimushi**
Director General

I am pleased to present to you the Zambia Information and Communications Technology Authority (ZICTA) Annual Report for the year ended December 31, 2020, as provided for under the Information and Communication Technologies Act No. 15 of 2009. The report highlights key activities under taken by the Authority, as well as major successes scored during this period.

In the year 2020, the Authority implemented a number of activities aimed at ensuring quality, secure, accessible and affordable ICT services and products for all, through effective regulation. These strategic targets were key offshoots feeding into the four (4) corporate focus areas of compliance and consumer protection, fostering competition in the ICT and postal sectors, avoiding market failure in the sector and promoting access to new technologies and services.

These focus areas were directly linked to the four (4) strategic pillars which drove the Authority's 2017 - 2021 strategic plan, anchored on contributing directly to the achievement of various national and global social and economic goals.

During the year under review, the Authority executed its mandate amid the COVID - 19 global pandemic, which undoubtedly has had far reaching effects not only on human life, but also influenced and changed governance systems and business models of various companies entities henceforth. And as a key partner and player in the global arena, Zambia and the Authority in particular had to introduce a working from home system for non-management staff in its quest to safeguard human capital.

> *I therefore, commend the Government of the Republic of Zambia, through the Ministry of Health for the spirited, vigorous and unwithered fight against the deadly Corona Virus.*

I therefore, commend the Government of the Republic of Zambia, through the Ministry of Health for the spirited, vigorous and unwithered fight against the deadly Corona Virus. By the same token, I would like to appreciate the Authority staff for adhering to set out health guidelines on COVID - 19 prevention. Indeed, the COVID - 19 pandemic has crippled every sector of the economy – it has changed how people live their lives, their consumption patterns, how they communicate, how they learn, how they transact in their businesses.

With this new era, information and communication technologies (ICTs) became central in aiding governance and business communication processes. This desperate situation therefore, underscored the importance of ICTs, as it proved to be a panacea to most of the socio-economic malaise resulting from COVID - 19 pandemic.

I am delighted to note that amidst challenges resulting from the pandemic, the Authority achieved a number of its set deliverables for the year 2020.

Key among them include the meeting its revenue targets for 2020, the implementation of an ICT market surveillance framework aimed at promoting transparency in the market and en-

hancing regulatory compliance with approved tariff terms and conditions, the completion of the supply side study for the Postal Sector as well as the establishment of a collaborative partnership with the Rural Finance Expansion Programme (RUFEP) with a secured grant of over ZMW 3 million.

Further, in 2020, the Authority finalised the development of the Postal and Courier Services Bill, offloaded the first lot of 800MHz spectrum using the restricted licensing procedure, undertook an exploratory study of current and future billing and revenue models in the ICT sector and continued implementation of the National Addressing Postcode Project (NAPP). Others key achievements in year under review included: the review of the National ICT Policy, review of the ICT Sector licensing framework, continued implementation of the ICT Innovation Programme as well as the review of pricing for reserved postal services.

With an appreciation that the ICT sector is one that dynamic, the Authority remains abreast of advancements in technologies in the sector, and therefore, we remain committed to working in closer collaboration with like-minded sector regulators and stakeholders to ensure that the products and services on the market continue to respond to the ever changing interests and consumer demands without stifling growth and innovation.

> *We pledge continued efforts in discharging our mandate not only to grow the ICT and postal sector but also contribute meaningfully to national development through ICTs.*

As we enter the year 2021, we pledge continued efforts in discharging our mandate not only to grow the ICT and postal sector but also contribute meaningfully to national development through ICTs. We would like to continue on a positive growth trajectory as we prioritise the upgrade of Quality of Service (QoS) equipment to improve efficiency in the execution of the QoS function by the Authority as well as strengthening regulation around it. We look forward to the enactment into laws of the three (3) bills currently under Parliament, more particularly the Cybersecurity bill as this will be key in our transitioning to a safe and secure cyber space.

On behalf of Management and entire staff, may I take this opportunity to express my appreciation to the Ministry of Transport and Communications, as well as other strategic partners whose invaluable and immense contribution helped the Authority to achieve the set milestones in the year 2020. I am confident that the New Year 2021 will come with the new Board of the Authority, renewed strength and new focus that will aid the country's full enjoyment of benefits resulting from a digital society.

**Eng. Patrick M. Mutimushi,**
Director General

ZICTA

# Corporate Governance

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# Statement on Corporate Governance

**Mr. Benaiah M. Mupenda**
Authority Secretary

As a public institution, the Zambia Information and Communications Technology Authority boasts of strict adherence to principles of good corporate governance practices. The Authority has put in place detailed governance tools including the Board Charter, Corporate Governance Assessment Framework, Board Evaluation Framework as well as various policies and procedures.

Even though there is no compelling law to undertake assessments, the Authority has proudly adopted the Corporate Governance Checklist to assist in monitoring the institution's compliance to the tenets of good corporate governance. During the reporting period, an assessment was undertaken by the Institute of Directors of Zambia (IoDZ) which rated ZICTA's corporate governance adherence at 95%.

**Board Leadership**

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 recognises 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 (NUCW); 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.

Following the dissolution of the previous Board on November 25, 2019, a new Board was appointed on January 12, 2021.

## Board Committees

In accordance with Paragraph 5 of the First Schedule to the ICT Act No. 15 of 2009 and the Board Charter, the Board has constituted Committees to assist in the performance of its functions under the Act. The Committees are as follows:

**i. 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.

**ii. Audit & Risk Committee**
Subject to the provisions of the Public Finance Management Act No. 1 of 2018, the primary purpose of the Committee is:

a. to monitor the integrity of the financial statements of the Authority;

b. to review the Authority's internal financial control system, risk management systems as well as ethics and governance;

c. to monitor and review the effectiveness of the Authority's internal audit function;

d. 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;

e. to monitor and review the external Auditor's independence, objectivity and effectiveness; and

f. to develop and implement policy on the engagement of an external Auditor to supply non-audit services.

**iii. 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.

**iv. 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

ZICTA

# Global Developments

ICT and Postal Sectors

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# 1. Recent Global Developments in the ICT and Postal Sectors

### 1.1. Roll out of Mobile-broadband Networks in 2020

The International Telecommunications Union (ITU) in its Measuring Digital Development Report of 2020 estimated that over 90 percent of the world's population had access to a mobile-broadband network (3G or above) in 2020. Africa and the Commonwealth Independent States (CIS/Former members of the Soviet Union) were the regions that had the biggest gap, where 23 percent and 11 per cent of the population respectively had no access to a mobile-broadband network (see figure 1). Africa did however record a 21 per cent growth in 4G rollout, while growth was negligible in all the other regions.[1]

Figure 1: Population coverage by type of Mobile Network Technology, 2020

Source: ITU Regional & Global ICT Indicators

### 1.2. Access to Internet Connectivity, Computers and Mobile Phones

The ITU reported that about 72 per cent of households in urban areas across the world had access to Internet services at home in 2020 compared to only 38 percent of households in rural areas. The urban-rural gap was noted to be smaller in developed countries compared to developing countries. In Africa, only 28 per cent of households in urban areas had access to the Internet at home, which was 4.5 times as high as the percentage in rural areas, which stood at 6.3 per cent.[2]

Figure 2: Percentage of households with computer and/or Internet access at home, 2020

Source: ITU Regional & Global ICT Indicators

[1]https://www.itu.int/en/ITU-D/Statistics/Documents/facts/FactsFigures2020.pdf
[2]https://www.itu.int/en/ITU-D/Statistics/Documents/facts/FactsFigures2020.pdf

The ITU further reported that there were approximately 105 mobile cellular telephone subscriptions per 100 inhabitants and 75 active mobile broadband subscriptions per 100 inhabitants in 2020. Africa had the least mobile cellular subscriptions per 100 inhabitants, fixed broadband subscriptions per 100 inhabitants and active mobile broad band subscriptions per 100 inhabitants amounting 82, 1 and 33 respectively. The gaps between the regions in access to these technologies were largest for fixed-broadband subscriptions and smallest for mobile-cellular telephone subscriptions.

Figure 3: Mobile-cellular, fixed-broadband and active-mobile broadband telephone subscriptions per 100 inhabitants, 2020

Source: ITU Regional & Global ICT Indicators

### 1.3. Collaboration in mitigating effects of COVID - 19

The World Bank in partnership with the ITU, GSMA – the global mobile industry association— and the World Economic Forum (WEF), agreed on an accelerated action plan to better leverage digital technologies and infrastructure in support of citizens, governments and businesses during the COVID - 19 pandemic. The action plan included maintaining connectivity by promoting network resilience, ensuring access and affordability of digital services, supporting compliance with social distancing principles while providing vital connectivity, leveraging e-health, telemedicine and Big Data to address the health crisis, and finally, ensuring institutional frameworks are fit for purpose.[3]

### 1.4. Launch of 5G Networks across Africa

Three African markets announced plans to adopt 5G technology within the year 2020 – these are South Africa, Kenya and Uganda. In South Africa, Liquid Telecom planned to launch the first 5G wholesale roaming service to major cities to enable wholesale operators to create innovative, ultra-fast and scalable digital services for their customers[4]. On the other hand, Safaricom in Kenya began testing 5G which was planned to be rolled out to selected parts of the country. Uganda's MTN in collaboration with ZTE launched the 5G network early in 2020 under the 60 MHz spectrum bandwidth with an actual rate of more than 1.494 Gbps aimed at supporting a variety of applications.[5]

[3]https://www.gsma.com/newsroom/COVID - 19/the-world-bank-wef-gsma-and-itu-mobilized-in-the-fight-against-COVID - 19/
[4]https://www.liquidtelecom.com/aboutus/news/Internet_Solutions_and_Liquid_Telecom_partner_on_wholesale_5G_services_for_enterprise_businesses
[5]https://www.itnewsafrica.com/2020/01/3-major-5g-networks-launch-across-africa/

### 1.5. Growth of Mobile Money Accounts

In the first quarter of 2020, the GSMA released the 2019 annual 'State of the Industry Report on Mobile Money', which offered an overview of the mobile money landscape. The report also looked at what one billion registered accounts meant for the mobile money industry, mobile money users and the future of the mobile money ecosystem. The report further indicated that with 290 live services in 95 countries and 372 million active accounts, mobile money had entered the mainstream and became the path to financial inclusion in most low-income countries.[6]

### 1.6. Postponement of the Universal Postal Union (UPU) Congress

The 27th Congress of the Universal Postal Union (UPU) was postponed from 10 – 28 August 2020 to 9 – 27 August 2021 in Côte d'Ivoire due to the COVID - 19 pandemic. During the upcoming Congress, UPU's member countries are expected to adopt the new World Postal Strategy – a roadmap for the new work cycle commencing in 2021. The Congress will also decide on the new rules and set policies on the international exchange of postal items. Another major activity during the UPU Congress is the election of new council members, of which Zambia was elected during the 2016 Congress.[7]

[6]https://www.gsma.com/sotir/wp-content/uploads/2020/03/GSMA-State-of-the-Industry-Report-on-Mobile-Money-2019-Full-Report.pdf
[7]https://www.upu.int/en/Events/27th-Universal-Postal-Congress-(Postponed)

# 2.0. Recent Local Developments in the ICT and Postal Sectors

## 2.1. Issuance and Renewal of Licenses to Operators in the ICT Sector

As at the end of December, 2020, there were a total of 71 valid licenses in the ICT sector compared to 88 valid licenses that had been issued by the Authority at the end of December, 2019 (See Table 1). The reduction in the number of valid licences from 2019 to 2020, was mainly on account of the cancellation of some licences by the Authority as well as the non-timely renewal of some licences by operators.

Table 1: Number of Valid Licenses Issued in the ICT Sector, 2019- 2020

| Type of Licence | Coverage | Number of Licenses 2019 | Number of Licences 2020 |
|---|---|---|---|
| Network (Service & Facilities) | International | 4 | 3 |
| | National | 39 | 28 |
| | Provincial | 2 | 4 |
| | District | 5 | 6 |
| Service (With a Network- Category A) | National | 28 | 19 |
| | Provincial | 0 | 2 |
| | District | 3 | 3 |
| Service (Without a Network- Category B) | National | 7 | 6 |
| | Provincial | 0 | 0 |
| | District | 0 | 0 |
| **Total** | | **88** | **71** |

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

As at December 31, 2020, ZICTA had issued a total of 35 licenses in the Postal sector compared to 28 licenses that had been issued by the end of December, 2019 (See Table 2). A total of 7 new licences were issued in 2020 while no existing licences were due for renewal or cancelled.

Table 2: Number of Valid Licenses Issued in the Postal Sector

| Licence Type | Number of Licences 2019 | Number of Licences 2020 |
|---|---|---|
| Public Postal Operator | 1 | 1 |
| International & Domestic Courier Licence | 16 | 18 |
| Domestic Courier Licence | 9 | 14 |
| Local Courier Licence | 2 | 2 |
| Total | 28 | 35 |

## 2.3. Award of 800MHz Frequency Band Radio Spectrum

Pursuant to Section 54(6) of the ICT Act No. 15 of 2009, the Zambia Information and Communications Technology Authority (ZICTA) awarded Airtel Networks Zambia Limited radio spectrum in the 800 MHz frequency band at a cost of USD12.5 million. The spectrum resources are expected to improve the quality of services offered to consumers through enhanced voice user experience by faster call setup, clearer voice quality and less dropped calls. Mobile broadband coverage is also anticipated to increase with extensive improvements expected in both the urban and rural areas. The spectrum band was reported to support superior indoor coverage and longer-range deployment.[8]

[8]https://www.zicta.zm/storage/posts/attachments/ObiMm2UNrS3lH7LYghgzyiDvUTUCP8ZVnvVoPrk0.pdf

### 2.4. Cancellation of Licences for UZI Zambia Limited

ZICTA cancelled the network licence in the international market segment issued to UZI Zambia and the company's service licence in the national market segment. UZI Zambia, whose major shareholder is Unitel International Holdings B.V registered in the Netherlands, secured the licences in March 2018 which were valid for 15 years and was poised to compete as the fourth mobile network operator in the country. However, the licences were cancelled after the operator failed to meet the conditions of the licence of launching its operations by May 31, 2020.[9]

### 2.5. Issuance of Licences to the Fourth Mobile Network Operator

Pursuant to the Licensing Guidelines of 2017, the Authority issued a call for applications for a network licence under the international market segment and a service licence under the national market segment with associated resources. The successful bidder would in essence function as the 4th Mobile Network Operator. The call for applications followed the failure by UZI Telecoms to launch mobile services following award of the tender. The process of issuance of the new licences is expected to be concluded in 2021.[10]

### 2.6. National Pension Scheme Authority Equity in MTN Zambia

MTN Zambia partnered with the National Pension Scheme Authority (NAPSA) through a share placement that saw NAPSA hold 8% stake in MTN Zambia. It was anticipated that the partnership would bring significant benefits not only to the public pension fund and its members, MTN and its subscribers, but also to the general public as a result of the numerous economic benefits brought about by improved telecommunications and digitalisation.[11]

### 2.7. Trends in Mobile Money Transactions

The usage of electronic money services in Zambia increased significantly between 2019 and 2020 on account of strong emphasis by the central bank and public health institutions to avoid or limit physical contact and exchange of cash in the wake of the Corona virus (COVID - 19) pandemic. The surge was also driven by continued reliance on electronic and mobile platforms to send and receive funds as well as payment of utility services such as electricity and water as well as subscription for pay TV channels. Specifically, the value of mobile money transactions more than doubled from ZMW 49.6 billion recorded at the end of 2019 to ZMW 105.6 billion at the end of 2020 reflecting an increase of 113.07 percent. Similarly, the volume of mobile money transactions increased from 553 million transactions at the end of 2019 to 747 million transactions at the end of 2020 reflecting an improvement of 35.03 percent (see Table 3).

[9]https://extensia-ltd.com/2020/06/18/zambia-cancels-uzis-licence/
[10]https://www.zicta.zm/Downloads/Tenders/REQUEST%20FOR%20PROPOSALS%20FOR%20INTERNATIONAL%20NETWORK%20AND%20NATIONAL%20SERVICE%20LICENCES%20WITH%20ASSOCIATED%20RESOURCES.pdf

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

| | Dec, 2018 | Dec, 2019 | Dec, 2020 | Percentage Change |
|---|---|---|---|---|
| Volumes (Number of Transactions) | 303,955,243 | 552,829,070 | 746,500,187.00 | 35.03% |
| Values (ZMW ) | 22,191,565,753.86 | 49,576,813,972.80 | 105,619,623,780.67 | 113.04% |

Source: Bank of Zambia

### 2.8. Africonnect Zambia rebranded as Inq. Digital Zambia

Africonnect Zambia rebranded as Inq. Digital Zambia after the change in the shareholding structure of the company. Africonnect Zambia launched its operations in Zambia in 2010, offering internet services to corporate and home-based clients via 3G Wi-Fi routers and cafe hotspots. Under the new brand, Inq. Digital Zambia intends to launch a wider range of new services. The entity plans to maintain its enterprise communication solutions and would also be rolling out new digital solutions such as Video Analytics using Edge Artificial.[12]

### 2.9. Introduction of 'non-expiry' Mobile Data Bundles

During the year 2020, all the three Mobile Network Operators launched a new range of mobile data bundles with unlimited validity. The internet bundles were added to existing mobile data bundle offers that have varying validity to offer customers wider choices. The new range of mobile data bundles allowed customers to load and use mobile data bundles that would remain valid until they are exhausted. The development was also anticipated to contribute to increased adoption and use of data services and digital inclusion in Zambia.[13]

### 2.10. Reduction of Annual Operating Fees for Postal Operators

In 2020, the Ministry of Transport and Communications through the Zambia Information and Communications Technology Authority (ZICTA) reduced the annual operating fees from an initial of 2 percent to 1 percent of the Gross Annual Turnover of all postal courier licensees. This relief is expected to assist licensed postal operators to re-invest in the growth of their establishments and consequently improve and expand the services offered to consumers of various Postal services. The reduction comes at a time that is optimal, when operators are facing challenges in their operations due to the surge of the COVID - 19 pandemic.

### 2.11. Facilitating for increased uptake of mobile money transactions

In the wake of COVID - 19 (coronavirus), the Bank of Zambia (BoZ) in consultation with commercials banks and payment service providers, announced a set of measures aimed at reducing cash transactions and facilitating increased use of mobile money transactions. The immediate objective was to reduce the risk of transmission of COVID - 19 through the handling of cash. The Bank of Zambia has removed transaction and balance limits on agents and corporate wallets and increased the limit for individuals in a bid to help reduce cash transactions in the wake of the COVID - 19 pandemic. The Central Bank has also removed charges on all person-to-person e-Money transactions valued up to K150 until April 30, 2020. Per day transaction limits for 1st and 2nd tier individuals and small scale farmers and non-incorporated enterprises have been increased to K20,000, K100,000 and K1,000,000 respectively.[14]

[11]https://www.zicta.zm/storage/posts/attachments/ObiMm2UNrS3lH7LYghgzyiDvUTUCP8ZVnvVoPrk0.pdf
[12]https://extensia-ltd.com/2020/09/24/zambia-africonnect-zambia-rebrands-as-inq-digital-zambia/
[13]https://www.itnewsafrica.com/2020/01/mtn-zambia-makes-non-expiry-mobile-data-bundles-available/
[14]https://bozws.boz.zm/june2020edition.pdf

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# Performance of the ICT Sector

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# 2. Performance of the ICT Sector

## 2.1. Mobile Telephony Market

### 2.1.1. Active Mobile Network Subscription

The total number of active mobile telephone subscriptions increased from 17.2 million reported at the end of 2019 to 19.1 million subscriptions recorded at the end of 2020 reflecting an improvement of 10.9 percent (See figure 4). This performance represents a growth in the mobile penetration rate from 99.1 percent recorded at the end of 2019 to 106.8 percent in 2020. The increase in the number of active mobile telephone sim cards was mainly attributed to increased investments in telecommunication coverage infrastructure, the increased adoption of machine to machine (M2M) services such as point of sale machines and other data-enabled devices that utilize sim cards as well as increased demand for mobile voice and internet services as households, firms and individuals adopted various coping strategies to sustain their operations during the peak of the COVID - 19 pandemic.

The Authority forecasts that the number of active subscriptions will increase by 5.2 percent in 2021, 2.6 percent in 2022 and 1.3 percent in 2023. This growth outturn translates into a projection of 20.1 million active subscriptions in 2021, 20.6 million in 2022 and 20.9 million in 2023.

Figure 4: Active Mobile Subscriptions 'Millions', 2010 – 2023

### 2.1.2. Market Shares of Mobile Telephone Subscriptions

MTN Zambia Limited and Airtel Zambia Limited continued to have relative dominance in market share over Zamtel, with a 45.3 percent and 35.5 percent share of the market respectively. Zamtel maintained the least market share in mobile telephone subscriptions with 19.2 percent stake of the total number of subscriptions. The market shares of Airtel Zambia and MTN Zambia increased by 1.5 percentage points and 1.6 percentage points respectively while Zamtel lost market share of 3.2 percentage points in 2020. Competition in the market was mainly driven by bundled offers by operators that provided discounted minutes and data plans. In addition, efforts to increase coverage through new investments as well as improvements in quality of service through the deployment of superior technologies such as 4G/LTE had a major influence on customer acquisition and retention outcomes.

Figure 5: Market Shares for Mobile Subscriptions, 2010 – 2020

### 2.1.3. Domestic and International Mobile Voice call Traffic

The total domestic incoming traffic on mobile telephone networks increased from 2.1 billion minutes reported in 2019 to 2.4 billion minutes recorded in 2020 representing an increase of 12.2 percent. Similarly, the total domestic outgoing traffic on mobile telephone networks increased from 16.0 billion minutes reported in 2019 to 21.4 billion minutes recorded in 2020 representing an increase of 33.9 percent. The increases in the domestic traffic were mainly on account of heightened adoption of discounted volume based bundled offers, increased traffic during the COVID - 19 pandemic as well as the recorded improvement in the subscriber base for mobile telephone services. The increased traffic translated into a growth of 20.6 percent in the average number of outgoing minutes per user which increased from about 930 minutes per user in 2019 to 1,121.6 minutes per user in 2020.

Further, international incoming traffic on mobile telephone networks reduced from 28.6 million minutes reported in 2019 to 20.4 million minutes in 2020. Correspondingly, international outgoing traffic also declined from 29.8 million minutes reported in 2019 to 22.5 million minutes in 2020 (See Table 4). The decline in international mobile voice call traffic was largely attributed to the increased adoption of internet-based applications like WhatsApp, Facetime, Skype and Viber to make international voice calls. In addition, adverse practices such as SIM boxing which is a consequence of least cost routing could also explain the decline in international incoming traffic.

Table 4: Mobile Voice Call Traffic Volumes

| | Incoming Calls | | % Change | Outgoing Calls | | % Change |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | | 2019 | 2020 | |
| Domestic | 2,137,474,108 | 2,398,897,275 | 12.23 | 15,986,451,321 | 21,404,799,931 | 33.89 |
| International | 28,606,271 | 20,486,799 | -28.38 | 29,844,340 | 22,471,123 | -24.71 |
| Total | 2,166,080,379 | 2,419,384,074 | 11.6941 | 16,016,295,661 | 21,427,271,054 | 34 |

### 2.1.4. Mobile Voice Tariffs

The headline mobile voice tariffs remained unchanged between 2019 and 2020 at ZMW 1 per minute for both on-net and off-net calls. However, the effective tariff reduced from ZMW 0.29 reported in 2019 to ZMW 0.25 in 2020. The reduction in the effective tariff was mainly on account of the widely adopted bundled offers that provided discounted minutes to consumers.

Figure 6: Mobile Voice Tariffs 'Per Minute in ZMW': 2010-2020

A benchmarking of tariffs applied on mobile voice services across eighteen countries drawn from Sub-Sahara Africa, revealed that the tariffs in Zambia are fairly competitive. Zambia ranked 'seventh' on On-net calls and 'fourth' on Off.-net calls out of the countries considered. The increased competiveness in off-net calls was mainly on account of the continued reduction of the interconnect rates which were at ZMW0.10 in 2020.

Table 5: Benchmarking of Mobile Voice Tariffs in USD

| Country | On-Net/Peak | | On-net/Off-Peak | | Off-Net/Peak | | Off-Net/Off-Peak | |
|---|---|---|---|---|---|---|---|---|
| | Price (USD) | Rank | Price (USD) | Rank | Price (USD) | Rank | Price (USD) | Rank |
| Angola | 0.051 | 8 | 0.025 | 4 | 0.054 | 6 | 0.051 | 5 |
| Botswana | 0.117 | 16 | 0.061 | 9 | 0.117 | 16 | 0.062 | 8 |
| Kenya | 0.019 | 1 | 0.019 | 2 | 0.021 | 1 | 0.073 | 11 |
| Lesotho | 0.169 | 18 | 0.116 | 18 | 0.169 | 17 | 0.116 | 18 |
| Madagascar | 0.043 | 4 | 0.043 | 6 | 0.063 | 7 | 0.063 | 9 |
| Malawi | 0.094 | 12 | 0.087 | 15 | 0.098 | 12 | 0.090 | 14 |
| Mauritius | 0.025 | 2 | 0.025 | 3 | 0.098 | 13 | 0.058 | 6 |
| Mozambique | 0.081 | 11 | 0.081 | 14 | 0.081 | 10 | 0.081 | 13 |
| Namibia | 0.099 | 14 | 0.099 | 16 | 0.099 | 14 | 0.099 | 16 |
| Nigeria | 0.045 | 5 | 0.045 | 8 | 0.045 | 3 | 0.045 | 3 |
| Rwanda | 0.045 | 6 | 0.017 | 1 | 0.050 | 5 | 0.021 | 1 |
| Seychelles | 0.164 | 17 | 0.078 | 12 | 0.187 | 18 | 0.098 | 15 |
| South Africa | 0.104 | 15 | 0.104 | 17 | 0.104 | 15 | 0.104 | 17 |
| Swaziland | 0.097 | 13 | 0.072 | 11 | 0.097 | 11 | 0.062 | 7 |
| Tanzania | 0.034 | 3 | 0.034 | 5 | 0.035 | 2 | 0.035 | 2 |
| Uganda | 0.065 | 9 | 0.065 | 10 | 0.065 | 8 | 0.065 | 10 |
| **Zambia** | **0.047** | **7** | **0.045** | **7** | **0.047** | **4** | **0.047** | **4** |
| Zimbabwe | 0.079 | 10 | 0.0792 | 13 | 0.0725 | 9 | 0.0725 | 12 |

Source: Various Mobile Network Operators' Websites

### 2.1.5. Benchmarking of Mobile Voice and Data Basket Prices in the Region.

In view of the fact that the majority of users of mobile telephone services rely on bundled offers, an assessment was made to compare the price of an average bundle constituting mobile voice minutes and data and with a one month validity. The average bundle comprised of at least 200 off-net minutes and 500 megabytes of data and was benchmarked against several countries in the region. The price of this bundle in Zambia was pegged at an average of $4.71 and ranked 'fifth' out of 15 countries considered. Relative to the GNI per capita for Zambia, the bundle represents 3.9 percent of the GNI per capita implying that the average consumer in Zambia will spend about 3.9 percent of their annual income to access this voice and data bundle. The price of the bundle relative to GNI per capita was ranked 'sixth' amongst the fifteen countries suggesting relative competitiveness in affordability. The price of the average users' bundle in Zambia was 4.1 basis points lower than the regional average of 8 percent.

Table 6: Benchmarking of Mobile Voice and Data Price Basket in Selected Countries

| Country | Price of bundle (USD) | Rank | Price as % of GNI per Capita | Rank |
|---|---|---|---|---|
| Angola | 16.02 | 10 | 6.302 | 11 |
| Botswana | 18.37 | 11 | 2.877 | 3 |
| Kenya | 9.14 | 7 | 6.268 | 10 |
| Lesotho | 38.8 | 14 | 34.237 | 15 |
| Madagascar | 2.46 | 2 | 5.672 | 9 |
| Mozambique | 10.68 | 9 | 26.702 | 14 |
| Namibia | 21.03 | 13 | 4.988 | 8 |
| Nigeria | 2.62 | 3 | 1.551 | 1 |
| Rwanda | 5.14 | 5 | 7.528 | 12 |
| South Africa | 20.61 | 12 | 4.095 | 7 |
| Swaziland | 9.34 | 8 | 3.122 | 5 |
| Tanzania | 2.15 | 1 | 2.393 | 2 |
| Uganda | 5.41 | 6 | 8.317 | 13 |
| **Zambia** | **4.71** | **4** | **3.902** | **6** |

Note: The prices used are obtained from the largest Mobile Network Operator in each country.
Source: Various Mobile Network Operators' Websites

### 2.1.6. Investment in Telecommunication Sites

The total number of telecommunication sites in the country increased from 10,303 reported in 2019 to 10,574 sites in 2020 representing an increase of 2.6 percent. This development followed a reduction of 14.5 percent in the total number of 2G sites as well as a corresponding improvement of 19.5 percent and 19 percent in 3G and 4G/LTE sites respectively. The largest proportion of the sites in 2020 continued to be 2G sites accounting for 41.1 percent followed by 3G sites at 32.9 percent. Only 26 percent of the telecommunication sites were 4G/LTE sites. The proportion of 4G/LTE sites is expected to continue to increase in the medium term as operators invest more in the technology to provide high speed internet services and extend coverage of such services. Additionally, the increasing accessibility of 4G enabled devices is likely to increase the demand for these services.

Table 7: Distribution of Telecommunication Sites by Type of Technology, December 2020

| | 2G | 3G | 4G/LTE | Total |
|---|---|---|---|---|
| Total | 4,344 | 3,472 | 2,758 | 10,574 |
| Percent Distribution | 41.1% | 32.8% | 26.1% | 100.0% |

## 2.2. Fixed Telephony Market

### 2.2.1. Active Fixed Telephony and Penetration

The total number of active fixed telephone (PSTN) subscriptions reduced from 96,719 recorded at the end of 2019 to 71,844 subscriptions reported at the end of 2020 representing a decline of 25.7 percent. This performance reflects a deterioration in the fixed telephone penetration rate from 0.56 percent in 2019 to 0.40 percent in 2020 (see Table 8). The decline in PSTN subscriptions and weakening penetration rate was largely attributed to the rise in the usage of mobile cellular network-based options as a substitute for fixed services.

Table 8: Subscription Indicators for PSTN Subsector, 2018 - 2020

| | 2018 | 2019 | 2020 | Percentage Change YTD |
|---|---|---|---|---|
| Number of active subscribers | 100,444 | 96,719 | 71,844 | -25.7% |
| Subscriber per 100 inhabitants | 0.59 | 0.56 | 0.40 | -0.16 |

## 2.3. Internet Services

### 2.3.1. Fixed and Mobile Internet Subscription

The total number of active internet subscriptions in the country increased from 9.2 million subscriptions reported at the end of 2019 to 10.3 million recorded at the end of 2020 representing a growth of 12.0 percent. The increase in the total number of active internet subscriptions reflected an improvement in the internet penetration rate from 52.9 percent reported in 2019 to 57.6 percent attained in 2020 (see Table 9). This improvement was mainly attributed to higher investments among service providers leading to extensive coverage of 3G/4G networks and the increased adoption of these emerging technolgoies. Further, the increased roll out of networked devices such as point of sale machines has in part influenced the growth of mobile internet uptake. In addition, there was a noted increase in adoption of internet services during the COVID - 19 pandemic leading to the increased penetration rate.

Table 9: Internet Usage: 2019 and 2020

| | 2018 | 2019 | 2020 | Percentage Change |
|---|---|---|---|---|
| Fixed Internet Subscriptions | 44,711 | 61,673 | 82,317 | 33.5 |
| Fixed Internet subscriptions per 100 Inhabitants | 0.3 | 0.4 | 0.5 | 0.1 |
| Mobile Internet Subscriptions (2G, 3G, 4G) | 8,346,609 | 9,140,666 | 10,219,976 | 11.8 |
| Mobile Internet Subscriptions per 100 Inhabitants | 49.4 | 52.6 | 57.1 | 4.5 |
| Internet Subscriptions – Fixed & Mobile | 8,391,320 | 9,202,339 | 10,302,293 | 12.0 |
| Internet Subscriptions per 100 Inhabitants | 49.7 | 52.9 | 57.6 | 4.7 |

### 2.3.2. Benchmarking of Mobile Data Tariffs in the Region.

The price of mobile data per megabyte (out-of-bundle rate also referred to as the Pay as You Go rate) was not very competitive relative to other countries in the region. Zambia ranked 'ninth' when benchmarked against sixteen comparable countries within the region. However, the price of 1GB bundle with a validity of one month was relatively more competitive in Zambia. The monthly cost of at least one gigabyte bundle of mobile data in Zambia ranked 'third' when compared to sixteen countries. It should also be noted that the differences in the pricing of ICT products among various countries could be influenced by the respective taxation system, the size of the customer base, Gross National Income as well as the number of MNOs in the market among other considerations.

Table 10: Benchmarking of Data Tariffs and Data Bundles

| Country | Data per Mb (PAYGo rate) | | 1 GB Monthly Data Bundle | |
|---|---|---|---|---|
| Angola | 0.030 | 8 | 2.288 | 2 |
| Botswana | 0.095 | 14 | 2.357 | 13 |
| Kenya | 0.022 | 6 | 4.570 | 9 |
| Lesotho | 0.071 | 13 | 5.446 | 10 |
| Madagascar | 0.006 | 1 | 3.881 | 6 |
| Malawi | 0.007 | 2 | 4.545 | 8 |
| Mozambique | 0.039 | 11 | 2.136 | 1 |
| Namibia | 0.062 | 12 | 9.462 | 15 |
| Nigeria | 0.008 | 3 | 2.623 | 4 |
| Seychelles | 0.447 | 16 | 9.387 | 14 |
| South Africa | 0.033 | 10 | 6.604 | 12 |
| Swaziland | 0.030 | 7 | 6.604 | 11 |
| Tanzania | 0.012 | 5 | 9.387 | 7 |
| Uganda | 0.218 | 15 | 2.703 | 5 |
| **Zambia** | **0.031** | **9** | **2.357** | **3** |
| Zimbabwe | 0.010 | 4 | 12.270 | 16 |

Note: *The prices used are obtained from the largest Mobile Network Operator in each country.
Source: Various Mobile Network Operators' Websites

### 2.3.3. Mobile Internet Service Providers Capacity and Utilisation

The combined average equipped capacity for the mobile network operators increased from 76,000 megabits per second (mbps) reported in 2019 to 103,000 mbps in 2020 representing a growth rate of 35.5 percent. Further, the combined average utilized capacity among the mobile network operators increased from 43,000 mbps in 2019 to 65,000 mbps in 2020 representing a growth rate of 51.2 percent. (See figure 7).

Figure 7: Contracted and Utilised International Bandwidth Capacity 2018-2020

The combined throughput volume of data among the mobile network operators increased significantly between 2019 and 2020. The volume increased from 114,000 terabytes reported in 2019 to 199,000 terabytes recorded in 2020 representing a growth rate of 38.2 percent.

Figure 8: Utilised Volume of International Bandwidth Capacity 2018-2020

## 2.4. Passive Infrastructure

### 2.4.1. Ownership of Tower Infrastructure

The total number of communication towers in Zambia reduced marginally from 3,248 reported in 2019 to 3,225 recorded at the end of 2020 representing a reduction of 0.7 percent. Notably, Zamtel transferred the majority of its tower infrastructure assets to Infratel following the Government's decision through the Industrial Development Corporation to establish the new infrastructure company. Further, IHS decommissioned some sites arising from its new investments as well as increased infrastructure sharing arrangements. (See Table 11).

Table 11: Trends in Ownership of Tower Infrastructure, 2018 to 2020

| Year | 2018 | 2019 | 2020 | Percentage Change (2019/20) |
|---|---|---|---|---|
| **Total** | **2,496** | **3,248** | **3,225** | **-0.71** |

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# Economic Regulation

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# 3. Economic Regulation

## 3.1. Markets and Competition

### 3.1.1. Directives to Mobile Network Operators on Mobile TV and IPTV

During the year under review, the Authority issued directives to the Mobile Network Operators regarding Mobile TV and IPTV which indicated that for purposes of tariff regulation, the Authority would only consider the cost of the underlying electronic communication service i.e. voice or data and not the cost of content provision. Therefore, any application for approval of tariffs for Mobile TV or IPTV would be required to clearly demonstrate what the cost of the underlying electronic communication service (voice or data/internet) and the charge for the content separately. Further, any approval of tariffs for such services would be granted subject to a "no objection" from the Independent Broadcasting Authority (IBA).

### 3.1.2. Tariff Applications

During the period under review, the Authority considered a total of 100 tariff applications from various licensed operators as outlined below:

Table 12: Summary of Tariffs Considered

| | 2020 | 2019 |
|---|---|---|
| Airtel | 24 | 20 |
| MTN | 47 | 32 |
| Zamtel | 14 | 20 |
| Others | 15 | 10 |
| **Total** | **100** | **82** |

Table 13: Analysis of Tariff Applications Considered in 2020

| Licensee | Voice | SMS | Data | Bundled Offers | Promotions / Value added services | Total Applications |
|---|---|---|---|---|---|---|
| Airtel | 3 | 1 | 9 | 7 | 4 | 24 |
| MTN | 4 | 0 | 17 | 10 | 16 | 47 |
| Zamtel | 3 | 0 | 3 | 5 | 3 | 14 |
| Liquid Telecom | 0 | 0 | 11 | 0 | 1 | 12 |
| Others | 0 | 1 | 0 | 0 | 2 | 3 |
| **Total Applications** | **10** | **2** | **40** | **22** | **26** | **100** |

### 3.1.3. Forbearance of Section 47 and 48 of the ICT Act No. 15 of 2009

In response to the state of heightened competition in the ICT Sector, advancements in technology, convergence and the substantial investments in network capacity by the mobile network operators, the Authority issued a notice of forbearance of Section 47 and 48 of the ICT Act no. 15 of 2009. This was against the backdrop of an observed shift in service delivery in the ICT sector from stand-alone services, i.e. voice per minute or SMS, each with their own unit cost and price point, to bundled or combo offers that contained voice, SMS and data at a single combined and significantly discounted subscription price. It was anticipated that the forbearance would;

i. Allow for more innovative and dynamic revenue models to be explored and developed;

ii. Enable Mobile Network Operators (MNOs) to increase market share and network utilisation by providing significantly discounted on-network communication; and

iii. Allow operators to earn revenue even during low utilisation periods by incentivising below the line users to become revenue generating users.

### 3.1.4. Viability Study on the Universal Access Towers

The Authority undertook a study to assess the viability of the Universal Access Communication Towers. The study was primarily aimed at determining if any of the communication towers were realising sufficient revenue to cover their operating costs. Upon conclusion of the study, the Authority was able to determine that a substantial number of towers were in fact capable of breaking even and could therefore be considered as viable. The study made recommendations aimed at reducing the cost incurred in maintaining the universal access sites.

### 3.1.5. Directive to price Co-location services in Zambian Kwacha

In line with Section 50 (4) (c) of the ICT Act, the Authority issued directives all providers of passive infrastructure services to ensure that all co-location services were priced, rated, billed and denominated in local currency (Zambian Kwacha) effective January 1, 2020. The main objective of this directive was to shield the sector from foreign exchange risks and improve affordability. However, the depreciation of the exchange rate brought about some challenges in determining the effective rate for conversion as well as addressing other payment terms embedded in the contracts. Following extensive industry engagement, an acceptable effective rate for all parties was determined and the directive implemented.

### 3.1.6. Introduction of 'non-expiry' 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 subsequently resolved that the Parliamentary Resolution on the expiry of data bundles would be implemented by introducing additional data bundle options with no expiry which would subsist alongside the existing data bundles on the market. By the end of March 2020, all the MNOs had successfully implemented the directive.

### 3.1.7. Development of the Retail and Wholesale Market Surveillance Framework

Pursuant to the mandate enshrined in the Information and Communication Technologies (ICT) Act to monitor the performance of the sector and carry out tariff reviews, the Authority developed a comprehensive market surveillance framework for wholesale and retail pricing surveillance aimed at improving regulatory compliance.

The market surveillance framework aims to enhance transparency in the provision of information to consumers and enhance compliance with approved terms and conditions. The market surveillance framework will also furnish the Authority with key insights relevant for effective tariff and competition regulation in the ICT sector. The framework is expected to be fully implemented in 2021.

### 3.1.8. Review of Retail Pricing for Bundled Services in the ICT sector

The Authority completed a study on the review of pricing for bundled services in the ICT sector. The study came in the wake of the shift in revenue models by MNOs from profit maximization per unit under Pay As You Go (PAYG) service offerings to revenue maximization through bundled services on subscription based offerings. The findings from the study provided insights into how the shift in revenue models has impacted on sales turnover as well as consumer spending patterns in terms of data, voice and SMS. Based on these findings and in order to prevent possible erosion of competition in view of the pricing model employed, the study recommended the imposition of a price floor for on-network pricing of bundled services in order to curtail incidents of excessively discounted prices which had the potential to lead to price predation amongst MNOs.

### 3.1.9. Exploratory study of current and future billing/revenue models in the ICT Sector

In 2020, the Authority undertook an Exploratory Study of the current and future billing/revenue models in the ICT Sector. The study was aimed at providing insights into current and future revenue and billing models in the local ICT sector to facilitate both evidence based regulation as well as policy formulation. The study also explored the responsiveness of the current revenue and billing models to changes in technology and provided recommendations for how the regulator and operators can adapt their strategies to ensure that they remain abreast with advances in the sector particularly, regarding future business and revenue models. The following recommendations were made from the study;

i. The regulator should consider adopting a more principle based approach towards tariff regulation in order to facilitate a transition towards a more consumer centric form of tariff regulation;

ii. Deliberate steps should be taken to promote new cooperative business models and partnerships between key players in the ICT ecosystem such as the MNOs/ISPs and OTTs; and

iii. Existing players in the market should be encouraged to introduce innovative and value based services for consumers that leverage on new and emerging data intensive services.

### 3.1.10. MNOs & Major Internet Service Providers (ISPs) 2019 Financial Performance Analysis

The Authority undertook a financial performance analysis of the three MNOs as well as the major ISPs in the country. The analysis revealed that despite a 23% increase in traffic minutes for the mobile sector revenue growth in kwacha terms was only 8% on account of the numerous discounted and bundled offerings. However, despite this minimal growth in revenue in kwacha terms, there was a 23% reduction revenue in US$ terms on account of the significant depreciation of the kwacha against the US$. The foreign exchange rate depreciation coupled with heightened inflationary pressure which had an adverse effect on the sector as reflected by the reduced profitability and net losses in most cases.

In order to improve financial performance, the following recommendations were made;

i. The Industry should be encouraged to introduce innovative and value based services for consumers that leverage on new and emerging data intensive services;

ii. The Authority should engage industry players with a view to identifying regulatory bottlenecks and interventions that can be made to help to alleviate liquidity pressures and contribute towards improved financial performance; and

iii. The Authority should continue to engage relevant stakeholders to explore ways of lightening the tax burden on the sector.

## 3.2. Policy and Research

### 3.2.1. Effect of the COVID - 19 Pandemic on the ICT Sector

The Authority undertook an assessment of the immediate and medium term effects of the COVID - 19 pandemic on the ICT sector in Zambia. The following recommendations were made relating to possible interventions for the ICT sector to mitigate the effects associated with the COVID - 19 pandemic:

i. Declaration of ICT services as Essential Services;
ii. Pricing of inputs and infrastructure in local currency as well as facilitating responsive consumption Packages for ICT Services.
iii. Supporting Enhanced network reliability, security and capacity; and
iv. Supporting Dissemination of COVID - 19 Related information using ICT platforms.

### 3.2.2. Development of the National ICT Policy

The Authority participated in the process towards the development of the National ICT Policy which was being spearheaded by the Ministry of Transport and Communications. The process involved reviewing the achievements of the current ICT policy which was developed in 2006 as well as identifying challenges encountered during the implementation of the policy. A number of key priorities for the new policy were also considered which included but were not limited to strengthening the legal framework, development of key ICT infrastructure, supporting the growth and development of ICT skills and entrepreneurship as well as enhancing safety and security in the use of ICTs.

### 3.2.3. Tax and Non-Tax Proposals

The Authority made the following proposals for consideration regarding the prevailing sectorial tax regime:

i. It was proposed that the corporate tax rates on telecommunications operators should be aligned to the country's standard company tax rate of 35 percent. There was also a proposal for consideration of increasing the 40 percent taxable profit threshold from ZMW 250, 000 to ZMW 750,000;
ii. Reduction of Excise duty applied on Airtime from 17.5 percent to 10 percent;
iii. Reduction of Customs Duties on the importation of Telecommunication Equipment (such as HSS code 85.17.70; HSS Code 84.70; HS Code 8544.70.00 among others) from 25 percent and 15 percent to utmost 5 percent; and
iv. Waive duties on the importation of stamps, seals, barcodes, courier packs, scanners, delivery vans and blank postal box keys among other items to assist with improving the operations of the postal sector.

### 3.2.4. Market Reports

The Authority completed four ICT sector Market reports in 2020 which highlighted developments in the country's ICT sector over the year. The reports provided an assessment of the macro economic environment and the implications on the sector, a detailed assessment of the performance of the various sub sectors of the ICT sector as well as a forecast for the subsequent review period. Some of the major challenges identified that needed redress included the following:

i. Uncompetitive Co-location costs;
ii. Higher tax incidence in the ICT sector;
iii. Macro-Economic Instability; and
iv. Rising energy Costs

### 3.2.5. IOT, 5G and BIG DATA Readiness Assessment Study

The Authority undertook an assessment of the status, challenges and prospects for the deployment of 5G, Big Data and Internet of Things (IoT) technologies in Zambia. The following recommendations were proposed from the study:

i. The Authority should take a proactive stance in developing strategies aimed at facilitating the development and adoption of IoT, big data and 5G;
ii. The Authority should develop guidelines and standards for 5G, IoT and the management of big data generated from usage of ICTs; and
iii. The Authority must take into account developments in 5G and IoT when planning for spectrum and numbering requirements in the medium term.

### 3.2.6. Forecasting Models

The Authority developed forecasting models for key ICT indicators that would assist with planning and anchoring expectations for the developments in the ICT sector. The models were developed for indicators which included penetration rates, revenue, subscription and traffic among others.

### 3.2.7. ICT Sector Market Review

During the year under review, the Authority undertook a market review for the ICT sector aimed at providing an assessment of the developments in the relevant markets of the sector and the identified dominant firms. The following recommendations were suggested for consideration from the study:

i. Transparency and Non-discrimination Obligations for licensees deemed to have significant market power;
ii. Accounting separation obligations are the most effective strategy for managing the operations of vertically integrated firms in a competitive environment; and
iii. Consideration for review of the competition guidelines to extend the scope of the dominance determination methodology;

### 3.2.8. Digital Transformation Diagnostic Report

The Authority participated in the development of a Digital Transformation Diagnostic Report which was undertaken in collaboration with the World Bank. The report highlighted the positive strides made by the country in digital infrastructure and digital financial services. The main recommendations for digital transformation in the study were related to digital skills, entrepreneurship and increasing the use of digital platforms.

### 3.2.9. ICT Innovation Programme

The Authority identified sixty candidates out of the 242 applications that were received for the 2020 cycle of the ICT innovation Programme. Various technical and business development workshops were arranged for the innovators on the Programme which leveraged on digital platforms. In 2020, the Authority received financial support from Airtel Networks Zambia and Stanbic Bank Zambia to facilitate the implementation of the Programme. The Authority also provided support for the Commercialisation of the three (03) finalists from the 2019 cohort of the ICT innovation Programme.

### 3.2.10. Impact Evaluation of the ICT Innovation Programme

An assessment was conducted to demonstrate the impact of the ICT innovation programme since its inception in August, 2016. The assessment revealed a number of positive outcomes relating to increased financing support, employment creation, increased revenue generation by innovators, improvements in social service delivery as well as a general improvement in the coordination of the entrepreneurship ecosystem.

### 3.2.11. Collaboration With National Technology and Business Centre and UNDP on the National Innovation Initiative

The Authority collaborated with the United Nations Development Programme (UNDP) and the National Technology and Business Centre (NTBC) on an innovation scouting exercise in six provinces of Zambia (Lusaka, Western, North Western, Southern, Luapula and Copperbelt) to map out the existing innovations within the communities and support the promising initiatives with the highest potential impact. The shortlisted innovators/start-ups from the various provinces had an opportunity to pitch and exhibit their innovations at a National Innovation Fair and received support ranging from monetary awards, technical support and linkages to key partners.

### 3.2.12. Digital Entrepreneurship Mapping

The Authority working together with the International Trade Centre concluded the digital entrepreneurship mapping exercise which was disseminated in May, 2020. The report highlighted among other issues the need to enhance the scope of support provided to ICT entrepreneurs, the need to explore international markets by local entrepreneurs as well as developing an extensive ecosystem to support the ICT sector.

## 3.3. Postal

### 3.3.1. Postal Sector Supply Side Study

The Authority conducted a supply-side study for the postal sector aimed at gaining an understanding of the characteristics, nature and scope of services that are provided via the postal and courier industry as well as the operational dynamics of its market players. The main conclusions from the study were that the postal and courier sectors were generally competitive but faced challenges that related to an under-developed value chain and low use of modern postal technologies. A number of recommendations to review the existing legislation in the postal sector were identified aimed at making the sector more competitive.

### 3.3.2. National Street Addressing Policy

The Authority participated in the drafting of the first ever National Street Addressing Policy. The drafting of the policy was done in collaboration with the Ministry of Local Government, Ministry of Transport and Communications, Zambia Postal Corporation (Zampost), the Road Development Agency (RDA), the Zambia Statistics Agency (ZSA) and the Ministry of Lands. The Policy was aimed at providing direction in national street addressing and numbering of properties in all districts with the view of having a properly addressed built environment. The policy was expected to be finalised after it had been adopted by cabinet.

### 3.3.3. Postal Tariff Review for Reserved Services

The Authority conducted a postal tariff review for reserved services to establish how the current postal tariffs for reserved services are meeting the profitability and affordability objectives of the sector. The review was aimed at providing insight of the impact of current postal tariffs for reserved services on the public postal corporation - Zampost, incumbent players and potential new entrants in the postal industry. The main findings of the review were that tariffs for reserved services were not cognisant of the costs that are incurred by the public postal operator in providing postal services. Hence, it was recommended that an in-depth cost of providing postal services by the public postal operator be done and that, its commercial and universal services be separated. This is expected to improve the service provision and performance of the public postal operator.

### 3.3.4. National Postcode Development

The Authority commenced the process of developing and implementing the national postcode for purposes of improving the efficiency in sorting and delivery of mail and parcels. The National postcode will be an essential component in increasing the efficiency of delivery by enhancing the ease of locating the recipients of postal items.

In 2020, preliminary stakeholder engagements were held with Zambia Statistics Agency, Ministry of Local Government and Zambia Postal Services Corporation. The Universal Postal Union (UPU) was also engaged for technical expertise. The Postcode was developed up to district level while the completion of postcodes to a level where it takes into account smaller subdivisions up to street level was planned for 2021.

### 3.3.5. Development of the Postal Policy

The Authority participated in the development of the draft Postal Policy in collaboration with the Ministry of Transport and Communications and Cabinet Office. The policy will among other things, highlight the priorities of the government in its aspiration to develop the postal and courier services industry.

### 3.3.6. Drafting of the Postal Services Bill

The Authority in collaboration with the Ministry of Transport and Communications and the Ministry of Justice embarked upon the process of drafting a Postal Services Bill to replace the current Act. This was done with the purpose of updating the legal framework to facilitate for the comprehensive regulation of the postal and courier services in Zambia.

### 3.3.7. Impact of COVID - 19 on the Postal Sector

The Authority undertook an assessment of the impact of the COVID - 19 pandemic on the postal sector in Zambia. The sector reported both positive and negative impacts and encouraged the emergence of new perspectives. Negative impacts of the pandemic included a slower transmission of items through the postal system due to a lower rate of economic activity in the country. The transmission of items internationally, suffered the most because at the peak of the pandemic, international airline traffic almost completely stopped. On the positive aspects, locally, the usage of postal and courier services in some instances replaced other means of moving small items. This tested the efficiency of Zambia's postal services and illustrated their usefulness to sustained economic activities.

ZICTA

# Technology and Engineering

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# 4.Technology and Engineering

## 4.1. Standardisation

The Authority and the Zambia Bureau of Standards (ZABS) have in place a Memorandum of Understanding (MoU) to facilitate collaboration in the development of standards in the ICT sector. To support this effort, a Standards Steering Committee including stakeholders such as Mobile Network Operators (MNOs), Internet Service Providers, Competition and Consumer Protection Commission and Academia, has been established to oversee the standardisation process. In addition, five thematic Technical Committees (TCs) comprising experts from private and public sectors convene to develop standards in the sector.

### 4.1.1. Trend of experts involvement in ICT standards development

An investigation on the level and type of stakeholder participation in the development of ICT standards has been conducted since 2015. This was done in order to provide insight on the standardisation landscape in the country. This information would inevitably help create an environment that would enhance stakeholder participation, improve in the execution of the Authority's mandate and make certain that the standardisation process is sustainable.

Figure 9: The graph below shows the trends of expert's involvement in standardisation activities from 2015 to 2019. [2020 trend is still being consolidated]

The average meeting attendance has been steady over the years with more participation from Government organisations.

A total of 457 standards have so far been adopted by the Technical Committees and of these, 327 have been gazetted. The ICT sector has 247 standards implemented (some of which are not yet adopted as Zambian standards) covering areas to do with electronic communications device type approvals, quality of service monitoring, short range devices and spectrum management to mention but a few.

Figure 10: Percent (%) Composition of Area of Implementation to Overall Implemented Standards

### 4.1.2. E-waste Management

According to the Auditor General's Performance Audit Report on the Management of Electronic Waste in Zambia, ZICTA is the only institution which has in place an e-waste management strategy in its strategic plan. To this effect, Draft Guidelines for sound management of e-waste in Zambia were developed and submitted to the e-waste management committee.

These guidelines set out among other things the requirements and practical steps for the public sector, corporates, domestic and individuals to follow in order to establish and maintain an Environmentally Sound Management (ESM) of used and waste of electronic equipment.

The specific objectives of these guidelines are to inter alia:

a. Strengthen the environmental performance of all players involved in the EEE product life cycle
b. Compel producers and importers to be responsible for the end-of-life management of the products they place on the market
c. Promote the importation and use of environmentally friendly products that have less negative effects on human health and safety—as well as on the environment.

ZICTA in collaboration with the Zambia Environmental Management Agency (ZEMA), and other stakeholders, held a stakeholders' meeting on e-waste management in February 2020 to:

a. Gain insights on the current e-waste management practices in the ICT sector
b. Review the procedures and methods used in the disposal of e-waste and other waste from the obsolete electronic products
c. Highlight strides made in the area of e-waste recycle by companies that have set up recycling plants
d. Promote eco-friendly practices throughout the product life cycle
e. Devise a policy implementation strategy through a consultative process; and
f. Create a platform for the establishment of public private partnerships in the management of e-waste

It has noted that most entities pile up e-waste in their storage facilities or engage third parties to collect and dispose of it. Most of them are not aware of any recycling companies, such as TCH E-Waste, or e-waste management policies and regulations.

ZICTA and ZEMA also supported efforts by Lafarge through its Geocycle brand to have Lafarge's e-waste collected by TCH E-WASTE, an e-waste recycling company, to help promote sound disposal of electronic waste.

### 4.1.3. Emerging Technologies

During the year under review, ZICTA was involved in the multidisciplinary task team of the African Telecommunications Union (ATU) that is spearheading the work of developing draft recommendations on 5G implementation in Africa as well as other emerging technologies such as High Altitude Platform Systems (HAPS), electronic SIM cards (eSIMs), and WiGig (a technology which allows for wireless connection at multi-gigabit speeds).

### 4.1.4. E-Health Project - Connecting Health Facilities Project

The Project for Connecting Health Facilities is an intervention that seeks to address the Digital divide in the health sector through provision of ICT equipment and internet connectivity for Health facilities in unserved and underserved areas.

To this effect, a technical team was constituted to develop a project charter with the aim of providing a high level detail of the "Connecting Health Facilities Project". The main objectives of the project include;

i. Provide ICT infrastructure and internet connectivity to four selected health facilities to enable generation and exchange of electronic health data that will support accurate clinical decisions, improve efficiency and enhance consumer convenience;
ii. Create a platform that will ensure continuity of health care through the use of ICTs in order to bring about timely reporting and effective data management
iii. Provide ICT education and training to health care providers;
iv. Promote and raise awareness on the use of Electronic Health Records (EHR) to reduce the use of paper records in the four (4) selected Health Facilities; and
v. Establish and facilitate access to the Government Wide Area Network (GWAN) to profit from shared resources and services.

### 4.1.5. Management of Number Resources and ccTLD (.zm)

The ICT Act No. 15 of 2009 and ECT Act No. 21 of 2009 respectively, have given ZICTA the mandate to manage number resources and the .zm country code Top-Level Domain (ccTLD).

In 2020 the number of short codes allocation dropped by almost half. Compared to recorded growth of 10.2% in 2019, in the year under review, the number of short codes allocated stood at 4.5%. The slowdown in growth was attributed to non-renewal of expired short codes.

The number of registered .zm domains increased from 6004 in 2019 to 6272 in 2020. Increase in the growth rate of domain names can attributed to various interventions such as advertising and registration automation. The table below shows a comparison of the number of domain names per zone (.co.zm, .org.zm etc) in 2019 and 2020 respectively.

Figure 11: Number of Domain Names per Zone

### 4.1.6. Registrar Statistics

Registrars are entities that have been authorised by ZICTA to register domain names in Zambia. Zamnet is the oldest registrar in Zambia with a market share of 3,534 (56%) registered domain names. The table below indicates the number of registered domain names per registrar.

Figure 12: Registrar Statistics

### 4.1.7. Management of Electronic Networks

ZICTA ensures that electronic networks and devices in Zambia conforms to set standards. For devices, this is done using the type approval regime while for networks, audits are conducted.

During the year under review, ZICTA published Installation Guidelines to regulate the installation of Electronic Communications Apparatus in Zambia. The guidelines which were effected on June 19, 2020 apply to all Licensees and those who engage in installation of Electronic Communication Apparatus. The guidelines are meant to, among other things:

i. Minimise visual impact resulting from haphazard installations;
ii. Enforce co-location;
iii. Promote health and safety of the public; and
iv. Foster coordination with other statutory bodies.

## 4.2. Cyber Security

Cyberspace has been a powerful tool for social and economic development. For the Zambian Government, this has simplified provision of health care, financial services, education, agriculture, mining, commerce, transportation, banking, manufacturing, energy, trade, media and broadcasting services, to name a few.

However, Cyber-attacks are growing in prominence every day and the role these attacks play in our daily lives should not be underestimated. Access to internet has brought about a new type of risk and threat to national peace which in itself will need new forms of defence to counter it.

The Country remains at risk of eminent cybersecurity incidents that may significantly disrupt the healthy functioning of our cyber eco-system emanating from both local and/or international threats.

Cybersecurity generally means the use of people, processes, and technology to prevent from, detect, and recover from adverse effects to a;

a. Computer system and;

b. The integrity and confidentiality of information stored in, processed by or transmitted through the computer system;

Cybersecurity is not an end product or one that's just for Information technology experts to deal with. Cybersecurity is a continuous process and demands participation of everyone from the end users to the highest offices of every governance institution structures.

In order to effectively address Cyber threats that the nation faces, ZICTA through the Zambia Computer Incident Response Team (ZmCIRT) has built expertise in the areas of Vulnerability and Penetration Testing, Risk Assessment and Data Protection Audit, Intrusion Detection Systems and Reverse malware Analysis, Incident response and Digital Forensics, Cybersecurity Training and Awareness, and Policy formulation as it relates to Cybersecurity frameworks.

The zmCIRT has key public accessible websites:

- www.cirt.zm (main website)
- alert.cirt.zm:3000 (Honeypot Real-time Cyber Attack Map)
- report.cirt.zm (Online 24/7 Cyber incident report portal)

In 2020, the key focus areas that generated a lot of activities with regard to cybersecurity which were undertaken in fulfilment of objectives set out in the current strategic plan are highlighted below;

### 4.2.1. Policy Formulation and Review of Legal Framework

The Authority participated in the drafting of the National ICT Policy, National Cybersecurity policy, Data Protection Bills, Ecommerce Bills and Cybersecurity & Cybercrimes Bill . These documents are expected to form part of guidelines that will foster cybersecurity resilience among business entities operating in Zambia. In addition, the following documents were drafted for implementation in 2021 as part of policy:

a. Public Key Infrastructure (PKI) Framework

b. Digital Forensics Evidence Standard Operating Framework

c. Cybersecurity Standard Controls

d. Risk Assessment Guideline Manual

e. Cybersecurity Maturity Framework.

### 4.2.2. Forensics Case Resolution

The Authority received and processed forty two cases (42) digital forensic requests. The chart below highlights the different nature of the cases.

Figure 13: Digital Forensic Cases

### 4.2.3. Infrastructure threat Monitoring

The Authority extended the invitation to twenty (2O) Identified critical information infrastructure stakeholders as part of zmCIRT threat monitoring proactive strategy through Voluntary Honeypot deployment initiative. Honeypot Alert Network ( http://alert.cirt.zm:3000 ) for the period July – December 2020 has so far received 3,937,116 recorded unsuccessful cyber-attacks targeting the zmCIRT infrastructure.

### 4.2.4. Vulnerability Assessments (VA)

During the year under review, the Authority conducted vulnerability assessments on about eleven (11) selected organizations. The vulnerability assessment process helps to reduce the chances of an attacker breaching an organisations information security perimeter, thereby yielding a better understanding of assets, their vulnerabilities, and the overall risk to an organization.

### 4.2.5. SIM Card Registration Clean-Up Statics

ZICTA endeavours to ensure that the Know-Your-Customer (KYC) subscriber details held by the Mobile Network Operator (MNO) are as accurate as possible. This is one of the strategies that ensures that Digital Financial Service (DFS) Fraudsters will be easily identified. Currently, only 7,293,935 unique subscribers are registered whilst there exist 18,298,007 active Simcards. The current data clean-up as it relates to having a uniform Identity type for all Zambian Citizens shows that there are 6,740,656 subscribers captured using NRC out of a possible 7,267,527 active unique Zambian Subscriber Identity, representing 92.75% accuracy. The tables below summarise the aggregated statistical analysis concerning subscriber base data on the MNO databases:

Figure 14: Unique Subscribers across all 3 MNOs

| ID Type | Count | Percentage Share |
|---|---|---|
| Unique Subscriber Base (%) | | |
| NRC | 6,740,656 | 92.41 |
| REFUGE ID | 6,861 | 0.09 |
| ALIEN ID | 19,547 | 0.26 |
| PASSPORT | 241,664 | 3.31 |
| **Other ID** | **285,207** | **3.91** |
| **Unique Subscribers** | **7,293,935** | **100** |

Table 14 — Unique Subscribers Statistics

| MNO | Unique Subscriber Count | Percentage Share on 7,293,935 |
|---|---|---|
| MTN | 4,500,129 | 61.69 |
| Airtel | 4,231,631 | 58.01 |
| Zamtel | 2,406,269 | 32.98 |

Table 15 — Unique Subscriber Count by MNO

## 4.3. Spectrum Planning

### 4.3.1. Assignment of Relief Spectrum to Mobile Network Operators during COVID - 19.

As a result of the Work From Home (WFH) public health guidelines in response to the COVID - 19 pandemic in 2020, there was inevitably, an increase in data traffic due to the high demand for internet services. This constrained the access networks which if left unchecked would have led to a degradation in the quality of service. As a result, operators engaged ZICTA and request for more spectrum to compensate for the high demand. ZICTA responded positively to the request from operators and assigned MTN, Airtel, Zamtel spectrum in the 800 MHz, 900 MHz, 1800 MHz and 2300 MHz bands. The assignment was at no cost to the MNOs but was on a temporally basis

### 4.3.2. Request for Applications for the 800 MHz Spectrum

During the year under review, the Authority determined that spectrum in the 800MHZ band was on high demand and therefore could be subjected to a restricted granting procedure, pursuant to Section 54(6) of the ICT Act No. 15 of 2009. In view of this, a Request for Applications (RFA) from eligible applicants was issued on September 21, 2020 and November 30, 2020 was set as the deadline for receipt of applications for assignment of the lot as shown below.

| Description | | Reserve Price |
|---|---|---|
| Downlink | Uplink | |
| 811 – 821 MHz | 852 – 862 MHz | US$12m |

Table 16: 800 MHz Spectrum

Thereafter, an Evaluation Committee was appointed to evaluate the application through a process that took place from December 14 to 16, 2020. Upon successfully meeting all the requirements, Airtel Networks Zambia Ltd was therefore, awarded 20 MHz in the 800 MHz radio frequency band at a cost of USD12.5 million, part of which revenue, will be used to enhance the spectrum management functions of the Authority thereby paving way for quick introduction of 5G services in Zambia.

The spectrum is expected to improve Quality of Service through enhanced voice user experience that will see faster call setup, clearer voice quality and less dropped calls. Mobile broadband coverage is also anticipated to increase with extensive improvement expected in both the urban and rural areas in view of the superior indoor coverage and longer range that this spectrum band supports.

### 4.3.3. Number of licenses issued and cancelled

The Authority cancelled one major radio spectrum license reserved for UZI after it withdrew from entering the Zambia Market. The table below provides a summary of the number of radio spectrum licenses that were issued and cancelled in the year 2020.

## 4.4. Spectrum Engineering & Monitoring

### 4.4.1. Spectrum Monitoring

The ICT Act No. 15 of 2009 of the laws of Zambia ZICTA to supervise and administer the provision of radio communication services and products in Zambia. As part of the radio frequency management process, the Authority's Spectrum Engineering and Monitoring unit regularly undertakes spectrum monitoring and inspection activities using fixed, mobile and portable equipment. Spectrum occupancy and other monitoring tests provide input to the spectrum planning and licensing process, ensures compliance with license conditions and prevents illegal use of spectrum; the effect of which is promotion of sustainable growth in the sector. Some of the key spectrum engineering and monitoring activities in the year under review are outlined in the sections below.

Some of the frequency bands of interest included those highlighted in table below.

| Item No. | RF Band | % Occupancy | Comments |
|---|---|---|---|
| 1 | 2300 - 2330MHz | ≈ 1% | Partially earmarked for assignment |
| 2 | 2500 - 2520MHz (FDD Uplink) | 0% | For possible Re-assignment |
| 3 | 2620 - 2640MHz (FDD Downlink) | 0% | For possible Re-assignment |
| 4 | 3463.25–3498.25MHz (FDD Uplink) | < 1% | On-demand Spectrum Audit |
| 5 | 3561.25–3596.25MHz (FDD Downlink) | 0% | On-demand Spectrum Audit |

Table 17: Spectrum Monitoring

### 4.4.2. Spectrum Engineering

Spectrum engineering techniques are applied in order to assess compatibility of operations among radio communication services, service coverage and resolution of RF interference, among others.

The results of poor Spectrum management are passed on to communication service users in form of compromised safety of life (Aeronautical/ Aviation services), poor quality of service (mobile cellular) and many other undesirable effects.

### 4.4.3. RF Interference Investigation and Resolution

Through the application of spectrum engineering techniques, the Authority successfully resolved all interference cases received in 2020. A sample is shown in the table below.

Table 18: RF Interference cases

| No. | Affected Service | Count |
|---|---|---|
| 1 | Aeronautical/Aviation | 1 |
| 2 | MNO Transmission Backbone | 1 |
| 3 | FM Broadcast | 2 |
| 4 | Govt. Infrastructure | 1 |
| 5 | Private Mobile Radio(PMR) | 1 |

### 4.4.4. National Mobile and Broadcast Coverage Analysis

In order to provide effective internal and cross border spectrum management solutions, as well as for identification of underserved and unserved areas, the Authority has periodically been collecting and analyzing Radiocommunication site and parameter data. As part of the annual schedule of activities, the Authority during the year under review, undertook national mobile and broadcast coverage analysis with a view of meeting the above stated objectives. Having acquired the required technical data both from internal inspection databases as well as from external stakeholders, the analysis was undertaken and concluded. For the mobile communication service, the total number of network cells has increased from about 45,550 in 2019 to over 50,000 as at August 2020. This increase has seen a corresponding rise in network coverage by about 14% as depicted in figures 1 - 3.

Figure 15: Composite National Mobile Coverage

Figure 16: Composite (2G, 3G & 4G) Mobile Coverage — National

Figure 17: Mobile Network coverage growth

The underserved and unserved wards were identified - about 35 (2.5%) underserved and about 4 (0.3%) unserved. Most of these areas are sparsely populated with forests and, or national parks. Deployment of communication infrastructure should be highly targeted to population centres.

The FM and Digital Terrestrial Television broadcast service coverage currently stand as shown in figures 4 and 5 below.

Figure 18: FM Broadcast Coverage Analysis

Figure 19: DTT Broadcast Coverage Analysis

### 4.4.5. Other — FM Station Modification Analysis

The demand for FM broadcast channels continued to be overwhelming, especially in Lusaka and Copperbelt broadcast areas during the year under review. In order to maximise access while at the same time minimize signal degradation due to interference, the Authority managed FM station technical parameters and transmission power such that the RF environment is free from undue interference.

As such, all the three (3) station modification proposals which were received by the Authority, were successfully processed, each with unique recommendations.

### 4.4.6. Technical Station Inspection

Technical station inspections are conducted to ensure compliance with licence conditions, prevent illegal use of spectrum and to promote efficient use of the scarce spectrum resources. The scope for the year under review included services distributed, where as enforcement was taken against five (5) non-compliant licensees.

Figure 20: 2020 Technical inspection in numbers

### 4.4.7. Quality of Service Overview

The quality of telecommunication services (both mobile and fixed) is of great concern to ZICTA as this is part of the institutional mandate. To this effect, the Authority ensured that the Quality of Service was consistently monitored through-out the year 2020. The monitoring is conducted according to international contemporary standards.

### 4.4.8. Quality of Service Strategies

In order to address the perception that the quality of these services is poor, and as a robust effort to ensure delivery of acceptable or improved services, the Authority implemented strategies such as the triple 20 strategy, among others.
The triple 20 strategy allowed the Authority to begin to localise monitoring and reporting perimeters to district level (moving away from the previous provincial level reporting). This allowed for quality to be more localised as opposed to general. Further, the Authority meted-out financial sanctions to MNOs that performed below standard (details of the sanctions are listed below).

### 4.4.9. MNOs QoS Performance for the year 2020

Call Setup Time (target ≤ 10s)

All three MNOs, overall, performed within the set target concerning Call setup time during the year 2020. Figure 21 highlights the performance of Call setup time for each operator Call Dropped Rate (target ≤ 5%).

Overall, all mobile operators performed within the set target of less than 5% for most of the months in 2020 except for Airtel which performed poorly during the month of March 2020. Figure 22 highlights the Call Dropped Rate performance for each operator.

Call Setup Success Rate (target ≥ 98%)

In 2020, MTN performed very well within the set target of more than or equal to 98% for all the months except April and October 2020. Zamtel, perform below the 98% targets for all the months of 2020 except for July and September 2020.

On the other hand, Airtel consistently performed below the 98% target for all the months of 2020 benchmarked.

In ranking therefore, MTN was the best with regards to the call set up success rate, followed by Zamtel and then Airtel.

All the three MNOs cited increased power outages, financial and logistical challenges due to the COVID - 19 pandemic for the poor performance.

Figure 21: Call Setup Time(s)

Figure 22: Call Drop Rate(%)

Figure 23: Call Setup Success Rate (%)

### 4.4.10. MNOs QoS 3G Data Services Performance 2020

month on month compressive quality assurance results for 2020 indicated an overall upward increase in mobile data speed on 3G in 2020 of about 56.88% compared to that of 2019 . This increase is despite the heavy use of mobile data during the covid- 19 pandemic. Figure 6 shows the monthly mobile data speed trends while figure 7 compares average 3G mobile data speed between 2019 and 2020. During the period under review, the average 3G Data download throughaut was as follows

Zamtel was 3,240Kbps (3.2Mbps), Airtel 2,633Kbps (2.6Mbps), and MTN 2,479Kbps (2.4Mbps). At the time of writing the report, 4G/LTE data speed wase not collected due to QoS monitoring equipment limitation.

Figure 24: MNO 3G Data download Throughput performance for 2020 period

Figure 25: ZICTA-MNO QoS validation Meetings

### 4.4.11. ZICTA — MNO QoS validation Meetings

With the view of increasing stakeholder engagement and uphold transparency, fairness, and level playing field philosophy during the year under review, ZICTA held the QoS monthly technical validation meetings consistently with each MNO at the end of each QoS monitoring campaign. Also held during this period, were validation meetings aimed at getting and giving feedback on ZICTA's QoS monitoring findings and performance of the service provider.

In situations where MNOs were not complying with QoS performance targets, ZICTA requested the service provider to provide credible reasons for the failures including the measures to be taken to remedy and improve the poor QoS performance with accompanying timelines within which remedial measures would be completed.

### 4.4.12. Challenges faced by MNOs for QoS delivery

During the year 2020, MNOs reported challenges such as increased power outages, Fiber cuts due to excavations works and road construction, increased traffic, limited radio capacity, hardware faults finally financial and logistical challenges due to the COVID - 19 pandemic as main contributors to their failures in meeting QoS targets.

### 4.4.13. Short Message Service (SMS) KPI failures

During the July 2020 validation meeting, concerns on the SMS Success rate, KPI was raised due to the consistent failure of this KPI by MNOs. The SMS Success Rate has a target of ≥ 98%. Overall all operators consistently struggled to meet this KPI for the period under review except for Zamtel. Therefore, during the month of November 2020, a joint mobile drive test was conducted with MNOs to verify SMS KPI measurement methodology and its findings were reviewed by all three MNO's. Furthermore, the findings werel also be presented to the Technical Committee 3 (TC3), a committee that looks at Quality of Service, Quality of Experience, and Performance, the committee comprise of ZABS, ZICTA, and industry stakeholders MTN, Airtel, and Zamtel. Therefore, during the month of November 2020, a joint mobile drive test was conducted with MNOs to verify SMS KPI measurement methodology and its findings were reviewed by all three MNO's. Furthermore, the findings werel also be presented to the Technical Committee 3 (TC3), a committee that looks at Quality of Service, Quality of Experience, and Performance, the committee comprise of ZABS, ZICTA, and industry stakeholders MTN, Airtel, and Zamtel.

Figure 26: MNO's SMS success rate performance for 2020

### 4.4.14. MNO QoS/QoE Performance and ranking

This Section gives an overall of the performance levels for the three mobile operators and the ranking trend month on month during 2020. The ranking is calculated based on the following criteria's among others:-

1. How quickly on average a call was established (Call Set-up Time).
2. How many calls were established to a particular network successfully (Call Setup Success Rate)
3. How well on average was Voice call was sustained without ending abruptly (Call Drop Rate)
4. How fast on average was a file downloaded from the internet ( HTTP download Rate)
5. How fast was a test message able to deliver to the recipient ( SMS delivery time)
6. How successfully were test messaged being to the recipient after being sent ( SMS Delivery success rate )

Figure 27 below shows the ranking for each operator per month. Furthermore, the graph shows a general decrease in performance for all three MNO's from August to September.

Figure 27: QoS Monthly Performance trend and ranking for the period 2020

### 4.4.15. Mobile Network Operators (MNOs) fined for poor Quality of Service

In the 3rd quarter of 2020, the three (3) mobile network operators namely Airtel Networks Zambia Plc, Zamtel Limited, and MTN Zambia Limited, were fined a total of ZMW5.4 million for failure to abide by the Quality of Service (QoS) Guidelines for April and June 2020 respectively.

Airtel was fined a total of ZMW4, 800,000.00 for failing to meet the following QoS parameters:

i. Call Setup Success rate in Chipata, Kalulushi, and Lusaka;
ii. The Drop Rate in Ndola, Chipata, and Lusaka ; and
iii. HTTP Download rate on 3G in Chisamba.

Zamtel was fined a total of ZMW450, 000.00 for failing to meet the following QoS parameters:

iv. Call Setup Success Rate in Chingola, Lusaka, and Kitwe; and
v. HTTP Successful Internet Log-ins in Chingola, Chipata, and Kitwe

While MTN was fined ZMW225,000.00 for failing to meet the HTTP Success Internet Log-in Chipata, Ndola, and Chisamba

### 4.4.16. Quality of Service Performance Challenges

The lack of suitable Quality of Service monitoring tools and access to Operators' network data (except what the MNOs submit in the ZICTA data bank) limits ZICTA's capacity to conduct effective QoS monitoring and QoS assurance of MNOs' networks. This position will be partially remedied, once the QoS monitoring equipment is upgraded. The monitoring equipment is expected to be upgraded by the end of the first quarter of 2021.

### 4.4.17. Quality of Service Monitoring Equipment Upgrade Status

As at the end of the beginning of the 4th quarter of 2020, approximately 35% of the total budget for QoS upgrade was approved. Universal access fund was made available for the implementation of the End to End QoS System and Network performance. At the time of the report, the process was in progress, awaiting procurement procedures to enable contract drafting.

### 4.4.18. QoS 2021 Outlook

The Authority intends to undertake the following activities in 2021:

- Upgrade of the end to end QoS monitoring System
- Monitoring of 4G/LTE and other NGN technologies
- Assimilation of the QoS module TTMS to monitor CDR based incident reports statistical data of MNOs.
- Continue with Comprehensive QoS mobile assurance campaign
- Develop guideline to Monitor QoS/QoE on TV and Radio Broadcasting
- Possible review of the QoS guideline amendment of some measurement methodology of QoS KPIs
- Team capacity building by training in latest technologies, ITU/CRASA meetings and local Technical Committee 3 meetings, among other avenues.

These activities will ultimately lead to eventual improvement in the MNOs compliance levels to the QoS guidelines in general.

### 4.4.19. MNOs QoS Performance Summary

Overall, during 2020 the MNOs performed relatively satisfactorily on Download data throughput on 3G, Dropped Call Rate for the period under review. However, Airtel exhibited poor performances on CSSR for some months during the year, while Airtel and MTN, repeatedly failed to meet the SMS delivery success especially in larger cities in Lusaka and the Copperbelt.

# Child Online Protection

Protecting children online is a universal challenge which requires a holistic approach by every country in the world.

ZICTA is committed to **Child Online Protection**

**7070**
Toll Free

ZICTA

# Consumer Protection and Information Management

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# 5. Consumer Protection and Information Management

## 5.1. Consumer Protection

With the accelerated digitization of the Zambian digital ecosystem the Authority continues to play a pivotal role in safeguarding net-citizens (netizens) interests in a digital society. Among many notable thematic areas addressed during the year under review were; Child Online Protection, Digital Financial Services, E-Waste, Persons with Disabilities and Online Risk (Social Media Abuse).

### 5.1.1. Launch of the National Child online Protection (COP) Strategy

In line with International Telecommunications Union and other partners, the Minister of Transport and Communications Honourable Mutotwe Kafwaya launched the Child Online Protection (COP) National Strategy on August 27, 2020. In alignment with the Global Cyber Security Agenda and ITU Resolution 179 on Child Online Protection, the launch of this Strategy takes a holistic approach to promoting child online safety and strategies. The Vision of the Strategy is; ***"A safe and secure cyberspace for all children in Zambia".***

### 5.1.2. Digital Financial Services

With research results showing that a large proportion of the Zambian society are not covered by traditional Banking, the Authority throughout this financial year collaborated with a number of key stakeholders most notably the Rural Finance Expansion Program (RUFEP) and Financial Sector Deepening Zambia (FSDZ). The continued convergence of ICTs with key economic sector has made ICTs the nexus of socio-economic activities, bringing about the advent of collaborative Regulation in support of proactive Consumer Protection measures aimed at building confidence in the cyber arena.

Through this collaboration, the Authority and RUFEP entered into an eighteen (18) months strategic partnership worth K3, 230,851.88 aimed at increasing the uptake and usage of Digital Financial Services (DFS) in rural areas.

### 5.1.3. E-Waste Awareness Activities

E-Waste Management remains central in the Authority's regulatory strategies aimed at contributing towards environmental protection initiatives. The Authority conducted an e-waste stakeholder engagement in the first quarter of 2020, with various critical stakeholders. This was followed by a collaborative e-waste collection activity between the Authority, the Zambia Environmental Waste Management Agency (ZEMA), TCH E-waste and Lafarge on June 12, 2020.

### 5.1.4. Awareness Programs through Digital Platforms

The COVID - 19 pandemic highlighted the critical role ICTs play in National economic and social welfare. ZICTA adopted cutting-age digital awareness strategies as a means to circumvent the effect caused by the pandemic. A series of videos on different thematic areas were produced and made available on numerous digital platforms such as Facebook, Twitter, YouTube, radio and public television.

### 5.1.5. Information, Education and Communication (IEC) Activities

Against the 2020 IEC target of seventy (70) activities, the Authority successfully completed a total of 158 activities across the country. The following table provides a high level summary of all IEC activities undertaken throughout the year.

| Annual IEC Activities | | | |
|---|---|---|---|
| Strategic Objective | Thematic Area | Annual Target | No. of Activities Undertaken |
| 2.1 | Online risks | 10 | 29 |
| 2.9 | E-waste | 10 | 15 |
| 2.9 | Child Online Protection | 10 | 43 |
| 2.9 | Digital Financial Services | 10 | 31 |
| 2.9 | Gender and Rural | 10 | 10 |
| 2.9 | PWDS | 10 | 8 |
| 2.9 | ZICTA's Mandate | 10 | 22 |
| | **Total** | **70** | **158** |

Table 19: IEC Activities

### 5.1.6 Launch of the Eastern Province Provincial Office

In line with the Government's decentralization program and the Seventh National Development Plan 'of not leaving anyone behind', the Authority actualized on its desire to get closer to its many stakeholders by launching its third Provincial Office in Eastern Province on February 27, 2020.

The launch was officiated by Minister of Transport and Communications Honourable Mutotwe Kafwaya.

Hon. Mutotwe Kafwaya, MP Minister of Transport and Communications officiating at the launch of the Chipata office.

### 5.1.7 Establishment of Social Media Desk

As more and more consumers transition from traditional redress channels to digital platforms such as social media, the Authority established a Social Media Desk to protect consumers from online illicit activities. Below is a graph depicting of social media complaint numbers.

Figure 28: 2020 - Cyber Cases Received

Further aggregation of complaints received by: complaint type, platform used, origin and complainant profile in Tables 1 – Table 4.

Figure 29: Applications used by Perpetrators

Figure 30: Complaint Volumes by Category

Fake promotions and fake news represented the highest volume.
Most frequently used platforms by perpetrators was Facebook and WhatsApp.

Figure 31: Complaint by Province

Figure 32: Complaint by Sex

Lusaka and North Western Provinces reported the highest number of complaints.
63 percent of the cases were reported by women.

## 5.2. Compliance

Throughout 2020, the Authority implemented a Risk Based compliance approach to conduct targeted inspections across various provinces.

The major observations were as follows:

1. Ten (10) illegal postal and courier operators were identified as operating illegally and directed to normalize their business. To date four (4) have acquired postal courier licenses.
2. Due to COVID - 19, it was observed that compliance levels in the ICT sector dropped from 75% in the previous year to 70%, and similarly the Postal and Courier sector reported a drop from 74% to 68% during the same period.

### 5.2.1. Complaints Management

The Authority achieved an annual complaint resolution rate of 95% against a target of 92.5%. The total number of complaints received was 251 with Airtel recording the highest complaints volume with 99 cases, followed by MTN 81 cases and ZAMTEL 71 cases

Poor Quality of Service represented the highest volume of complaints with 44.51%, followed by mobile money 27.75%, Loss of airtime 12.72%, SIM Registration anomaly 9.83% and Network outage at 5.20%

Figure 33: Top Five Complaints 2020

Figure 34: Top Five Complaints 2020

## 5.3. Business Technology

The Authority undertook key activities aimed at reducing internal costs, safeguard, and optimize the utilization of the Authority's ICT infrastructure and dependable robust business continuity programme. Key among these were:

### 5.3.1 Systems Portfolio Management

Through an effective systems portfolio analysis process the Authority identified redundant systems for disposal as well as those marked for repairs and acquisition. This resulted in a cost effective symbiotic ecosystem.

### 5.3.2 Business Continuity - Emergency Response to COVID - 19 Crisis

As the business world experienced COVID - 19, the Authority had minimal business disruptions as a result of our proactive seamless Business Continuity Program. On March 19, 2020 the plan was activated with emphasis on staff working from home as a measure to combat the spread of the pandemic. The Authority attained a 99.5% remote critical ICT Systems availability.

### 5.3.3 Other Major Activities

- For effective service delivery, three systems have thus far been integrated namely AccPac, Payroll and Human Resource services.
- Multi-Protocol Layer Switching (MPLS) network installation connecting three provincial town offices; Chinsali, Chipata and Ndola, thereby increasing Staff efficiency and reducing costs.

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# Legal and Regulatory Affairs

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# 6. Legal and Regulatory Affairs

## 6.1. Progress on the Reform of the Legal Environment

### 6.1.1. Progress on the Reform of the Legal Environment

During the period under review, the Authority in liaison with the Ministry of Transport and Communications (MTC) reviewed comments from stakeholders on the draft Electronic Communications and Transactions Bill, the Data Protection Bill and the Cyber Security and Cyber Crimes Bill.

The aim of the Cyber Security and Cyber Crimes Bill, is, among others, to, enhance cyber security 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 associated with electronic communication.

The rationale for the proposed enactment of new pieces of legislation referred to above is to adequately provide for matters the current ECT Act does not adequately provided for.
The Bills were, as at the time of submission of this item for inclusion in the Annual Report, still undergoing scrutiny and discussion by the Ministry of Justice Internal Legislative Committee which the Authority was participating in.

### 6.1.2. Review of the Information and Communication Technologies Act No. 15 of 2009

During the period under review, the Authority conducted a further review of the Information and Communication Technologies Act. The aim of the review was to address various challenges that have been identified during the implementation of the ICT Act.

### 6.1.3. Review of the Postal Services Act No. 22 of 2009

The Authority, in conjunction with the Ministry of Transport and Communications, reviewed the Postal Services Act. The review of the piece of legislation under discussion, culminated in the Postal Services Bill which seeks to:
a. adequately address the postal and courier services market requirements; and
b. ensure that Zambia's postal and courier sector progresses in line with international best practice. The Postal services bill has been submitted to the Ministry of Transport and Communications.

### 6.1.4. Amendment of Regulations

During the period under review, the Minister of Transport and Communications signed into law the following regulations:

a. The Information and Communication Technologies (Access) (Amendment) Regulations SI No.6 of 2020.
The Regulations have removed the restriction which was in the Statutory Instrument that limited interconnection, colocation and access to licensed operators who hold the same category of licence. The provision was removed because it proved to be a hindrance to the provision of new and innovative ICT services to the public.

b. Postal Services (General) (Amendment) Regulations SI No. 47 of 2020.

These Regulations revised downwards the Annual Operating Fees payable by operators in the postal sector.

The Authority amended and submitted the following Regulations to the MTC:
a. The Information and Communications Technologies (Fees) Regulations 2017 by revising the spectrum fees upwards, in order to ensure that they reflect the true value of the resource; and
b. The Information and Communication Technologies (Electronic Communications) (Licensing) Regulations. These Regulations repeal and replace Form One in the schedule in order to align it with the revised licensing framework which was implemented in 2017.

### 6.1.5. Publication of Installation Guidelines

During the period under review, the Authority developed and published Installation guidelines. The guidelines seek, to inter alia:

i. operationalize the provisions in the Information and Communication Technologies (Type Approval) Regulations relating to installation of electronic communications apparatus;
ii. address public health and safety concerns emanating from ICT infrastructure;
iii. prevent poor Quality of Service resulting from sub- standard installations; and
iv. Prevent unnecessary duplication of electronic communication equipment installation as it has a negative impact on the environment. Duplication of the equipment referred to above also leads to high cost of doing business.

### 6.1.6. Major Enforcement Activities

The major enforcement action undertaken by the authority 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 parameters outlined in the Quality of Service Guidelines. The total amount the three operators were fined was K5.475 million.

During the period in question, the Authority undertook enforcement action against entities selling non - type approved electronic communication apparatus contrary to section 66 of the ICT Act. The Authority penalised defaulting entities a total of K1, 280, 700.00.

### 6.1.7. Review of the Licensing Framework

Following the approval of the current licensing framework by the Ministry of Transport and Communications in August 2017, the Authority identified some gaps and challenges during its implementation. The challenges arose as a result of the advancements of new technologies and business models by operators as well as omissions relating to the practical operations in the ICT sector.
It is against this background that the Authority begun the process for the reviewing the current licensing framework, during the period under review. The review process was aimed at addressing the challenges identified and developing a forward looking framework which will be responsive to the developments in the sector. The review process is expected to be concluded in 2021.

### 6.1.8. ICT And Postal Licensing

The summary below provides information on the licences that were issued and cancelled during the period under review:

Table 20: ICT Licences valid as at December 31, 2020

| ICT Licence | Number of Licences | |
|---|---|---|
| Network | International | 3 |
| | National | 28 |
| | Provincial | 4 |
| | District | 6 |
| Service (With a Network - Category A) | National | 19 |
| | Provincial | 2 |
| | District | 3 |
| Service (Without a Network- Category B) | National | 6 |
| | Provincial | 0 |
| | District | 0 |
| **Total** | | **71** |

Table 21: Postal and Courier Licences valid as at December 31, 2020

| Postal and Courier Licence | Number of Licences |
|---|---|
| Public Postal Operator | 1 |
| International | 18 |
| Domestic | 14 |
| Local | 2 |
| **Total** | **35** |

Table 22: ICT Licences that were cancelled by the Authority in 2020

| Licensee | Reason |
|---|---|
| Transaction Payment Solutions | The licensee surrendered the licence. |
| UZI Zambia Limited | The licence was cancelled, as result of the failure by the licensee to adhere to the terms and conditions of the licence by failing to commence operations within the timeframe stipulated in the licence |
| Telplus Fiberonics | The licensee surrendered the licence. |
| Microlink Technologies | The licences granted to the licensee expired. |
| Orbit Telecoms Limited | The licence was cancelled as result of the failure by the licensee to adhere to the terms and conditions of the licence by failing to commence operations within the timeframe stipulated in the licence |
| CTZ Limited | The licence was cancelled, as result of the failure by the licensee to adhere to the terms and conditions of the licence by failing to commence operations within the timeframe stipulated in the licence. |
| Skylink Communications Limited | The licence was cancelled, as result of the failure by the licensee to adhere to the terms and conditions of the licence by failing to commence operations within the timeframe stipulated in the licence. |

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# Human Capital and Operations

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# 7. Human Capital and Operations

## 7.1. Talent Management

### 7.1.1. Talent Compliment

During the year under review, the total labour strength as at December 31, 2020 stood at 161 compared to 149 in 2019. Detailed breakdown is as follows;

Talent Compliment

**161**

7.33% Staff Increase
From: January 1, 2020

Management

**30**

Non - Management

**131**

Female

**59**

36.66%

Male

**102**

63.34%

Dismisal

**2**

0 — Female
2 — Males

Separations

**5**

1 — Female
4 — Males

Resignation

**3**

1 — Female
2 — Males

### 7.1.2. Talent distribution per Department/Unit

Figure 35: Departments and Units

### 7.1.3. Talent Knowledge Management

(a) Long term

The Authority in 2020, despite COVID - 19 pandemic, managed to maintain a knowledge growth momentum through supporting Talent self-learning initiatives as provided for under the Learning and Development Policy.

Illustration of Talent on staff self-sponsored programme;

Figure 36: Talent on Programme

Figure 37: Talent overall Qualifications

## 7.2. Talent Welfare

### 7.2.1. Talent Wellness

The Authority in achieving a healthy talent workforce, continued in 2020 to provide private health care providers in Lusaka and in each province where the Authority has presence. This was in addition to the other health providers accessed through National Health Insurance Management Authority (NHIMA).

### 7.2.2. Talent Fitness

The Authority in championing physical fitness and prevention of non-communicable diseases continued, in the year under review, to pay for all Talent to a gym of their choice. The Authority further undertook in-house Friday physical fitness sessions during the year.

### 7.2.3. World Cancer Day

Primarily, February being the Cancer Awareness Month, awareness wellness talks were hosted to educate staff on Prostate and Cervical cancer. To integrate other important health challenges, a Talk on mental health and its relation to Cancer was also delivered to talent. This was aimed at increasing awareness of cancer prevention and early diagnosis, to promote more positive beliefs about and confidence in discussing cancer.

### 7.2.4. Fire Safety Training

Fire safety training was undertaken in the period under review to ensure talent familiarization with fire and evacuation procedures. The training resulted in knowledge gain mainly to minimize fire impact and risk assessment of any causes of fire in a workplace.

### 7.2.5. New office Environment

The Authority completed modification of main building resulting in full occupation of the same. The offices have helped in fashioning a positive ambience and environment, safe and comfortable to talent for achieving regulatory results.

## 7.3. Industrial Relations

### 7.3.1. Management/Unions Relations

In 2020, the Authority enjoyed pleasant relations between Management and the Union. This was attributed to existing open channels of dialogue between Management and the National Union of Communication Workers (NUCW). This was further augmented with quarterly Talent meetings and the Director General's open forum with Talent.

## 7.4. National Commemorations

The Authority continued to participate in national commemorations; among the prominent ones were;

### 7.4.1. Gender Mainstreaming – Women's Day

The Authority upholds the gender mainstreaming values and in line with the approved Gender Policy, the institution has continued to engender the work environment and to participate in the 2020 commemorative activities in pursuing the frontiers of gender in the work place which included a march past.

### 7.4.2. Labour Day

In line with its policy of Talent performance recognition and as per International Labour Organisation (ILO) Convention on the importance of labour, the Authority during 2020, recognized and awarded 41 deserving employees under different categories of performance related recognition.

### 7.4.3. Independence Anniversary

During the period under review, management and staff commemorated Zambia's 56th Independence Anniversary under the theme: "Our Land, Our Nation – Building Our Future Proud and Free" by hosting lunch on ZICTA premises on Friday, October 23, 2020. Employees dressed up in traditional attire while entertainment included among others a traditional dance troupe and music from internal talent. Other than sharing a meal, the occasion was momentous in providing interaction necessary for staff strengthening of relations and engagement

### 7.4.4. COVID - 19 Interventions

The Authority like other organizations and in line with WHO guidelines and directives issued by the Ministry of Health put in place the following measures in the workplace; To comply further, all non-essential talent were directed to work from home on March 26 and were recalled to work on June 1 2020.

**Interventions**

- Working-from-Home (WFH) practice implemented from August 24 to September 30, 2020
- Installation of washing buckets at strategic places
- Distribution of hand sanitisers
- Body temperatire taking and recording
- Body temperature of 'No Mask, No Entry' rule
- Canteen was instructed to operate on take-away basis only

### 7.4.5. Ethics and Values

The Authority during the year, in collaboration with the Anti-Corruption Commission (ACC) undertook a Managerial Accountability Assessment to identify structural vulnerabilities in its operating standards. This process provided ZICTA a platform to identify and design strategies to mitigate against identified risk factors to prevent corruption.

### 7.4.6. Transport

The Authority fleet plays a critical role in supporting attainment of regulatory mandate through transporting staff in undertaking countrywide inspections in all 10 provinces for compliance and enforcement. To achieve this, ZICTA had 96% availability of vehicles during the period under review.

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# Strategy and Risk Management

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# 8. Strategy and Risk Management

During the year 2020, the Authority undertook the implementation of the strategic plan taking into consideration corporate risk management and the advisory support accorded to the institution by internal stakeholders. The Authority ensured regular review of progress, timely deliverable of outputs and provided support in annual planning to user departments.

In the year under review, the Authority outlined four (04) key focus areas for 2020:

i. Compliance and Consumer Protection;
ii. Foster competition in the ICT and Postal Sector;
iii. Avoid market failure in the ICT Sector;
iv. Access to new technologies and services.

The Authority continued to make positive strides regulating the ICT and Postal sectors through the promotion of competition, consumer protection, digital financial inclusion, cybersecurity and strengthening of partnerships with key stakeholders.

As at December, 2020 the Authority had attained an annual performance rate of 72% completion, 13% in progress and 15% not completed. Commendable progress was achieved along the following performance indicators in the ICT and Postal Sectors:

i. Mobile cellular penetration increased from 99.1% to 100.2 %
ii. Mobile internet penetration rate recorded an upward increase from 52.6% to 52.9%
iii. Fixed internet penetration rate increased from 0.38% to 0.56%
iv. Average broadband speed recorded an upward increase from 1.28Mbps to 2.01Mbps
v. The Complaint Resolution Rate was recorded at 84% which represents a 1% decline from 85% in 2019
vi. A National E-commerce Strategy was developed in collaboration with the Ministry of Commerce, Trade and Industry
vii. A National Child Online Protection Strategy was developed and officially launched
viii. The ICT Act no. 15 of 2009, the ECT Act no. 21 of 2009 and the Postal Services Act no. 22 of 2009 were reviewed.
ix. Drafting of the Cybersecurity Bill and Data Protection Bill was concluded.

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# Corporate Communications

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# 9. Corporate Communications

During the year under review, the Authority's brand grew through strategic communication and marketing of its mandate and the impact of the regulatory regime on consumer experience. This was done through heightened publicity on print, electronic and social media platforms as well as valuable established relationships with various key stakeholders.
However, the global impact of the COVID - 19 pandemic on stakeholder engagements and communication, also affected the Authority resulting in it directing most of its strategic information towards Digital platforms for dissemination to its key stakeholders and the general public.

The Authority in 2020, also introduced good digital collaboration tools such as Zoom for real time interactions with both its internal and external stakeholders, particularly, due to the Work From Home (WFH) public health directive which reduced the amount of physical interactions for most part of the year under review. Further, the Authority introduced the use of an app for quick communication with its staff members during the pandemic.

With increased traffic on ICT platforms owing to the pandemic, there was a correlated increase of cyberspace related complaints such as cyber bullying and online scams resulting in the Authority's major focus being on development and dissemination of content relating to cyber security during most part of the year under review.

## 9.1. Brand Visibility

In line with the strategic objective to improve brand visibility during the year under review, the Authority used various print and electronic as well as social media platforms to communicate its mandate, particularly consumer related information with the view of enhancing its corporate image and addressing issues raised by consumers. The Authority also live-streamed a number of its events to ensure extensive reach to targeted audiences.

## 9.2. Media Management

### 9.2.1. ZNBC Radio News Sponsorship

In 2020, the Authority continued to sponsor the 07:00 Network News which is broadcast on Radio 1, 2 and 4 with nationwide coverage. Under this partnership, new adverts on ZICTA's mandate were aired.

### 9.2.2. Five Minutes with ZICTA

During the period under review, episodes of Five Minutes with ZICTA an informative series on various aspects of ZICTA's mandate was successfully produced on ZNBC and had a nationwide coverage. The content was subsequently shared on all the relevant social media platforms for wider reach.

### 9.2.3. Interactive Radio Programmes

The Authority aired awareness programmes on the Hot FM Radio Breakfast Show which featured discussions on pertinent ICT issues as well as on the Radio Phoenix Let the People Talk programme where the Authority discussed a wide range of topics that bordered on ZICTA's mandate, responsible social media abuse, tariff regulation and type approval.

In order to mitigate the cancellation of stakeholder engagement awareness sessions in the provinces as a result of the COVID - 19 pandemic, the Authority run virtual phone-in programmes with various community radio stations in each of the ten provinces. Communities in the respective provinces were accorded the opportunity to ask questions regarding the institution's regulatory mandate and implementation of its strategic goals.

### 9.2.4. Newspaper Column

The print media was also utilised by the Authority this year to raise awareness and weekly articles were run in the Zambia Daily Mail covering a wide range of topics including an update on ZICTA's performance in line with its Strategic Plan.

### 9.2.5. Press Releases and News Coverage

During the year under review, the Authority released numerous press releases to inform its targeted audiences both local and international, on the regular updates concerning the ICT and Postal sectors as well as developments concerning the regulatory regime.

### 9.2.6. Website

During the period being reviewed, the Authority developed a new website with the objective to have a more informative and interactive website, in line with the going trends prevalent in this digital era.

### 9.2.7. Facebook

Towards the end of the year, the Authority continued experiencing an increase in likes which saw the fan base increase to 72, 428 organic followers and the total likes increase to 71, 738. These followers resulted primarily from uncategorised desktops as well searches.

Total Page Followers and Likes

Figure 38: Total page likes — 72,428

Figure 39: Total page likes — 71,738

The Authority received followers from the activity on the page, searches, page suggestions as well as restored likes from reactivated accounts. The Authority was also highly visible on Instagram and Twitter during the year under review.

## 9.3. Advertising

### 9.3.1. Advertisement and Notices

In the period under review, the Authority produced and disseminated various advertisements in the print media, electronic media as well as online media platforms. Multiple advertisements were published in the national daily newspapers including request for proposals and/or applications, call for papers, ZICTA and CRASA job advertisements, notices of inspection, tender amongst other advertisements.

Several musical jingles were also produced for placement on various advertisement slots both in the electronic and social media platforms with the objective to create publicity through the broadcasting of specific messages about ZICTA's mandate in a language mostly used by consumers.

## 9.4. Publications

During the year under review, the Authority produced various publications including the following;

### 9.4.1. ZICTA Tech Bulletin Magazine

This was a periodical bulletin which focused on innovation and technology, as well as opportunities for Information and Communication Technologies (ICTs) arising from the COVID - 19 pandemic; the emergence of fintech in Zambia as well as discussions on some recent publications by the World Bank and the International Trade Centre, including key ICT developments and trends in Zambia.

### 9.4.2. National Child Online Protection Strategy Document

This was produced in collaboration with Ministry of Transport and Communications and other key strategic partners in a bid to ensure children are protected online and was launched on August 27, 2020 by the Honorable Minister of Transport and Communications, Mr. Mutotwe Kafwaya, MP.

The idea behind this strategy was to implement a well-coordinated approach in dealing with online risks and illicit content amongst all critical stakeholders involved in child protection.

Highlights from the COP Strategy launch

### Installation Guidelines

The installation guidelines' objective was to regulate the installation of electronic communication apparatus in order to ensure among other things, the health and safety of the public and foster coordination with other statutory bodies.

## 9.5. Stakeholder Engagement

### 9.5.1. Training Workshop for Magistrates and Police

The Authority in collaboration with the Financial Sector Deepening Zambia (FSDZ) hosted a three (3) day training workshop on Forensics and Cyber Security. The training was attended by 21 magistrates and over 20 Police officers from Lusaka with the aim of sensitising both parties on the mandate of ZICTA, as well as to enlighten them on current cyber security trends and cases. This came about as a result of the identified information gaps and lapses which identified during the prosecution of cyber related crimes, starting from the investigations stage until the judgement stage.

Cyber Security Training Workshop at FSDZ

### 9.5.2. Corporate Social Responsibility (CSR) Programme

The Authority has a well establish Corporate Social Responsibility (CSR) programme whose objective is to put a human face to the institution by making a difference in the lives of others in the area of education, health, ICT amongst other sectors. Highlighted below are the CSR initiatives that were undertaken in the year under review.

### 9.5.3. UTH Special School – ZICTA-FNB Partnership

In partnership with the First National Bank, the Authority jointly handed over a renovated kitchen block and assorted food stuffs valued at over K200,000.00 to the University Teaching Hospital School for children with Special Needs. This school offers specialised care and education for children suffering from hearing impairments, physical disabilities cerebral palsy, Down syndrome and autism.

### 9.5.4. Donation of a Computer and Printer to UTH Neurosurgery Unit

During the year under review, the Authority also donated a computer and printer to the Neurosurgery Unit of the UTH-Adult and Emergency Hospital. This equipment is set to help enhance the effectiveness and efficiency of the Unit when carrying out neurological procedures.

### 9.5.5. Delivery of a Non-perishable foods, Sanitizers and Detergents to Archie Hinchcliffe Disability Intervention

The Authority also delivered donations of basic necessities for the volunteers of the centre which offers pre-school programmes for children with intellectual challenges such as cerebral palsy or brain damage, downs syndrome, spina bifida, autism. Specifically, the Authority made a donation of non-perishable foodstuff, detergents, masks and sanitiser kits for the children. The latter items were to assist the volunteers and programme coordinators to fight against the spread of COVID - 19.

## 9.6. Commemorations and Events

During the period under review, due to the COVID - 19 public health directive on social distancing, the Authority commemorated the various local and international events on digital platforms.

Below are some of the key events that were commemorated;

- International Women's Day;
- International Girls in ICT Day;
- World Environment Day;
- World Telecommunication Information Society Day (WTISD);
- International Day of the Girl Child;
- World Post day;
- 56th Independence Celebration
- Africa Telecommunication Union (ATU) Day
- National Youth Day;
- World Consumer Rights Day;
- Financial Literacy Week;
- Africa Day;

### 9.6.1. 2020 Girls in ICT Day Commemoration

The Authority commemorated the International Girls in ICT Day under the theme "Expand Horizons, Change Attitudes". The event which is an initiative of the International Telecommunications Union (ITU) was held virtually due to the coronavirus pandemic. The activities included online competition, dissemination of various information to inspire girls to take up space in the growing field of ICTs, sharing of new opportunities that technology has brought to the female folk.

Generally, all efforts of the various activities are aimed at inspiring the girls to dream big and take up careers and programmes in the male dominated fields such as ICT, Mathematics and Science

### 9.6.2. ZICTA/United Nations Development Programme National Innovation Fair

In collaboration with the National Technology Business centre (NTBC) and United Nations Development Programme (UNDP) Accelerator Lab, the Authority organised a National Innovation Initiative in Lusaka, Southern, North Western, Copperbelt Western and Luapula Provinces. The initiative was aimed at Scaling up Existing Innovations that have potential to significantly impact the country's development. 20 local innovators were each awarded K50, 000 for their start-ups of various innovations they had come up with.

### 9.6.3. 2020 Ndola Girls in ICT Indaba – 16 Days of Activism against Gender-Based Violence

As part of the commemoration of the 16 Days of Activism Against Gender-Based Violence, the Authority in the period under review, hosted the 2020 Ndola Girls in ICT Indaba. The Indaba was attended by over 40 selected girls from Luwanysha, Masaiti, Kitwe, Ndola and Chililabombwe districts respectively.

The Indaba, was hosted by ZICTA in partnership with the United Nations Development Programme (UNDP) and the Ministry of Gender. Sponsored under the Government of the Republic of Zambia (GRZ)-United Nations (UN) Joint Programme on Gender Based Violence Phase II, the Indaba was officially opened by the Copperbelt Permanent Secretary, Mr. Bright B. Nundwe.

The objective of the Indaba was to demonstrate the vast opportunities that technologies bring about and how women and girls can leverage on the use of ICTs to effect transformational change with a resultant outcome of economic empowerment amongst other benefits.

### 9.6.4. Regional and International Collaboration

In meeting its regulatory obligations and in line with its mandate as stipulated in the legal framework, the Authority collaborates with regional and international bodies to jointly agree on strategic decisions and share best practices.

Dedicated collaboration with the international bodies who are key Stakeholders of the Authority gives it the opportunity to share relevant information regarding its operations and government policy on issues pertaining to the country's ICT and Postal sectors respectively.

In the case of some organisations, the Authority's membership is by virtue of its regulatory role in the ICT and Postal sectors respectively, and therefore exists on account of Zambia's membership as a state.

The following are some of the organisations that Zambia subscribes to;

i. Communications Regulator's Association of Southern Africa (CRASA)
ii. African Telecommunications Union (ATU)
iii. Pan African Postal Union (PAPU)
iv. International Telecommunications Union (ITU)
v. Universal Postal Union (UPU)
vi. Commonwealth Telecommunication Organization (CTO)

During the year under review, Zambia held the following positions in the various international organisations;

i. Chair - of Communication Regulators Association of Southern Africa
ii. Chair - of Africa Telecommunication Union
iii. Member of Council of Administration – Universal Postal Union
iv. Member of Administrative Council – Pan African Postal Union
v. Chair Expert Group on International Telecommunications Regulations (ITRs)
vi. Chair ITU-T Study Group 3 Regional Group for Africa
vii. Vice-Chair Expert Group on Telecommunication Indicators
viii. Vice-Chair for Africa for Study Group 12 Regional Group for Africa
ix. Associate Rapporteur of Question 2 for Study Group 12, on Quality of Service
x. Rapporteur of Question 5 of Study Group 13 - Future Networks

Although in 2020, due to the COVID - 19 pandemic, physical regional and international Meetings were cancelled. However, the Authority facilitated for Zambia's participation in the following virtual international meetings to ensure that the country was still well represented despite the pandemic.

Below are some of the key virtual knowledge-sharing international meetings that the Authority participated in for the benefit of building the ICT and Postal sectors in the country;

Table 23: International & Regional Meetings Schedule

| Description | Institution | Platform | Dates |
|---|---|---|---|
| CRASA 2019 Annual General Meeting | CRASA | Online | March 21-26, 2020 |
| WSIS Forum 2020 | International Telecommunication Union - ITU | Online | April 06 - 09, 2020 |
| Regional Development Forum (RDF-AFR) | International Telecommunication Union | Online | May 11 |
| 21st ATU Administrative Council | African Telecommunications Union | Online | May 25-29, 2020 |
| ATU Validation Forum on Options on Special Spectrum Release in Fight of COVID - 19 | African Telecommunications Union | Online | May 28, 2020 |
| SADC ICT Observatory Virtual Workshop | SADC Secretariat | Online | June 1, 2020 |
| AUC-ATU-ISOC Webinar on Internet Resilience during COVID - 19 | African Telecommunications Union - ATU | Online | June 1, 2020 |
| PAPU 10TH Ordinary Session Of The Plenipotentiary Conference | PAPU | Online | June 08-20,2020 |
| 21st ATU Session of the ATU Administrative Council | African Telecommunications Union | Online | June 22-26, 2020 |

| | | | |
|---|---|---|---|
| New 2020 Child Online Protection Guidelines | International Telecommunications Unions – ITU | Online | June 24, 2020 |
| 27th World Postal Congress | Universal Postal Union - UPU | Online | August 10-28, 2020 |
| ITU Telecom World 2020 | International Telecommunication Union - ITU | Online | September 6 - 9, 2020 |
| WTSA-20 | International Telecommunication Union - ITU | Online | November 17 - 27, 2020 |
| World Telecommunication Standardization Assembly (WTSA-20) | International Telecommunication Union (ITU) | Online | 23 February – 5 March 2021 |
| Quality of Service Development Group (QSDG) Webinar Series | International Telecommunication Union - ITU | Online | 20 August 2020<br>27 August 2020<br>03 September 2020 |
| Global Symposium for Regulators (GSR-20) | International Telecommunication Union - ITU | Online | 1-3 September 2020 |
| Virtual WSIS Forum 2020 | International Telecommunication Union - ITU | Online | 7–10 September 2020 |
| ITU Regional Development Forum for Africa (RDF-AFR) | International Telecommunication Union - ITU | Online | 5 – 7 October Preparatory break-out sessions (12:00 – 13:30 CAT) |
| World Post Day | Universal Postal Union - UPU | Online | 9 October (9:00 – 17:00) |
| Virtual Digital World 2020 | International Telecommunication Union - ITU | Virtual | 20-22 October 2020 |
| TDAG Working Group on WTDC Preparations | International Telecommunication Union - ITU | Online | 4 November 2020 |
| 4th Meeting of the ATU Task Group on Spectrum Recommendations | Africans Telecommunications Union - ATU | Online | 4 November 2020 |
| World Telecommunication/ICT Indicators Symposium (WTIS -20) | International Telecommunication Union - ITU | Online | 1 – 3 December 2020 |

### 9.6.5. Hosting of the 2020 ITU Regional Development Forum for Africa

ZICTA in partnership with the International Telecommunication Union (ITU) and the Ministry of Transport and Communications organised the 2020 ITU Regional Development Forum for Africa under the theme "Digital Transformation to Accelerate Achievement of the SDGs, Digital Developments Partnership and Funding".

Held from October 5 to 7, 2020, the virtual forum involved stock-taking and discussions on where the region was fairing in terms of implementation of the 2018-2021 ITU regional initiatives approved by the 2017 World Telecommunications Development Conference. The forum also looked into the strategic orientations that could impact on ITU's work plan going forward.

### 9.6.6. First RAG Preparatory Meeting for WRC-23 (RAG23-1) — November 17, 2020

The Authority successfully convened online the first African Telecommunications Union (ATU) Preparatory Meeting (APM23-1) for the World Radio Conference 2023 (WRC-23) that was held on November 17, 2020, following successful ATU and SADC meetings. The objectives of the meeting included:

1. Consideration of lessons learned from WRC-19;
2. Consideration of the work plans for WRC-23.

The meeting was informed that one of the key results of the ATU meeting was the formulation of task group on Spectrum Recommendation for Rural Connectivity. Zambia was nominated as Rapporteur of the group.

### 9.6.7. Submission of FM and DTT Plan Notices

The Authority made submissions to the ITU R Bureau validated notices relating to the FM and DTT terrestrial plan modifications for processing and publication. This is an important process that makes the use of these channels legal and protected from been interfered with by any other broadcasting station especially from the neighbouring countries. The table below summarises the modifications made.

Table 24: FM & DTT Plan

| Plan | Modification Intent | Number of Notices | Reason |
|---|---|---|---|
| FM Sound (GE84) | Add | 68 | Addition of new assignments at sites coordinated with Zimbabwe |
| DTT (GE06D) | Suppress | 96 | Digital dividend release for mobile use affecting DTT assignments in the plan between 694 -862 MHz |
| | Add | 26 | Addition of new assignments coordinated with Zimbabwe and Malawi |

### 9.6.8. Submission of Filling for A New Satellite Orbital Slot

The World Radiocommunication Conference 2019 (WRC-19) resolved to provide a unique opportunity for developing countries to regain access to orbital slots for satellite broadcasting services. All the countries that qualified to use this priority mechanism were required to submit a notice to the ITU indicating the technical characteristics of the desired satellite network and associated frequencies by 21 May 2020. Zambia successfully filled the notice on March 26, 2020 to begin the process of acquiring the satellite broadcasting service orbital slots.

Tender
ZICTA
ADVANCING THE NATION
TO A DIGITAL SOCIETY

ZICTA

# Acquisition and Supply Chain

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# 10. Acquisition and Supply Chain

### 10.1. Procurement Reports

During the year under review, the Authority prepared the Annual Procurement Plan for the year 2020 which served as a tool for planning and monitoring procurement activities. Additionally, the Authority prepared monthly and quarterly procurement reports. These reports were submitted to the Zambia Public Procurement Authority (ZPPA) for review and were found to have been compiled in accordance with the ZPPA Circular No.3 of 2017.

### 10.2. Volume of Procurements for the Year 2020

In 2020, the Authority contracted goods, works and services amounting to K50,551,393.82. A total of K2,006,399.43, was procured in the first quarter representing 3.96% of the annual volume. The second quarter had the highest procurement expenditure of K21,944,899.01 representing 43.41% of the total annual value. In the third quarter, a total procurement expenditure of K12,019,729.20 was recorded representing 23.78% while the fourth quarter accounted for K14,580,366.18 representing 28.84% of the total annual expenditure.

Some of the major procurements undertaken in 2020 in support of the Authority mandate were as listed in the Table below:

Table 25: Major Procurements Undertaken in 2020

| No | Description | Method of Procurement |
|---|---|---|
| 1 | Supply, delivery, installation and commissioning of ICT equipment for selected learning institutions | Open Bidding |
| 2 | Provision of self-managed printing services | Open Bidding |
| 3 | Provision of managed services for 174 communication towers | Open bidding |
| 4 | Provision of cleaning services on contractual basis for a period of 12 months | Open bidding |
| 5 | Supply, delivery, installation and configuration of virtualization servers | Open bidding |
| 6 | Provision of data centre services | Open bidding |
| 7 | Upgrade of Customer Relationship Management (CRM) services | Open Bidding |
| 8 | Supply and delivery of motor vehicles | Open bidding |
| 9 | Supply, delivery, installation and commissioning of last mile optic fibre connectivity to three selected learning institutions | Open bidding |
| 10 | Provision of catering services | Open bidding |
| 11 | Provision of auditing services | Open bidding |
| 12 | Supply, delivery, installation configuration, testing and commissioning of Normadic units, network performance solution and mobile drive solution for quality of service equipment | Direct bidding |
| 13 | Modification of the roof and installation of gutter at ZICTA Head office | Open bidding |
| 14 | Design, supply, installation and commissioning of twenty four communication towers | Open bidding |

### 10.3. Procurement Committee Meetings

A total of sixteen (16) Procurement Committee meetings were held in the year 2020 representing an average of one meeting per month.

Electronic Government Procurement System
The Authority continued to invite tenders through the Electronic Government Procurement (e-GP) system. The use of the e-GP system was noted to have had a significant economic benefit for bidders by lowering costs and making it easier to do business. The use of electronic workflows and improved access significantly reduced the time it took to complete procurement processes, leading to transactional efficiency for both suppliers and the Authority. The eGP system further enhanced procurement transparency resulting in improved value for money and substantial cost and administrative savings, wider market access, and enhanced accountability.

### 10.4. Bidder Complaints

No bidder complaint was received during the year.

This reaffirms the integrity of the Authority in handling procurement matters and increased compliance to rules and procedures.

### 10.5. Special Assignments

During the year under review, the Authority invited applications for spectrum in the 800MHz band and applications for international network and national service licences with associated resources. The assignments were successfully concluded leading to award of spectrum in the 800MHz band and a licence for a fourth mobile.

### 10.6. Challenges in 2020

In the year under review, the Authority planned to undertake various activities which were core to the effective accomplishment of the 2017-2021 strategic plan. The major challenge was the impact of the COVID - 19 pandemic which had caused disruptions to the supply chain operations. The other challenge was delayed payments to suppliers due to inadequate funding. The above challenges had the potential to cause price escalations as delay in the implementation of the institution's annual work plan.

ZICTA

# Projects

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# 11. Projects

During the year 2020, the Projects Unit continued to implement the Authority's projects' activities and reviewed the progress toward expected results as highlighted in the following projects:

### 11.1. Connecting Learning Institutions Programme - Phase II, Phase III & Phase IV – Projects

The Connecting Learning Institutions Programmme (CLIP) is funded by the Universal Access & Service Fund (UASF) with the aim of empowering learning institutions with Information and Communication Technology (ICT) equipment to facilitate the efficient administration of ICT lessons and examinations. This programme is being implemented in phases with every project defining its objectives and ultimately contributing to the established aim. From 2014 to date, 500 learning institutions have benefitted from this programme thereby benefitting over 100,000 pupils countrywide. The computer to pupil ratio has been reduced significantly from schools borrowing computers to administer ICT lessons to an average of 1:3 in a practical ICT class. Furthermore, the time taken to administer ICT exams has reduced from 17 hours to 8 hours. Other notable benefits of the programme have been the reduction in the level of absenteeism; improved hands-on computer experience by none ICT teachers; improvement in the preparation of end of term tests which are now typed instead of writing on the board; and increased enrolment in schools that have computer laboratories. The year 2020 saw

Figure 1: Beneficiary School in Kalingalinga

the closure of Phases II and III. The objectives of Phase II were: to promote effective learning and teaching of ICT through the provision of 20 computers and 1 printer to each school; to develop every pupil's ICT skills, knowledge, understanding and capability through the provision of content for primary schools; and to keep pace with educational developments in ICT and to ensure that teachers have the necessary tools to execute their jobs effectively through training of 2 teachers from each beneficiary school. The project successfully delivered 3,200 desktop computers and 160 printers to 160 primary and secondary schools across the country, provided 1,900 digital content licences to 95 primary schools and trained 190 primary school teachers. The project closure for this phase will be completed in Q1 of 2021. (See Appendix 1 for list of beneficiary schools).

The purpose of Phase III was to create a database of learning institutions to act as a pool for beneficiary schools in the next phases of the programme. This project was necessitated by the need to have a live database of deserving schools to benefit from the programme in the coming years beyond 2019/20.
During the year underreview, this phase successfully assessed 558 learning institutions from all the ten (10) provinces of the country. The assessed schools will be given priority when funds become available for the next phase of the project implementation. Phase IV of this programme was initiated, approved and kicked off towards the end of 2019. This project envisions enhancing the integration of information technology in teaching and learning thereby improving the widespread use of educational technology in tertiary institutions. The purpose of this project is to ensure that institutions of higher education are no longer limited in terms of ICT educational equipment and that all students have access regardless of their geographic location. The project targets 25 learning institutions from the Ministries of Defence; Higher Education, Health and Community Development to benefit from 1,020 desktop computers, smart boards, projectors and software. The project was suspended in the first quarter of 2020 due to budgetary constraints and it is anticipated that the project will be catered for in the 2021 budget considering that the project was approved and the beneficiaries are expectant. (See Appendix 2 for list of proposed beneficiary schools).

### 11.2. Last Mile Fibre Connectivity to ZAMREN Member Institutions

The purpose of this 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). The project is funded by the Universal Access Service Fund (UASF). In 2019, the Authority awarded two (2) separate contracts to supply, deliver, install and commission last mile optic fibre connectivity to Copperbelt University – Mpika Campus, Muchinga Public Health Nursing School, Mbala College of Nursing and St. Mary's College of Education also based in Mbala.

This was followed by the commissioning of optic fibre connectivity to the four (4) learning institutions in Quarter one (01) of 2020. The total combined number of students who benefited from this project implementation at the four (04) institutions is 3,300, broken down as follows:

1. Copperbelt University – Mpika Campus - 600 students;
2. Muchinga Public Health Nursing School - 300 students;
3. Mbala College of Nursing - 1,800 students; and
4. St. Mary's College of Education in Mbala- 600 students.

In the 2020 UASF budget, the Authority put aside funds to connect fibre to Gemstone Processing and Lapidary Training Centre in Ndola. In Quarter three (03) of 2020, contract was awarded to supply, deliver, install and commission optic fibre to the same institution. Works commenced and the project is expected to be completed in Quarter one (01) of 2021.

### 11.3. Connecting Health Institutions Project (UASF Digital Health Project)

In the year under review, the Authority in collaboration with the Ministry of Health (MoH) embarked on the digital health Project called "Connecting Health Facilities Project - CHFP". The main objective of the project is to promote universal access to ICT in the Health sector through the provision of ICT equipment, network connectivity and capacity building. A total of four (4) health facilities have been lined up to benefit from the project under the first phase of the project's implementation. The beneficiary institutions include Kalulushi General Hospital, Lufwanyama District Hospital, Kafue General Hospital, and Gwembe District Hospital.

During the year under review, the Project Charter was developed in Quarter four and implementation is scheduled for 2021. The estimated cost for this project is K10 million and it is expected to provide access to digital health for an estimated 467, 213 people in the above-mentioned four (4) districts project areas.

### 11.4. Project for Persons with Disabilities

The Persons with Disabilities Project is funded by the UASF budget. The Authority initiated this project so as to help address the digital divide that exists amongst people living with disabilities in the Country. As an ICT regulator, the Authority seeks in line with its mandate to promote the extension of ICT services to the unserved and under- served, as is stipulated in the ICT Act, to provide opportunities to people with disabilities through the provision of customized computer labs to Institutions working with Persons with disabilities.

In 2019 the Authority awarded two separate contracts for the supply of ICT Equipment to eight (08) selected learning Institutions for persons with disabilities. The equipment included Computers with JAWS Software, braille printers, projectors and ordinary printers. The delivery and commissioning of the equipment was done in 2020. Through this project, an estimated 500 learners with disabilities now have access to ICTs. (See Appendix 3 of the ICT equipment deliveries to selected learning Institutions for persons with disabilities).

### 11.5. National Addressing and Postcode Project

The National Addressing and Postcode Project (NAPP) is being implemented by ZICTA in collaboration of a number of stakeholders. This project aims at fostering and promoting the postal sector by developing and rolling out addressing infrastructure which include street name signage, housing numbering and database development. The project has seen the roll-out of addressing infrastructure to both rural and urban areas across the country in collaboration with stakeholders such Lusaka City Council, among others. In 2020 , the Authority's focus was on installation of street name signs and the areas considered during this period were Bennie Mwiinga Housing Estate and Salama Park in the City of Lusaka. The table below shows the selected sites in Lusaka for Installation of Street Name signs:

Table 26: Selected Sites for Installation of Street Name Signs in Lusaka

| Category | Description | Salama Park | | Bennie Mwiinga Housing Estate | |
|---|---|---|---|---|---|
| | | Number of single faced plates | Number of double faced plates | Number of single faced plates | Number of double faced plates |
| Area Sign | Double faced big Plate | Nil | 3 | Nil | 1 |
| Street Name signs | Double faced standard Plates | | 21 | | 16 |
| Street Name signs | Single faced standard plate on poles | 13 | Nil | 9 | Nil |
| Street Name signs | Single faced standard plate on walls | 305 | | 210 | |
| **Total** | | **342** | | **236** | |

### 11.6. Telecommunications 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. iEnsure 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).

The overall project completion was rated at 98% at the time of reporting. The project was expected to be fully completed by the end of 2020.

### 11.7. Communication Towers

From 2013 to date the Authority has constructed 229 mobile communication Towers (sites) in rural communities that hitherto had been underserved or unserved.

The project has been financed by the Universal Access Service Fund. The 229 towers have been constructed under two phases:

- Phase 1: 204 2G Communication Towers were constructed
- Phase 2: 25 3G and 2G Communication Towers were constructed

The authority has devised effective ways to operate and maintain these communication towers. The 204 Towers have been distributed among the three MNOs – Airtel, MTN and Zamtel.

### 11.8. Operation and Maintenance of the ZICTA Owned 229 Towers

In order to maintain desired service availability and quality, the Authority has engaged independent managed service providers to provide planned and curative maintenance on both Passive and Active elements of all the 204 sites. GNM Projects Limited was awarded a managed Services contract in Q2 of 2020 to maintain these towers. On the other hand the Authority has signed a Memorandum of understanding with Zamtel to operate and maintain the additional 25 communication towers. However, ownership of the infrastructure is maintained by the Authority.

### 11.9. Twenty Four Communication Towers Project

In the year under review, the Authority started a two-year project to build 24 Communications towers in rural areas. The project is expected to cost about K80 Million. 2G and 3G technology will be deployed on these sites in order that the targeted rural communities can benefit from better coverage and enhanced data service. The project will contribute to reducing the digital divide and enhance digital financial services in these hard to reach places. The tender was expected to be awarded in Quarter four of 2020.

ZICTA

# Financial Statements

Zambia Information and Communications Technology Authority

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# Financial Report

**Mrs. Pethel C. Phiri**
Director Finance

**1. Income**
The Authority recorded total income of ZMW 156.06 million for the 2020 financial year.

The Authority had an approved grant allocation of ZMW 125.42 million in the 2020 National Budget which was received in full. This compares with an allocation of ZMW 115.24 million in 2019.

In addition, the Authority collected Other income which included intenational traffic fees and sundry income which amounted to ZMW 30.64 million compared to ZMW 26.07 million in 2019.

**2. Expenditure**
The total operating, staff, administrative and depreciation expenses amounted to ZMW 146.66 million compared to ZMW 140.28 million 2019, representing an increase of 3.8%.

This resulted in a surplus of income over expenditure for the year of ZMW 9.40 million compared to ZMW 1.21 million in 2019.

**3. Non-Tax Revenue**
Non-tax revenue was collected on behalf of Government in the form of various license fees, namely; Annual Operating fees, Radio License fees, Numbedring fees and Type Approval fees, amongst others, in accordance with the ICT Act No. 15 of 2009.

The total non-tax revenue collected in 2020 amounted to ZMW 431.55 million against a budget of ZMW 339.47million.

Of the amount collected, ZMW 74.23 million was appropriated to the Universal Access and Service Fund in accordance with ICT (Universal Access) Regulations, 2012.

Financial Year 2020

| Income (ZMW) | Expenditure (ZMW) | Non-Tax Revenue (ZMW) |
|---|---|---|
| 156.06 Million | 146.66 Million | 431.55 Million |

Figure 40: Non-Tax Revenue Collections

# Report of the Board

The members of the Board submit their report on the activities for the year ended 31 December, 2020.

### 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 ZMW 125,420,593 for the year ended 31 December 2020 (2019: ZMW 115,420,594) of which was received in full. The surplus of income over expenditure for the year ended 31 December 2020 amounted to ZMW 9,398,379 (2019: ZMW 1,210,928).

### Business address

Stand No. 4909,
Corner of Independence and United Nations Avenues, Lusaka—Zambia.

### Postal address

P.O Box 36871, Lusaka—Zambia

### Events after the reporting date

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.

Following dissolution of the Board of the Authority in November 2019, a new Board was appointed in January 2021.

## The Board and Secretary

The Members of the Board appointed on June 12, 2021 and the Secretary were as follows:

**Mr. Frightone Sichone**
Chairperson

**Ms. Celine Meena Nair**
Member

**Mr. Yese Bwalya**
Member

**Mr. Willie M. Muyambo**
Member

**Mrs. Maureen B. Mwanza**
Member

**Mr. Isaac Nonde**
Member

**Mr. David Kasongo**
Member

**Eng. Dunstan Chola**
Member

**Eng. Patrick M. Mutimushi**
Member

**Mr. Benaiah M. Mupenda**
Authority Secretary

## Management

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

**Eng. 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 and Operations

## Employees

The monthly average number of persons employed by the Authority during the year was 161 (2019: 152). The total remuneration paid to employees by the Authority was ZMW 94,407,947 (2019: ZMW 92,388,173).

## Donations

The Authority made donations during the year amounting to ZMW 193,151 (2019: ZMW 52,687).

## 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 ZMW 8,666,255 (2019: ZMW 36,438,681). 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: **March 31, 2021.**

## 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, Mark Daniels Chartered Accountants, have audited the financial statements and their report is shown on pages 105 to 107.

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 and a new Board appointed on 12 January 2021.

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 2020 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 108 to 145 were approved on March 31, 2021, and were signed by:

**Board Chairperson**

**Board Member**

# Independent Auditor's Report

To the Minister 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 2020, 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, 2020, 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.

### 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. However, we have determined that there are no key audit matters to communicate in our report.

### 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.

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

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

## 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 on pages 146 to 149. 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.

Mark Daniels

**Mark Daniels Chartered Accountants**

WKK Kasongo

**Winston Kasongo AUD/F003127**
**Partner**

**March 31, 2021**
Lusaka—Zambia

## Statement of Comprehensive Income

| | Notes | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| **Revenue** | | | |
| Grant income | 4(i) | 125,420,593 | 115,422,594 |
| International traffic fees | 4(ii) | 22,683,545 | 23,188,487 |
| **Total revenue** | | **148,104,138** | **138,611,081** |
| | | | |
| **Other income** | | | |
| Sundry income | | 1,647,022 | 780,776 |
| Other grants | | 760,050 | 736,354 |
| **Total other income** | | **2,407,072** | **1,517,130** |
| | | | |
| **Financing (costs)/income** | | | |
| Net finance (costs)/income | | 5,547,346 | 1,363,791 |
| **Total net financing(costs)/income** | | **5,547,346** | **1,363,791** |
| **Total income** | | **156,058,556** | **141,492,002** |
| | | | |
| **Expenditure** | | | |
| Salaries, gratuity and other retirement benefits | 5(a) | (94,537,193) | (92,338,173) |
| Administration expenses | 5(b) | (27,799,217) | (27,571,668) |
| Operating expenses | 5(c) | (17,066,390) | (13,173,105) |
| Depreciation expense | 7 | (7,257,379) | (7,198,128) |
| **Total expenditure** | | **(146,660,179)** | **(140,281,074)** |
| | | | |
| **Surplus for the year** | | 9,398,377 | 1,210,928 |
| | | | |
| **Other comprehensive income** | | | |
| (Write off)/Surplus on defined benefit plan | 18 | (4,093,025) | 866,508 |
| **Total comprehensive income for the year** | | **5,305,352** | **2,077,436** |

The accounting policies and notes on pages 112 to 145 are an integral part of these financial statements.

## Statement of Financial Position

| | Notes | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property and equipment | 7 | 210,464,011 | 210,146,677 |
| Retirement benefit plan assets | 18 | - | 4,093,025 |
| | | **210,464,011** | **214,239,702** |
| | | | |
| **Current Assets** | | | |
| Inventory | 8 | 821,493 | 535,121 |
| International traffic fee receivables | 9 | 4,932,211 | 3,556,372 |
| Other receivables and prepaid expenses | 10 | 4,422,365 | 2,197,539 |
| Amounts due from related parties | 16(iii) | 163,045 | 86,190 |
| Investments at amortised cost | 11 | 3,094,309 | - |
| Cash and bank balances | 12 | 21,532,155 | 14,141,113 |
| | | **34,965,578** | **20,516,335** |
| | | | |
| **Total Assets** | | **245,429,589** | **234,756,037** |
| Accumulated Funds and Liabilities | | | |
| **Accumulated funds** | | **61,760,988** | **56,455,636** |
| | | | |
| **Non-Current Liabilities** | | | |
| Gratuity benefits | 14 | 3,622,589 | 3,916,560 |
| Capital grant | 19 | 146,147,958 | 145,194,245 |
| **Total-Non-Current Liabilities** | | **149,770,547** | **149,110,805** |
| | | | |
| **Current Liabilities** | | | |
| Amounts due to related parties | 16(ii) | 8,817 | 10,835 |
| Sundry payables and accrued expenses | 13 | 26,726,582 | 21,010,134 |
| Gratuity benefits | 14 | 7,162,655 | 8,168,627 |
| **Total Current Liabilities** | | **33,898,054** | **29,189,596** |
| | | | |
| **Total Accumulated Funds and Liabilities** | | **245,429,589** | **234,756,037** |

The financial statements set out on pages 102 to 145, which have been prepared on a going concern basis, were approved on **March 31, 2021**, and were signed by:

**Board Chairperson** **Board Member**

The accounting policies and notes on pages 112 to 145 are an integral part of these financial statements.

## Statement of Changes in Accumulated Funds

| | Accumulated Funds ZMW |
|---|---|
| | |
| **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** |
| | |
| **Balance as at 1 January 2020** | 56,455,636 |
| Excess of income over expenditure for the year | 9,398,377 |
| Surplus on defined benefit plan assets | (4,093,025) |
| **At 31 December 2020** | **61,760,988** |

### Accumulated funds

The accumulated funds represent retained surplus for the current year and balances brought forward from previous years.

The accounting policies and notes on pages 112 to 145 are an integral part of these financial statements.

## Statement of Cash flows

| | Notes | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Excess of income over expenditure/(expenditure over income) | | 9,398,377 | 1,210,928 |
| | | | |
| **Adjustments** | | | |
| Depreciation expense | 7 | 7,257,379 | 7,198,128 |
| (Profit)/Loss on disposal of fixed assets | | 664,201 | (1,000) |
| Interest received | | (2,953,739) | (1,152,634) |
| Amortisation of pension asset | 18 | - | 3,579,374 |
| | | | |
| **Operating cash flows before movements in working capital** | | **14,366,219** | **10,834,796** |
| | | | |
| **Movements in working capital** | | | |
| Increase in inventory | | (286,372) | (2,492) |
| Increase in traffic fee receivables | | (1,375,839) | (935,834) |
| (Increase)/decrease in other receivables | | (2,224,826) | 1,714,661 |
| (Increase)/decrease in amounts due from related parties | | (76,855) | 839,679 |
| Increase in held to maturity investments | | (3,094,309) | - |
| Increase in sundry payables | | 5,716,448 | 4,568,069 |
| Decrease in gratuity benefits | | (1,299,943) | (890,129) |
| Decrease in amounts due to related parties | | (2,018) | (246,783) |
| **Net cash out flows from operating activities** | | **11,722,505** | **15,881,967** |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from disposal of fixed assets | | 427,341 | 1,000 |
| Expenditure on property and equipment | 7 | (8,666,255) | (36,438,681) |
| **Net cash out flows from investing activities** | | **(8,238,914)** | **(36,437,681)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Capital grant – Deferred income | 19 | 953,713 | 32,628,164 |
| Interest received | | 2,953,739 | 1,152,635 |
| **Net cash from financing activities** | | **3,907,452** | **33,780,799** |
| | | | |
| **Increase in cash and cash equivalents** | | 7,391,042 | 13,225,085 |
| Cash at the beginning of the year | | 14,141,113 | 916,028 |
| **Cash and cash equivalents at end of the year** | 12 | **21,532,155** | **14,141,113** |

The accounting policies and notes on pages 112 to 145 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.

### 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 17.

### 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.

## 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% |

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.

### 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 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.

**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.

### 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 In-come unless they are part of an effective hedge accounting relation-ship. |
| **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 recog-nised 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 in-come 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.

### 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.

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.

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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.

### 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.

### (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.

**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, 2020.

| Title | Key requirements | Effective date* |
|---|---|---|
| Definition of Material – Amendments to IAS 1 and IAS 8 | The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.<br><br>In particular, the amendments clarify:<br><br>that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and then an entity assesses materiality in the context of the financial statements as a whole, and<br><br>the meaning of 'primary users of general purpose financial statements to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors that must rely on general purpose financial statements for much of the financial information they need. | 1 January 2020 |
| Definition of a Business – Amendments to IFRS 3 | The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions. | 1 January 2020<br><br>The amend-ment has no impact on the Authority. |
| Interest Rate Benchmark Reform – Amendments to IFRS7, IFRS 9 and IAS 39 | The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:<br>• increasing the prominence of stewardship in the objective of financial re-porting<br>• reinstating prudence as a component of neutrality<br>• defining a reporting entity, which may be a legal entity, or a portion of an entity<br>• revising the definitions of an asset and a liability<br>• removing the probability threshold for recognition and adding guidance on derecognition<br>• adding guidance on different measurement basis, and<br>• stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.<br><br>No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework. | 1 January 2020 |

### 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* |
|---|---|---|
| IFRS 17 Insurance Contracts | IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:<br>• discounted probability-weighted cash flows<br>• an explicit risk adjustment, and<br>• a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue other the coverage period.<br><br>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.<br><br>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.<br><br>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.<br><br>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. | 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020 |
| COVID - 19-related Rent Concessions-Amendments to IFRS 16 | As a result of the COVID - 19 pandemic, rent concessions have been granted to lessees granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides les-sees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will re-sult in accounting for the concessions as variable lease payments in the peri-od in which they are granted.<br>Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, in-formation about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. | 1 June 2020 |

| | | |
|---|---|---|
| Classification of Liabilities as Current or Non-Current-Amendments to IAS 1 | The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.<br><br>The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.<br><br>They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.<br>In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023. | 1 January 2022 (possibly deferred to 1 January 2023) |
| Property, plant and Equipment: Proceeds before intended use – Amendments to IAS 16 | The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.<br>Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. | 1 January 2022 |
| Property, plant and Equipment: Proceeds before intended use – Amendments to IAS 16 | The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.<br><br>Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. | 1 January 2022 |
| Reference to the Conceptual Framework – Amendments to IFRS 3 | Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be amendments and also confirm that contingent assets should not be recognised at the acquisition date | 1 January 2022 |
| Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 | The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. | 1 January 2022 |

| | | |
|---|---|---|
| Annual Improvements to IFRS Standards 2018-2020 | The following improvements were finalised in May 2020:<br>IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.<br>IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.<br>IFRS 1 First-time Adoption of International Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.<br>IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. | 1 January 2022 |
| Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 | The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.<br><br>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).<br><br>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture.<br><br>The amendments apply** In December 2015 the IASB decided to defer the application date of prospectively. ** In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method. | n/a** |

### 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.

### 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

### 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 ZMW 344,414,631 (2019: ZMW 199,137,515), and remitted a total of ZMW 344,414,631 (2019: ZMW 199,137,515) 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 ZMW 80,412,668 (2019: ZMW 118,293,195), 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 3 US cents is remitted to Government.

### 5. Expenditure

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| (a) Salaries, gratuity and other retirement benefits | | |
| Salaries | 78,679,516 | 75,027,516 |
| Gratuity and other terminal expenses | 8,726,239 | 10,081,350 |
| Social tour and holiday allowance | 6,774,865 | 6,109,771 |
| Other | 356,573 | 1,119,536 |
| | 94,537,193 | 92,338,173 |
| | | |
| (b) Administrative expenses | | |
| Board expenses | 61,525 | 3,081,200 |
| Medical expenses | 1,972,445 | 1,723,404 |
| International meetings and conferences | 1,263,461 | 3,133,830 |
| Other | 24,501,786 | 19,633,234 |
| | 27,799,217 | 27,571,668 |
| | | |
| (c) Operating expenses | | |
| Service maintenance agreements | 1,966,468 | 1,057,026 |
| System operating expenses | 9,085,979 | 8,488,815 |
| Other | 6,013,943 | 3,627,264 |
| | 17,066,390 | 13,173,105 |

## 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 | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW |
| At 1 January 2019 | 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 |
| | | | | | | | |
| Additions | 396,944 | 1,291,839 | - | 6,416,944 | 542,272 | 18,257 | 8,666,255 |
| Disposals | - | (72,096) | - | (3,842,288) | - | - | (3,914,384) |
| Transfers | - | - | - | - | - | - | - |
| **At 31 December 2020** | **55,065,141** | **26,687,430** | **45,308,102** | **24,694,716** | **4,185,709** | **147,023,138** | **302,964,236** |
| **Depreciation** | | | | | | | |
| At 1 January 2019 | 4,396,719 | 20,542,789 | 36,914,976 | 17,030,106 | 2,403,820 | - | 81,288,410 |
| Charge for the year | 945,181 | 1,882,271 | 2,450,921 | 1,651,902 | 267,853 | - | 7,198,128 |
| **Disposals** | - | (420,849) | - | - | - | - | (420,849) |
| At 31 December 2019 | 5,341,900 | 22,004,211 | 39,365,897 | 18,682,008 | 2,671,673 | - | 88,065,689 |
| | | | | | | | |
| Charge for the year | 1,096,976 | 1,677,627 | 2,450,921 | 1,681,118 | 350,737 | - | 7,257,379 |
| Disposals | - | (72,096) | - | (2,750,746) | - | - | (2,822,842) |
| **At 31 December 2020** | **6,438,876** | **23,609,741** | **41,816,818** | **17,612,380** | **3,022,410** | **-** | **92,500,226** |
| **Carrying amount** | | | | | | | |
| **At 31 December 2020** | **48,626,265** | **3,077,689** | **3,491,284** | **7,082,336** | **1,163,299** | **147,023,138** | **210,464,011** |
| At 31 December 2019 | 49,326,297 | 3,463,477 | 5,942,205 | 3,438,052 | 971,764 | 147,004,881 | 210,146,677 |

The cost of fully depreciated assets at 31 December 2020 was ZMW 59,780,976 (2019: ZMW 58,547,731).

Leasehold land and buildings includes a portion of land that is occupied by Infratel. The portion of land is yet to be removed from the financial statements pending transfer of the property.

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| | | |
| **8. Inventory** | | |
| Office stationery | 821,493 | 535,121 |
| | 821,493 | 535,121 |
| | | |
| **9. International traffic fee receivables (Note i)** | | |
| International traffic fees | 3,556,372 | 2,620,538 |
| Impairment provision | - | - |
| Write back of impairment provision | - | 499,150 |
| Current year invoices | 22,683,545 | 23,195,395 |
| Receipts | (22,582,713) | (23,053,764) |
| Exchange difference | 1,275,007 | 295,053 |
| | 4,932,211 | 3,556,372 |
| | | |
| 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 |
| Bad debts recovered | - | (499,150) |
| International traffic fees impairment provision | - | - |
| **Balance at 31 December** | - | - |

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.

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **10. Other receivables and prepaid expenses** | | |
| Receivables from employees (note below) | 1,428,709 | 1,572,168 |
| Other staff receivables | 35,810 | 14,572 |
| | 1,464,519 | 1,586,740 |
| Prepayments | 3,365,978 | 1,024,951 |
| Sundry receivables | 1,789,675 | 2,109,824 |
| **Sub-total** | 6,620,172 | 4,721,515 |
| Impairment provision | (2,197,807) | (2,523,976) |
| **Total** | 4,422,365 | 2,197,539 |
| | | |
| Movement in impairment provision | | |
| At beginning of the year | 2,523,976 | 2,674,462 |
| Charge/adjustment for the year | - | (36,786) |
| Recoveries made during the year | (326,169) | (113,700) |
| At 31 December | 2,197,807 | 2,523,976 |
| | | |
| **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 | 741,713 | 714,255 |
| Unexpired benefits to employees | 371,667 | 434,546 |
| | **1,113,380** | **1,148,801** |
| | | |
| Interest income on receivables in income and expenditure from employees is as follows: | | |
| | | |
| Interest income at market rate | | |
| Expired benefits provided by the employer | 166,886 | 162,237 |
| Interest on employee receivables in income and expenditure | (127,943) | (118,533) |
| | **38,943** | **43,704** |

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **11. Investments at amortised cost** | | |
| Fixed term deposits with a maturity of less than 90 days | 14,345,993 | 8,347,078 |
| Fixed term deposits with a maturity of more than 90 days | 3,094,309 | - |
| | **17,440,302** | **8,347,078** |
| | | |
| The fixed term deposits are held with the following financial institutions: | | |
| • Absa | 5,312,229 | - |
| • Atlas Mara Bank | - | 4,283,955 |
| • Investrust | 3,387,300 | - |
| • ZICB | 4,705,485 | - |
| • Zambia National Commercial Bank Plc | 4,035,288 | 4,063,123 |
| | 17,440,302 | 8,347,078 |
| | | |
| Less: disclosed in the Statement of Financial Position as cash and bank balances (Note 12) | (14,345,993) | (8,347,078) |
| **Disclosed as investments held at amortized cost** | **3,094,309** | **-** |
| | | |
| **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 | 7,186,162 | 5,794,035 |
| Fixed term investments classified under cash equivalents (Note 11) | 14,345,993 | 8,347,078 |
| **At 31 December** | **21,532,155** | **14,141,113** |

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **13. Sundry payables and accrued expenses** | | |
| Leave pay | 2,514,074 | 2,386,654 |
| PAYE | 4,235,858 | 4,016,154 |
| Pension contributions | - | 22,985 |
| Trade creditors | 3,316,317 | 4,151,958 |
| Audit fees provision | 44,080 | 65,000 |
| Provisions for legal and professional charges (note (a) below) | 324,447 | 324,447 |
| Other payables | 16,291,806 | 10,042,936 |
| Provisions for legal and professional charges (note (a) below) | 324,447 | 324,447 |
| Other payables | 16,291,806 | 10,042,936 |
| | **26,726,582** | **21,010,134** |
| | | |
| **Note (a)** | | |
| Provisions for legal and professional charges | | |
| At 1 January | 324,447 | 655,414 |
| Provisions utilised in the year | - | (330,967) |
| **At 31 December** | **324,447** | **324,447** |
| | | |
| Current | 324,447 | 324,447 |
| Non-Current | - | - |
| | 324,447 | 324,447 |
| | | |
| 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. | | |
| | | |
| **14. Gratuity benefits** | | |
| At beginning of year | 12,085,187 | 12,975,316 |
| Charge for the year | 8,574,011 | 9,966,036 |
| Payments during the year | (10,026,184) | (10,971,478) |
| Fair value adjustment | 152,230 | 115,313 |
| **At 31 December** | **10,785,244** | **12,085,187** |
| | | |
| Non-current portion | 3,622,589 | 3,916,560 |
| Current portion | 7,162,655 | 8,168,627 |
| | **10,785,244** | **12,085,187** |

| | | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| **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 (2019: 0%). | | | |
| | | | |
| **Categories of financial instruments** | | | |
| | | | |
| Financial assets | | | |
| | **Notes** | | |
| Investments at amortised cost | 11 | 3,094,309 | |
| Cash and bank balances | 12 | 21,532,155 | 14,141,113 |
| Receivables from employees | 10 | 1,464,519 | 1,586,740 |
| Prepayments | 10 | 3,365,978 | 1,024,951 |
| **International traffic fees receivable** | 9 | 4,932,211 | 3,556,372 |
| Amounts due from related parties | 16(iii) | 163,045 | 86,190 |
| Sundry receivables | 10 | 1,789,675 | 2,109,824 |
| | | **36,341,892** | **22,505,190** |
| Financial liabilities | | | |
| Gratuity benefits | 14 | 10,785,244 | 12,085,187 |
| PAYE | 13 | 4,235,858 | 4,016,154 |
| Pension contributions | 13 | - | 22,985 |
| Leave pay | 13 | 2,514,074 | 2,386,654 |
| Trade creditors | 13 | 3,316,317 | 4,151,958 |
| Audit fees provision | 13 | 44,080 | 65,000 |
| Provisions for legal and professional charges | 13 | 324,447 | 324,447 |
| Other payables | 13 | 16,291,806 | 10,042,936 |
| Amounts due to related parties | 16(ii) | 8,817 | 10,835 |
| | | **37,520,643** | **33,106,156** |

### 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:

| | | | 2020 | 2019 |
|---|---|---|---|---|
| Currency | Asset/liabilities | | ZMW | ZMW |
| US Dollars | Trade creditors | | 726,984 | 105,013 |
| US Dollars | Bank balances | | 4,055,085 | 4,055,616 |
| US Dollars | Receivables | | 4,932,211 | 3,556,372 |
| | | | | |
| 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 2020 | Mid-market exchange rates as at 31 Dec 2019 | Average currency depreciation during the year |
| US Dollars | | 21.35 | 13.95 | 53.04% |

At 31 December 2020, 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 ZMW 160,411 (31 December 2019: ZMW 750,698.)

### 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 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:

| | | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| | Note | | |
| International traffic fees | 9 | 4,932,211 | 3,556,372 |
| Other receivables and prepaid expenses | 10 | 4,422,365 | 2,197,539 |
| Amounts due from related parties | 16 (iii) | 163,045 | 86,190 |
| **Sub Total** | | 9,517,621 | 5,840,101 |
| | | | |
| Cash and bank balances | 12 | 21,532,155 | 14,141,114 |
| Held to maturity investments | 11 | 3,094,309 | - |
| **Sub Total** | | **24,626,464** | **14,141,114** |
| | | | |
| | | **34,144,085** | **19,981,215** |

### Ageing of receivables

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 ZMW 50, 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.

### 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.

| | Notes | 1 to 3 months | 3 months to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|
| **31 December 2020** | | ZMW | ZMW | ZMW | ZMW |
| **Liabilities** | | | | | |
| Trade creditors | 13 | - | 3,316,317 | - | 3,316,317 |
| Leave pay | 13 | - | 2,514,074 | - | 2,514,074 |
| Other payables | 13 | - | 16,291,806 | - | 16,291,806 |
| PAYE | 13 | - | 4,235,858 | - | 4,235,858 |
| Audit fees provision | 13 | - | 44,080 | - | 44,080 |
| Provisions for legal and professional charges | 13 | - | 324,447 | - | 324,447 |
| Gratuity benefits | 14 | - | 7,162,655 | 3,622,589 | 10,785,244 |
| Amounts due to related parties | 16(ii) | - | 8,817 | - | 8,817 |
| | | **-** | **33,898,054** | **3,622,589** | **37,520,643** |
| **31 December 2020** | | | | | |
| **Assets** | | | | | |
| International traffic fees | 9 | - | 4,932,211 | - | 4,932,211 |
| Receivables from employees | 10 | - | 1,464,519 | - | 1,464,519 |
| Prepayments | 10 | - | 3,365,978 | - | 3,365,978 |
| Sundry receivables | 10 | - | 1,789,675 | - | 1,789,675 |
| Cash and bank balances | 12 | - | 21,532,155 | - | 21,532,155 |
| Investments held at amortised cost | 11 | - | 3,094,309 | - | 3,094,309 |
| Amounts due from related parties | 16(iii) | - | 163,045 | - | 163,045 |
| | | **-** | **36,341,892** | **-** | **36,341,892** |

| | Notes | 1 to 3 months | 3 months to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|
| **31 December 2019** | | ZMW | ZMW | ZMW | ZMW |
| **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 |
| PAYE | 13 | - | 4,016,154 | - | 4,016,154 |
| Pension contributions | 13 | - | 22,985 | - | 22,985 |
| Audit fees provision | 13 | - | 65,000 | - | 65,000 |
| Provision 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 | 16(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 | - | 1,572,168 | - | 1,572,168 |
| Other staff receivables | 10 | 14,572 | - | - | 14,572 |
| Prepayments | 10 | - | 1,024,951 | - | 1,024,951 |
| Sundry receivables | 10 | - | 2,109,824 | - | 2,109,824 |
| Cash and bank balances | 12 | - | 14,141,113 | - | 14,141,113 |
| Amounts due from related parties | 16(iii) | - | 86,190 | - | 86,190 |
| | | **14,572** | **22,490,618** | **-** | **22,505,190** |

## 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.

| | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | Note | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | ZMW | ZMW | ZMW | ZMW |
| **International traffic fee receivables** | 9 | 4,932,211 | 4,932,211 | 3,556,372 | 3,556,372 |
| Receivables from employees | 10 | 1,464,519 | 1,464,519 | 1,586,740 | 1,586,740 |
| Prepayments | 10 | 3,365,978 | 3,365,978 | 1,024,951 | 1,024,951 |
| Sundry receivables | 10 | 1,789,675 | 1,789,675 | 2,109,824 | 2,109,824 |
| Bank and cash balances | 12 | 21,532,155 | 21,532,155 | 14,141,113 | 14,141,113 |
| Investments held at amortised cost | 11 | 3,094,309 | 3,094,309 | - | - |
| Amounts due from related parties | 16(iii) | 163,045 | 163,045 | 86,190 | 86,190 |
| | | | | | |
| **Financial liabilities** | | | | | |
| Trade creditors | 13 | 3,316,317 | 3,316,317 | 4,151,958 | 4,151,958 |
| Audit fees | 13 | 44,080 | 44,080 | 65,000 | 65,000 |
| Legal provision charges | 13 | 324,447 | 324,447 | 324,447 | 324,447 |
| Other payables | 13 | 16,291,806 | 16,291,806 | 10,042,936 | 10,042,936 |
| Gratuity obligations | 14 | 10,785,244 | 10,785,244 | 12,085,187 | 12,085,187 |
| Amounts due to related parties | 16(ii) | 8,817 | 8,817 | 10,835 | 10,835 |

## 16. 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.

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **i) Transactions during the year**<br>Fees collected on behalf of and payments to Government | | |
| (a) Fees on behalf of Government (Appendix 2) | 334,414,631 | 199,137,515 |
| | | |
| (b) Payments to Government (Appendix 2) | 334,414,631 | 199,137,515 |
| 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 | 125,420,593 | 115,422,594 |
| | | |
| (d) TTMS Capital grant - Government | - | 32,628,164 |
| | | |
| **ii) Amounts due to related parties** | | |
| Universal Access Service Fund | 1,650 | - |
| Government – Central Treasury | 7,167 | 10,835 |
| | 8,817 | 10,835 |
| **iii) Amounts due from related parties** | | |
| Universal Access Service Fund | 163,045 | 86,190 |
| Government – Central Treasury | 16,369,474 | 16,369,474 |
| | 16,532,519 | 16,455,664 |
| Impairment provision | (16,369,474) | (16,369,474) |
| | 163,045 | 86,190 |

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

### 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:

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| (a) Key Management personnel compensation | 14,705,001 | 13,458,524 |
| | | |
| (b) Board members expenses | - | 3,010,200 |
| | | |
| Balances due (to)/from key members of Management were as follows: | | |
| (a) Loans due from key Management personnel | 146,158 | 326,571 |
| | | |
| (b) Gratuity and leave due to key Management personnel | 7,531,494 | 8,457,976 |

### 17. Investments in subsidiaries

| | | | | 2020 ZMW | 2019 ZMW |
|---|---|---|---|---|---|
| | Place of op-eration and incorporation | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 Decem-ber 2019 |
| | | Holding in % | Holding % | ZMW | ZMW |
| Zambia ICT College Limited | Zambia | 100 | 100 | - | - |
| | | | | - | - |

### 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.

### 18. 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.

Following the dissolution of the defined benefit scheme, the accumulated assets on the funds were to be shared between the employer and the members. The portion of the assets accruing to the employer was utilised as a contribution holiday, while the portion accruing to members will be disbursed to members. The portion accruing to the members has now been written off as the Authority has fully utilised its portion as contribution holiday, and the entirety of the balance will vest with the members.

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| Balance at beginning of year | 4,093,025 | 6,805,891 |
| Surplus on defined benefit plan assets | - | 866,508 |
| Amortisation of pension asset (contribution holiday) | - | (3,579,374) |
| Write off of defined benefit plan assets | (4,093,025) | - |
| Balance at end of year | - | 4,093,025 |

## 19. Capital grant

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| Balance at beginning of year | 145,194,245 | 112,566,081 |
| Payment received during the year | 953,713 | 32,628,164 |
| Balance at end of year | 146,147,958 | 145,194,245 |

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 2020, the Authority has paid out a total of ZMW 145,194,245 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.

## 20. Contingent liabilities

There are no known contingent liabilities as at 31 December 2020 (2019: nil)

## 21. Capital commitments

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| Authorised by the Board and contracted for | 2,322,680 | 2,984,673 |

## 22. Events after the reporting date

On January 12, 2021, the Minister of Transport & Communications, in accordance with Paragraph 1 of the First Schedule to the ICT Act No. 15 of 2009 and Statutory Instrument No. 21 of 2015 appointed a new Board.

## 23. Comparatives

Where necessary comparatives for 2019 have been reclassified in order to have meaningful comparison with the current year.

## Appendix 1 — Detailed Statement of Income and Expenditure

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **Income** | | |
| Grant income | 125,420,593 | 115,422,594 |
| International traffic fees | 22,683,545 | 23,188,487 |
| | **148,104,138** | **138,611,081** |
| | | |
| **Other income** | | |
| Sundry income | 1,647,022 | 780,776 |
| Other-grants | 760,050 | 736,354 |
| | **2,407,072** | **1,517,130** |
| **Finance costs** | | |
| Interest on bank term deposits | 2,914,796 | 1,076,251 |
| Staff loans interest | 38,943 | 70,390 |
| Exchange gains | 2,804,938 | 624,517 |
| Exchange losses | (211,331) | (413,359) |
| Bank interest | - | 5,992 |
| | **5,547,346** | **1,363,791** |
| | | |
| **Total income** | **156,058,556** | **141,492,002** |
| | | |
| **Expenditure (Refer to pages 147 to 149 for details)** | **146,660,179** | **140,281,074** |
| | | |
| **Surplus of income over expenditure** | **9,398,377** | **1,210,928** |

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **Expenditure** | | |
| Advertising expenses | 1,071,571 | 480,900 |
| Audit expenses | 44,080 | 498,879 |
| Bank charges | 219,235 | 162,331 |
| Board expenses | 61,525 | 3,081,200 |
| Business continuity program | 605,689 | - |
| Business lunches and entertainment | 37,971 | 52,446 |
| Call center expenses | 133,125 | 244,840 |
| Child online protection | 144,443 | 64,760 |
| Communications expenses | 2,202,430 | 1,619,042 |
| Computer software and network expenses | 82,134 | 60,091 |
| Consultancy services | 28,440 | - |
| Consumer awareness expenses | 350,870 | 255,048 |
| Corporate social responsibility | 193,151 | 52,687 |
| Cyber security operating expenses | 542,674 | 172,014 |
| Depreciation | 7,257,379 | 7,198,128 |
| Drafting of regulations and guidelines | 388,292 | 334,692 |
| Education and training | 165,554 | 162,318 |
| Electricity and water | 594,275 | 321,797 |
| Enforcement expenses | 42,764 | - |
| Fixed site monitoring | 309,686 | 271,674 |
| Fuel, oil and lubricants | 728,354 | 603,527 |
| Funeral expenses | 51,577 | 103,257 |
| General legal expenses | 13,831 | 7,455 |
| Girls in ICT expenses | 359,187 | 148,371 |
| Gratuity and retirement benefits | 8,726,240 | 10,081,350 |
| Hosting of workshops | 745,468 | 30,275 |
| **Balance carried forward** | 25,099,944 | 26,007,082 |

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **Expenditure *(Continued)*** | | |
| **Balance brought forward** | 25,099,944 | 26,007,082 |
| ICT Innovation & resource center | 494,965 | 376,443 |
| Insurance | 1,441,611 | 1,414,484 |
| Library expenses | 74,414 | 73,816 |
| Loss on disposal | 664,201 | 500 |
| Managed services | 368,452 | 842,000 |
| Medical expenses | 1,972,445 | 1,723,404 |
| Meetings and conferences – abroad | 1,263,461 | 3,133,830 |
| Meetings and conferences - local | 19,171 | 689,808 |
| Monitoring, compliance and inspection expenses | 1,315,134 | 739,580 |
| National ICT Survey | 54,510 | 304,210 |
| Office consumables | 422,842 | 291,396 |
| Operating expenses – CCTCD Zm Domain | 10,465 | 273,806 |
| Other staff costs | 356,573 | 1,024,863 |
| Outside services - other | 851,010 | 646,225 |
| Outside services - security | 820,787 | 803,237 |
| Postal National Addressing System | 111,400 | 11,463 |
| Postal operating expenses | 333,602 | 85,214 |
| Printing and stationery expenses | 883,684 | 585,037 |
| Project – Spectrum Reforming | 250,000 | 44,112 |
| Provincial offices expenses | 389,654 | 193,661 |
| Publicity and promotional expenses | 660,750 | 429,881 |
| Quality of service monitoring expenses | 1,232,101 | 757,342 |
| Recruitment expenses | 45,136 | 94,673 |
| Rent and rates | 82,318 | 50,828 |
| Repairs and maintenance | 2,316,594 | 1,438,938 |
| Repatriation and relocation expenses | 2,077 | 33,382 |
| Research and development | 13,616 | 141,350 |
| RUFEP project | 33,541 | - |
| Salaries and wages | 78,679,516 | 75,027,516 |
| Seminars and workshops - local | 34,161 | 24,786 |
| Balance carried forward | 120,298,135 | 117,262,367 |

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **Expenditure *(Continued)*** | | |
| **Balance brought forward** | 120,298,135 | 117,262,367 |
| Service maintenance agreement | 3,206,209 | 1,553,974 |
| Social tour and holiday allowances | 6,774,865 | 6,109,771 |
| Staff welfare | 827,504 | 308,258 |
| Stakeholders engagement expenses | 250,334 | 58,391 |
| Stamps and postages expenses | 63,804 | 165,674 |
| Standardisation expenses | 145,358 | 10,500 |
| Subscriptions | 4,294,122 | 4,985,986 |
| Subsistence and travel expenses | 288,198 | 59,450 |
| System operating expenses | 9,085,979 | 8,488,815 |
| Tender and evaluations expenses | 754,859 | 324,132 |
| Trade shows and exhibitions | - | 784,291 |
| Travelling expenses | 485,280 | 78,670 |
| Uniform and protective clothing | 127,638 | 47,818 |
| World Consumer rights day expenses | 57,895 | 42,977 |
| **Total expenditure** | **146,660,179** | **140,281,074** |

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

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **Nature of funds collected on behalf of Government** | | |
| Annual operating fees | 88,464,781 | 70,830,824 |
| Radio license fees | 191,142,895 | 78,331,940 |
| International traffic fees | 11,547,438 | 12,326,862 |
| Numbering fees | 22,404,337 | 20,920,337 |
| Sundry income | 8,669,685 | 4,958,445 |
| Type approval fees | 4,815,824 | 3,737,101 |
| Initial licensing fees | 7,369,671 | 8,032,006 |
| **Total funds collected** | **334,414,631** | **199,137,515** |
| Remittance to Government | 334,414,631 | 199,137,515 |
| **Funds (retained)/remitted to Government from prior year collection** | - | - |

## Appendix 3 — Fees owing to Government by Zamtel

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **Nature of fees owed by Zamtel** | | |
| Annual operating fees | 50,547,203 | 62,738,068 |
| Spectrum fees | 22,303,465 | 48,443,127 |
| Penalty fees (Quality of Service) | 7,562,000 | 7,112,000 |
| **Total fees receivable** | 80,412,668 | 118,293,195 |

ZICTA

# Financial Statements

Universal Access and Service Fund

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## 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. elect 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, Mark Daniels Chartered Accountants, have audited the financial statements and their report is shown on pages 153 to 154.

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 and a new Board appointed on 12 January 2021.

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 2020 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 156 to 182 were approved on **March 26, 2021,** and were signed by:

**Board Chairperson**

**Board Member**

## Independent Auditor's Report

To the Minister 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 2020, 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, 2020, 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 2.9 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.

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 Information set out at Appendices 4 and 5 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).

Mark Daniels

**Mark Daniels Chartered Accountants**

WKK Kasongo

**Winston Kasongo AUD/F003127**
**Partner**

**March 31, 2021**
Lusaka—Zambia

## Statement of Comprehensive Income

| | Notes | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| **Income** | | | |
| Universal Access contributions | 3 | 74,230,414 | 68,925,846 |
| | | 74,230,414 | 68,925,846 |
| | | | |
| **Other income** | | | |
| Interest income | | 5,896,869 | 5,577,495 |
| Total other income | | **5,896,869** | **5,577,495** |
| | | | |
| **Net financing income/(costs)** | | | |
| Exchange gain | | 1,197,284 | 668,855 |
| Exchange loss | | (4,347,955) | (2,158,049) |
| **Total net financing costs** | | **(3,150,671)** | **(1,489,194)** |
| | | | |
| Operating income after net financing income/(costs) | | **76,976,612** | **73,014,147** |
| | | | |
| **Expenditure** | | | |
| Operating expenses | | (44,991,629) | (78,386,807) |
| Administrative expenses | | (1,956,458) | (1,619,230) |
| Depreciation | 4 | (11,809,415) | (1,619,230) |
| | | **(58,757,501)** | **(93,162,979)** |
| (Excess of expenditure over income)/Surplus of income over expenditure for the year | | 18,219,111 | (20,148,832) |
| | | | |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **18,219,111** | **(20,148,832)** |

The accounting policies and notes on pages 160 to 182 are an integral part of these financial statements.

## Statement of Financial Position

| | Notes | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property and equipment | 4 | 98,202,223 | 106,678,295 |
| | | **98,202,223** | **106,678,295** |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | 5 | 81,912 | 4,279 |
| Amounts due from related parties | 6 | 71,471,999 | 75,471,999 |
| Investments at amortised cost | 7 | - | - |
| Cash and bank balances | 8 | 34,505,458 | 15,247,060 |
| | | **106,059,369** | **90,723,338** |
| **Total assets** | | **204,261,592** | **197,401,633** |
| | | | |
| **Accumulated fund and liabilities** | | | |
| **Accumulated fund** | | **199,424,730** | **181,205,619** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 4,691,172 | 16,196,014 |
| Amounts due to related parties | | 145,690 | - |
| | 9 | **4,836,862** | **16,196,014** |
| | 12 | | |
| **Total accumulated fund and liabilities** | | **204,261,592** | **197,401,633** |

The financial statements set out on pages 156 to 182, were approved and authorised for issued on 24 April, 2021, and were signed by:

The accounting policies and notes on pages 160 to 182 are an integral part of these financial statements.

**Board Chairman**

**Chief Executive Officer**

## Statement of Changes in Accumulated Fund

| | Accumulated fund |
|---|---|
| | ZMW |
| Balance at 1 January 2019 | 201,354,451 |
| Deficit for the year | (20,148,832) |
| **Balance at 31 December 2019** | **181,205,619** |
| | |
| Balance at 1 January 2020 | 181,205,619 |
| Surplus for the year | 18,219,111 |
| **Balance at 31 December 2020** | **199,424,730** |

The Accumulated Fund represents retained surplus or deficit for the current year and other movements in the Fund arising other than out of income and expenditure.

The accounting policies and notes on pages 160 to 182 are an integral part of these financial statements.

## Statement of Cash flows

| | Notes | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| | | | |
| **Cash flows from operating activities** | | | |
| Surplus /(Deficit) for the year | | 18,219,111 | (20,148,832) |
| | | | |
| **Adjustments** | | | |
| Interest income on bank term deposits and bank interests | | (5,896,869) | (5,577,495) |
| Depreciation | 4 | 11,809,415 | 13,156,942 |
| Adjustment in WIP | | 435,191 | - |
| | | | |
| **Operating cash flows before movements in working capital** | | 24,566,848 | (12,569,385) |
| | | | |
| **Movements in working capital** | | | |
| (Increase)/ decrease in trade and other receivables | | (77,633) | 2,849,485 |
| (Decrease) /increase in trade and other payables | | (11,504,842) | 992,506 |
| Decrease /(Increase) in amounts due from related parties | | 4,000,000 | (26,662,305) |
| Decrease in held to maturity investments | | - | 47,990,852 |
| Decrease in amounts due to related parties | | 145,690 | - |
| **Net cash outflow used in operating activities** | | 17,130,063 | 12,601,153 |
| | | | |
| **Cash flow from investing activities** | | | |
| Expenditure on property and equipment | 4 | (3,768,534) | (10,084,210) |
| | | | |
| **Net cash out flow from investing activities** | | (3,768,534) | (10,084,210) |
| | | | |
| **Cash flows from financing activities and funds** | | | |
| Interest received | | 5,896,869 | 5,577,495 |
| | | | |
| **Net cash from financing activities** | | 5,896,869 | 5,577,495 |
| | | | |
| Net Increase in cash and cash equivalents | | 19,258,398 | 8,094,438 |
| Cash at the beginning of the year | | 15,247,060 | 7,152,622 |
| | | | |
| **Cash and cash equivalents at end of the year** | **8** | **34,505,458** | **15,247,060** |

The accounting policies and notes on pages 160 to 182 are an integral part of these financial statements.

## Notes to the Financial Statements

### 1. The Universal Access and Service Fund

Setction 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 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.

### 2.4. 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 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 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 terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new 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 (ZMW).

#### 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, 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 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.

**Critical judgments in applying accounting policies**

**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. 9 Application of new and revised International Financial Reporting Standards (IFRSs)**

**2.9.1 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 1 January 2020.

| Title | Key requirements | Effective date* |
|---|---|---|
| Definition of Material – Amendments to IAS 1 and IAS 8 | The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.<br><br>In particular, the amendments clarify:<br><br>• that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and then an entity assesses materiality in the context of the financial statements as a whole, and<br>• the meaning of 'primary users of general purpose financial statements to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors that must rely on general purpose financial statements for much of the financial information they need. | 1 January 2020 |
| Definition of a Business – Amendments to IFRS 3 | The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions. | 1 January 2020 |
| Interest Rate Benchmark Reform – Amendments to IFRS7, IFRS 9 and IAS 39 | The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement interest rate benchmark reforms.<br>The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate.<br>However, any hedge ineffectiveness should continue to be recorded in the income statement.<br>Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. | 1 January 2020<br>The amendment has no impact on the Authority. |

| | | |
|---|---|---|
| Revised Conceptual Framework for Financial Reporting | The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:<br><br>• increasing the prominence of stewardship in the objective of financial reporting<br>• reinstating prudence as a component of neutrality<br>• defining a reporting entity, which may be a legal entity, or a portion of an entity<br>• revising the definitions of an asset and a liability<br>• removing the probability threshold for recognition and adding guidance on derecognition<br>• adding guidance on different measurement basis, and<br>• stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.<br><br>No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020.<br><br>These entities will need to consider whether their accounting policies are still appropriate under the revised Framework. | 1 January 2020 |
| Interest Rate Benchmark Reform – Amendments to IFRS7, IFRS 9 and IAS 39 | The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement interest rate benchmark reforms.<br><br>The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate.<br><br>However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. | 1 January 2020<br>The amendment has no impact on the Authority. |

| | | |
|---|---|---|
| Revised Conceptual Framework for Financial Reporting | The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:<br><br>• increasing the prominence of stewardship in the objective of financial reporting<br>• reinstating prudence as a component of neutrality<br>• defining a reporting entity, which may be a legal entity, or a portion of an entity<br>• revising the definitions of an asset and a liability<br>• removing the probability threshold for recognition and adding guidance on derecognition<br>• adding guidance on different measurement basis, and<br>• stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.<br><br>No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework. | 1 January 2020 |

### 2.9.2 New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Fund 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 Fund in future periods, except where indicated:

| Title | Key requirements | Effective date* |
|---|---|---|
| IFRS 17 Insurance Contracts | IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:<br><br>• discounted probability-weighted cash flows<br>• an explicit risk adjustment, and<br>• a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue other the coverage period.<br><br>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.<br><br>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.<br><br>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. | 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020 |
| COVID - 19-related Rent Concessions-Amendments to IFRS 16 | As a result of the COVID - 19 pandemic, rent concessions have been granted to lessees granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.<br>Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. | 1 June 2020 |

| | | |
|---|---|---|
| Classification of Liabilities as Current or Non-Current-Amendments to IAS 1 | The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.<br><br>The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.<br><br>They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.<br><br>In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023. | 1 January 2022 (possibly deferred to 1 January 2023) |
| Property, plant and Equipment: Proceeds before intended use – Amendments to IAS 16 | The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.<br><br>Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. | 1 January 2022 |
| Reference to the Conceptual Framework – Amendments to IFRS 3 | Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be amendments also confirm that contingent assets should not be recognised at the acquisition date | 1 January 2022 |
| Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 | The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. | 1 January 2022 |

| | | |
|---|---|---|
| Annual Improvements to IFRS Standards 2018-2020 | The following improvements were finalised in May 2020:<br><br>• IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.<br>• IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.<br>• IFRS 1 First-time Adoption of International Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.<br>• IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. | 1 January 2022 |
| Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 | The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.<br><br>The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non- monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).<br><br>Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply** In December 2015 the IASB decided to defer the application date of prospectively. ** In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method. | n/a** |

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **3. Income** | | |
| Annual operating fees network-Network Services | 4,859,320 | 3,730,160 |
| Annual operating fees service-Mobile Cellular | 59,435,243 | 54,308,620 |
| Annual operating fees service-Internet | 4,506,909 | 5,916,066 |
| Annual operating fees service-other | 5,428,942 | 4,971,000 |
| | **74,230,414** | **68,925,846** |

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 ZMW 62,812,098 (2019: ZMW 62,738,068), as shown in Appendix 5.

## 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** | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW |
| At 1 January 2020 | 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 | 160,012,168 |
| Additions | 1,880,840 | 273,256 | - | - | - | - | - | - | - | - | 1,614,438 | 3,768,534 |
| Adjustments (expensed) | - | - | - | - | - | - | - | - | - | - | (435,191) | (435,191) |
| Assets write off | - | - | - | - | - | - | - | - | - | **(1,252,402)** | - | **(1,252,402)** |
| Transfers | - | - | 4,236,777 | 1,026,182 | 4,313,442 | 6,830,905 | 122,010 | 11,272,553 | 2,637,431 | 988,150 | (31,427,450) | - |
| **At 31 December 2020** | **3,686,403** | **409,541** | **11,250,693** | **18,596,849** | **12,232,758** | **25,173,973** | **2,155,807** | **51,008,843** | **19,355,369** | **16,768,415** | **1,454,458** | **162,093,109** |
| | | | | | | | | | | | | |
| **Depreciation** | | | | | | | | | | | | |
| At 1 January 2020 | 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 |
| Charge for the year | 490,575 | 79,439 | 1,385,801 | 3,565,442 | 1,150,366 | 2,252,247 | 162,186 | 1,702,177 | 695,092 | 326,090 | - | 11,809,415 |
| Asset write off | - | - | - | - | - | - | - | - | - | (1,252,402) | - | (1,252,402) |
| **At 31 December 2020** | **1,107,645** | **93,067** | **4,667,519** | **17,131,057** | **4,342,123** | **9,633,903** | **710,454** | **6,966,773** | **3,131,990** | **16,106,355** | **-** | **63,890,886** |
| | | | | | | | | | | | | |
| **Carrying amount** | | | | | | | | | | | | |
| **At 31 December 2020** | **2,578,758** | **316,474** | **6,583,174** | **1,465,792** | **7,890,635** | **15,540,070** | **1,445,353** | **44,042,070** | **16,223,379** | **662,060** | **1,454,458** | **98,202,223** |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| **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** |

The Capital work in progress represents telecommunication tower equipment yet to be installed.

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

| | Motor Vehicles | Office Equipment | VSAT HUB | GSM | VSAT | Power-Solar | Power Grid | Tower Masts | Fence | Batteries | Capital work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW | ZMW |
| At 1 January 2019 | 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 | 149,927,958 |
| Additions | - | 136,285 | - | - | - | - | - | - | - | - | 9,947,925 | 10,084,210 |
| 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 2019** | 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 | 160,012,168 |
| | | | | | | | | | | | | |
| **Depreciation** | | | | | | | | | | | | |
| At 1 January 2019 | 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 2019** | **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** |

| | Notes | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| **5. Trade and other receivables** | | | |
| Prepayment | | 59,849 | 3,000 |
| Sundry receivables | | 22,063 | 1,279 |
| | | 81,912 | 4,279 |
| | | | |
| **6. Amounts due from related parties** | | | |
| Government – Central Treasury (TTMS) | 12 | 61,542,499 | 65,542,499 |
| Government - Ministry of Transport and Communications | | 9,929,500 | 9,929,500 |
| | | 71,471,999 | 75,471,999 |
| | | | |
| **7. Investments at amortised cost** | | | |
| 90 days fixed term deposits | | 33,853,635 | 13,042,079 |
| 180 Days fixed term deposits | | - | - |
| | | 33,853,635 | 13,042,079 |
| The fixed term deposits are held with the following financial institutions: | | | |
| Investrust Bank Plc | | 3,232,404 | - |
| Zambia National Commercial Bank Plc | | - | 13,042,079 |
| Atlas Mara Bank | | 20,489,073 | - |
| Zambia Industrial Commercial Bank | | 10,132,158 | - |
| Less: disclosed in the statement of financial position as cash and bank | | (33,853,635) | (13,042,079) |
| | | - | - |
| Disclosed as investments at amortised cost | | - | - |
| | | | |
| **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 | | 651,823 | 2,204,981 |
| Fixed term investments classified under cash equivalents | 8 | 33,853,635 | 13,042,079 |
| | | **34,505,458** | **15,247,060** |

| | Notes | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| **9. Trade and other payables** | | | |
| Trade payables | | 4,044,426 | 11,963,695 |
| Audit fees | | 31,320 | 68,750 |
| Accrued expenses | | 615,426 | 4,163,569 |
| | | 4,691,172 | 16,196,014 |
| | | | |
| **10. Financial instruments** | | | |
| | | | |
| Held to maturity investments | 7 | - | - |
| Cash and bank balances | 8 | 34,505,458 | 15,247,060 |
| | | | |
| | | **34,505,458** | **15,247,060** |

## 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.

| | | | 2020 ZMW | 2019 ZMW |
|---|---|---|---|---|
| **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 | | 485,643 | 5,899,829 |
| US Dollars | Held to maturity investments | | 2,717,758 | - |
| US Dollars | Bank balances | | 10,485 | 19,388 |
| | | | | |
| 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 2020 | Mid-market exchange rates 2019 | Average currency depreciation during the year |
| US Dollars | | 21.35 | 13.95 | 53% |

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 ZMW224,260 (2019: ZMW588,044).

**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 | 2020 ZMW | 2019 ZMW |
|---|---|---|---|
| The Fund's maximum exposure to credit risk is analysed below: | | | |
| Investments at amortised cost | 7 | - | - |
| Trade and other receivables | 5 | 81,912 | 4,279 |
| Amounts due from related parties | 6 | 71,471,999 | 75,471,999 |
| Cash and bank balances | 8 | 34,505,458 | 15,247,060 |
| | | 106,059,369 | 90,723,338 |

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 its 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 | 1 to 3 months | 3 months to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|
| **31 December 2020** | | ZMW | ZMW | ZMW | ZMW |
| **Liabilities** | | | | | |
| Trade and other payables | 9 | - | 4,691,172 | - | 4,691,172 |
| Amounts due to related parties | 12 | - | 145,690 | - | 145,690 |
| | | - | 4,836,862 | - | 4,836,862 |
| | | | | | |
| **31 December 2020** | | | | | |
| **Assets** | | | | | |
| Trade and other receivables | 5 | 81,912 | - | - | 81,912 |
| Amounts due from related parties | 6 | - | - | 71,471,999 | 71,471,999 |
| Cash and bank balances | 8 | 34,505,458 | - | - | 34,505,458 |
| Investments at amortised cost | 8 | - | - | - | - |
| | | 34,587,370 | - | 71,471,999 | 106,059,369 |
| | | | | | |
| **31 December 2019** | | | | | |
| **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 | 15,247,060 | - | - | 15,247,060 |
| Investments at amortised cost | 7 | - | - | - | - |
| | | 15,251,339 | 9,929,500 | 65,542,499 | 90,723,338 |

## 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 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.

| | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | Notes | Carrying amount | Fair value | Carrying amount | Fair value |
| | | ZMW | ZMW | ZMW | ZMW |
| **Financial assets** | | ZMW | ZMW | ZMW | ZMW |
| Cash and bank balances | 8 | 34,505,458 | 34,505,458 | 15,247,060 | 15,247,060 |
| | | | | | |
| Fair value hierarchy as at 31 December 2020 | | | | | |
| | | | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| | | ZMW | ZMW | ZMW | ZMW |
| **Financial assets** | | | | | |
| Cash and bank balances | 8 | - | 34,505,458 | - | 34,505,458 |
| | | | | | |
| **Financial liabilities** | | | | | |
| Trade and other payables | 9 | - | 4,691,172 | - | 4,691,172 |
| Amounts due to related parties | 12 | - | 145,690 | - | 145,690 |
| | | | | | |
| Fair value hierarchy as at 31 December 2019 | | | | | |
| | | | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | ZMW | ZMW | ZMW | ZMW |
| **Cash and bank balance** | 8 | - | 15,247,060 | - | 15,247,060 |
| | | | | | |
| **Financial liabilities** | | | | | |
| Trade and other payables | 9 | - | 16,196,014 | - | 16,196,014 |

## 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:

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| Government – Central Treasury (TTMS) | (4,000,000) | 17,121,822 |
| Government – Ministry of Transport and Communications | - | 9,929,500 |

### ii) Related party transaction balances - Receivable

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| i) Related party transaction balances - Receivable | | |
| Government - Central Treasury (TTMS) | 61,542,499 | 65,542,499 |
| Government – Ministry of Transport and Communications | 9,929,500 | 9,929,500 |
| | 71,471,999 | 75,471,999 |

### iii) Related party transactions balances - Payable

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| Zambia Information and Communications Technology Authority | 145,690 | - |

## 13. Contingent liabilities

There were no known significant contingent liabilities as at 31 December 2020.

## 14. Capital commitments

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| Authorised by the Board and contracted for | 1,329,614 | 2,226,947 |

## 15. Events after the reporting date

On January 12, 2021, the Minister of Transport & Communications, in accordance with Paragraph 1 of the First Schedule to the ICT Act No. 15 of 2009 and Statutory Instrument No. 21 of 2015 appointed a new Board.

## 16. Comparatives

Where necessary comparatives for 2019 have been reclassified in order to have meaningful comparison with the current year.

## Appendix 4 — Detailed Statement of Income and Expenditure

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **Income** | | |
| Universal Access contributions | 74,230,414 | 68,925,846 |
| | 74,230,414 | 68,925,846 |
| **Sundry income** | | |
| Interest income on bank term deposits | 5,896,869 | 5,577,495 |
| **Total sundry income** | 5,896,869 | 5,577,495 |
| **Finance costs** | | |
| Exchange gain | 1,197,284 | 668,855 |
| Exchange loss | (4,347,955) | (2,158,049) |
| **Total net financing income/(costs)** | (3,150,671) | (1,489,194) |
| | 2,746,198 | 4,088,302 |
| **Total income** | 76,976,612 | 73,014,147 |
| | | |
| **Expenditure** | | |
| | | |
| **Operating expenses** | | |
| Connecting Learning Institutions | 863,299 | 32,047,221 |
| E-Government | 734,730 | 1,692,945 |
| E-Health Project | 141,189 | - |
| Operating Systems Expenses - RSMMS | 565,385 | - |
| Operating Tower Installations | 32,889,397 | 43,633,625 |
| People with Disabilities | 6,869,808 | 370,125 |
| Project Monitoring and Evaluation | 36,876 | 285,941 |
| Tertiary Institutions (ZAMREN) | 2,890,945 | 356,950 |
| **Total operating expenses** | **44,991,629** | **78,386,807** |

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **Administrative expenses** | | |
| Audit fees | 48,370 | 110,550 |
| Advertising expenses | 8,900 | - |
| Bank charges | 44,804 | 32,615 |
| Board expenses | - | 664,572 |
| Insurance | 15,581 | 700 |
| Medical expenses | 12,335 | 2,926 |
| Meetings & conferences | 45,873 | 287,626 |
| Motor vehicle expenses | 49,639 | 128,389 |
| Office consumables and courier expenses | 2,430 | 3,677 |
| Other administration costs | 28,376 | - |
| Recruitment expenses | - | 15,450 |
| Staff Costs | 1,700,151 | 372,725 |
| Total Administrative Expenses before depreciation | 1,956,458 | 1,619,230 |
| | | |
| Depreciation | 11,809,415 | 13,156,942 |
| **Total Administrative Expenditure** | 13,765,873 | 14,776,172 |
| | | |
| **Total expenditure** | 58,757,501 | 93,162,979 |
| | | |
| **Surplus /(deficit) for the year** | **18,219,111** | **(20,148,832)** |

## Appendix 5 — Contributions due from Zamtel

| | 2020 ZMW | 2019 ZMW |
|---|---|---|
| **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 | 8,858,835 |
| Annual operating fees 2019 | 7,851,648 | 7,777,616 |
| | 62,812,098 | 62,738,068 |

ZICTA

# Appendices

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# Appendix 1

## Beneficiaries Of Phase II of the Connecting Learning Institutions Project

| 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 | Loto 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 2

## Proposed Beneficiaries of Phase IV of the Connecting Learning Institutions Project

| No. | Province | District | Name of Learning Institution | Parent Ministry | No. of Computers | Printers | Projectors | Smart Boards |
|---|---|---|---|---|---|---|---|---|
| 1 | Central | Kabwe | Zambia National Service Kabwe Training School | Defense | 10 | 1 | 1 | 0 |
| 2 | Central | Kabwe | Kabwe Community Development Skills Training Center | Community Development | 10 | 1 | 1 | 0 |
| 3 | Central | Kabwe | Military Training Establishment of Zambia Miltez | Defense | 30 | 1 | 1 | 0 |
| 4 | Copperbelt | Kitwe | Zambia Institute of Business Studies & Industrial Practice | Higher Education | 40 | 1 | 1 | 0 |
| 5 | Copperbelt | Kitwe | Kitwe Community Development Staff Training College | Community Development | 30 | 1 | 1 | 0 |
| 6 | Copperbelt | Luanshya | Technical And Vocational Teachers College | Higher Education | 200 | 4 | 0 | 2 |
| 7 | Copperbelt | Ndola | Gemstone Processing & Lapidary Training Center | Higher Education | 25 | 1 | 1 | 0 |
| 8 | Copperbelt | Ndola | Ndola School For Continuing Education | Higher Education | 25 | 1 | 1 | 0 |
| 9 | Copperbelt | Ndola | School of Artillery | Defense | 10 | 1 | 1 | 0 |
| 10 | Eastern | Lumezi | Lumezi St. Joseph College of Nursing And Midwifery | Health | 30 | 1 | 1 | 0 |
| 11 | Eastern | Katete | Katete Skills Training Center | Community Development | 10 | 1 | 1 | 0 |
| 12 | Lusaka | Kafue | ZNS Kafue Training School | Defense | 10 | 1 | 1 | 0 |
| 13 | Lusaka | Lusaka | Defence Services Command & Staff College | Defense | 40 | 1 | 0 | 2 |
| 14 | Lusaka | Lusaka | Evelyn Hone College of Applied Arts & Commerce | Higher Education | 80 | 2 | 0 | 1 |
| 15 | Lusaka | Lusaka | Defence School of Health Sciences | Defense | 40 | 1 | 0 | 1 |
| 16 | Muchinga | Mpika | Chilonga College of Nursing And Midwifery | Health | 30 | 1 | 1 | 0 |
| 17 | Northern | Mbala | ZAF Ground Training School | Defense | 30 | 1 | 1 | 0 |
| 18 | Northern | Mungwi | Mungwi Skills Training Centre | Community Development | 10 | 1 | 1 | 0 |
| 19 | North Western | Ikelenge | Kalene College of Nursing | Health | 30 | 1 | 1 | 0 |
| 20 | North Western | Solwezi | Solwezi Community Development Skills Training Center | Community Development | 10 | 1 | 1 | 0 |
| 21 | Southern | Livingstone | Zambia Airforce Academy | Defense | 30 | 1 | 1 | 0 |
| 22 | Southern | Monze | Community Development College | Community Development | 30 | 1 | 1 | 0 |
| 23 | Western | Kaoma | Kaoma College of Nursing & Midwifery | Health | 30 | 1 | 1 | 0 |
| 24 | Western | Senanga | Senanga College of Nursing & Midwifery | Health | 30 | 1 | 1 | 0 |
| 25 | Lusaka | Lusaka | University of Zambia | Higher Education | 200 | 4 | 0 | 2 |
| **Totals** | | | | | **1020** | **32** | **20** | **8** |

# Appendix 3

## ICT Equipment Deliveries to Selected Learning Institutions for Persons with Disabilities

| # | Name of School/Institution | Province | District | Ordinary Computer | Ordinary Printer | Overhead Projector | Braille Printer | Computers with JAWS | Number of Learners with HI/VI |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Curriculum Development Centre | Lusaka | Lusaka | 2 | | | | 5 | n/a |
| 2 | UTH Special School | | Lusaka | 5 | 1 | 1 | 1 | 10 | 52 |
| 3 | Mporokoso School for the Visually Impaired | Northern | Mporokoso | | | | 1 | 20 | 72 |
| 4 | St Marys' Special School | North Western | Solwezi | 5 | 1 | | | 5 | 56 |
| 5 | Kasempa Multi Disability Boarding High School | | Kasempa | 10 | 1 | 1 | | 4 | 78 |
| 6 | Senanga Special For the Deaf | Western | Senanga | 15 | 1 | 1 | | | 42 |
| 7 | Sefula Special School for the visually impaired | | Mongu | | | | 1 | 1 | 91 |
| 8 | Nanga Special School | Southern | Mazabuka | 10 | 1 | | 1 | 8 | 56 |
| 9 | Maamba Special School | | Maamba | 15 | 1 | 1 | | 10 | 60 |
| **Total** | | | | **62** | **6** | **4** | **4** | **63** | **507** |

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