



**CCPC**

**COMPETITION AND CONSUMER  
PROTECTION COMMISSION**

(Established under the Competition and Consumer Protection Act No. 24 of 2010)

# ANNUAL REPORT | 2020



**ENFORCEMENT IN CHALLENGING TIMES; COVID-19**



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# ACRONYMS

ACC	Anti Corruption Commission
ACF	African Competition Forum
ACSZ	Agricultural and Commercial Society of Zambia
ACT	Competition and Consumer Protection Act No. 24 of 2010
Board	Board of Commissioners for the Commission
BOZ	Bank of Zambia
CCPT	Competition and Consumer Protection Tribunal
CCSA	Competition Commission South Africa
COMESA	Common Market for Eastern and Southern Africa
Commision	Competition and Consumer Protection Commission
COVID-19	Coronavirus Disease 2019
CUTS	Consumer Unity Trust Society
ERB	Energy Regulation Board
FTC	Federal Trade Commission
IAZ	Insurers Association of Zambia
ICN	International Competition Network
ICPEN	International Consumer Protection Enforcement Network
IDC	Industrial Development Corporation
LCC	Lusaka City Council
MCTI	Ministry of Commerce, Trade and Industry
NCC	National Construction Council
NFIS	National Financial Incusion Strategy
NPA	National Protection Authority
PIA	Pensions and Insurance Authority
RISM	Regional Integration Support Mechanism
RUFEP	Rural Finance Expansion Project
SADC	Southern African Development Community
UNCTAD	United Nations Conference on Trade and Development
ZABS	Zambian Bureau of Standards
ZCSA	Zambia Compulsory Standards Agency
ZICA	Zambia Institute of Chartered Accountants
ZICTA	Zambia Information and Communication Technology Authority
ZMA	Zambia Metrology Agency
ZPPA	Zambia Public Procurement Authority

**The Honourable Minister,  
Ministry of Commerce, Trade and Industry  
Lusaka**

**Hon. Minister**

According to Paragraph 13 of the First Schedule of the Competition and Consumer Protection Act No. 24 of 2010, the Commission is required to present to the Minister of Commerce, Trade and Industry an Annual Report on the activities of the Competition and Consumer Protection Commission.

I hereby submit to you Hon Minister, the Annual Report together with the audited Statement of Financial Position and the Statement of Income and Expenditure. The report covers the year 2020.

Thanking you for your usual cooperation.



Ms. Chishala Kateka  
**Chairman**

# STATUTORY MANDATES

The Competition and Consumer Protection Commission (CCPC) is a statutory body under the Ministry of Commerce, Trade and Industry (MCTI) and is established under the Competition and Consumer Protection Act No 24 of 2010.

The mandate of the Commission cuts across all sectors of the economy including those sectors with specific sector regulators. The principal aims of the Commission are twofold, that is:

- » To promote a culture of competition for a sustained economic growth and wealth creation.
- » To protect and enhance consumer welfare in the economy for the benefit of all Zambians.

The mandate, objectives and core functions for the Commission are as listed below: -

## COMPETITION REGULATION

- Review the operation of markets in Zambia and the conditions of competition in those markets
- Investigate and assess restrictive agreements, abuse of dominant positions and mergers

## CONSUMER PROTECTION REGULATION

- Undertake and publish general studies on the effective of competition in individual sectors of the economy in Zambia and on matters of concern to consumers
- Provide information for the guidance of consumer regarding their rights under this Act
- Investigate unfair trading practices and unfair contract terms and impose such sanctions as may be necessary

## GOVERNANCE ADVISORY

- Advice Government on laws affecting competition and consumer protection
- Advice the Minister on agreements relevant to competition and consumer protection and on any other matter relating to competition and consumer protection

## GENERAL

- Review the trading practices pursued by enterprises doing business in Zambia
- Act as a primary advocate for competition and effective consumer protection in Zambia
- Co-operate with and assist any association or body of persons to develop and promote the observance of standards of conduct for the purpose of ensuring compliance with the provisions of this Act
- Liaise and exchange information, Knowledge and expertise with competition and consumer protection authorities in other countries
- Do all such acts and things as are necessary, incidental or conducive to the better carrying out of its mandate under this act

# VISION / MISSION STATEMENTS

The Commission's goals and objectives to fulfil its mandate are articulated in the Mission and Vision Statements, with emphasis on the Organisational Values which govern how the Commission discharges its' functions, including its investigations, public outreach and stakeholder engagement.

## OUR MISSION

- To safeguard and promote a competitive business environment and enhance consumer welfare by prohibiting anti-competitive and unfair trading practice in Zambia.

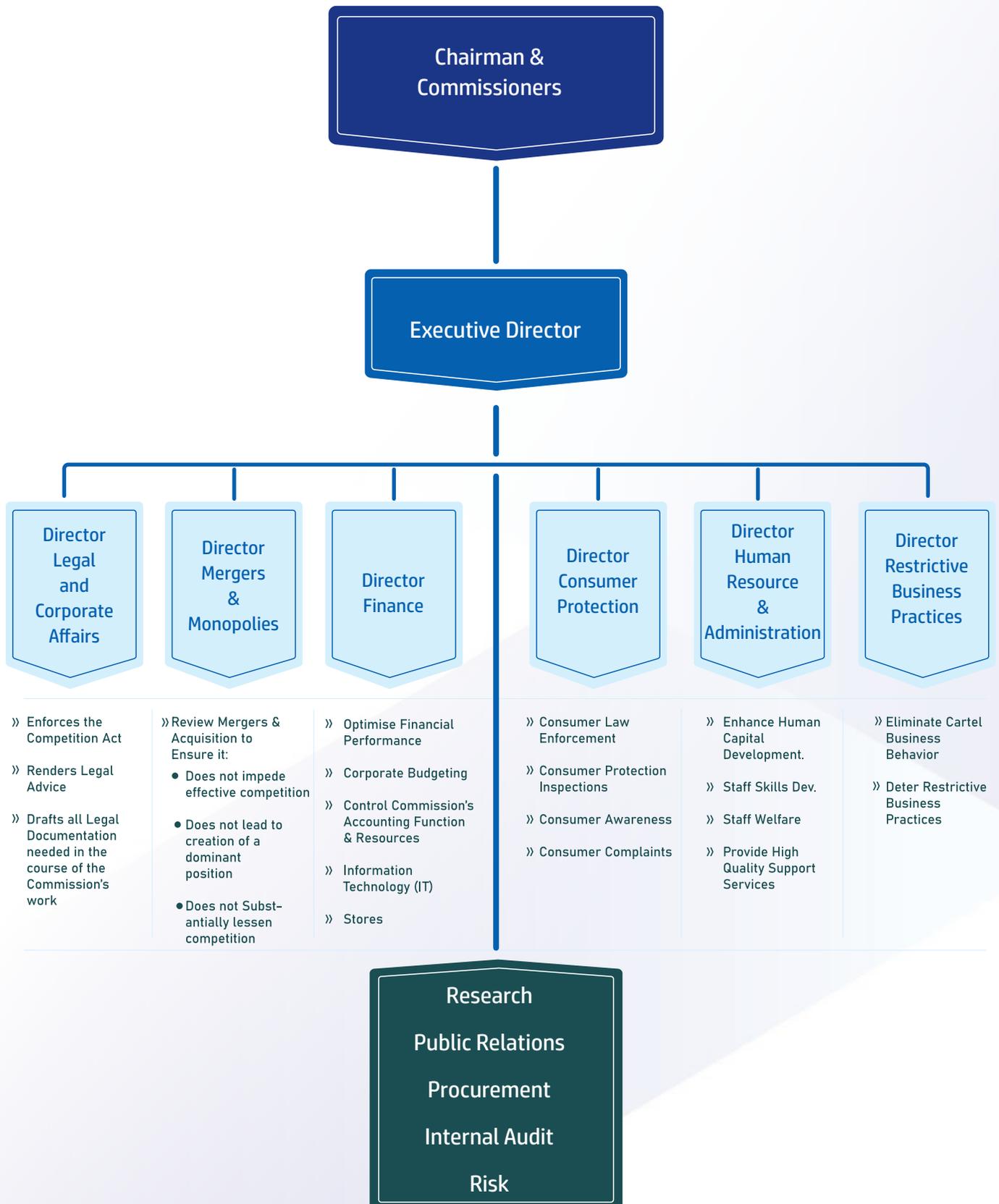
## OUR VISION

- A vibrant and dynamic protector of competitive markets and consumer welfare in Zambia

## OUR VALUES

- **Professional** – We act in a skilled and diligent manner, exhibiting good judgement and polite behaviour
- **Integrity** – We act fairly, ethically and transparently in all we do
- **Respect** – We respect and value all our stakeholders
- **Excellence** – We use our energy, skills and resources to deliver the best service.
- **Responsive** - We proactively engage with all our stakeholders and respond in a timely manner

# ORGANISATIONAL STRUCTURE



# CORPORATE GOVERNANCE

The Commission is governed by the Board of Commissioners appointed by the Minister of Commerce, Trade and Industry. The Board is the governing body and is responsible for the guidance of the Commission's affairs. The Board has both corporate governance and adjudicative functions under the Act. The Commission also has a Secretariat managed by the Executive Director on appointment by the Board.

The operations of the Commission are policy driven and within the confines of the Ministry of Commerce, Trade and Industry (MCTI) Strategic Focus and the National Development Plans. Under its contractual obligations, the Board ensures that competition and consumer welfare are promoted and protected respectively.

In order to ensure that the Board adheres to good ethical corporate governance principles, a Board Charter directs procedures and processes of the Board. All Board Members are amenable to this charter. The Board further ensures that the operations of the Commission and its financial standing are prudent and sound at all times.

## BOARD COMMITTEES

The following are the Board Committees with respective Terms of Reference:

### Technical Committee

- Advise on strategic goals and related technical aspects of the operational performance of the Commission and implementation of the Act.
- Guide Management on issues related to the core functions of the Commission.
- Review the quality of work carried out by the Commission.
- Strategic Planning.
- Adjudication of cases.

### Audit and Risk Management Committee

- Periodically review the Commission's financial reports in liaison with the External and Internal Auditors.
- Review the Commission's financial related statutory and non-statutory reporting obligations.
- Advise on risk identification and mitigation measures, and check on the reasonableness of the effectiveness and robustness of internal control measures.
- Strategic Planning.

### Finance and Administration Committee

- Review the budgeting processes of the Commission and measures to broaden sources of the Commission's financial resources.
- Review the interface between the Commission's resource inputs and expected outputs; and
- Advise on internal financial control systems and provide oversight on financial reporting.
- Advice on Human Resource and Administration related issues.

## BOARD AND COMMITTEE MEETINGS

In 2020, the Commission held a total of six (6) Board Meetings for Adjudication of Cases. A total of five (5) Board Meetings for Finance and Administration/Audit Matters were held.

The Finance and Administration Committee held six (6) meetings while the Technical Committee had eleven (11) meetings in 2020. The Audit /Risk Management Committee held six (6) meetings in the period under review.

The table below summarises the 2020 Board and Committee meetings:

<b>Board Meeting</b>	<b>Number</b>
Board Adjudications	6
Board Finance, Administration, Audit and Risk	5

<b>Committee Meeting</b>	<b>Number</b>
Technical Committee	11
Finance and Administration Committee	6
Audit and Risk Committee	6

## BOARD OF COMMISSIONERS

The five (5) Commissioners of the Competition and Consumer Protection Commission are appointed by the Minister of Commerce, Trade and Industry. They are vested with the responsibility, inter alia, for adjudicating on regulatory applications, making determinations, and issuing orders. The Commissioners are appointed on a part-time basis for a term of four-years. The Executive Director is an ex-officio Member of the Board.



Ms. Chishala Kateka  
**Chairman**



Dr. Chenga.S.Chisha  
**Commissioner**



Dr. Aubrey. M. Chibumba  
**Commissioner**



Mr. Fredrick Imasiku  
**Commissioner**



Mr. Nsangwa. A. Ngwira  
**Commissioner**



Mr. Chilufya Sampa  
**Ex-Officio**

# EXECUTIVE MANAGEMENT TEAM

The Executive Director together with the Management Team, comprising of Heads of Directorates are responsible for the day to day administration of the Commission. Below is the Management Team.



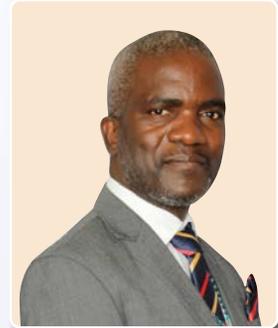
**Mr. Chilufya Sampa**  
**Executive Director**



**Mrs. Maureen Mwanza**  
**Director Legal &  
Corporate Affairs**



**Mrs. Luyamba Kapembwa**  
**Director Restrictive  
Business Practices**



**Mr. Vestus Chungu**  
**Director Finance**



**Mr. Brian Lingela**  
**Director Mergers &  
Monopolies**



**Mrs. Naomi Fulaza**  
**Director Consumer  
Protection**



**Mrs. Beene Siyumbwa**  
**Director Human Resource  
& Administration**

# CHAIRMAN'S STATEMENT



I am pleased to present, on behalf of the Board of Directors, the Annual Report of the Competition and Consumer Protection Commission for the financial year ended 31st December 2020.

The Board of Commissioners appreciates the confidence and trust that has been bestowed on us following the renewal of our appointments by the Honourable Minister of Commerce, Trade and Industry. It is an honour and privilege to have been appointed Board Chairman and with my fellow Board Members. We will prudently provide strategic direction and guidance to the Commission.

Our appointment comes in a year marked by social and economic challenges due to the COVID-19 global disease pandemic. This pandemic has caused havoc to the social-economic welfare of consumers and negatively impacted businesses as global economies came to a stand-still with various Governments locking-down their markets and borders. However, the Board remained committed to the continuation of the Commission's consistent track record in executing its mandate anchored on the principles of independence, integrity, professionalism and transparency.

## 2020 Theme

The Commission has in its 2020 Annual Report adopted the theme "Enforcement in Challenging times; COVID-19" to highlight its' resolute efforts in enforcing competition and consumer protection law in a challenging environment.

Government health guidelines were adopted and these consequently delayed investigations of cases as a result of the inability to carry out physical interviews, being unable to conduct inspections of business premises and halted physical collaboration with other regulatory agencies.

The Commission was compelled to adopt novel measures to ensure that its regulatory oversight functions continued with minimal interruption. Though physical access to its offices was restricted, the Commission proactively sensitised its stakeholders to make use of online platforms for complaints and other inquiries.

Despite some negative impact on efficiency, alternative methods and tools implemented guaranteed that the Commission delivered a substantial volume of work ensuring effective enforcement of law.

## Competition-Government Interventions

A strong economy is underpinned by markets that work effectively, where competition drives innovation, efficiency and growth.

The negative economic impact of the COVID-19 pandemic necessitated the need for Government to find a balance between defending competitive markets and granting state aid and preferential Government procurement to ensure the survival on the most impacted sectors of the economy. This was a delicate balance especially during a national health crisis.

The Commission advocated to Government to ensure that COVID-19 policy initiatives were designed and implemented in a manner wherever possible and appropriate, that followed competition principles. This protected a resilient and sustainable economy in the short and long term.

It was clear Government market interventions were necessary during the pandemic and therefore it was equally crucial that the Commission continued to enforce competition law and provide clear guidance to all stakeholders.

## Consumer Protection

The COVID-19 pandemic had sudden and wide-ranging effects on consumer behaviour. Public health confinement measures restricted traditional forms of commerce which led to a surge in electronic commerce (e-commerce) transactions. The Commission actively monitored the emergence of e-commerce transactions to protect consumers from online scams and unfair trade practices. The increased demand for e-commerce services required enhanced consumer protection law enforcement tools in the digital economy. I am happy to say that the Commission was equal to the task.

Price gouging was another key area the Commission investigated and monitored, as some businesses sought to maximize profits from increased demand of essential medical and sanitary supplies such as facemasks and hand-sanitisers, or basic consumer goods, by exponentially raising their prices.

Further, the Commission moved quickly to increase information and awareness campaigns by providing clear, comprehensive and reliable sources of information for consumers, so that they were aware of their rights and how to exercise them during the Covid-19 pandemic.

## Looking Forward

It was apparent that turbulent and uncertain market conditions would continue to prevail, even as the Government worked to bring the COVID-19 pandemic under control and to restart the economy. The pandemic had highlighted the importance of the work of the Commission and the role and impact it had on consumers, businesses and society.

Therefore, competition and consumer protection law enforcement would play an important role in determining how Zambian markets develop in the wake of the Covid-19 pandemic. The Commission would continue to promote its dual mandate through advocacy and enforcement in conjunction with relevant stakeholders.

In conclusion, I would like to thank the Honourable Minister of Commerce, Trade and Industry and the Ministry staff for their continued support and commitment in helping the Commission achieve its objectives.

On behalf of the Commission, I would like to express my gratitude to the Executive Management and staff who continue to demonstrate their ability to adapt to change and remain dedicated even as work routines and personal lives were heavily disrupted by the COVID-19 pandemic.



Ms. Chishala Kateka  
Chairman

# THE EXECUTIVE DIRECTOR'S REPORT

The year 2020 had been full of accomplishments for the Commission, despite a global pandemic that not only brought about a public health crisis but also caused a contraction in Zambia's economic activity.

Whilst the Covid-19 pandemic necessitated a shift in priorities, the Commission continued to make its presence felt by promoting and strengthening competition norms in the Zambian economy.

In this time of uncertainty, competition principles were questioned and as Government and the private sector sought quick and immediate remedies to cushion the effect of the crisis, competition laws were seen as a hindrance. However, it is in such times that competition is crucial so that economic recovery is fast and sustainable.

As regards unfair trade practices, the crisis required a more robust and effective solution cutting across several regulatory agencies. It is fair to say the Commission was up to the task in collaborating and cooperating with other agencies both local and international.

This Annual Report highlights the Commission's work across its enforcement, policy and advocacy responsibilities.

## COMPETITION

### Mergers and Monopolies

The Commission reviewed eighty-three (83) mergers. The Agriculture, Services and Manufacturing sectors constituted fifty-two percent (52%) of Merger cases, reflecting the economic trends driving growth in Zambia.

As a matter of policy, the Commission dealt with non-contentious mergers (phase 1 mergers) expeditiously. In 2020, the Commission handled a total twenty-three (23) of phase 1 mergers with decisions made within 45 days from the date of application.

The Commission continued to collaborate with COMESA Competition Commission (CCC) in regional merger reviews. Of the cases reviewed in 2020, fifteen (15) were mergers with a regional dimension.

### Abuse of Dominance

In 2020, the Commission investigated Abuse of Dominance cases with the Wholesale/Retail, Agricultural, Services and Manufacturing sectors making up sixty-one percent (61%) of the cases closed.

Most of the cases investigated related to business practices



which were necessitated by the impact of the COVID-19 pandemic on the global trade economy. This focused on excessive pricing for sanitary products, essential to the health and safety of health workers and consumers.

### Restrictive Business Practices and Cartels

In 2020, the Commission investigated eleven (11) Cartels from various sectors. Three (3) of these investigations were concluded leaving eight (8) cases that were carried forward to the First Quarter of 2021. Under Restrictive Business Practices the Commission investigated forty-one (41) and concluded twenty-nine (29) cases. Twelve (12) cases were carried forward to 2021. The services sector continued to dominate with the most investigated cases accounting for thirty two percent (32%), followed by wholesale/ retail and construction which accounted for fifteen percent (15%) each while cases investigated in the agriculture sector accounted for thirteen percent (13%).

## CONSUMER PROTECTION

### Consumer Complaints

In 2020, the Commission handled two thousand five hundred and twenty-two (2,522) consumer complaints in different sectors of the economy. The retail trade and insurance sectors contributed thirty-nine percent (39%) and twenty-three percent (23%) respectively of the complaints resolved.

## Inspections and Compliance

In 2020, the Commission inspected one thousand, six hundred and nine (1,609) business premises in thirty (30) districts across Zambia and goods worth K337,652 were seized and destroyed for not meeting the provisions of the law. These inspections were done in collaboration with other sector regulators.

## Consumer Awareness and Education

Due to the public health restrictions in 2020, the Commission conducted consumer awareness programmes in the form of recorded drama performances, documentaries, distribution of posters, bulk Short Message Services (SMSs), Television programmes and live radio programmes.

## LEGAL AND CORPORATE AFFAIRS

In 2020, the Commission had one (1) case which remained to be determined by the Supreme Court and four (4) cases were commenced in the High Court by way of appeal against the decisions of the Competition and Consumer Protection Tribunal. Judgment was delivered in one (1) case before the High Court in favour of the Commission, while the other three (3) were pending delivery of judgement.

In addition, two (2) cases were commenced by way of Appeal to the Court of Appeal.

The Competition and Consumer Protection Tribunal presided over twenty-four (24) cases in 2020, with twelve (12) cases yet to be determined. Of the twelve (12) cases determined, four (4) were settled ex-curia, while two (2) were delivered by the Tribunal and six (6) were pending judgement.

## INSTITUTIONAL DEVELOPMENT

### International Relations and Regional Engagements

The Covid-19 Pandemic had amplified the need for inter-agency cooperation and underscored the interconnected nature of the global community, and the need to support cross border anti-competitive and unfair trading activities through enhanced international information sharing and cooperation.

In 2020, the Commission participated in several virtual international fora with COMESA Competition Commission (CCC), International Competition Network (ICN), International Consumer Protection and Enforcement Network (ICPEN) and African Competition Forum (ACF).

## LOOKING AHEAD

The Commission demonstrated during the Covid-19 pandemic that it was well equipped and able to adapt quickly and decisively to the changing circumstances in the environment it operated in. Zambia's strong competition regime had served the Zambian economy, consumers and business well during a global economic crisis in 2020 caused by the pandemic.

The Commission's oversight of competition policy and consumer protection, and the resulting investigative and enforcement actions, during a period of significant market uncertainty had meaningfully strengthened the Commission's resolve to make Zambian markets work, and when markets worked, the economy thrived, and consumers were the ultimate beneficiaries.

## ACKNOWLEDGEMENTS

In sum, it was a demanding and eventful year for the Commission. I would like to express my deep gratitude to the Commission's committed and talented staff for their dedication in overcoming a myriad of challenges and for the guidance and commitment of the Board of Commissioners in effectively discharging the Commission's functions.

The Commission also appreciates the continuing support of the Honourable Minister of Commerce, Trade and Industry and the Office of the Permanent Secretary, Ministry of Commerce, Trade and Industry.



**Chilufya Sampa**  
Executive Director

# MERGERS AND MONOPOLIES



## KEY STRATEGIC OBJECTIVES:

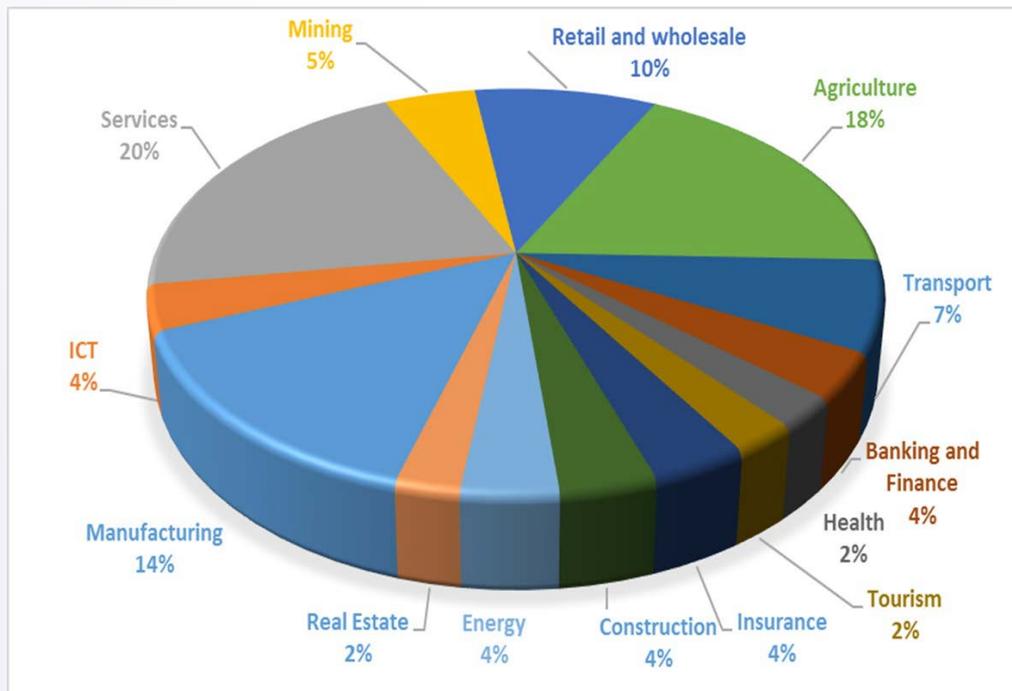
- Establish improved, predictable and efficient merger regulation
- Enhancement of the Commission's capacity to regulate Mergers
- Enhance Competition in priority sectors by investigating Abuse of Dominance cases
- Increase awareness among market players on Abuse of Dominance
- Improve and Benchmark work on Mergers and Monopolies to meet regional and international best practices

## MERGERS AND MONOPOLIES

In 2020, the Commission received eighty-three (83) merger notifications out of which sixty-six (66) cases were reviewed and closed. Sixty seven percent (67%) of the total mergers reviewed and closed in the year 2020 were from key economy sectors namely: Manufacturing, Services, Agriculture, Wholesale and Retail.

With regard to Mergers Guidelines of 2015, the Commission had commenced the process of review with some guidelines needing amendment(s) already identified.

The pie chart below shows the number in percentages of merger cases handled in each sector:



Notable merger cases handled in 2020 included;

- Merger between Mount Meru Petroleum Zambia and Endrone Petroleum Corporation Limited
- Merger between Engen Zambia Limited and Ngucha Energy Corporation Limited
- Acquisition of Mushroom Presidential Lodge from Matula Investments Limited by Mfuwe Trails Zambia Limited
- Acquisition of shares in Yalelo Limited and Aller Aqua Zambia Limited from First wave Group B.V. by Veris Aquaculture B.V.

## CASE SUMMARY

### ACQUISITION OF SHARES IN YALELO LIMITED AND ALLER AQUA ZAMBIA LIMITED FROM FIRSTWAVE GROUP B.V. BY VERIS AQUACULTURE B.V

The Commission reviewed a merger application involving the acquisition of shares in Firstwave Group B.V. ("Firstwave") by Veris Aquaculture B.V. ("Veris").

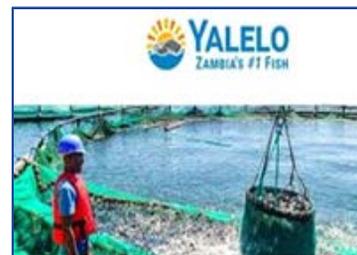
The nature of the transaction was that Firstwave intended to issue additional shares to Veris. The transaction resulted in Veris increasing its shares from 21.75% to 50.57% in

Firstwave thereby resulting in an indirect control of Yalelo Limited ("Yalelo") and Aller Aqua Zambia Limited ("AAZ"). Firstwave owns 100% shares in Yalelo and 60% shares in AAZ.

Investigations conducted by the Commission revealed that there were no competition and public interest concerns arising from the transaction. The Commission established that the acquisition of additional shares in First wave by Veris was beneficial to the public because Veris proposed to invest more money in the target companies. The increase in investments in Yalelo and AAZ would result in an increase in production of fish feed and production of fresh tilapia fish.

The increase in production of fish feed and fresh tilapia fish would help contribute to the annual production of fresh fish in Zambia and help reduce on the number of imported fresh fish into Zambia. The Commission established that the transaction would also contribute to job creation and maintenance at Yalelo and AAZ.

Having deliberated on the transaction and assessing all the findings, the Board of Commissioners granted conditional authorisation to the merger transaction.



### Investigations in Non-Notified Mergers

The Commission investigated seven (7) cases of allegations of implementing notifiable mergers without authorisation in 2020. Out of the seven (7) cases, one (1) was fined, two (2) cases are under investigation while four (4) cases were closed as there were no violations established. The unnotified mergers were in the Manufacturing (5) and Construction (1) Sectors.

### Strategic Objective: Establish improved, predictable and efficient merger regulation

#### Premerger notification meetings

In its quest to make the merger notification process predictable and efficient, the Commission gave appropriate guidance to merging parties as to the methodology to be applied when gathering the required data that was submitted to the Commission for review. The Commission was cognisant of the fact that the year 2020 was a challenging year because of the outbreak of corona virus pandemic. The Commission found it difficult to have face to face meetings with clients that were seeking information regarding merger applications. The Commission took advantage of virtual meeting platforms and held most of the pre-merger meetings with clients virtually. The Commission conducted over 15 pre-merger meetings. The importance of pre-merger meetings is that they are beneficial to both the Commission and clients to better understand the

transaction and the information that is needed in order to successfully file a merger application.

#### Collaboration with SADC

The Commission was part of the SADC Mergers Working Group a platform where Competition Authorities from the SADC region interact and share various country specific experiences relating to merger regime. The information shared is usually non confidential information relating to cases handled as well as case statistics. Such collaboration was key to Competition Authorities, enabling them to continuously improve their procedures and processes. This also contributed to formulating predictable regulations for effective enforcement of competition laws and ease the doing of business in Zambia and in the region. In 2020, most topics discussed in SADC collaborations were mainly about sharing best practices on merger review and regulation during the Covid-19 pandemic. These were largely shared under the auspices of the African Competition Forum (ACF) platform.

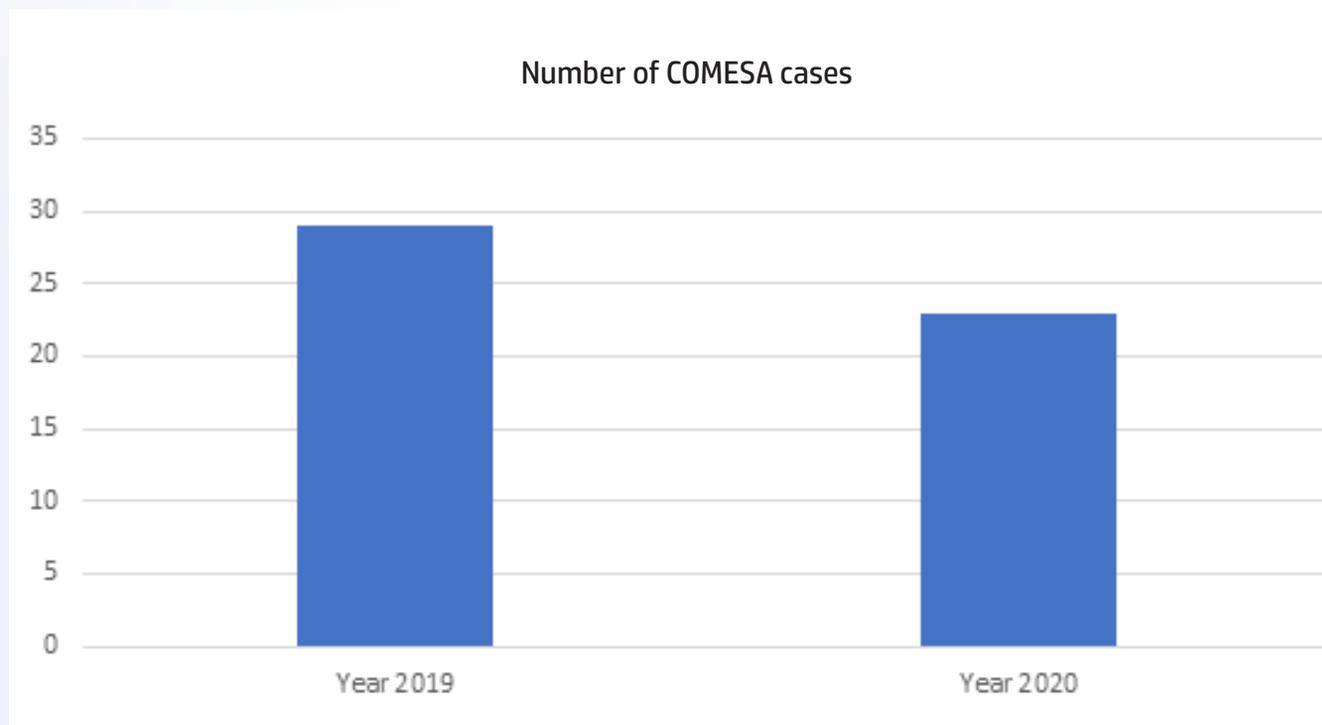
#### Cooperation with the COMESA Competition Commission (CCC)

The Commission has continued its cooperation with the COMESA Competition Commission (CCC) on merger review and other competition issues. This is in line with the implementation plan for the operationalisation of the Memorandum of Understanding between the two institutions.

The collaboration with CCC is aimed at enhancing predictability and efficiency in merger regulation, preventing companies from undertaking multiple merger notifications in various COMESA Member States, thereby reducing the cost of business transaction (Merger fees) among others. There has been a

decline in the number of merger notifications with a regional dimension from twenty-nine (29) handled in 2019 to Twenty-Three (23) in 2020. The reduction is largely due to the outbreak of Covid-19 which resulted in business activities slowing down.

The Chart below shows the number of cases received through CCC in 2019 and 2020



Among the merger applications received that had a regional dimension was the proposed merger involving Access Bank Zambia and Cavmont Bank Plc

**Strategic Objective: Enhancement of the Commission's capacity to regulate Mergers**

**Staff Capacity Development**

In 2020, the Commission participated in a virtual training workshop organized by the African Competition Forum (ACF). The focus of the workshop included among other things merger assessment, investigative techniques and market definition in merger analysis. The main benefits of the training was that it equipped members of staff with new skills that are useful in the assessment of mergers such as merger investigative techniques and market definition in merger analysis. The training was also beneficial to members of staff because it provided an opportunity to share ideas and experiences with members of staff from different competition authorities.

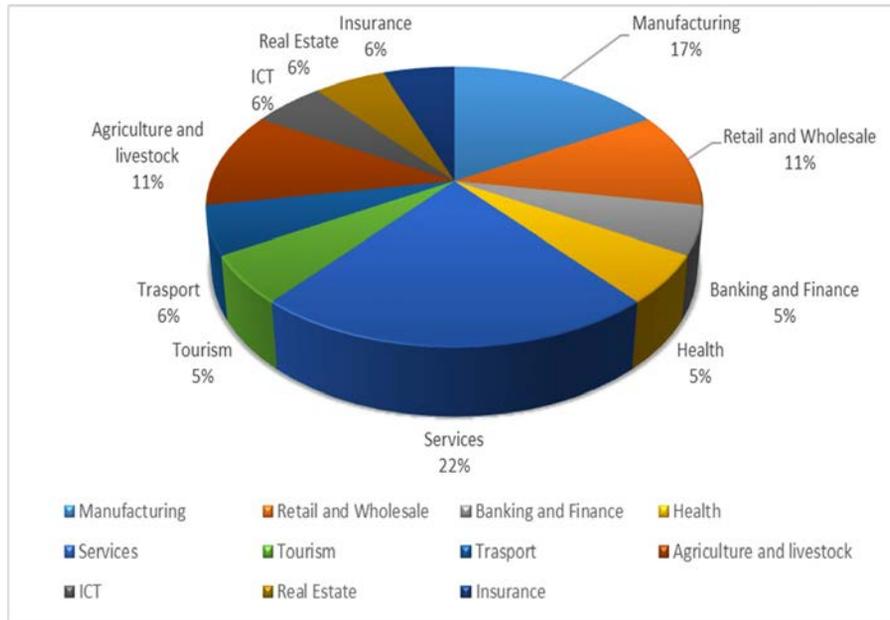
**ABUSE OF DOMINANCE**

**Strategic Objective: Enhance Competition in priority sectors by investigating Abuse of Dominance Cases**

**Investigations on Abuse of Dominance**

In 2020, the Commission investigated eighteen (18) enterprises that were alleged to have abused their dominant position in the various markets. This was an increase from fourteen (14) that were investigated for similar conduct in 2019. Of the 18 cases, 12 cases were closed as they did not violate the Act. The Commission observed that most of the abuse of dominance cases were in the services sector followed by the manufacturing sector. The Commission also observed that the investigations conducted established that the conduct(s) engaged in by the businesses investigated, were all justifiable owing to, largely the outbreak of the Covid-19 Pandemic.

The pie chart below shows the percentages of cases handled in each sector



## CASE SUMMARY

### ALLEGATIONS OF ABUSE OF DOMINANCE AGAINST ZHONGKAI INTERNATIONAL ZAMBIA LIMITED IN THE PRODUCTION OF ETHANOL

The Commission investigated a complaint that the price of ethanol (which is used as main ingredient in the manufacture of hand sanitizer) had been increased by one of the suppliers namely, Zhongkai International Zambia Limited (Zhongkai). It was alleged that the initial price of ethanol from Zhongkai was at US \$ 1.90 per litre.

Specifically, it was alleged that Zhongkai had increased the price of ethanol to US \$ 3.70 per litre from US \$ 1.90 per litre, and that shortly thereafter; the price was further increased to US \$ 7 per litre due to the COVID 19 outbreak which had led to an increase in the demand for ethanol. The increased price of ethanol was going to impact on the production of sanitizers among others, which would negatively impact consumers.

The Commission investigations established that the increase in price of ethanol from US \$ 1.90 to US \$ 3.70 had been necessitated by the increase in the price of transportation of raw materials from China to Zambia. The Commission established that transport costs on Ethiopian Airlines which was the only carrier in Africa that was servicing the Asia and Zambia route had increased by 200%.

The Commission established that the 95% increase in price of ethanol by Zhongkai was as a result of the 200% increase in the Airfreight rates and the subsequent increase in the transportation of the chemicals to above US \$32 (a percentage increase of about 119%). The Commission established that the percentage price increase of US \$3.70 (translating to about 95% price increase) by Zhongkai was justified and somewhat was way below the percentage increase (200%) made by the Airline that Zhongkai was using to transport its inputs. It was noted from the Commission's research findings that the Airfreight rates had remained above their usual levels owing to the COVID 19 Pandemic.

The Commission established that based on the projected production capacity of Zhongkai and that of Sunbird's, Zhongkai was below the dominance threshold as provided for under the Act. The Commission determined that there was no price increase to US \$7 per litre of ethanol as alleged. Therefore, the assessment of section 16 2(a) and (f) could not be undertaken as Zhongkai was not dominant in the production of ethanol in Zambia, and the price increase made by Zhongkai was not as alleged and hence not excessive. Having deliberated on the case and assessing all the findings, the Board of Commissioners decided that the case be closed as there was no violation of the Act.



**Strategic Objective: Increase awareness among market players on Abuse of Dominance**

**Activities to promote Compliance and Competition Law**

**Operationalizing Mergers and Abuse of Dominance Guidelines**

In 2020, the Commission focused on operationalising the guidelines on Abuse of Dominance that were published in 2019, which gave practical advice and guidance on the application of the relevant procedures and assessment methods in Abuse of Dominance cases as set out in the Act and in the Regulations

**Strategic Objective: Improve and benchmark to meet regional and international best practices**

The Commission participated in several intentional fora dealing with Abuse of Dominance cases and Unilateral Conduct cases under the International Competition Network (ICN) Unilateral Conduct Working Group.

# RESTRICTIVE BUSINESS PRACTICES



## KEY STRATEGIC OBJECTIVES:

- Improve Competition in the Zambian Economy to allow equitable participation by enterprises
- Develop and implement a robust and SMART system for the detection, investigation and prosecution of Cartels and Restrictive Business Practices
- Benchmark CCPC's work on RBP's against regional and international best practices

# RESTRICTIVE BUSINESS PRACTICES

Strategic Objective: Improve Competition in the Zambian Economy to allow equitable participation

## Enforcement of Competition Law

In 2020, the Commission closed thirty-two (32) cases relating to restrictive business practices out of fifty-two (52) cases handled. The table below shows the summary of the restrictive business practice cases handled and closed:

Case Statistics – Cartel/ Restrictive Business Practices

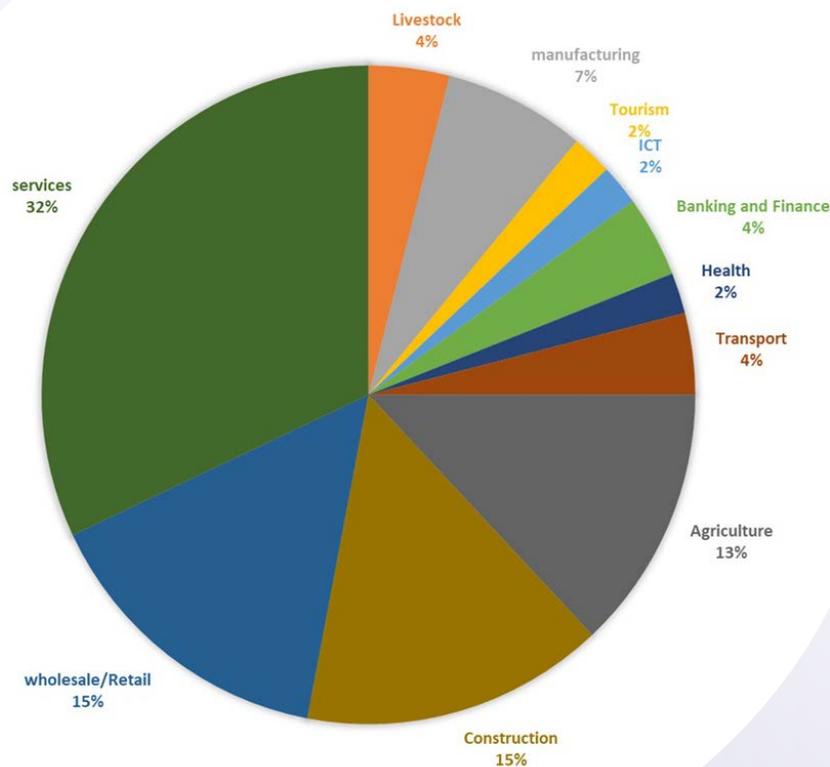
Brought Forward (2019)	Cases Received 2020	Total Cases Handled	Total Cases Closed	Carried Forward to 2021
25	27	52	32	20

## Sectors Investigated

The services sector continued to dominate with the most investigated cases accounting for thirty two percent (32%), followed by Wholesale/ Retail and Construction which accounted for fifteen percent (15%) each while cases in the Agriculture Sector accounted for 13% of the cases investigated. Other sectors investigated included, Livestock, Transport, Health, Banking and Finance, Information Communication Technology, Tourism and manufacturing.

The figure below shows the number of cases handled in each sector

RESTRICTIVE BUSINESS CASES INVESTIGATED BY SECTOR



## Combating Cartels

### Improving Competition in the Economy

In 2020, combating cartels remained a top priority for the Commission as they are considered the worst violations of competition law. The Commission enhanced its investigations into cartel conduct by monitoring activities in various sectors of the economy, where businesses agreed with their competitors to fix prices, rig bids, share markets or restrict supply of products and services.

The Commission also conducted dawn raids on various enterprises that were suspected of engaging in cartel conduct, though some planned activities could not take place as planned due to the COVID-19 Pandemic.

The Commission handled a total of eleven (11) cartel cases from various sectors. Three (3) of the investigations were concluded while eight (8) of the cases were carried forward to 2021. Of the 3 cases, one (1) case involved the petroleum sector and the parties were fined. Another was in the mealie meal sector where the parties were also fined. The other case involved block makers, the case was closed as there was no case established. The sector is highly fragmented, and a cartel arrangement is less likely to hold. The members of the cartel were also engaged in an awareness and sensitisation programme in the form of a workshop.

### Advocacy

In 2020, the Commission continued to create awareness about Competition Law in relation to Cartel detection, investigation and prosecution.

The Commission undertook several sensitisation activities regarding awareness on Restrictive Business Practices with the Chipangali, Chipata and Kasenengwa Small Scale Millers Association. The talk was as a result of investigations conducted by the Commission against the Association for price fixing for milling of maize into breakfast or roller mealie meal and the extraction of sunflower oil from sunflower seed.

### Engagement of Government Ministries and Institutions.

The Commission continued engaging with various Government Ministries and other agencies with the primary aim of raising awareness about the mandate of the Commission and to find ways of resolving any anti-competitive issues that arose within various Government Ministries/Agencies and ensuring that Government Policy was not at variance with competition law.

In 2020, the Commission engaged the Ministry of Energy, and the National Construction Council (NCC) where the Commission stressed the importance of regulation and the consideration of competition and how Government Ministries and Agencies

could collaborate with the Commission.

### Strategic Objective: Develop and implement a robust and SMART system for the detection, investigation and prosecution of Cartels and Restrictive Business Practices

### Compliance and Awareness Programmes

In 2020, the Commission conducted awareness programmes with the Chipangali Chipata, and Kasenengwa Small Scale Millers Association that had been involved in the fixing of prices for milling services. During its investigation, the Commission observed that the Millers were unaware about the existence of the Act and its provisions.

Additionally, the Commission engaged the financial sector that had intended to enter into agreements in the provision of financial and insurance services. The engagements focussed on the need to notify any agreements they had entered into, and the need for any business entity to make an application for exemption relating to anti-competitive clauses in the said agreements. These engagements with the financial sector resulted in a number of applications for notification of agreements by the banks and insurance companies.

### Strategic Objective: Improve and Benchmark CCPC's work on RBPs against regional and international best practices

### Strong Collaboration with Regional and International Bodies

The Commission had continued having strong collaboration with regional and international bodies such as the Southern African Development Community (SADC) and International Competition Network (ICN) Cartel Working Groups.

Through these working groups, the Commission participated in virtual meetings that were aimed at addressing challenges of anti-cartel enforcement and investigating anticompetitive trade practices amid the outbreak of COVID-19 pandemic respectively.

# CONSUMER PROTECTION



## KEY STRATEGIC OBJECTIVES:

- Improve the handling and resolution of Consumer Complaints
- Enhance enterprises compliance to Consumer Protection Regulation
- Enhance Consumers with knowledge on their rights and obligations
- Benchmark CCPC's Consumer Protection Work against regional and international best practices

# CONSUMER PROTECTION

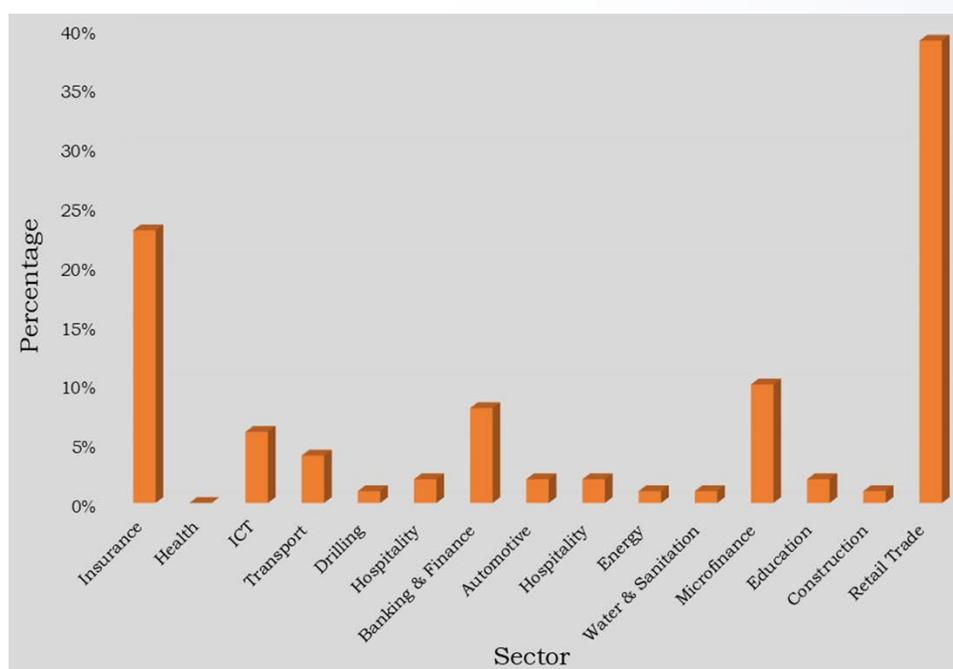
Strategic Objective: Improve the Handling and Resolution of Consumer Complaints

## Consumer Complaints – Cases Investigated and Resolved

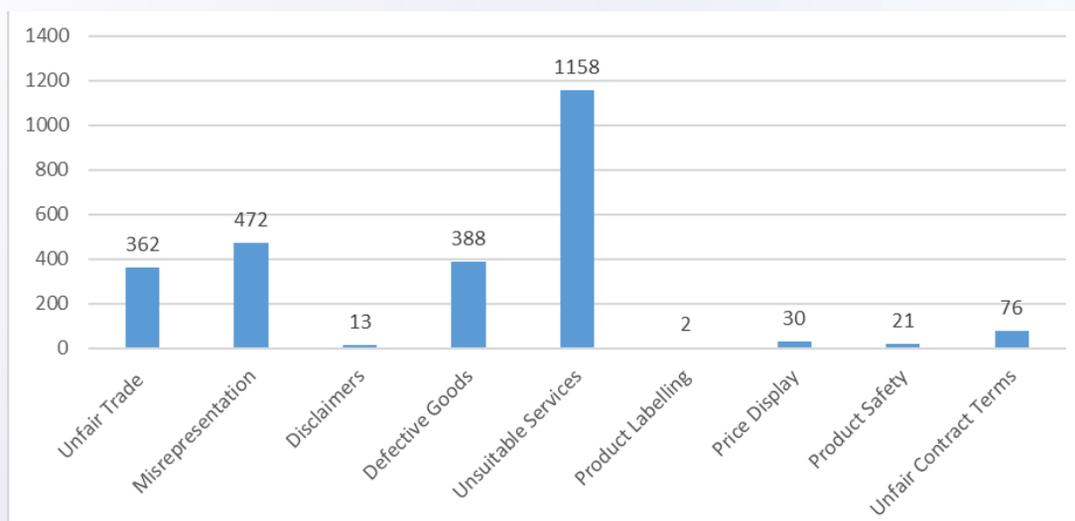
In 2020, the Commission resolved a total of two thousand five hundred twenty-two (2,522) cases. This number represents 100% of cases resolved within three (3) months by way of fully-fledged investigations and those resolved by effective use of advocacy. The Commission successfully helped consumers recover K2,852,632 and K1,798,291 in refunds and replacements, respectively. The total value recovered for consumers amounted to K4,650,923.

This number was primarily driven by cases of poor service delivery such as, unpaid insurance claims, unsolicited deductions, failure to stop deductions timeously, and sale of defective products, especially electrical and electronic products.

The graph below shows the number in percentages of cases handled by sector



The table below shows the percentages of consumer complaints across various categories.



## Strategic Objective: Enhance Enterprises Compliance to Consumer Regulation

### Inspections – Compliance and Enforcement

In 2020, the Commission through its Inspector's Project and joint inspections with Local Authorities, the Zambia Compulsory Standards Agency (ZCSA), Zambia Metrology Agency (ZMA) and Ministry of Commerce, Trade and Industry (MCTI) inspected one thousand six hundred and nine (1,609) trading premises in thirty (30) districts across the country and goods worth K337,652 were seized for not meeting the provisions of the Act or the Food and Drugs Regulations under the Food and Drugs Act Cap 303 of the Laws of Zambia. These goods were either expired, improperly labelled, had damaged packaging or were underweight. The table below shows the highlights of the inspections and seizures conducted:

Quarter	Inspections and Recoveries - 2020
<p><b>First</b></p>	<p>In the first quarter the Commission conducted 26 inspections across the country from 210 outlets. Of these, 9 inspections with 89 outlets were conducted under the COVID-19 inspections whose objective was to determine the changes in prices of products especially sanitary products in Zambia due to the global pandemic. The Commission also conducted inspections on the Pilchard canned products that were notified in South Africa and other Southern African countries.</p> <p>The Commission conducted inspections with the ZMA with regards to the weight of mealie meal. A total of 5 inspections were conducted covering 26 outlets. The Commission also conducted 3 inspections covering a total of 33 outlets. These inspections were conducted together with the Local Authorities in respective provinces.</p> <p>In the first quarter, goods worth K35,705 were seized across the country through inspections.</p>
<p><b>Second</b></p>	<p>In the second quarter the Commission conducted 48 inspections across the country. 578 outlets were inspected in total. The Commission in conjunction with local authorities conducted 9 inspections with a total of 117 outlets being inspected. CCPC Inspectors under the Inspectors Project conducted 19 inspections with 344 outlets being inspected.</p> <p>The Commission also conducted inspections with the Zambia Metrology Agency (ZMA) targeted at checking the weight, labelling and stocks of mealie-meal. 12 inspections were conducted with 53 business premises comprising of millers and retailers being inspected. The Commission also conducted 8 inspections on the pricing of essential commodities in view of the COVID-19 pandemic.</p> <p>In the second quarter, goods worth K146,640 were seized across the country through inspections.</p>
<p><b>Third</b></p>	<p>In the third quarter the Commission conducted 30 inspections across the country and a total of 436 outlets were inspected. The Commission in conjunction with local authorities conducted 4 inspections exercises of which with a total of 48 outlets being inspected. The Commission Inspectors under the Inspectors Project conducted 9 inspections with 313 outlets being inspected.</p> <p>The Commission also conducted five (5) joint inspections with the Zambia Metrology Agency (ZMA) and Zambia Compulsory Standards Agency (ZCSA) targeted at checking the weight, labelling and stocks of mealie-meal, sugar, fertilizer and mineral water.</p> <p>The Commission also participated in five (5) inspections headed by the Ministry of Commerce, Trade and Industry (MCTI) on edible oils. Other participants were the Zambia Revenue Authority (ZRA) and the Ministry of Agriculture and Cooperatives (MACO). In total, 22 outlets were inspected under this category. The Commission and MCTI also conducted 2 inspections on compliance of food products with 21 outlets being inspected.</p> <p>In the third quarter, goods worth K90,911 were seized across the country through inspections.</p>
<p><b>Fourth</b></p>	<p>In the fourth quarter the Commission conducted 16 inspections across the country and a total of 385 outlets were inspected. The Commission in conjunction with local authorities conducted 8 inspections with a total of 136 outlets being inspected. The Commission Inspectors under the Inspectors Project conducted 8 inspections with 190 outlets being inspected.</p> <p>The Commission also conducted one joint inspection covering 15 outlets with ZCSA and LCC following an alert from COMESA Competition Commission of a product recall of a particular batch of canned fruit tree 330ml Red Grape that was believed to contain glass particles. The Commission also conducted one joint inspection with the Zambia Police Intellectual Property Unit and Chinsali Municipal Council. 44 outlets were inspected in Chinsali.</p> <p>In the fourth quarter, goods worth K64,397 were seized across the country through inspections.</p>

## Strategic Objective: Empower Consumers with Knowledge on their Rights and Obligations

### Consumer Education and Awareness

#### Provincial Sensitisation Activities

Consumer education and awareness had continued to be one of the Commission's priorities. While the Commission had over the years expanded its physical presence and now was found in all the provinces, still education and awareness had continued to play a pivotal role in both the dissemination of critical information to capacitate members of the public to (i) be aware of their rights and obligations (ii) available redress mechanisms and (iii) reporting structures.

In 2020, the Commission conducted sensitisation programmes in all the ten (10) provinces of Zambia through drama performances, documentaries, distribution of posters and brochures. Further education and awareness engagements were carried out during inspections of trading premises. The Commission also distributed targeted Bulk Short Message Services (SMSs) containing critical information including on COVID-19 and potential consumer concerns that came with the pandemic. The Commission also conducted television programmes and live radio programmes in over thirty-nine (39) Districts. This was in addition to the talks with over eight (08) institutions throughout the country.

#### Development of IEC Materials

As part of the Government programme on financial capability and inclusion, in 2020 the Commission developed and distributed Information, Communication and Education (IEC) materials in form of brochures, newspaper inserts, bookmarks and posters, which were later translated in the main local languages. The materials were shared particularly with the rural residents and the policy makers.

Further, the Commission also developed and aired radio drama in seven local languages targeting the rural population countrywide. Short Message Services were also utilised in the education and awareness campaigns targeting the rural populations through dedicated platforms that were able to isolate subscribers that lived in selected rural areas. A cumulative total of 4 million SMS were sent attracting a healthy amount of feedback and interaction with the target population.

Due to the special focus on financial inclusion and the Commission's Rural Finance Expansion Program (RUFEP), over one thousand (1,000) copies of the RUFEP Newsletters and three thousand (3,000) RUFEP Annual Reports were circulated to the Commission's stakeholders in both electronic and hard copy form.

### School Sensitization

The Commission's School Clubs' Program had continued to be a vital channel for information dissemination including education and awareness. To encourage innovative thinking and keep clubs engaged, the Commission in collaboration with RUFEP carried out a secondary school poster developing competition. The Commission digitalised the winning school club posters on financial consumer protection in the digital era to show case the general understanding and levels of knowledge and information secondary schools had with regards to financial inclusion and capability. The materials were shared with various schools, Ministries and other stakeholders.

## Strategic Objective: Improve and Benchmark CCPC's Consumer Protection Work against regional and international best practices.

### International Consumer Protection and Enforcement Network (ICPEN)

The Commission had continued to be an active participant in international competition and consumer protection groupings. These include the International Consumer Protection and Enforcement Network (ICPEN) as part of the advisory group and also as part of lead organisers for the enforcement during COVID-19. Consumer protection issues, international cooperation and responses during a pandemic project, Misleading environmental claims project and Joint Digital Terminology for Enforcers project.

The Commission under the ICPEN participated in several activities including leading the African Region webinar in the COVID-19 project, participated in webinars and sweeps. Other international groupings included the International Competition Network (ICN) with the Commission participating in several sessions, the African Dialogue and UNCTAD among others. The Commission has also continued to be a participant in the African Competition Forum (ACF) contributing a Zambian Chapter in the 2020 in the ongoing study in the Aviation Sector including the addendum study on the effects of COVID-19 on the Aviation Sector.

The Commission in 2020 attended several virtual advisory group calls and responded to several questionnaires on various consumer issues. The Commission also hosted and participated in the African regional webinar aimed at understanding emerging consumer issues amid the COVID-19 pandemic and how member countries have been able to deal with them.

# LEGAL AND CORPORATE AFFAIRS



## KEY STRATEGIC OBJECTIVES:

- Prosecution and litigation of cases
- To improve the provision of legal services and support to CCPC in the discharge of its statutory functions
- Enhance Staff Capacity

## LEGAL

In 2020, the Directorate offered legal advisory services to the other Directorates through various means, including review of cases. In this regard, the Directorate reviewed a total of two hundred (200) investigative reports from the Department of Consumer Protection and one (1) report from the Department of Cartels and Restrictive Business Practices

### Strategic Objective: Prosecution and litigation of cases

#### Summary of Cases in Court

Supreme Court	Court of Appeal	High Court
1	2	4

#### Matters before the Courts 2020

##### Supreme Court

The case involving Puma Energy PLC and CCPC under cause No. 172/ 2015 remained to be determined by the Supreme Court as regards the Notice of Motion raised by Puma Energy to reverse the 2018 Judgment.

##### Court of Appeal

Two (2) cases were commenced by way of Appeal to the Court of Appeal and were yet to be determined:

- i. MTN Zambia Limited vs Competition and Consumer Protection Commission CAZ/08/069/2019
- ii. MTN Zambia Limited vs Competition and Consumer Protection Commission CAZ/08/070/2019

##### High Court

Four (4) cases were commenced in the High Court by way of Appeal against the Decisions of the Competition and Consumer Protection Tribunal. Out of the Four (4) cases, three (3) were concluded, and judgment was delivered in one (1) case in favour of the Commission, while two (2) cases were pending delivery of judgment and one (1) case was yet to be heard by the Court.

The table below shows the names of the cases in the High Court and their current status.

NAME OF THE CASE	STATUS
Dr. Patrick Nkhoma vs Southern Cross Motors Limited, CCPC and Attorney General 2018/HP/0803	Judgement delivered in favour of the Commission
Mary Carlos Vs. CCPC 2017/HJ/0103	Pending Judgment
Shoprite Zambia Vs. CCPC 2015/HK/709	Pending Judgment
MRI Seed Zambia Limited, Tombwe Processing Limited and Precision Farming Holdings Limited vs Amiran Zambia Limited, ATS Agrochemicals Limited and Competition and Consumer Protection Commission 2020/HPA/007	The appeal yet to be heard by the High Court

## Appeals received against decisions of the Commission

In relation to cases before the Competition and Consumer Protection Tribunal, there were a total of twenty-six (26) cases before the Tribunal. Of the same, four (4) cases had been settled ex-curia, while two (2) judgments had been delivered by the Tribunal and six (6) cases were pending judgment. In this regard, by the end of 2020 there were fourteen (14) active cases before the Tribunal.

Below is a table showing this narration:

Summary of the number of cases before the Competition and Consumer Protection Tribunal

Total number of cases in 2019	Number of cases settled via ex-curia	Number of cases judgments delivered	Number of cases pending judgments	Number of cases still active at the end of 2020
26	4	2	6	14

Cases where the Competition and Consumer Protection Tribunal had delivered Judgment and those pending delivery of judgment.

NAME OF THE CASE	STATUS OF THE CASE
AM Trading Vs. Mrs. Constance Mibenge, Efficient Freight (Z) limited and CCPC 2017/CCPT/005/COM	Pending judgment
Steeltreck Vs. CCPC and Mr. Peter Kunda 2017/CCPT/016/CON	Pending judgment
Tombwe Processing Limited, MRI Seed Zambia and Precision Farming Holdings Ltd vs CCPC 2017/CCPT/002/CON	Judgment delivered in favour of the Commission
National Breweries vs CCPC 2018/CCPT/020/CON	Judgment delivered in favour of the Commission
Insurers Association of Zambia and 15 others vs CCPC 2018/CCPT/021/COM	Pending judgment
Zambia National Airports Corporation Vs. CCPC and ZEGA Limited 2016/CCPT/010/COM	Pending judgment

**Strategic Objective: To improve the provision of legal services and support to CCPC in the discharge of its statutory functions**

### Regulatory Affairs

Following the incorporation of comments from stakeholders on the proposed amendments to the Competition and Consumer Protection Act No. 24 of 2010, the Draft Bill was tabled before the Ministry of Justice Internal Legislation Committee as well as the Cabinet Legislation Committee. The Bill now awaited tabling before Parliament.

# INSTITUTIONAL DEVELOPMENT



Finance Department

Human Resource and Administration Department



Internal Audit  
Procurement  
Stores  
Research  
Public Relations



## KEY STRATEGIC OBJECTIVES:

- Review and Strengthen the Governance and Oversight Functions
- Improve quality of Research, Development and Advocacy
- Improve the provisions of Corporate Affairs Services
- Enhance capabilities and performance of Staff
- High quality support services

# INSTITUTIONAL DEVELOPMENT

**Strategic Objective: Review and Strengthen the Governance and Oversight Functions**

## Audit and Risk

### Strengthen Audit and Risk Management

The role of Internal Audit was to provide an ongoing assurance of its independence, report directly to the Audit and Risk Committee and attend quarterly meetings of the Committee. The internal audit function ensured that Management had in place appropriate procedures and controls and that they were working effectively to protect the Commission's Assets.

Following the outbreak of the COVID-19 pandemic the Commission had been on high alert and taken proactive measures in risk management.

The Commission had also shifted its focus on crisis management, business continuity, and how best to leverage the latest technology to adapt to rapidly shifting conditions in business and society. The Commission had seen radical changes in the way it operated which was the new normal and therefore there was need for examining of existing controls and risk management practices as a result of the impact on the overall governance by the pandemic.

In 2020, Eight (8) planned provincial offices and four (4) Head Office audit reviews were carried out to check the compliance levels to the approved Policies, Procedures and relevant Legislations. It also appraised the adequacy, design and operational effectiveness of internal controls.

External Auditors PKF Zambia Chartered Accountants and the Auditor General's Office continued to provide external assurance through systems and financial reviews on the various Revenue and Expenditure Cycles of the Commission.

In 2020, the Board and Management of the Commission attended a training in Corporate Governance and Leadership facilitated by Dynamic Concept Limited.

### Operational Risk Management

The Commission's activities expose it to several operational risks. To abate these risks, the Commission has a Risk Register, which is a Control Structure Assessment Tool used not only to consider the likelihood and impact of selected risks but also help the Commission to evaluate the effectiveness of the current controls and whether any changes would be required to bring the identified risks within its risk appetite.

The following are some of the Operational Risks faced by the Commission:

*Risk of the Case Management System not meeting user Department needs.*

The Commission faces a risk of inefficiencies in handling of cases which might result in poor return on investment and loss of confidence in the Commission by the complainants.

To manage this, the Commission has engaged the Copperbelt University to develop a computerized Case Management System.

*Risk of poor sources of data*

The Commission faces a risk of subscribing to non-credible sources of credible data during its work which might lead to wrong conclusions being made on investigated cases resulting in appeals, litigation costs and reputation damage.

The high cost of subscribing to credible sources of data has continued to be prohibitive despite the Commission's having identified these sources.

*Risk of Regulatory Overlaps*

The Commission faces a risk of regulatory overlaps between its consumer protection mandate and that of other sector regulators which leads to regulatory confusion and differences in decision making.

In order to mitigate such a risk, the Commission has signed Memoranda of Understanding with other sector regulators and engages such regulators, through joint working groups to reduce regulatory overlaps.

*Risk of possible bribery of Officers*

The Commission faces a risk of possible bribery of its Officers in the general course of investigations which might dent the Commission's image and lead to a loss of trust and confidence by customers.

The Commission has put in place strict guidelines and punitive sanctions against possible corruption, such as formation of an Integrity Committee which is functional and the requirement for Investigating Officers to attend to matters in groups so as to reduce exposure to corrupt practices.

*Risk of possible loss of information*

The Commission faces a risk of possible loss of information due to the crashing of servers.

The Commission has put up power back solutions with longer life spans on its servers. In addition, the Commission is in the process of co-locating its servers with Infratel.

### **Risk of loss of reputation through leakages of confidential information**

The Commission faces a risk of leakages/unauthorized disclosure of confidential information which might lead to the Commission's exposure to litigation.

In order to mitigate this, all staff have signed confidentiality agreements and the Commission always limits access to confidential information by its members of staff.

### **Risk of the Impact of Covid-19 Pandemic**

The Commission faces a risk of the impact of the Covid-19 pandemic which has resulted in delays in investigations, failure to meet revenue targets, suspension of planned activities and increased medical expenses.

In order to mitigate this the Commission has been operating in line with Government Health Guidelines on the management of Covid-19. Further, the Commission has been encouraging its consumers to use online platforms or telephone when dealing with the institution.

### **Strategic Objective: Improve quality of Research, Development and Advocacy**

#### **Research**

In 2020, the Research and Education Unit provided targeted economic analysis for cases as part of inter - divisional teams. The Unit further undertook several research projects and contributed to local/international fora and conferences.

#### **Regional Integration Support Mechanism (RISM)**

The Commission successfully conducted a Leather Value Chain Study under the Regional Integration Support Mechanism (RISM), with support from the COMESA Regional Integration Capacity Building (RICB) Project. The main aim of the study was to understand the market structure; the stifles to effective competition dynamics in the sub-sector; and how Government interventions shaped incentives for firms to compete and invest in the leather industry. The study considered all the nodes of the value chain which included livestock production, slaughtering, trade in hides and skins, tanning, leather products manufacturing and the wholesale and retail of leather products. At each node, the study considered the players, the market characteristics and its legal framework. Appropriate recommendations were made to Government at the conclusion of the study.

#### **African Competition Forum (ACF)**

A study in the airline industry on the African continent was carried out by member countries of the African Competition

Forum (ACF). The Commission participated by providing input to the study on Zambia's perspective of the airline sector. The aim of the ACF Cross-Country study was to map the airline industry to appreciate the regional and international dynamics that were of primary relevance to the member country, to understand the market structure, alliances, state involvement and regulatory setting for the airline industry in the different ACF member countries and to get an understanding of the type of competition concerns that exist in respect of the airline industry in the different ACF member countries.

#### **Studies on Effects and Impact of COVID-19 on Competition and Consumer Protection in Zambia**

In order to appreciate the effects and impact of the COVID 19 pandemic on Competition and Consumer Protection, two studies were carried out by the Commission such as (i) to assess the effects of COVID-19 pandemic on competition in Zambia and the other on (ii) the impact of COVID-19 on consumer protection in Zambia. The aim of the studies was to determine the nature and extent of industry response triggered by the COVID 19 pandemic. The studies sought to evaluate the effects of the COVID 19 pandemic on consumer behaviour and consumer spending habits, trends in consumer exposure to expired goods on the market and tendencies of no refund and no return for payments made on hospitality services bookings that had been cancelled as a result of the COVID-19 pandemic. The studies made appropriate recommendations to relevant industry players and provided a basis for consumer education.

#### **Rural Finance Expansion Project (RUFEP)**

RUFEP sought to increase access to the use of sustainable financial services for the rural women, men and the youth. The Commission with the support of RUFEP carried out the following activities;

#### **Bulk Short Message Service (SMSs)**

In its quest to enhance access to financial information, the Commission broadcasted short Message Services (SMS's) to the rural populace with specific focus on Northern, North-Western, Western and Copperbelt Provinces of Zambia in order to empower small-holder farmers and rural communities with information on how they could access finances.

Two (2) million bulk SMSs to dedicated ZAMTEL subscribers countrywide were delivered.

#### **Capacity Building and Knowledge Management**

In its quest to spread information on financial inclusion and activities carried out under RUFEP, RUFEP Newsletters and Annual Reports were circulated to the Commission's stakeholders in both electronic and hard copy form.

## National Financial Inclusion Strategy (NFIS)

In its quest to complement Government's effort to promoting financial inclusion under the 2017-2022 National Financial Inclusion Strategy (NFIS) agenda, the Commission as Secretariat of the Financial Consumer Protection and Capabilities Working Group 7 (FCPCWG7) worked with several players in the financial sector in order to raise awareness on financial consumer protection. The players which the Commission worked with included the Pensions Insurance Authority (PIA), Securities and Exchange Commission (SEC), Bank of Zambia (BoZ), Ministry of Finance (MoF), Consumer Unit Trust Society (CUTS), Bankers Association of Zambia (BAZ) and the Zambia Information and Communication Technology Authority (ZICTA). The Working Group 7 as an achievement continued to distribute posters on Financial Consumer Protection Tips through their various institutions and newspapers. The Working Group 7 also aired several pre-recorded programs on financial inclusion.

## Monitoring and Evaluation of CCPC Activities in 2020

### Client Feedback Survey

The Commission aimed to communicate perceptions of stakeholders with regards to its service delivery as well as assess its performance through the eyes of stakeholders. The Commission had continued to carry out quarterly Client Feedback Surveys whose scope was to cover all the ten Commission offices in the country. The Client Feedback Survey has enhanced service delivery by the Commission through the tracking and meeting of quarterly objectives.

### Local and International Fora's/Conferences

The Commission had continued to be active locally, regionally and internationally. The Commission participated in various activities which included attending several virtual meetings, teleconferences, webinars and answering several questionnaires.

## Strategic Objective: Improve the provisions of Corporate Affairs Services

### Public Relations

The Commission's communication strategy aimed to increase the transparency of CCPC's activities, and thus its visibility, impact and influence. The publicity and educational campaigns helped to empower people to understand and exercise their rights under the Act.

Actions to achieve this deliverable were focused on enhancement of the Commission's visibility and dissemination of its mandatory role and responsibilities regarding the fostering of competitive markets and consumer protection.

## Increase the Commission's Visibility

### Social Media

In 2020, the Commission maintained a strong focus on educating consumers about their rights and warning people about the risks of scams and product safety hazards especially those related to the COVID-19 pandemic.

The Commission delivered a wide range of targeted and general information campaigns on the websites ([www.cccpc.org.zm](http://www.cccpc.org.zm)) and social media channels (Facebook, Twitter and LinkedIn). These platforms enhanced consumer interaction and had an increase in followers with thirteen thousand (13,000) and one thousand eight and twenty-four (1,824) followers of Facebook and Twitter respectively.

### Media Relations

The Commission strengthened and enhanced public awareness by engaging with the media to communicate important corporate messages such as enforcement actions, competition compliance guidance for businesses and public awareness campaigns. In 2020, the Commission proactively issued twenty (20) media releases covering a range of topics. Commission news that dominated the media included the COVID-19 scams, warning against price gouging and cartelistic conduct in the cement sector, product recalls of fruit juices, fining of Extra 24 Limited and Provincial Inspections and seizures among others.

The Commission featured sixty-six (66) times on TV, one hundred and ninety-one (191) times on Radio and forty-four (44) times in the Newspapers. The Commission also aired 2,500 adverts across the country in English and local languages aimed at raising awareness on Consumer rights. A weekly interactive eight (8) series radio program on consumer protection in the COVID-19 era was also conducted on radio aimed at raising awareness on what the Commission was doing to enforce its mandate during the COVID-19 pandemic.

Two (2) Media briefing statements with information on Commission operations biannually were circulated, as an in-house media briefing could not be conducted due to COVID-19 public health guidelines.

### Newsletters

The newsletter which was produced and circulated bi-annually continued to be a distinct tool to explain how the Commission work delivered benefit and outcomes for consumers. In the year under review, three (3) CCPC and RUFEP Newsletters were produced and circulated to various stakeholders electronically and in hard copy.

## Participating in Local Fairs and Exhibitions

The Commission coordinated the World Consumer Rights Day (WCRD) by facilitating media coverage leading up to the official commemoration by the Minister of Commerce, Trade and Industry. A physical commemoration could not be held due to the COVID-19 restriction.

Due to the postponement of the annual Zambia International Trade Fair and Agriculture Shows because of the pandemic, the Commission focused on its social media platforms, Radio and Television as well as daily newspapers to interact and disseminate information to both business houses and the individual consumers.

## Strategic Objective: Enhance capabilities and performance of Staff

### Human Capital

#### Staff Capacity Development

The Human Resource (HR) function oversees the employees of the Commission to ensure that there is an organized, productive and thriving workforce.

Therefore, the Commission could only thrive if the right people were hired in the right positions at the right time and were working at the highest level of performance and delivering superior results.

#### Recruitment

A total of fourteen (14) new employees were recruited in 2020. Among the fourteen (14) new employees were ten (10) Investigators for the Provincial Offices; one (1) Stores Assistant; one (1) Call Centre Assistant and two (2) Administrative Assistants for two provincial Offices. All the new employees were inducted.

#### Training

In 2020, four (4) members of staff were trained in International Public Accounting Standards (IPAS). Further, the Management Training Committee (MTC) received and approved an application for sponsored training from one of the members of staff.

In 2020, members of staff from Consumer, Restrictive Business Practices and Research Departments attended a virtual training on Regulation and Supervision of Financial Sector in Zambia organized by Bank of Zambia in partnership with Toronto Centre.

#### Management Trainee Program

The Commission introduced a Management Trainee Program

whose purpose is to train and prepare selected Management Trainees for a future management role within the Commission as a succession plan and initiative. The program will be completed in 2021.

#### Performance Management

All the Commission employees continued to achieve the set objectives in line with the agreed upon performance benchmarks. High performance by all employees contributed to the achieving of the overall goals of the Commission in 2021. The Commission had a staff retention rate of ninety-two percent (92%) due to the trust that the employees had in the Commission's goals, objectives and strategies.

#### Policies

In 2020, Commission reviewed some of its policies which included Human Resource Policy and Procedure Manual; Disciplinary Code and Grievance Procedures and Transport Policy. The purpose of the review was to adapt and align the Policies to relevant Laws and Regulations to fit the industry best practices.

#### Health and Wellness

In 2020, the Wellness Committee was trained in Fire and Safety Management facilitated by Lusaka City Council Fire Authority. Further the Wellness Committee members were trained in First Aid conducted by St Johns Ambulance.

In 2020, the Commission arranged (3) health and wellness talks as follows:

- Fire and Safety Presentation conducted by Workers Compensation Fund Control Board (WCFCB);
- Corona Virus Prevention and Management presentation conducted by Zambia National Public Health Institute; and
- Anger Management conducted by Chainama Hospital.

#### CCPC COVID-19 Preparedness Plan

The Commission developed and monitored the CCPC COVID 19 Workplace Preparedness guidelines put in place for employees to follow in order to mitigate the spread of the COVID 19 at the Commission.

The following were some of the measures taken by the Commission:

- Hand basins with clean water, soap and sanitizers were provided at all the Commission Office. Face masks and gloves were provided to members of staff.
- All employees adhered to Ministry of Health (MOH) guidelines.

- A Rotational Plan was introduced in line with the Cabinet Circular
- The 'new normal' required CCPC to respond and continue to operate optimally.
- The Commission continued to encourage the Public to submit their complaints and queries through electronic platforms such as Twitter, Facebook, Zoom meetings, email, toll-free line (5678) and the CCPC Website.
- Officers who presented with COVID 19 symptoms were encouraged to respond in line with Ministry of Health Guidelines.
- Weekly COVID 19 update Reports were submitted to the Ministry of Commerce Trade and Industry (MCTI).

### **High Performance Organization (HPO)**

A High-Performance Organization (HPO) was an organisation that achieved financial and non-financial results that were exceedingly better than those of its peer groups over a period of five (5) years by focussing on what mattered to the organization.

HPO continued to be mainstreamed at the Commission since its accreditation in 2016. Areas of focus had continued to be employee quality, management quality, long term planning and orientation, openness and action oriented and continuous improvement.

### **Corporate Social Responsibility (CSR)**

The Commission through an initiative financed by Members of Staff had a Corporate Social Responsibility (CSR) programme that aims at making a difference in the communities in which we live and work. The CSR programme aims at empowering the poor and vulnerable in our society and ensuring that their lives become purposeful. The employees of the Commission adopted two (2) students to sponsor:

- Precious Kalimbwe a Grade 10 pupil at Garden Hill Secondary School in Chunga. Precious is a vulnerable child whom the Commission is helping to attain an education as well as empower her with skills that she may require to have a stable future.
- Owen Mwansa Mwango, a student at Chalimbana University currently pursuing a degree in Teaching.

The desire of the Commission employees was to see the two students complete their education and be independent and productive citizens that would contribute to the growth of the economy of Zambia.

### **Strategic Objective: Enhance Staff Capacity**

#### **Staff Capacity Development**

In 2020, the Commission developed an in-house virtual

Training Plan to respond to challenges in COVID-19 Pandemic which did not allow physical meetings for most part of the year. The training covered all the Departments in the Commission with Restrictive Business Practices and Consumer Departments having an in-depth Investigative Training.

In-house hands-on training in all Departments enhanced employee's knowledge, skills and abilities needed to improve their performance as well as reduce on costs associated with external training. Supervisors continued to play an integral part in the coaching and mentoring of staff.

#### **Departmental Staff Exchange Program for Directors**

To develop capacity among management staff specifically the Directors, Management put in place a Departmental Exchange Program for a period of one (1) year to 30th June 2021.

The Exchange Program was meant to encourage personal development and growth among the Directors, as the program was designed to expose the Directors to duties undertaken by other Departments.

#### **International Exchange Programme**

As part of an International Exchange Programme, the Senior Public Relations Officer (SPRO) was sent for the International Fellowship Programme to the Federal Trade Commission (FTC) in the United States of America (USA). The purpose of the Programme was to learn international best practices in communication, consumer and business education.

#### **Establishment of the Integrity Committee**

In 2020, an Integrity Committee (IC) was established at the Commission in accordance with Anti-Corruption Act No. 3 of 2012 and Section 7.2.6 of the National Anti-Corruption Policy.

The ICs were established in both public and private institutions with the major responsibility of spearheading the prevention of corruption and related malpractices and/or maladministration. Members of IC were trained and have started performing their duties in line with their mandate.

# KEY CHALLENGES, RECOMMENDATIONS AND OPPORTUNITIES

## CHALLENGES

### COVID-19

The COVID-19 pandemic had created challenges to all sectors of the economy as Governments worldwide including Zambia restricted human movements and locked down their respective economies to limit the spread of the virus, through social distancing and confinement.

As a regulator, the Commission faced challenges which included delayed investigations of cases as a result of the inability to carry out physical interviews, unable to conduct inspections of trading premises for defective products and collaboration with other regulatory agencies were halted due to Government health regulations.

### Budgetary Constraints and Institutional Capacity

The year 2020 saw the budgetary allocation for the Commission remained the same, despite increase in regulatory activity scope. This had continued to impact on the Commissions' staffing capacity and its ability to fully realise the goals of the 2017-2021 Strategic Plan.

### Information Technology Infrastructure

The Commissions IT Infrastructure continued to be inadequate and it faced difficulties in accessing data and information for successfully investigation of cases.

The Commission continued to work closely with other sector regulators and the Central Statistical Office (CSO) to get its data needs. The private sector had also been encouraged to track and keep data and information in order to assist in informed decision making.

### Loan for the Building

The Central treasury approved the Commission to borrow a 10 million ten-year loan to co-finance the purchase of the office premises. The loan repayments were likely to affect the budget and the operations of the Commission.

## RECOMMENDATIONS

### Adequate Funding

Due to increasing economic activity and corresponding expansion of the Commission, there is need to ensure that the Commission is adequately resourced in order to prevent the erosion of gains that have accrued to the country from competition and consumer protection.

Especially in times like these, when the Government takes unprecedented policy steps to mitigate the pandemic's ripple effects on the Zambian economy, the principles of free market is critical to enable markets work better, promoting business innovation and ensures consumers have choice and are protected.

### Information Technology Investment

The Commission will continue to pursue its digitalisation program through the support of Government through the Smart Zambia Institute and other corporation partners. This is more so crucial with the COVID-19 public health working guidelines which require staff rotations to avoid overcrowding at the workplace and more virtual interactions with stakeholders.

## OPPORTUNITIES

### Online and Social Media

The pandemic has accelerated the Commission's drive to interact with its stakeholders using online and social media platforms.

The Commission can leverage social media platforms like Facebook, Twitter and the Website to support business and consumers source of information, interactive and communication platforms.

### Interface with Sectorial Regulators

The Commission recognised that it was imperative for institutional interface for better coordination with sector regulators. The Commission needed to raise awareness among stakeholders on the importance of submitting information, develop Memoranda of Understanding (MOUs), strengthen already existing MOUs with other sector regulators and increase levels of communication through Joint Working Committees.

### Case Management System

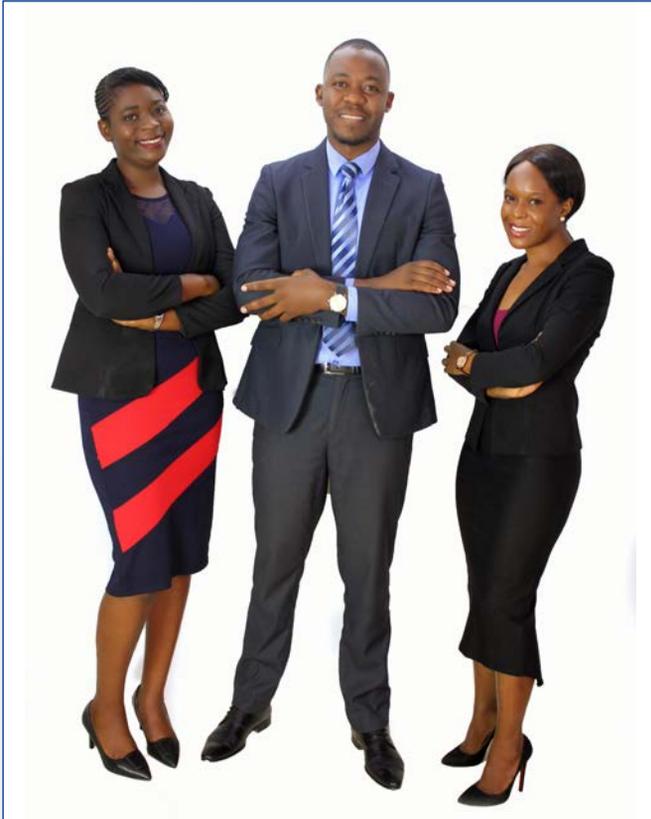
In 2020, the Copperbelt University Business and Innovation Center (CBU-IBIC), signed the contract with the Commission for the development of a case management system.

The Case Management System (CMS) is meant to improve the case investigation and resolution processes. This will lead to effectiveness in the case receiving and resolution process at the Commission.

### Office Premises

The Commission entered into a contract to procure its new office premises at Plot No.3827, Parliament Road, Lusaka. This will in future lessen the operational challenges faced by the Commission through using rented premises. It will also improve the asset base of the Commission.

# PROVINCIAL PICTURES



Mansa Office



Livingstone Office



Kasama Office



Kabwe Office



Kitwe Office





# Financial Statements

**For The Year Ended 31<sup>st</sup> December 2020**

PKF Zambia  
Chartered Accountants



**COMPETITION AND CONSUMER PROTECTION COMMISSION  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

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**COMMISSION INFORMATION**

**COMMISSIONERS**

Ms. Chishala Kateka  
Dr. Aubrey M Chibumba  
Dr. Chenga S Chisha  
Mr. Fredrick Imasiku  
Mr. Nsangwa Ngwira  
Mr. Chilufya Sampa

**: DESIGNATION**

: Chairperson  
: Commissioner  
: Commissioner  
: Commissioner  
: Commissioner  
: Executive Director/ Ex Officio

**CHIEF OFFICERS**

Mr. Chilufya Sampa  
Ms. Luyamba Mpamba  
Mr. Brian Lingela  
Mrs. Maureen Banda Mwanza  
Mrs. Beene Shadunka Siyumbwa  
Mr. Vestus Chungu  
Mrs. Naomi Mbanangwa Fulaza  
Mrs. Marian Mwalimu Mulenga  
Mr. Shakayobo Shandavu  
Mrs. Naomi B. Nguni  
Mr. Masauso Phiri  
Mrs. Eunice Hamavhwa  
Mr. Patrick Chengo  
Mr. Parret Muteto

**DESIGNATION**

: Executive Director  
: Director - Restrictive Business Practice  
: Director Mergers and Monopolies  
: Director Legal and Corporate Affairs  
: Director Human Resource and Administration  
: Director Finance  
: Director Consumer Protection  
: Manager Legal and Corporate Affairs  
: Finance Manager  
: Manager Internal Audit  
: Chief Investigator - North  
: Chief Investigator - South  
: Chief Investigator - Mergers  
: Chief Analyst

**BOARD COMMITTEES**

Finance and Administration Committee

**MEMBERS**

: Dr. Chenga S Chisha  
: Dr. Aubrey M Chibumba  
: Mr. Maxwell Banda  
: Mr. Chilufya Sampa

**DESIGNATION**

Chairperson  
Member  
Member  
Ex-officio

Audit Committee

: Dr. Aubrey M Chibumba  
: Ms. Chisola Mfula  
: Mr. Chilufya Sampa  
:  
:

Chairperson  
Member  
Ex-officio

Technical Committee

: Mr. Fredrick Imasiku  
: Mr. Nsangwa Ngwira  
: Mr. Abram Alituli  
: Mr. Chilufya Sampa

Chairperson  
Member  
Member  
Ex-officio

**REGISTERED OFFICE AND  
PRINCIPAL PLACE OF BUSINESS**

: 4th Floor Main Post Office, Cairo Road  
: P.O.Box 34919  
: Lusaka, Zambia

**BRANCHES**

: Mansa  
: Kitwe  
: Livingstone  
: Mongu  
: Kabwe

Solwezi  
Kasama  
Chinsali  
Chipata

**COMMISSION INFORMATION (CONTINUED)**

**INDEPENDENT AUDITOR**

: PKF Zambia Chartered Accountants  
: Sable House 11 Sable Road, Kabulonga  
: Lusaka, Zambia

**PRINCIPAL BANKERS**

: Standard Chartered Bank Zambia Plc  
: North End Branch  
: Plot 4999  
: Corner Cairo/ Kalambo Roads  
: Lusaka, Zambia

: Atlas Mara Bank Zambia Limited  
: Chanik House-First Floor  
: P.O.Box 37102  
: Lusaka, Zambia

: Investrust Bank Plc  
: Katunjila Road, Chinika  
: Lusaka, Zambia

**REPORT OF THE COMMISSIONERS**

The Commissioners submit their report and the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of the Commission.

**PRINCIPAL ACTIVITIES**

The Commission has a dual role of safeguarding competition and protecting consumers from unfair trading practices. All consumer complaints are covered countrywide and in all sectors of the economy. The key activities of the Commission as set out in the Competition and Consumer Protection Act (CCPA) No.24 of 2010 are;

- a. Review the operations of markets in Zambia and the conditions of competition in these markets
- b. Review the trading practices pursued by enterprises trading in Zambia
- c. Investigate and assess restrictive agreements, abuse of dominant positions and mergers
- d. Investigate unfair trading practices and unfair contract terms and impose such sanctions as may be necessary;
- e. Undertake and publish general studies on the effectiveness of competition in individual sectors of the economy in Zambia and on matters of concern to consumers;
- f. Act as a primary advocate for competition and effective consumer protection;
- g. Advise the Government of The Republic of Zambia on laws affecting competition and consumer protection;
- h. Provide information for the guidance of consumers regarding their rights under the Act;
- i. Liaise and exchange information, knowledge and expertise with competition and consumer protection authorities in other countries
- j. Advise the Minister of Commerce, Trade and Industry on agreements relevant to competition and consumer protection and on any other matters relating to competition and consumer protection
- k. Co-operate with and assist any association or body of persons to develop and promote the observance of standards of conduct for the purpose of ensuring compliance with the provisions of the Act; and
- l. Do all such acts and things as are necessary, incidental or conducive to the better carrying out of its functions under this Act.

**BUSINESS REVIEW**

**Operating results**

	<b>2020</b>	<b>2019</b>
	<b>ZMW</b>	<b>ZMW</b>
Deficit/surplus for the year	<u>(1,434,055)</u>	<u>3,148,791</u>

**Income**

During the year 2020 the Commission received grants from the Government of The Republic of Zambia amounting to K32.5million (2019:K35.1 million)

Other income attributable to the Commission's Investment in short term financial assets amounted to K2.27million (2019: K1.77 million)

**Fees, penalties and fines**

Fees for mergers, acquisitions and negative clearances fees is revenue collected on behalf of the Government of the Republic of Zambia by the Commission.

-Merger, acquisition and negative clearance fees for the year amounted to K9.84 million (2019:K 24.9 million)

-Fines and Penalties for the year amounted to K0.19 million (2019:K54.3 million)

These do not pass through the Commission's accounting system but are paid directly to the Government of the Republic of Zambia and have been excluded from the operating results of the Commission.

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**REPORT OF THE COMMISSIONERS (CONTINUED)**

**COMMISSIONERS**

The Commissioners who held office during the year and to the date of this report are shown on page 1.

**INDEPENDENT AUDITOR**

PKF Zambia Chartered Accountants was appointed to carry out the audit of the Financial Statements of the Commission on a two year contract covering the years 31 December 2020 and 31 December 2021.

**BY ORDER OF THE BOARD**

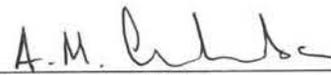


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**CHAIRPERSON  
LUSAKA**

17/03/

2021



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**VICE CHAIRPERSON**

#### STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

The Commissioners are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Commission as at the end of the financial year and of its financial performance and cash flows for the year then ended. It also requires the Commissioners to ensure that the Commission keeps proper accounting records that are sufficient to show and explain the transactions of the Commission; that disclose, with reasonable accuracy, the financial position of the Commission and that enable them to prepare financial statements of the Commission that comply with the International Financial Reporting Standards. The Commissioners are also responsible for safeguarding the assets of the Commission and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Commissioners accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards. They also accept responsibility for:

- i. Designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The Commissioners are of the opinion that the financial statements give a true and fair view of the financial position of the Commission as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

In preparing these financial statements the Commissioners have assessed the Commission's ability to continue as a going concern. Nothing has come to the attention of the Commissioners to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.

The Commissioners acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the Commissioners is aware, there is no relevant audit information which the auditor is unaware of, and each of the Commissioners has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Commissioners on 17 March 2021 signed on its behalf by:

  
\_\_\_\_\_  
**CHAIRPERSON**

  
\_\_\_\_\_  
**VICE-CHAIRPERSON**

## REPORT OF THE INDEPENDENT AUDITOR TO THE MINISTER OF COMMERCE, TRADE & INDUSTRY

### Opinion

We have audited the financial statements of Competition and Consumer Protection Commission (the Commission) , which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and retained earnings and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards .

### 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 Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Commissioners are responsible for the other information. The other information comprises the Commission information, report of the Commissioners and the schedule of expenditure but does not include the financial statements and our report of the independent auditor thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Commissioners for the Financial Statements

The Commissioners are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and for such internal control as the Commissioners determine 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, the Commissioners are responsible for assessing the Commission'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 the Commissioners either intend to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

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

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PKF Zambia Chartered Accountants • Sable House, 11 Sable Road • Kabulonga • P.O. Box 31290 • Lusaka • Zambia

Partners: Antony Ranjan, Stephen Chibwe, Rajarathnam Ravisankar, Simon Njelemba

PKF Zambia Chartered Accountants is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MINISTER OF COMMERCE, TRADE & INDUSTRY  
(CONTINUED)**

**Auditor's Responsibilities for the Audit of the Financial Statements**

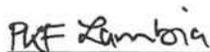
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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:

- i. 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 override of internal control.
- ii. 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 appropriateness of the Commission's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners.
- iv. Conclude on the appropriateness of Commissioners' 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 Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the independent auditor 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 Commission to cease to continue as a going concern.
- v. 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.

The engagement partner responsible for the audit resulting in this report of the independent auditor is Steve Chibwe - practicing certificate number. MPC 0000956

  
\_\_\_\_\_  
**Chartered Accountants  
LUSAKA**

Date: 17 March 2021

AR/LSK/022/21

Competition and Consumer Protection Commission  
Annual report and financial statements  
For the year ended 31 December 2020

**STATEMENT OF INCOME AND EXPENDITURE**

	<b>Notes</b>	<b>2020 ZMW</b>	<b>2019 ZMW</b>
Grant income	2	32,456,918	35,161,662
Other income	3	4,052,302	6,465,455
Employment costs		(30,945,103)	(26,252,690)
Other operating expenses		<u>(6,998,172)</u>	<u>(12,225,636)</u>
(Deficit) of income over expenditure/Surplus of income over expenditure for the year		<u>(1,434,055)</u>	<u>3,148,791</u>
Total comprehensive deficit/surplus for the year		<u>(1,434,055)</u>	<u>3,148,791</u>

The notes on pages 12 to 27 form an integral part of these financial statements.

Report of the Independent Auditor - pages 6 and 7.

**STATEMENT OF FINANCIAL POSITION**

		As at 31 December	
	Notes	2020 ZMW	2019 ZMW
<b>FUNDS</b>			
Accumulated funds		23,119,778	24,553,833
		<u>23,119,778</u>	<u>24,553,833</u>
<b>Non-current liabilities</b>			
Capital grants	4	986,810	380,342
		<u>986,810</u>	<u>380,342</u>
		<u>24,106,588</u>	<u>24,934,175</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	21,888,242	898,298
Investment in joint ventures	6	-	788,229
Intangible asset	7	379,250	123,750
		<u>22,267,492</u>	<u>1,810,277</u>
<b>Current assets</b>			
Financial assets	8	2,059,360	1,419,247
Receivables	9	671,232	635,279
Loans and advances	10	2,829,554	3,575,795
Cash and cash equivalents	11	2,530,927	22,746,193
		<u>8,091,073</u>	<u>28,376,514</u>
<b>Current liabilities</b>			
Payables and accruals	12	2,329,683	1,796,142
Provisions	13	3,922,294	3,456,474
		<u>6,251,977</u>	<u>5,252,616</u>
<b>Net current assets</b>		<u>1,839,096</u>	<u>23,123,898</u>
		<u>24,106,588</u>	<u>24,934,175</u>

The financial statements on pages 8 to 28 were approved and authorised for issue by the Commissioners on 17 March 2021 and were signed on its behalf by:

 Chairperson

 Vice Chairperson

The notes on pages 12 to 27 form an integral part of these financial statements.

Report of the Independent Auditor - pages 6 and 7.

**STATEMENT OF ACCUMULATED FUNDS**

	<b>Accumulated funds ZMW</b>	<b>Total ZMW</b>
<b>Year ended 31 December 2020</b>		
At start of year	24,553,833	24,553,833
Total comprehensive surplus for the year:		
- Surplus for the year	<u>(1,434,055)</u>	<u>(1,434,055)</u>
At end of year	<u>23,119,778</u>	<u>23,119,778</u>
<b>Year ended 31 December 2019</b>		
At start of year	21,405,042	21,405,042
Total comprehensive surplus for the year:		
- Surplus for the year	<u>3,148,791</u>	<u>3,148,791</u>
At end of year	<u>24,553,833</u>	<u>24,553,833</u>

The notes on pages 12 to 27 form an integral part of these financial statements.

Report of the Independent Auditor - pages 6 and 7.

**STATEMENT OF CASH FLOWS**

	Notes	2020 ZMW	2019 ZMW
<b>Operating activities</b>			
Cash generated from operations	13	831,689	(371,053)
Net cash generated from/(spent on ) operating activities		831,689	(371,053)
<b>Investing activities</b>			
Purchase of property, plant and equipment	4	(21,605,401)	(280,171)
Proceeds from disposal of property, plant and equipment		54,971	109,338
Cash paid for acquisition of joint venture		788,229	(428,472)
Cash received from disposal of financial assets		(640,113)	437,300
Interest received		(251,109)	(252,355)
Net cash outflow used in investing activities		(21,653,423)	(414,360)
<b>Financing activities</b>			
Changes in restricted cash balances		606,468	(242,484)
Net cash from financing activities		606,468	(242,484)
Decrease in cash and cash equivalents		(20,215,266)	(1,027,897)
<b>Movement in cash and cash equivalents</b>			
At start of year		22,746,193	23,774,090
Decrease in cash and cash equivalents		(20,215,266)	(1,027,897)
At end of year	10	2,530,927	22,746,193

The notes on pages 12 to 27 form an integral part of these financial statements.

Report of the Independent Auditor - pages 6 and 7.

**NOTES**

**GENERAL INFORMATION**

The Commission is a State Agency, established under the CCPA Act No.24 of 2010. The Commission receives Government Grants for the implementation of its core activities which are listed below:

- a) Review the operations of markets in Zambia and the conditions of competition in these markets
- b) Review the trading practices pursued by enterprises trading in Zambia
- c) Investigate and assess restrictive agreements, abuse of dominant positions and mergers
- d) Investigate unfair trading practices and unfair contract terms and impose such sanctions as may be necessary;
- e) Undertake and publish general studies on the effectiveness of competition in individual sectors of the economy in Zambia and on matters of concern to consumers;
- f) Act as a primary advocate for competition and effective consumer protection;
- g) Advise Government of The Republic of Zambia on laws affecting competition and consumer protection;
- h) Provide information for the guidance of consumers regarding their rights under the Act;
- i) Liaise and exchange information, knowledge and expertise with competition and consumer protection authorities in other countries
- j) Advise the Minister of Commerce, Trade and Industry on agreements relevant to competition and consumer protection and on any other matters relating to competition and consumer protection
- k) Co-operate with and assist any association or body of persons to develop and promote the observance of standards of conduct for the purpose of ensuring compliance with the provisions of the Act; and
- l) Do all such acts and things as are necessary, incidental or conducive to the better carrying out of its functions under this Act.

The address of its principal place of business is:  
4th Floor Main Post Office, Cairo Road  
P.O.Box 34919  
Lusaka, Zambia

**1. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below, and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

**Going concern**

The financial performance of the Commission is set out in the Commissioners' Report and in the Statement of Income and Expenditure. The financial position of the Commission is set out in the Statement of Financial Position. Disclosures in respect of risk management are set out in note 14.

Based on the financial performance and position of the Commission, its risk management policies and the Act (CCPA) No.24 of 2010, the Commissioners are of the opinion that the Commission is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

**New and amended standards adopted by the Commission**

The following amendments which became effective from 1 January 2019, have been adopted but have not had a significant impact on the Commission's financial statements.

<i>Standards/ Interpretations:</i>	<i>Effective date</i>	<i>Expected impact</i>
- Definition of a business - Amendments to IFRS 3	1 Jan 2020	no material impact
- Presentation of Financial statements: Disclosure initiative	1 Jan 2020	no material impact
- Accounting policies, Changes in accounting estimates and errors: Disclosure initiative	1 Jan 2020	No material impact
- Revisions to the Conceptual Framework for Financial Reporting	1 Jan 2020	No material impact
'- Interest Rate benchmark reform - IBOR "phase 2" (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 Jan 2021	Unlikely to have a material impact
- IFRS 17 Insurance Contracts	1 Jan 2023	Unlikely to have a material impact

**NOTES (CONTINUED)**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**a) Basis of preparation (continued)**

**New standards, amendments and interpretations issued but not effective**

At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- IAS 8 paragraph 30 : when an entity has not applied a new IFRS that has been issued but is not yet effective, the entity is required to disclose this fact and known or reasonably estimable information relevant to assessing the possible impact that the application of the new IFRS will have on the entity's financial statements in the period of initial application.
- IAS 8 paragraph 31: In complying with IAS 8:30 above, the entity should consider disclosing the following:
  - (a) the title of the new IFRS;
  - (b) the nature of the impending change or changes in the accounting policy;
  - (c) the date by which the application of the IFRS is required;
  - (d) the date at which it plans to apply the IFRS initially; and
  - (e) either:
    - (i) a discussion of the impact expected; or
    - (ii) if the impact is not known or a reasonably estimable, that fact.

The commissioners do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The Commission plans to apply the changes above from their effective dates.

**b) Critical accounting estimates and judgement**

In the application of the accounting policies, the commissioners are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Commissioners have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**- Measurement of Expected Credit Losses (ECL):**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

**NOTES (CONTINUED)**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**a) Basis of preparation (continued)**

**- Measurement of Expected Credit Losses (ECL):(continued)**

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

*Assessment of significant increase in credit risk:* The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions

For trade receivables, the Commission has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

**- Useful lives and residual values of property, plant and equipment, intangible assets and right-of-use assets**

Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

**c) Revenue recognition**

The Commission recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the Commission's activities as described below.

- i) Fees and penalties paid to the Commission are recognised in restricted funds when they are received and remitted to control accounts at the Central or commercial banks.
- ii) Other Income comprises mostly of non-operating income
- iii) The Commission recognises revenue from grants as below:

**NOTES (CONTINUED)**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Revenue recognition (continued)**

Revenue grants are treated as income in the year they are received. Capital Grants are capitalised and treated as deferred income and amortised on a systematic basis in equal instalments over the expected economical useful life of the related assets concerned. The resultant amortisation is charged to the surplus for the year.

A grant is recognised only when there is reasonable assurance that:

- a) the entity will comply with any conditions attached to the grant and
- b) the grant will be received.

On systematic basis, the grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate. Non monetary grants, such as land and other resources, are accounted for at either their fair value or at a nominal amount, depending upon the availability of information.

A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, are recognised as income in the period in which it is receivable. A grant relating to assets are to be presented as deferred income.

A grant relating to income may be reported separately as 'other income' or deducted from the related expense. If a grant becomes payable, it should be treated as a change in estimate. Where the original grant is related to income, the repayments should be applied first against any related unamortised deferred credit, and any excess should be dealt with as an expense.

**d) Capital Management**

Capital resources comprise accumulated funds and unamortised portions of grant balances. The Commission's objectives for the management of capital are to safeguard its ability to continue as a going concern. The Commission considers its cash and cash equivalents to be the manageable capital from its financial resources. The Commission's policy is to maintain sufficient cash balances to cover operating and administration costs over a reasonable future period. The Commission currently has no externally imposed capital requirements except to maintain sufficient cash balances.

**e) Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Zambian Kwacha (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The resulting differences are recognised in the period in which they arise.

**f) Property, plant and equipment**

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the commission and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation on all assets is calculated on the straight line basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<b>Rate %</b>
Motor vehicles	25%
Office equipment	25%
Computer equipment	25%
Furniture and fittings	25%
Capital Work In Progress	0%

**NOTES (CONTINUED)**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

**g) Impairment of non-financial assets**

At the end of each reporting period, the Commission reviews the carrying amounts of its tangible and intangible 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).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**h) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Computer software**

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Commission, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.

Computer software production costs recognised as assets and are amortised over their estimated useful lives of 3 years.

Work in Progress is not amortised

**i) Financial instruments**

Financial instruments are recognised when, and only when, the Commission becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Commission commits itself to the purchase or sale.

**NOTES (CONTINUED)**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i) Financial instruments (continued)**

**- Financial assets**

The Commission classifies its financial assets into the following categories:

**i) Amortised cost;**

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

**ii) Fair Value Through Other Comprehensive Income (FVTOCI):**

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

**iii) Fair Value Through Profit or Loss (FVTPL):**

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measure at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement.

Notwithstanding the above, the Commission may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income
- on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

At initial recognition of a financial asset, the Commission determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Commission reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Commission has not identified a change in its business models.

**Derecognition/write off**

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Commission has transferred substantially all risks and rewards of ownership, or when the Commission has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

**NOTES (CONTINUED)**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i) Financial instruments (continued)**

**Impairment**

The Commission recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

No impairment loss is recognised on investments measured at FVTPL.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

**Financial liabilities**

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Commission's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Commission does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**NOTES (CONTINUED)**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and financial assets with maturities of less than 91 days.

**k) Accounting for leases**

**The Commission as lessee**

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to income or expenses on a straight line basis over the period of the lease. Lease incentives received are recognised as a liability and reduction of the rental expense on a straight line basis.

**l) Investments in joint ventures**

When the Commission undertakes its activities under joint venture arrangements directly rather than in a separate entity (a joint operation), the Commission's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Commission's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Commission and their amount can be measured reliably.

**m) Taxation**

The Commission is an Agency of the Government of Zambia created under an Act of Parliament. Its principal activities are as per General information on page 12.

The Commission is exempt from tax.

**n) Employee entitlements**

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an accrual expense.

**o) Retirement benefit obligations**

The Commission and its employees contribute to the National Pension Scheme Authority (NAPSA), a statutory defined contribution scheme registered under the NAPSA Act. The Commission's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate. The Commission has no further payment obligations once the contributions have been paid.

The Commission operates a defined contribution staff retirement benefit scheme for its Permanent and Pensionable Employees. The Commission's contributions to the defined contribution retirement benefit scheme are charged to profit or loss in the year to which they relate. The Commission has no further payment obligations once the contributions have been paid.

The Commission operates a gratuity scheme for its Directors which qualifies as a defined benefit scheme. Under the plan, the Directors are entitled to 35% of their total basic salary for the successfully completed years of service. For the purpose of computing Gratuity payable, the basic pay is taken to be the ruling basic pay as at the end of the contract.

**p) Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**NOTES (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	<b>ZMW</b>	<b>ZMW</b>
<b>2. Grant income</b>		
Grants from the Government of The Republic of Zambia	32,456,918	35,161,662
	<u>32,456,918</u>	<u>35,161,662</u>
<b>3. Other income</b>		
CCPC/RUFEP grant amortisation	958,712	1,103,484
Agri - business grant	-	3,252,308
Interest from staff loans	251,109	252,355
Interest from fixed deposit	2,271,153	1,765,470
Sundry income	131,476	65,000
Fair value gain through profit or loss financial assets	482,257	-
(Loss)/Profit on disposal of property, plant and equipment	(42,405)	26,838
	<u>4,052,302</u>	<u>6,465,455</u>
<b>4. Capital grants</b>		
At start of year	380,342	622,826
Funds received for the year	1,565,180	861,000
Charge/(credit) to profit or loss (Note 5)	(958,712)	(1,103,484)
	<u>986,810</u>	<u>380,342</u>

This relates to Grants received from Ministry of Finance through RUFEP under an Agreement signed between the Ministry of Finance and the Commission. Under the agreement the Commission is to receive K4,111,073.

**5. Property, plant and equipment**

**As at 31 December 2020**

	<b>Capital Work in progress ZMW</b>	<b>Motor vehicles ZMW</b>	<b>Office equipment ZMW</b>	<b>Computer equipment ZMW</b>	<b>Furniture and fittings ZMW</b>	<b>Total ZMW</b>
<b>Cost</b>						
At start of year	-	6,917,934	931,906	1,434,614	1,204,478	10,488,932
Additions	21,279,000		14,869	196,377	115,155	21,605,401
Disposals	-	(2,674,598)	-	-	-	(2,674,598)
At end of year	<u>21,279,000</u>	<u>4,243,336</u>	<u>946,775</u>	<u>1,630,991</u>	<u>1,319,633</u>	<u>29,419,735</u>
<b>Depreciation</b>						
At start of year		6,353,184	915,268	1,264,242	1,057,940	9,590,634
Disposals	-	(2,577,222)	-	-	-	(2,577,222)
Charge for the year	-	282,374	12,616	118,586	104,505	518,081
At end of year	<u>-</u>	<u>4,058,336</u>	<u>927,884</u>	<u>1,382,828</u>	<u>1,162,445</u>	<u>7,531,493</u>
<b>Net book value</b>	<u>21,279,000</u>	<u>185,000</u>	<u>18,891</u>	<u>248,163</u>	<u>157,188</u>	<u>21,888,242</u>

The Capital Work In Progress represents advance payments for the new office premises that the Commission is in the process of acquiring.

**NOTES (CONTINUED)**

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

**As at 31 December 2019**

	<b>Motor vehicles ZMW</b>	<b>Office equipment ZMW</b>	<b>Computer equipment ZMW</b>	<b>Furniture and fittings ZMW</b>	<b>Total ZMW</b>
<b>Cost</b>					
At start of year	7,747,730	928,706	1,276,807	1,085,314	11,038,557
Additions		3,200	157,807	119,164	280,171
Disposals	(829,796)	-	-	-	(829,796)
<b>At end of year</b>	<b>6,917,934</b>	<b>931,906</b>	<b>1,434,614</b>	<b>1,204,478</b>	<b>10,488,932</b>
<b>Depreciation</b>					
At start of year	6,563,230	844,879	1,159,136	947,516	9,514,761
Disposals	(747,296)	-	-	-	(747,296)
Charge for the year	537,250	70,389	105,106	110,424	823,169
<b>At end of year</b>	<b>6,353,184</b>	<b>915,268</b>	<b>1,264,242</b>	<b>1,057,940</b>	<b>9,590,634</b>
<b>Net book value</b>	<b>564,750</b>	<b>16,638</b>	<b>170,372</b>	<b>146,538</b>	<b>898,298</b>

Additions were acquired through cash payments made by the Commission.

Property, plant and equipment amounting to K6,457,907 have been fully depreciated but are still in the books and are being utilised by the Commission. The depreciation charge would have been charged if the assets were not fully depreciated would have amounted to ZMW 1,614,477(2019: ZMW 1,952,876).

<b>6. Investment in joint ventures</b>	<b>2020 ZMW</b>	<b>2019 ZMW</b>
At start of year	788,229	359,757
Transfer to Capital Work in Progress	(788,229)	428,472
<b>At end of year</b>	<b>-</b>	<b>788,229</b>

The PACRA/CCPC joint building project was discontinued in 2020. The balance amounting to ZMW788,229 were refunded to the Commission by PACRA and transferred to Capital Work in Progress.

**7. Intangible assets**

<b>Cost</b>		
At start of year	123,750	111,390
Additions	255,500	12,360
<b>At end of year</b>	<b>379,250</b>	<b>123,750</b>

The intangible asset relates to Work In Progress for the development of a Case Management System. The Software is being developed by the Copper Belt University and is to be owned by the Commission.

**NOTES (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	<b>ZMW</b>	<b>ZMW</b>
<b>8. Financial assets</b>		
<b>Fair value through profit or loss financial assets</b>		
<b>Available for sale:</b>		
At start of year	1,419,247	1,856,547
Additions	1,368,918	1,456,085
Disposals	(1,211,062)	(1,893,385)
Fair value gains	482,257	-
At end of year	<u>2,059,360</u>	<u>1,419,247</u>

The financial asset is a short term Investment held with BC Benefits. The objective of the investment is to ensure that adequate resources are available when the gratuity payable to directors as per note 11, falls due.

The Commissioners are of the opinion that the Commission's exposure to credit risk is limited as there has been no recent history of default.

	<b>Gross amount</b>	<b>2020 ECL allowance</b>	<b>Carrying amount</b>	<b>Gross amount</b>	<b>2019 Loss provision</b>	<b>Carrying amount</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
BC benefits	2,059,360	-	2,059,360	1,419,247	-	1,419,247
	<u>2,059,360</u>	<u>-</u>	<u>2,059,360</u>	<u>1,419,247</u>	<u>-</u>	<u>1,419,247</u>

The Commission has not recognised a loss allowance for expected credit losses on its available for sale assets.

	<b>2020</b>	<b>2019</b>
	<b>ZMW</b>	<b>ZMW</b>
<b>9. Receivables</b>		
<b>Current</b>		
Staff debtors and advances	463,001	262,906
Deposits	-	196,271
Prepayments	208,231	176,101
Less: provision for expected credit losses	-	-
<b>Total Receivables</b>	<u>671,232</u>	<u>635,279</u>

	<b>Gross amount</b>	<b>2020 ECL allowance</b>	<b>Carrying amount</b>	<b>Gross amount</b>	<b>2019 Loss provision</b>	<b>Carrying amount</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
Staff debtors and advances	463,001	-	463,001	262,906	-	262,906
	<u>463,001</u>	<u>-</u>	<u>463,001</u>	<u>262,906</u>	<u>-</u>	<u>262,906</u>

In the opinion of the directors, the carrying amounts of receivables approximate to their fair value.

The Commissioners are of the opinion that the Commission's exposure to credit risk is limited as the prepayments have subsequently been expensed and the Commission continued to utilise the rented properties relating to the deposits. Staff debtors are recovered through payroll on a monthly basis.

Receivables did not include any receivables past due or any impaired receivable.

The carrying amounts of the Commission's receivables are denominated in Zambian Kwacha.

The Commission has not recognised a loss allowance for expected credit losses on its receivables.

**NOTES (CONTINUED)**

<b>10. Loans and advances</b>	<b>2020</b>	<b>2019</b>
	<b>ZMW</b>	<b>ZMW</b>
Loans and advances	<u>2,829,554</u>	<u>3,575,795</u>
	<u>2,829,554</u>	<u>3,575,795</u>

In the opinion of the Commissioners, the carrying amounts of Loans and Advances approximate to their fair value.

	<b>Gross amount</b>	<b>2020 ECL allowance</b>	<b>Carrying amount</b>	<b>2019 Gross amount</b>	<b>Loss provision</b>	<b>Carrying amount</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
Loans and advances	<u>2,829,554</u>	<u>-</u>	<u>2,829,554</u>	<u>3,575,795</u>	<u>-</u>	<u>3,575,795</u>
	<u>2,829,554</u>	<u>-</u>	<u>2,829,554</u>	<u>3,575,795</u>	<u>-</u>	<u>3,575,795</u>

The Commission has not recognised a loss allowance for expected credit losses on loans and advances.

The Commission's credit risk arises primarily from Loans and Advances. The Commissioners are of the opinion that the Commission's exposure is limited because the loans are deductible from the payroll.

The aged analysis of loans and advances to staff is as below:

	<b>2020</b>	<b>2019</b>
	<b>ZMW</b>	<b>ZMW</b>
Current	-	-
2 to 3 months	42,990	6,655
4 to 12 months	199,347	114,671
Over 12 months	<u>2,587,217</u>	<u>3,454,469</u>
	<u>2,829,554</u>	<u>3,575,795</u>

The effective interest rate on Loans and Advances to staff was 8% (2019: 8%)

The carrying amounts of the Commission's loans and advances are denominated in Zambian Kwacha.

<b>11. Cash and cash equivalents</b>	<b>2020</b>	<b>2019</b>
	<b>ZMW</b>	<b>ZMW</b>
Cash at bank and in hand	2,530,927	5,029,177
Short term bank deposits	<u>-</u>	<u>17,717,016</u>
	<u>2,530,927</u>	<u>22,746,193</u>

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise of the above.

The Commission's bank balances are held with two major Zambian financial institutions and, insofar as the commissioners are able to attribute any credit risk to these assets, it is deemed to be limited.

The carrying amounts of the Commission's cash and cash equivalents are denominated in Zambian Kwacha.

**NOTES (CONTINUED)**

**12. Payables and accruals**

<b>Current</b>	<b>2020 ZMW</b>	<b>2019 ZMW</b>
Sundry Suppliers	439,039	189,879
Suppliers Control Account	397,379	389,892
Zambia Revenue Authority	1,493,265	1,216,371
	<u>2,329,683</u>	<u>1,796,142</u>

In the opinion of the commissioners, the carrying amounts of payables approximate to their fair value.

The carrying amounts of the Commission's payables are denominated in Zambian Kwacha.

**13. Provisions**

As at 31 December 2020

	<b>Leave Pay Provision ZMW</b>	<b>Gratuity Provision ZMW</b>	<b>Total ZMW</b>
At start of year	1,816,001	1,640,473	3,456,474
Additional provisions	2,918,177	1,651,532	4,569,709
Utilised during the year	(2,620,058)	(1,483,831)	(4,103,889)
At end of year	<u>2,114,120</u>	<u>1,808,174</u>	<u>3,922,294</u>

As at 31 December 2019

	<b>Gratuity Provision ZMW</b>	<b>Leave Pay Provision ZMW</b>	<b>Total ZMW</b>
At start of year	2,009,376	1,802,366	3,811,742
Additional provisions	2,646,758	599,142	3,245,900
Utilised during the year	(3,015,661)	(585,507)	(3,601,168)
At end of year	<u>1,640,473</u>	<u>1,816,001</u>	<u>3,456,474</u>

**14. Cash generated from operations**

Reconciliation of operating surplus to cash from operations:

	<b>2020 ZMW</b>	<b>2019 ZMW</b>
Operating surplus for the year	(1,434,055)	3,351,874
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment (Note 4)	518,081	823,169
Profit on disposal of property, plant and equipment	42,405	(26,838)
(Gains) on fair value adjustment	(255,500)	(12,360)
Interest received	251,109	252,355
Changes in working capital:		
- Other receivables	710,288	(1,056,930)
- Other payables	999,361	(3,702,323)
Cash (spent)/ generated from operations	<u>831,689</u>	<u>(371,053)</u>

**15. Related party transactions and balances**

**Key Management Compensation**

Board Members (Commissioners)	626,167	658,895
Directors	5,579,647	3,773,312
	<u>6,205,814</u>	<u>4,432,207</u>

**NOTES (CONTINUED)**

**16. Risk management objectives and policies**

**Financial Risk Management**

The Commission's activities expose it to a variety of financial risks: credit risk and liquidity risk.

The Commission's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Commission's financial performance.

Risk management is carried out by the Management under policies approved by the Board of Commissioners. Management identifies, evaluates and hedges financial risks under the supervision of the Board of Commissioners.

**A. Market Risk**

Interest rate risk

The Commission's exposure to interest rate risk arises from interest bearing financial assets. Financial assets obtained at different rates expose the Commission to interest rate risk. Financial assets obtained at fixed rates expose the Commission to fair value interest rate risk, except where the instruments are carried at amortised costs.

**B. Credit Risk**

Credit risk arises from cash and cash equivalents as well as credit exposures, including outstanding receivables.

There were no financial assets that were renegotiated during the year.

The exposure to credit risk arising from loans, advances to staff, other receivables and cash and cash equivalents has been quantified under notes 7, 8 and 9 respectively.

**C. Liquidity Risk**

Cash flow forecasting is performed by the finance department of the Commission by monitoring the Commission's liquidity requirements to ensure it has sufficient cash to meet operational needs. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, Management ensures that cash inflows and outflows are matched to ensure that the entity has the capacity to settle liabilities as they fall due.

Note 11 discloses the maturity analysis of payables and accruals. The liabilities within the statement of financial position have not been discounted as the effect of discounting is not material.

<b>17. Capital Commitments</b>	<b>2020 ZMW</b>	<b>2019 ZMW</b>
Building Project (proposed Commission's offices)	<u>10,000,000</u>	<u>-</u>

In the year ended 31 December 2020 the Commission decided to acquire its own office premises. This was to be co-financed by the Commission and a loan facility from Investrust Bank Plc of K10,000,000.

**18. Commitments**

**Operating lease commitments - as a lessee**

The future minimum lease payments payable under non-cancellable operating leases are as follows:

Not later than 1 year	<u>747,676</u>	<u>703,495</u>
	<u>747,676</u>	<u>703,495</u>

**19. Contingent liabilities**

As at the reporting date, there were no contingent liabilities.

**20. Events after the end of the reporting date**

The Commission has subsequent to the year ended 31 December 2020 entered into a financing agreement with Investrust Bank Plc for a loan of K10,000,000. The Loan was approved by the Ministry of Finance in line with the requirements of the Public Finance Regulations.

**SCHEDULE OF EXPENDITURE**

<b>1 EXPENSES</b>	<b>2020 ZMW</b>	<b>2019 ZMW</b>
<b>Employment:</b>		
Medical & funeral expenses	255,318	223,348
NAPSA and NHIMA- employer contribution	1,058,274	808,940
Personnel emoluments	29,493,139	25,019,365
Staff training	8,850	115,818
Staff welfare expenses	129,522	85,219
<b>Total employment costs</b>	<b>30,945,103</b>	<b>26,252,690</b>
<b>Other operating expenses:</b>		
Agri business	7,560	1,103,479
Audit and consulting fees	140,360	114,016
Bank charges	66,956	76,124
Board & committee expenses	626,167	658,895
CCPC/RUFEP expenses	970,326	1,155,507
Computer expenses	420	11,068
Courier & postage	76,258	44,315
Department activities	1,814,399	4,055,683
Depreciation	518,081	823,169
Fuel, oil & lubricants	380,187	953,634
HIV/AIDS	6,475	6,092
Insurance	268,276	397,760
Legal expenses	146	15,727
Miscellaneous expenses	31,145	85,797
Motor vehicles running expenses	281,336	525,960
Office operational	166,677	543,454
Printing, periodicals & newspapers	163,231	200,259
Rentals	747,676	703,495
Repairs & maintenance	110,226	135,848
Security	58,464	83,520
Telephone, fax & internet expenses	283,089	265,800
Travelling , subsistence and accommodation	228,528	241,596
Regional Expense	52,189	24,438
<b>Total other operating expenses</b>	<b>6,998,172</b>	<b>12,225,636</b>
<b>Total expenses</b>	<b>37,943,275</b>	<b>38,478,326</b>

