

**Citizens Economic Empowerment
Commission**



Zambia Opens New Leaf...
**CEEC Industrial Yards
Take-Off**

2018

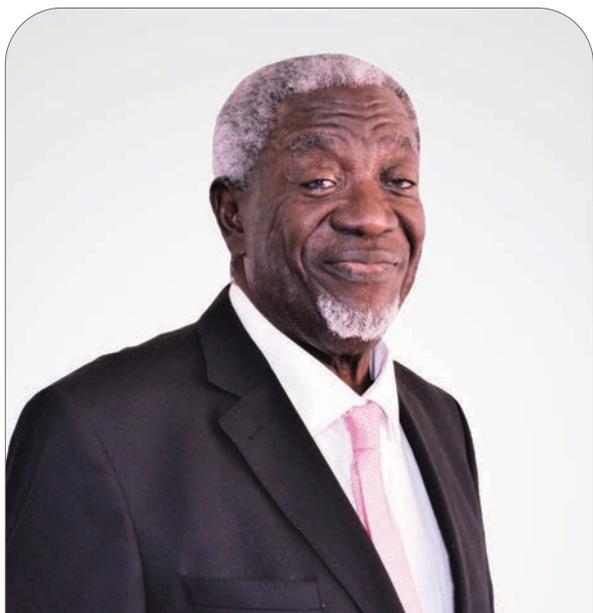
ANNUAL REPORT

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1. CHAIRPERSON'S FOREWORD



2018 was a Year when we clearly started seeing how our strategic approach to economic empowerment programming was beginning to boldly transform our people into the main drivers of key sectors of the economy. Whereas we had been making good progress in promoting citizens participation in the mango, timber, tourism, block-making, fish, beef, soya beans and dairy value chains, 2018 brought a totally different level of investment to targeted citizens.

The commencement of construction of the Industrial Yards in Mongu, Solwezi, Kasama, Ndola and Chipata flagged the dawn of a new era for light manufacturing in Zambia. The take-off of the Cassava Commercialization Initiative in Lusaka, Copperbelt, Northwestern, Luapula and Northern

Provinces; the launch of the Cashew Matching Grant Fund Facility to benefit 10 districts of Western Province; and the commencement of implementation of the Aquaculture Seed Fund in 35 districts covering all provinces are all very profound achievements that speak to a new age in the economic history of our great country.

While we celebrate 2018 for paving the way for even greater things from the Commission to the citizens, and as we thank our new partners the Ministry of Fisheries and Livestock, the Ministry of Agriculture and the African Development Bank for the confidence they have shown in entrusting substantial resources to the Commission in order to make the new era possible, the Board of Commissioners proudly looks back at how the Commission has reincarnated since the lifting in 2013 of the suspension of Government funding to the Citizens Economic Empowerment Fund.

The Commission is now up to date in producing Financial Statements, continuously registering unqualified annual external audit reports since 2013. 92% of the 1,653 empowerment projects funded since then have gone to rural areas, 69% to women and youth. 91% of the empowerment loans were given without collateral to accommodate everyone in our society. We have been able to maintain a generous annual interest rate of 12% on business loans to citizens throughout the years, while our new systems for managing the loan portfolio have been very effective, increasing the Loan recovery Rate from 21.6% in 2013 to 62% as of 31st December 2018.

Against these results, the Commission is now proudly a market leader in rolling out game-changing and highly inclusive economic empowerment in Zambia. We look forward to an emphatic 2019!

Dr. Kasuka Mutukwa

CHAIRPERSON

2. DIRECTOR GENERAL'S REPORT

Honestly stated, 2018 was predominantly about the achievements the Commission scored in leveraging empowerment resources through partnerships and in beginning to rollout empowerment interventions of historic proportion.

With a capital injection of ZMW130 million from the African Development Bank (AfDB) the construction of Industrial Yards earnestly started in Mongu, Solwezi, Kasama, Ndola and Chipata with completion and handover expected in the last Quarter of 2019. The Industrial Yards will bring a modern era of light manufacturing for targeted citizens in the areas of metal fabrication, woodwork, auto-mechanics, gemstone processing and agro-processing.



Implementation of the ZMW440 million Aquaculture Seed Fund, which is a Component of the Zambia Aquaculture Enterprise Development Project, started. The Ministry of Fisheries and Livestock appointed the Commission to be the Manager of the Fund which is being financed by AfDB. The Seed Fund, which is being implemented in 35 districts covering all provinces of the country, will lead to each province being self-sufficient in the production of fingerlings and to the wiping out of the deficit of 85,000 metric tonnes in national annual fish production over the next four years. The objective is for Zambia to transform into a net exporter of fish and fish products within the next ten years. This will be one of the most poverty reducing development programmes in the history of Zambia and citizens will engage in the entire value chain, fish production, supply of feed, cold chain services, fish processing, marketing and others.

We also started turning the wheel of industrial transformation in Western Province. With support from the AfDB, the Ministry of Agriculture started implementing the ZMW26 million Cashew Matching grant Fund Facility under the Cashew Infrastructure Development Project (CIDP) with CEEC as the Fund Manager. Targeting ten districts (Sikongo, Kalabo, Mongu, Limulunga, Mitete, Lukulu, Nalolo, Senanga, Sioma and Shangombo), the Matching Grants to targeted citizens will promote businesses that will add value to cashew nut that will be produced by the 60,000 farmers being supported under CIDP.

Twenty-two targeted companies were approved for funding to venture into cassava processing in Northwestern, Luapula, Northern, Copperbelt and Lusaka Provinces. With the beneficiaries investing in the production of starch, glue, gari, flour and other products, citizen participation in the new industrial outlook for cassava took a very promising turn.

With this epic foundation having been laid in 2018, citizens will truly stand up for the counting in 2019.

Likando Mukumbuta

DIRECTOR



3. INTRODUCTION

This Report provides the status of implementation of the 2018 Annual Work Plan addressing policy, legislative and regulatory reform aimed at fostering an environment that is more conducive to the economic empowerment of targeted citizens; business development services delivery for targeted citizens venturing into business; access to finance; and the need for targeted citizens to penetrate scaled local markets.

Performance

Under the 2017-2021 Strategy Implementation Plan, the Commission is enhancing the economic empowerment of targeted citizens through a Results Framework of four (4) Strategic Objectives that are guiding planning, management and performance assessment. These are:

Strategic Objective (SO)-1 More Conducive Policies, Laws & Regulations is aimed at enhancing the policy, legal and regulatory framework for economic empowerment in Zambia so that the goal of increased economic participation by targeted citizens can to be achieved more comprehensively and in a timely manner.

Strategic Objective (SO)-2 Improved Business Development Services (BDS) is aimed at achieving productivity and efficiency improvements throughout the production and marketing cycle which will result in improved Micro, Small and Medium Enterprise (MSME) competitiveness in local and regional markets. 100% of CEEC manufacturing clients will by 2019 be undergoing training provided by the Zambia Bureau of Standards (ZABS) as well as implementation of Kaizen.

Strategic Objective (SO)-3 Increased Access to Finance continues to promote CEEC's innovative finance and capital options for MSMEs. The 2017-2021 strategy will see more recourse to other financing instruments, such as guarantees, matching grants, capital market options, unit trusts, joint ventures, venture capital, trade finance, syndicating, etc. deployed to finance CEEC clients. SO3 is aimed at opening up greater participation in the economy by targeted companies encompassing all three categories of enterprise: micro, small and medium scale.

Strategic Objective (SO)-4 Increased Access to Competitive Markets focuses on market research and market development work aimed at helping targeted citizens take fuller advantage of bi-lateral and multilateral trade agreements within Africa to boost their markets and sales, such as the bilateral agreements with Democratic Republic of Congo and with Angola, as well as the SADC, COMESA and the Tripartite Free Trade Area Agreements. Other work includes strategies and interventions to help the MSMEs import-substitute within the domestic scaled markets such as supermarket chains and shopping malls.

4. THE CITIZENS ECONOMIC EMPOWERMENT COMMISSION

The Citizens Economic Empowerment Commission (CEEC) is a body corporate established through the enactment of the Citizens Economic Empowerment Act No. 9 of 2006 to foster broad-based economic empowerment in Zambia.

Broad-based economic empowerment is defined in the Act as 'the economic empowerment of targeted citizens, citizen influenced companies, citizen empowered companies and citizen owned companies through diverse but integrated socio-economic strategies that include ownership of productive assets and

resources, increasing the levels of employment in the formal sector, increasing household incomes, expanding literacy and skills development, and ensuring preferential procurement and access to services of state institutions.

The Commission is responsible for investing and administering the Citizens Economic Empowerment Fund (CEEF), which has by law been established under Part IV of the CEE Ac No.9 of 2006. The purpose of the Fund is to support the development of broad-based economic empowerment programmes and is the principal vehicle through which the Commission provides interest bearing business loans to targeted citizens.

5. VISION, MISSION STATEMENT AND CORE VALUES

Vision

A Nation of Economically and Equitably Empowered Citizens.

Mission Statement

The Citizens Economic Empowerment Commission is a body corporate that promotes the economic empowerment of targeted citizens through ownership of productive assets, skills development, access to finance, preferential procurement and fostering business and entrepreneurial culture.

Values

- Accountability, transparency and fairness
- Respect for all
- Integrity
- Efficiency and effectiveness
- Hard work
- Team and supportive spirit

6. 2018 TRANSFORMATIONAL HIGHLIGHTS

The construction of Mongu, Solwezi, Kasama, Ndola and Chipata Industrial Yards commenced in 2018. Completion of construction and operationalization of the Yards is scheduled for August 2019. This is under the ZMW360 million Skills Development and Entrepreneurship Project -Supporting Women and Youth being implemented by the Commission with support from the AfDB. The five Industrial Yards are set to provide 160 industrial workshops targeting metal fabrication, woodwork, auto-mechanics, agro-processing and gemstone processing. Other facilities will include common-use amenities such as kilns and spray-booths. Each Industrial Yard is expected create 500 sustainable light manufacturing jobs mostly for young people and women.



Figure1: Examples of Processed Cassava Products

Under the same Project, the Cassava Commercialization Component, in which ZMW82 million is being invested, took a giant leap forward with the funding of 22 cassava processing projects in Luapula, Northern, Copperbelt and Northwestern Provinces. The projects whose funding was approved by the CEEC Board as a part of GRZ contribution to the AfDB-funded Project, are intended to

boost the market for the 12,000 smallholder farmers that are being supported to grow high-yielding, early maturing and disease-free cassava in Mushindamo, Solwezi, Kalumbila, Mana and Kasama Districts of Northwestern, Luapula and Northern Provinces. The projects include the processing of gari, cassava flour, cassava starch and glue amongst others. The Cassava Commercialization Initiative is intended to transform Zambia into a major producer of cassava value-added products in the human food, stock feed and industrial products. The Initiative will create more than 12,000 on-farm and other value chain jobs.

The Commission registered a breakthrough in its efforts to leverage financing for empowerment programmes through partnerships. In July 2018 the Commission entered into an agreement with the Ministry of Fisheries and Livestock for the implementation of the Aquaculture Seed Fund of the AfDB-funded Zambia Aquaculture Enterprise Development Project (ZAEDP) being implemented by the Ministry. Under the Agreement, the Commission will receive ZMW275 million from the Ministry of Fisheries and Livestock as Fund Manager to provide empowerment business loans and business development services along the Aquaculture Value Chain in 35 districts covering all provinces of the country. Through aquaculture, the Project seeks to eliminate the national deficit of 80,000 metric tonnes in fish production by 2022 and transform Zambia into a net exporter of both fish and fish value-added products. The Project will create more than 12,000 jobs within the first two years, especially in rural areas. The Project is focusing on boosting production and processing of tilapia (bream) and catfish. To empower citizens and address the critical shortage of fingerlings in the country the Commission launched, as part of the Project, a Special Initiative for establishment of fish hatcheries and nurseries in all provinces of the country with the objective of facilitating the citizen-driven businesses to produce 44 million fingerlings for fish farmers that will be supported under the Project as well as for others in the domestic market.



Figure 2: The Project is focusing on increasing production and processing of catfish and bream

The Commission was in 2018 also successful in securing a partnership with the Ministry of Agriculture, under which the Ministry appointed the Commission to manage the Cashew Matching Grant Fund Facility under CIDP being implemented by the Ministry in Western Province. The Project is repositioning Zambia to become a major cashew country through infrastructure development and support to the development of

60,000 smallholder plantations in 10 districts of Western Province. The 50% Matching Grant Facility being managed by CEEC will disburse ZMW24 million to bring on board competitive cashew handling, processing and marketing companies through the provision of matching grants to targeted citizens. The Commission launched a Call for Applications in December 2018. The target districts being Kalabo, Sikongo, Mitete, Lukulu, Limulunga, Mongu, Nalolo, Senanga, Sioma and Shangombo. The Matching Grant Facility is expected to create more than 1,000 sustainable jobs apart from those to be created through the 60,000 smallholder plantations.



Figure 3: The Matching Grant Facility is facilitating value addition to cashewnut in Western Province

7. 2018 PROGRAMME PERFORMANCE OVERVIEW

Progress towards attainment of Key Performance Indicators of programme implementation in 2018 compared to the Year before is presented in Table 1.

Table 1: CEEC Progress towards attainment of Key Performance Indicators for 2017

KPI	2017		2018		COMMENT	
	Actual	Target	Actual	Target		
KPI 1: Rural share of approved empowerment projects	92%	90%	92%		By the close of the year 2018 the rural share of approved projects remained at 92% same as what was recorded in 2017 as there were no new projects approved due to lack of funding from the Treasury.	
KPI 2: Social distribution of approved projects	Category	Actual %	Category	Target %	Category	Actual %
	Women	43	Women	30	Women	43
	Youth	26	Youth	40	Youth	26
	Disabled	2	Disabled	2	Disabled	2
	Men	29	Men	28	Men	29
	Total	100	Total	100	Total	100

Table 1: Continued

KPI 3: Jobs Created	2,760	30,000	862	Job target was not met due to delayed funding of the Aquaculture Seed Fund and the Cashew Matching Grant Facility, such that the jobs will be created in 2019.
KPI 4: Preferential Procurement Certificates Issued	1,572	2,000	1,203	The number of preferential procurement certificates were below target as a reduction has been noted in tender opportunities for the public sector due to austerity measures being implemented by Government.
KPI 5: Areas of Commerce, Trade and Industry (CTI) Reserved for Targeted Citizens.	<ol style="list-style-type: none"> 1. Quarry Progress: Implementation roadmap and SI input submitted to MCTI 2. Block-making Progress: Implementation roadmap and SI input submitted to MCTI 3. Poultry Progress: Implementation roadmap and SI input submitted to MCTI 4. Domestic Haulage Progress: Implementation roadmap and SI input submitted to MCTI 	<ol style="list-style-type: none"> 1. Quarry: Statutory Instrument Issued 2. Poultry: Statutory Instrument Issued 3. Block-making: Statutory Instrument Issued 4. Domestic Haulage: Statutory Instrument Issued 	<ol style="list-style-type: none"> 1. National Compliance and Monitoring Committee has been established for the Poultry Reservation Scheme 2. National Compliance and Monitoring Committee for Domestic Haulage has received nominations of members from various stakeholders. Stakeholder Meeting to agree on implementation Modalities will be undertaken in Quarter 1 of 2019 	The Quarry and Block Making Statutory instruments are yet to be issued. Concerns were raised about the preparedness and capacity of Zambian citizens to operate in this sector. In order to address these concerns, the Commission developed a special initiative for Block Making where Zambian citizens have been provided with loans to establish quarry as well as block making enterprises
KPI 6: Number of clients funded	29	1,600	64	The main causes for the under-performance was Job target was the delayed funding of the Aquaculture Seed Fund and of the Cashew Matching Grant Facility, and none release of any empowerment funds in 2018 by Treasury.
KPI 7: Number of clients that received business plan development support	68	55	250	The Commission exceeded the target set for business plan development support.
KPI 8: Value of funds disbursed (ZMW)	K30.3m	K50m	K2,476,226.83	The underperformance was due to delayed funding of the Aquaculture Seed Fund and of the Cashew Matching Grant Facility, and none release of any empowerment funds in 2018 by Treasury.
KPI 9: Loan Recovery Rate	52%	65%	62%	The Commission had challenges in collecting loan repayments due to a lack of ground presence in the districts. The agreement signed with the Department of Cooperatives to assist with collections has not been operationalised due to lack of funds.
KPI 10: Internally Generated Revenue (ZMW)	K13,134,101	ZMK20,000,000	K9,106,446	The internally generated revenue was mainly derived from interest on loan repayments. Target could not be met due to a shortfall in income from facility fees due to non-receipt of anticipated empowerment funds to disburse from



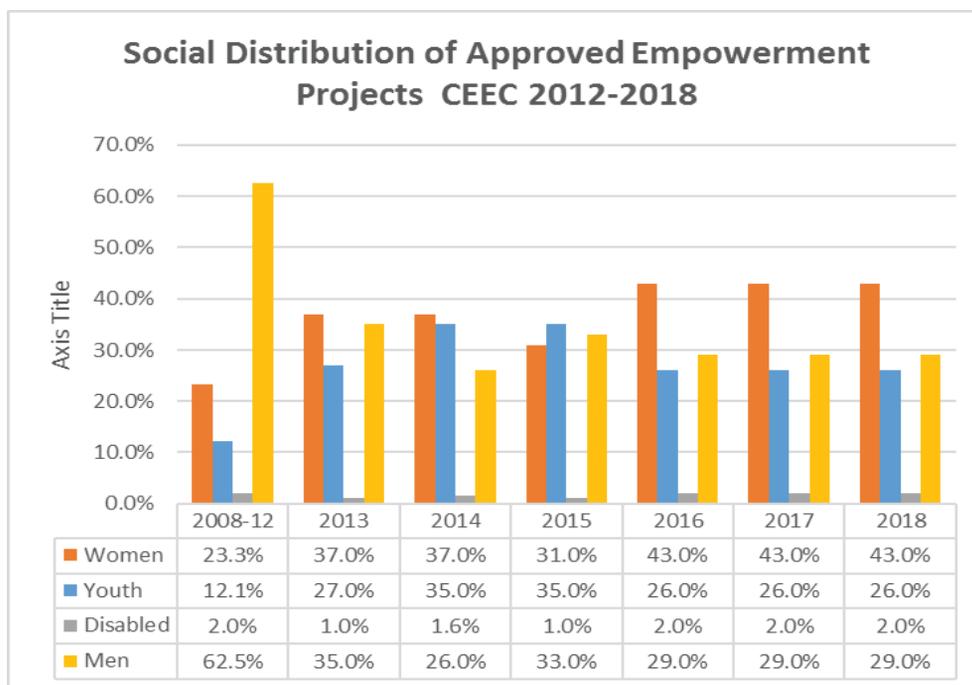
KPI 1: Rural share of approved empowerment projects

The rural outreach of approved projects continued to meet the 90% threshold. By the close of the year 2018 the rural share of approved projects remained at 92% same as what was recorded in 2017 because there were no new projects approved due to lack of funding from the Treasury. The Commission has been able to meet the target for rural outreach as a result of a deliberate policy of easing collateral requirements for projects in rural areas by allowing them to provide a minimum acceptable mortgage value of 50% of the loan amount, while the balance is covered by creation of a lien on any assets purchased for the project.

KPI 2: Social distribution of approved projects

As at 31st December 2018 the social distribution status remained the same as what was recorded in the year 2017, meaning, 26% went to youth-owned projects below the 40% target for youth, while 43 % went to women-owned projects above the 30% target. 2% projects went to the Disabled Category, meeting target, whilst the Men Category received 29% exceeding the 28% target for the Year. The Commission did not receive anticipated funding from Treasury and therefore many projects were not presented to the Board for approval. Figure 4 presents the trends in Social Distribution of empowerment projects over the period 2012-2018 with women performing the strongest.

Figure 4: Social distribution of Approved Empowerment Projects 2012-2018



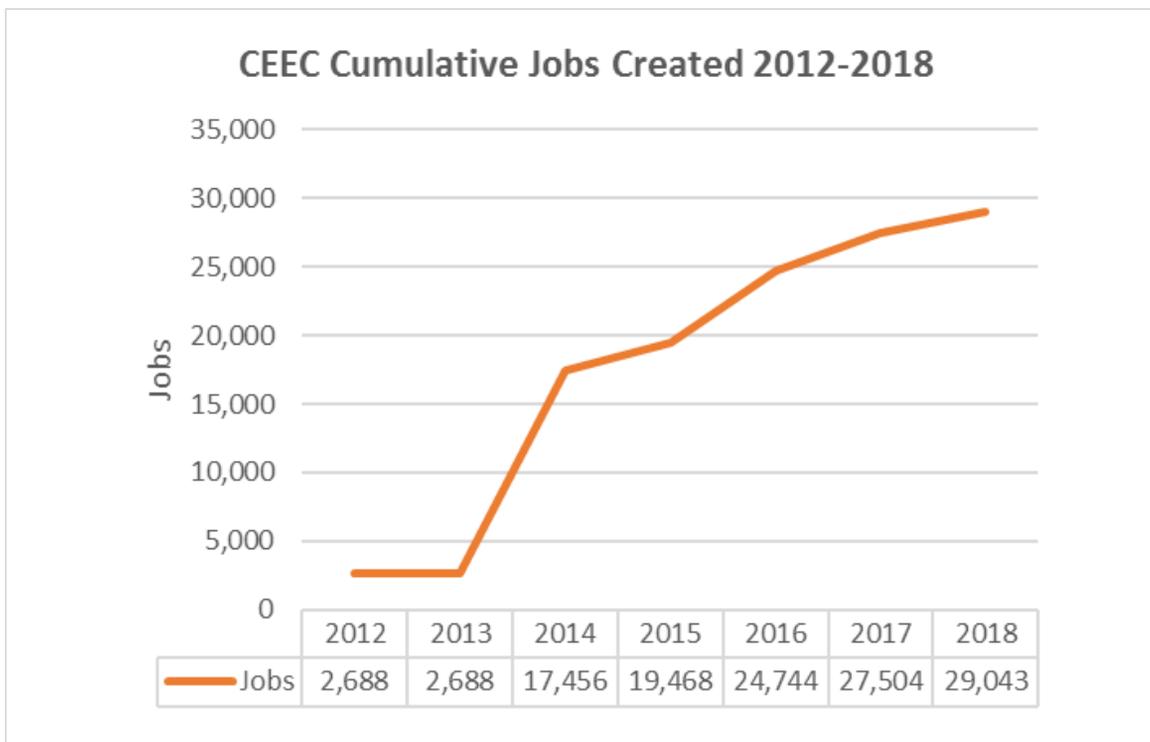
KPI 3: Jobs Created

At the close of 2018, a total of **862** jobs were created bringing the accumulative figure to **28,366** jobs from **27,504** jobs recorded in 2017. This figure represents 9.4% of the annual target of **30,000** jobs. Table 2 shows the number of jobs created in 2018 and Figure 2 depicts the continued job growth from 2012 to 2018. The 2018 job target was not met due to delayed funding of the Aquaculture Seed Fund and the Cashew Matching Grant Facility, such that the jobs will be created in 2019.

Table 2: Jobs Created

S/N	Province	Cumulative As of 31 Dec 2017	2018					Cumulative As of 31 Dec 2018
			Q1	Q2	Q3	Q4	Total	
1	Central	24,139	66	32	87	0	185	24,324
2	Copper belt	194	27	0	10	56	93	380
3	Eastern	128	3	17	26	75	121	370
4	Luapula	38	0	29	0	0	29	96
5	Lusaka	290	0	0	0	0	0	290
6	Northern	1,723	26	15	15	0	56	1,835
7	North-Western	106	0	0	179	52	231	568
8	Southern	91	15	15	28	33	91	273
9	Western	95	6	0	0	11	17	129
10	Muchinga	700	6	5	28	0	39	778
TOTAL		27,504	149	113	373	227	862	29,043

Figure 2 CEEC Cumulative Jobs Created 2012-2018



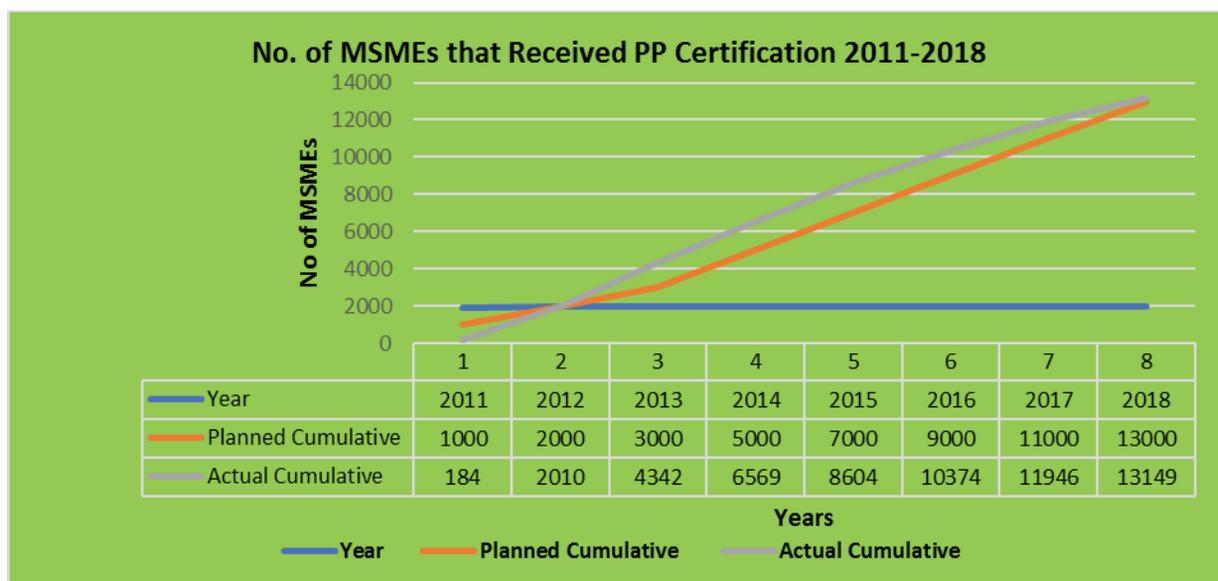
KPI 4: Preferential Procurement Certificates Issued

In keeping with provisions of Section 19 of the Citizens Economic Empowerment Act Number 9 of 2006 and Statutory Instrument Number 36 of 2011, the Commission facilitates the issuance of Preferential Procurement Letters of certification through registration of companies as citizen influenced, citizen empowered and citizen owned. The purpose of this registration is to help increase business opportunities for targeted citizens by increasing their successful participation in public procurement.

The issuance of Preferential Procurement Certification Letters to targeted companies in 2018 stood at 1,203 which was a reduction from 1,572 in 2017. This was still below the annual target of 2,000. However, the cumulative total was above the target for the year as shown in Figure 3.



Figure 3 No of MSMEs that received PP Certification 2008 – 2018



KPI 5: Areas of Commerce, Trade and Industry (CTI) Reserved for Targeted Citizens.

Progress was made towards implementation of reservation schemes for targeted citizens. The implementation of the SI requires participation of different stakeholders through various committees. In this regard, the Commission has since requested different stakeholders to nominate a member to the National Compliance and Monitoring Committee – Domestic Haulage and has received positive submissions from Road Transport and Safety Agency, Ministry of Energy, Office of the Inspector General, Food Reserve Agency, Truckers Association of Zambia. The Commission awaits correspondence from Indeni Petroleum Refinery Company Limited which has also been identified as a key stakeholder. Under the Poultry Reservation, stakeholders have submitted their quarterly work plans but have expressed concern that their current budgets do not allow for this activity. The Commission has therefore opted to work closely with the stakeholders in order to formulate strategies to implement this activity.

Table 3 Reservation Scheme Process Progress Indicator

Reservation Scheme	Process Progress	
	Target	Actual
SI No.1 of 2017 (Poultry and Domestic Haulage)	5	5
Cleaning Sector Reservation Scheme	2	3
Manufacturing of Uniforms	2	2

**This is a process indicator with five stages of progress: 1. Selection; 2. Research; 3. Submission of recommendations to MCTI; 4. Cabinet Approval; and 5. Legislation. The Commission is accountable to stages 1-3.*

KPI 6: Number of clients funded

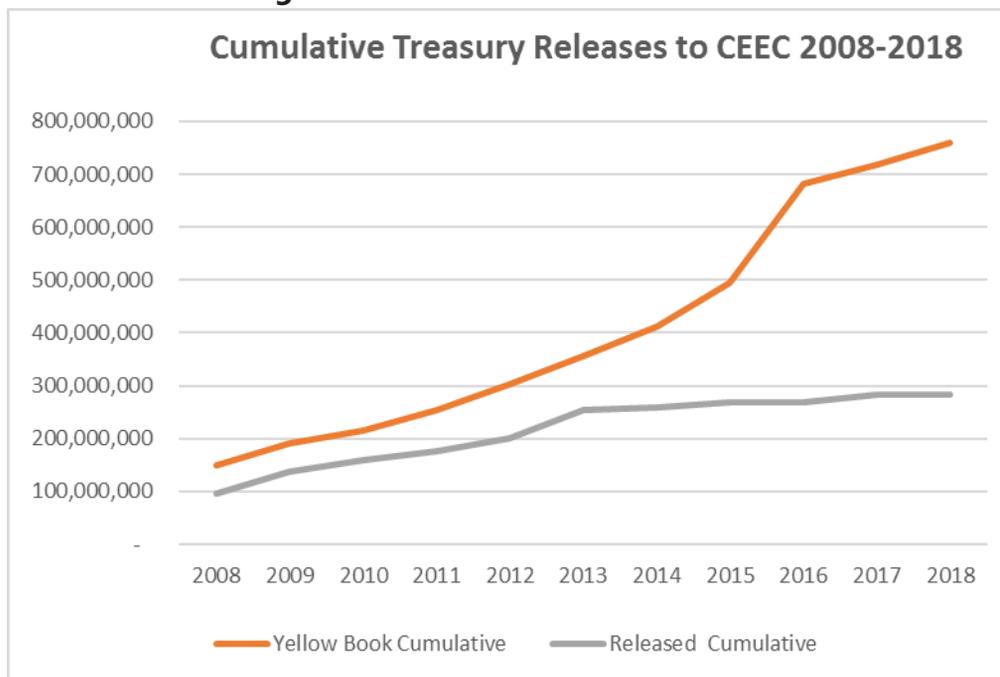
64 clients were funded against the target of **1,600**. The main cause for the under-performance was the low level of empowerment funds released by Treasury since 2014 with no funds having been released in 2018 compared to the budgeted ZMW42 million. Table 4 presents funding to the Empowerment Fund since 2008.

Table 4 Empowerment Funding since 2008

FUNDING TO THE EMPOWERMENT FUND SINCE 2008

Year	Amount Approved by Parliament (ZMW)	Amount Released by Treasury (ZMW)	(Under)/Overfunding (ZMW)	% of Released Funds
2008	150,000,000	96,181,000	(53,819,000)	64%
2009	40,000,000	40,000,000	-	100%
2010	25,000,000	22,000,000	(3,000,000)	88%
2011	40,000,000	18,000,000	(22,000,000)	45%
2012	47,000,000	25,000,000	(22,000,000)	53%
2013	53,000,000	53,000,000	-	100%
2014	57,000,000	5,000,000	(52,000,000)	9%
2015	82,000,000	10,000,000	(72,000,000)	12%
2016	187,000,000	-	(187,000,000)	0%
2017	37,000,000	15,000,000	(22,000,000)	41%
2018	42,743,710	-	(42,743,710)	0%
Total	760,743,710	284,181,000	(476,562,710)	37%

Figure 4 MSMEs funded 2008 – 2018

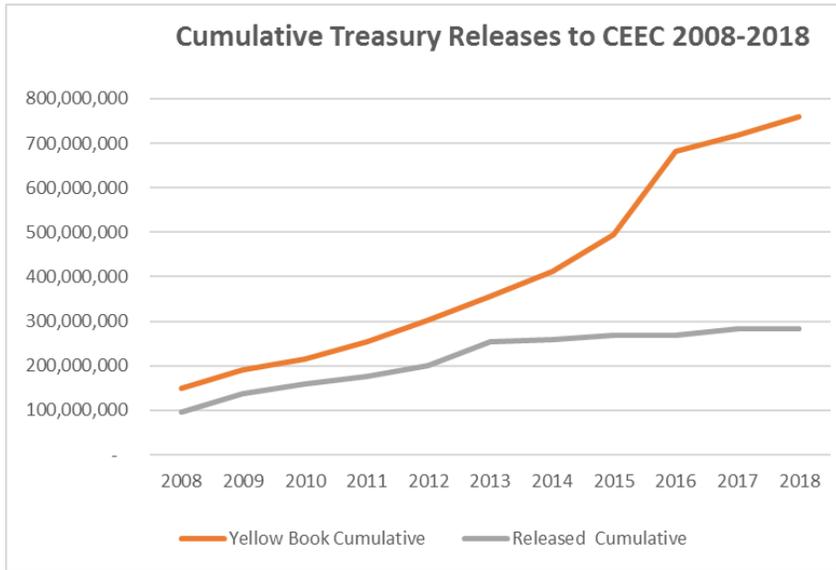


KPI 7: Value of funds disbursed

The value of the disbursed empowerment funds stood at ZMW30.3 Million against an annual target of ZMW50 Million. This presents an achievement of 61%. The under performance is due to the low funding pattern of the Commission by the Treasury since 2014. In 2018, of the ZMW42 Million empowerment funding authorized by Parliament for the Economic Empowerment Fund, no money was released. The failure by Treasury to release amounts appropriated by Parliament to the Commission negatively impacts participation of citizens in the economy as only a few business proposals can be considered by the Commission for funding.



Figure 5 below shows cumulative funds disbursed between 2008 and 2018.



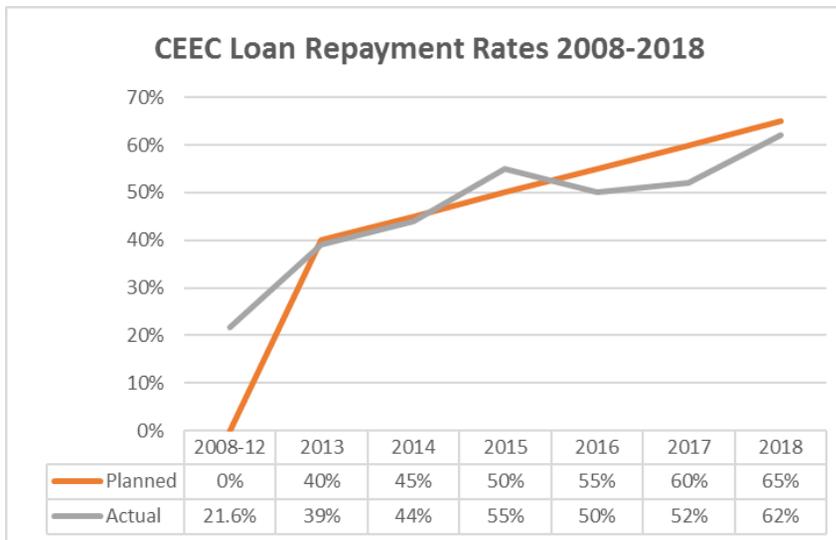
KPI 8: Loan Recovery Rate

The Interest Rate on CEEC loans was maintained at 12% through the period 2012-2018 remaining the lowest in the country amongst comparable lending institutions.

The Loan Recovery Rate in 2018 rose to 62% against 52% recorded in 2017. This was against the 2018 annual target of 65%. Table 5 shows portfolio performance in loan recovery broken down by sub-funds while figure 6 shows actual annual loan repayments against the target.

Table 5 Empowerment Fund Portfolio Loan Recovery Performance by Sub-portfolio

Year	Facility Type	Amount Due (K)	Amount Paid (K)	Repayment Rate
2008-2011	Project Finance	206 405 085.00	128 921 648.60	62%
2013	Project Finance	8 602 281.92	6 732 972.90	78%
2013	Micro Finance	9 770 751.84	4 004 449.87	41%
2013	UNWTO	1 572 098.45	1 096 814.76	70%
2014	Micro Finance	2 449 948.60	1 053 207.01	43%
2014	Project Finance	470 856.32	351 830.00	75%
2016	Block Making SPI	44 795.22	100 667.77	225%
2016	Unsolicited	1 468 024.75	1 425 371.22	97%
	Total	230 783 842.10	143 686 962.13	62%



KPI 9 Number of Marketing Agreements Facilitated

Thirty-Four (34) Marketing Agreements were facilitated during the year 2018 against the annual target of 40.



8. SUCCESS STORIES

8.1 Block Making Special Initiative

The success stories are mainly centered on the special initiative under block making with a focus on cooperative enterprise development.

Special Initiative Projects:

Block-making

Central Province: Kabwe District

Tebulo Multi-Purpose Cooperative, a youth oriented cooperative with a total membership of nine (9) was empowered with ZMW215,245.00 under the Block Making Special Initiative. The project produces 500 blocks per day and the major customers are individuals in Bwacha township and Mwilile compound. After successful certification by ZABS the project envisages to engage Government departments for business opportunities. The project has created four (4) jobs amongst youths in Kabwe District.



Figure 5: The cooperative members making blocks at the project site in Kabwe District

Northwestern Province: Solwezi

Luwi Multi-Purpose Cooperative Society Ltd with a membership of 21 (9 youths, 6 women and 6 men) under Block Making Special Initiative was funded with **ZMW215,244.53** for production of concrete blocks. Currently the project produces 350 concrete blocks daily on a single shift. The production capacity is expected to gradually increase by 50% as the members are still learning how to operate the block making machinery. The project has created seven (7) jobs amongst youths. The cooperative has engaged National Council for Construction (NCC) to facilitate testing the strength of the blocks and ZABS on the quality

assurance of the blocks. Once the quality assurance and testing are finalised, Lumwana Mining Company and Kansanshi Mining Company in Kalumbila District have expressed interest to procure the blocks for their housing initiative.



Figure 6: Luwi Multi-Purpose Cooperative employed youths at the project site in Solwezi District



Figure 7: Production of 6" blocks being cured in readiness for marketing at the project site.

Western Province: Mongu District

Buckley Aggregates received ZMW135,000 for a block making initiative based in Mongu District. Currently the production capacity is 500 concrete blocks per day on a single shift. The project has secured a contract to supply concrete blocks to the Provincial Administration and they have been linked to supply crushed stones at the Mongu Industrial Yard. The project has employed 12 workers, the majority being youths.



Figure 8: CEEC Director Finance, on a monitoring exercise in Mongu District

8.2 Skills Development and Entrepreneurship Project Supporting Women and Youth in Zambia(SDEP-SW1)

8.2.1 Component 1: Industrial Yards

As at 31st December 2018, the following was the status on the Project;

- Progress on the Industrial Yards

Table 7 Industrial Yards Progress

Industrial Yard	Progress Status
Kasama	<ul style="list-style-type: none"> ▪ Works are at 25% ▪ Steel works for all 4 General workshops commenced with 1 almost complete. Roofing to be done. ▪ Brick work for 1 General workshop completed. ▪ Administration block, guard house and ablution block roofed and plastered both inside and outside. Window and doorframes fitted and plumbing works underway ▪ Spray both and kiln still up to box level, backfilled, awaiting steel works.

	<ul style="list-style-type: none"> ▪ 3 parking lots almost completed. ▪ Welding of fencing material pieces at 90% with over 70% already moved to the site from the Contractor's workshop. ▪ Foundation works for the substation commenced. ▪ Quotation from Zesco for 2 X 500VA transformers received (Sub -station) and payment already made to Zesco by Unik. ▪ Works on drainage underway. ▪ Soakaways done for the Admin block as well as the Ablution. ▪ Drive way done up to final layer level.
Mongu	<ul style="list-style-type: none"> ▪ Plant and Equipment such as Excavator, TLBs, Roller, Concrete mixer and Truck, Water bowser, Pedestrian Roller and Light trucks mobilized ▪ 62 personnel mobilized on site which include Guards, Cleaners, Drivers, Cooks, Carpenters, Mechanics, HSO, Operators, Bricklayers, Lab Technician, Lab Assistants, Welders and Steel Fixers. ▪ 3 General Workshops are at slab level and 1 at Foundation level ▪ Administration Block, Restaurant and Kiln are at slab level ▪ Spray Workshop and Bulk storage is at foundation level ▪ Guard House is at window level ▪ Temporal access Roads on site made ▪ 1 borehole drilled and waiting for installation of pump

	<ul style="list-style-type: none"> ▪ Site cleared ▪ Camp site set up ▪ Slab for: administration, kiln, spray, general workshop (x3) ▪ Foundation for Bulk storage, ablution, general workshop x1, substation ▪ Borehole drilled & functional
Ndola	<ul style="list-style-type: none"> ▪ Whole site cleared ▪ Camp site set up ▪ Workshop foundation set up ▪ Site secured with a hedge made using iron sheets.
Solwezi	<ul style="list-style-type: none"> ▪ Site cleared ▪ Borehole drilled and operational



Figure 17 Chipata Industrial Yard Construction Site



Figure 18 Kasama Industrial Yard Construction Site

8.2.2 Component 2: Cassava Value Chain Development

- The site specific architectural and engineering drawings were finalized for bulking centres and warehouse in Kasama, Mansa and Solwezi (Kalumbila and Mushindamo). Further the tender process was concluded and closed on 26th December 2018. Proceeding to bid evaluation stage in the first quarter 2019.
- Conducted Monitoring & Evaluation on the production of quality disease free planting materials by ZARI. 37,000 plantlets out of the target of 100,000 were produced by end of quarter four representing 37% of the annual target. The station was 63% below the set target of 100,000 plantlets.
- Finalized the Cassava Seed Multiplication Concept Note
- Conducted the Identification of 120 tertiary cassava seed multipliers in the target districts of Mansa and Solwezi.
- Commenced the cassava seed multiplication planting by the 120, seed multipliers in Mansa
- Finalized the 2018-2022 Cassava Commercialization Strategy and the launch has been planned for the first quarter 2019
- Commenced the identification and selection of women and youth groups for garri processing
- Finalization of the Economic and Financial Analysis for Investments in the Industrial Yards
- 22 projects approved for funding
- Pre-finance training being organised

8.2.3 Component 3: Institutional Support and Project Management

- Finalized and cleared the TEVETA/CEEC Agreement with Attorney General. The Agreement to be signed off by the two parties in January 2019 at a signing ceremony.
- Finalized the Gender Audit.
- Facilitated and hosted the 3rd Quarter Steering Committee Meeting
- Finalized Baseline Survey with CSO

8.3 Cashew Infrastructure Development Project (CIDP)

The Government of the Republic of Zambia, is through the Ministry of Agriculture with support from the AfDB, implementing the CIDP in Western Province, which is aimed at reviving the cashew subsector, and is one of the Government of Zambia's (GoZ) priority projects.

The development goal of CIDP is to contribute to the country's economic growth and food security. The CIDP objective is to contribute to poverty reduction, improved household incomes through improved

cashew production and processing. The Ministry of Agriculture intends to apply part of the funds towards the Cashew Value Chain projects through the CEEC.

The following are the critical activities undertaken during the quarter under review;

- 1) Matching Grant guidelines and procedures Manual; This was developed in the quarter under review and was submitted to the ministry of Agriculture through the CIDP Project Coordinator.
- 2) Recruitment of Staff; Ten (10) interns were recruited to facilitate the call for application process in the 10 districts of Western Province.
- 3) Matching Grant Sensitization Workshop; the Matching Grant Sensitization workshops were held between 10th and 15th December 2018 in all the 10 districts of Western Province. The workshops were aimed at sensitizing the general public and all would be applicants about the Matching Grant and its application process. A total of four hundred and sixty (460) people attended the workshops in all the target 10 districts. Of the 460 participants 109 were women, while 107 were youths and 244 were men.
- 4) Call for Proposals for the Matching Grant Facility; A Call for Proposals was issued in December 2108 and will be closed on January 21st January 2019. The initial screening of the applications to be received will be evaluated by the Provincial Empowerment Evaluation Committee (PEEC) in Mongu.

8.4 Zambia Aquaculture Enterprise Development Project

The Government of the Republic of Zambia is, through the Ministry of Fisheries and Livestock with support from the African Development Bank implementing the USD 29 million Zambia Aquaculture Enterprise Development Project whose objective is to contribute to economic growth as well as provide food and nutrition security in Zambia.

The Project development objective is to advance the aquaculture sub-sector as a viable and inclusive business opportunity, through enhanced production and productivity, to improve the livelihoods of beneficiaries along the aquaculture value chain. The Department of Fisheries is the Implementing Agency for the Project while the CEEC is the Implementing Partner of the **Aquaculture Seed Fund** of the Project.

The Aquaculture Seed Fund seeks to support the development of the Aquaculture Value Chain in Zambia through the provision of business loans and business development services to target beneficiaries along the Value Chain.

The following are the critical activities that have been undertaken;

- 1) As a Special Initiative under the Aquaculture Seed Fund to address the shortage of quality fingerlings, CEEC issued a Call for Applications to targeted citizens for business loans for commercial fish hatcheries and commercial fish nurseries investments to be undertaken in the target districts. The Call for Applications ran for a month and closed in the Fourth Quarter of 2018. A total of 367 applications were received countrywide. Out of the **367** applications, 23 Projects valued at **ZMW25,951,887.23** were selected by the Management Credit Committee to proceed to due diligence. Following the conclusion of due diligence, Management recommended Sixteen (16) projects valued at **ZMW21,193,623.23**. Seven (7) projects failed due diligence for reasons including pledged collateral being non-existent or inadequate for proposed loan amount, project outside specified districts, location not suitable for fish hatchery/nursey, etc. Of the 16 projects recommended, 4 (25%)

of the projects are women-owned, 5 (31%) are youth-owned and 7 (44%) are men-owned projects. At least 100 direct permanent jobs will be created through the investments in the 16 hatcheries/nurseries.

- 2) Recruitment of Project Staff; The Commission shortlisted for the positions of Aquaculture Business Development Specialist, Project Accountant, Assistant Accountant, District Aquaculture Business Extension Officer and Driver in October 2018 and subsequently interviewed for the position of Aquaculture Business Development Specialist. It is expected that the Project Team will be recruited and commence work in the 1st Quarter of 2019.

9. KEY CHALLENGES

The Commission continued to face the following operational constraints:

- A shortage of fingerlings negatively impacted the implementation of the Aquaculture development programme.
- MCTI issued a Ministerial Directive for the Commission to raise its loan recovery rate to 80% by 2021. The Commission remained with low ground presence at district level to adequately intensify loan recoveries.
- The Commission's operational budget remained inadequate and not aligned to the requirements of its mandate and activities. As a result, associated operational constraints persisted.
- No economic empowerment funding from Treasury in 2018.
- Almost the entire fleet of Headquarters and field vehicles has surpassed their five years economic life. Breakdowns continued to be frequent and vehicle maintenance costs continued to rise. There is need to replace the stock of fifteen vehicles whose economic life lapsed in 2013–2014.
- The Commission in 2018 continued with historical backlog of financial liabilities that cannot be liquidated through savings without jeopardizing core operations. These included arrears to Zambia Revenue Authority (ZRA) contributions .

10. FINANCIAL REPORT

10.1 BUDGET PERFORMANCE AS AT 31ST DECEMBER 2018

The Commission budgeted to spend ZMW22.35 million out of a total of ZMW22.53 million projected income in the Quarter under review. Of this amount K10.68 million was meant for Empowerment Loans while the balance of ZMW11.66 million was allocated to Operating and Credit Related expenditure. A surplus of ZMW188,146 was projected in this Quarter of 2018.

Total expenditure in the Quarter amounted to ZMW7.28 million, while income totalled ZMW6.88 million translating into a net surplus of ZMW24,527, which is 0.1% of projected income for the Quarter. The low recorded net surplus is attributed to the 69% lower budgeted income in the Quarter.



Actual expenditure on Operating and Credit Related activities totalled ZMW6.05 million, representing 52% of the Quarterly Budget. Expenditure was maintained within budget in all the expenditure lines as expenditure was incurred based on available resources, especially that the December 2018 grant for operations was not received until January 9th, 2019. Of the ZMW6.85 million budgeted income from operations, a total of ZMW3.38 million was realised in the Quarter, giving rise to an average under-achievement of 51%, of which operations grant and loan interest accounted for 33% and 49%, respectively.

Empowerment Funds: During the Quarter under review the status of Empowerment funding to the Commission remained unchanged. Of a total of ZMW166.25 million 2018 Empowerment Funding Budget submitted by the Commission, only ZMW42.74 million was included in the Yellow Book and there has been no release of Empowerment Funds in the year 2018. This has negatively affected the Commission's mandate to disburse approved business loans to targeted citizens. As a result, no new business loans were approved from which facility and Keyman insurance fees income would have been realised, hence the income adverse performance of ZMW1.54 million and ZMW160,538, respectively (99% shy of income budget in both cases).

The Commission, however, disbursed ZMW806,775 (ZMW3.6 million in Q1to Q3), to previously approved but partially funded business loans in different value chains. These disbursements were funded through funds realised from the loan recoveries in the revolving funds; where a total of ZMW3.49 million was collected out of a Quarterly budget of ZMW5.0 million.

Improved Empowerment Funding to the Commission can have a significant impact on the living standards of the Zambian Citizens, particularly those in the rural economic sectors, because 90% of the projects are funded in line with the Commission's District Value Chain Approach Policy. The detailed breakdown of the budget performance for the Period ended 31st December 2018 is indicated in the Table 8.

Table 8 Budget Performance for Quarter ended 31st December 2018

Details	2018 ANNUAL BUDGET	2018 QUARTER BUDGET	2018 QUARTER4 ACTUAL	2018 QUARTER4 VARIANCE	% VARIANCE	2018 ACTUAL YEAR TODATE
Sources of Empowerment Funds:						
Empowerment fund Treasury appropriation	42,743,410	10,685,853	-	(10,685,853)	-100%	-
Empowerment fund loan recoveries	20,000,000	5,000,000	3,496,501	(1,503,499)	-30%	25,149,097
Total Income from Empowerment Funds	62,743,410	15,685,853	3,496,501	(12,189,351)	-78%	25,149,097
Operations Income:						
Treasury Grant	15,500,000	3,875,000	2,583,333	(1,291,667)	-33%	10,333,334
Interest from paid up loans	5,000,000	1,250,000	636,250	(613,750)	-49%	8,161,305
Facility fees	6,234,375	1,558,594	12,450	(1,546,143)	-99%	12,450
Keyman insurance	648,375	162,094	1,556	(160,538)	-99%	6,559
Other income	20,000	5,000	156,141	151,141	3023%	577,992
Total Income from Operations Funds	27,402,750	6,850,688	3,389,731	(3,460,957)	-51%	19,091,640
Total Source of Financing	90,146,160	22,536,540	6,886,232	(15,650,308)	-69%	44,240,737
Operations and Credit Related Costs:						
Personal emoluments	24,115,401	6,028,850	4,884,159	1,144,691	19%	21,337,283
Operating expenditure	13,567,032	3,385,508	899,016	2,486,492	73%	4,416,160
Broad-based economic empowerment measures	8,992,733	2,248,183	271,755	1,976,428	88%	1,168,510
Total Operations and Credit Related Costs	46,675,167	11,662,542	6,054,930	5,607,611	48%	26,921,953
Empowerment Loans Disbursed	42,743,410	10,685,853	806,775	9,879,078	92%	4,407,665
Total Application of Funds	89,418,577	22,348,394	6,861,705	15,486,689	69%	31,329,618
Net Surplus	727,583	188,146	24,527	(163,619)	-87%	12,911,119
SO1: More Conducive Policies, Laws and Regulations						
Legislative Drafting and Oversight	33,500	8,375	-	8,375	100%	-
Litigation -Atkins	18,000	4,500	-	4,500	100%	-
Good Governance and Organisational Oversight	2,167,490	541,873	76,787	465,086	86%	437,574
LAZ Annual General Meeting	25,000	-	-	-	#DIV/0!	22,094
Internal Audit Activities	287,600	71,900	-	71,900	100%	5,983
Integrity Committee	6,150	1,538	-	1,538	100%	-
Office Rent	691,200	172,800	58,132	114,668	66%	452,565
Communication Management	1,414,330	353,583	180,015	173,567	49%	273,852
Capital Expenditure	2,162,800	540,700	79,280	461,420	85%	447,939
Fleet Management	785,390	196,347	37,845	158,502	81%	426,653
Human Resource Management	1,582,174	395,544	220,022	175,522	44%	984,867
Administration and Office Management	1,123,242	280,811	219,731	61,080	22%	818,229
Financial Management	1,999,500	499,875	1,150	498,725	100%	341,595
Procurement Management	259,156	64,789	-	64,789	100%	35,690
Information Systems Management	1,011,500	252,875	26,054	226,821	90%	169,121
Sub Total	13,567,032	3,385,508	899,016	2,486,492	73%	4,416,160
Personal Emoluments	24,115,401	6,028,850	4,884,159	4,960,109	82%	4,884,160
SO2: Improved Business Development Services						
Prioritise and Phase Cluster Development	210,800	52,700	-	52,700	100%	-
Call for Applications and Due Diligence	2,218,600	554,650	-	554,650	100%	115,781
Business Development and Assessment	26,400	6,600	-	6,600	100%	-
Commissioning of Funded Projects	413,200	103,300	-	103,300	100%	-
Sub Total	2,869,000	717,250	-	717,250	100%	115,781
SO3: Increased Access to Finance						
Generate Clients	65,700	16,425	-	16,425	100%	-
Identify and Promote Innovative Finance Options	328,045	82,011	-	82,011	100%	-
Employment Equity	73,933	18,483	-	18,483	100%	-
Support Co-operatives	171,000	42,750	-	42,750	100%	-
Loan recovery	2,486,000	621,500	257,930	363,570	58%	1,032,184
Sub Total	3,124,678	781,170	257,930	523,239	67%	1,032,184
SO4: Increased Access to Competitive Markets						
Capacity Building	139,050	34,763	-	34,763	100%	-
Pre-finance Training	167,005	41,751	-	41,751	100%	-
Kaizen Training	1,338,000	334,500	13,825	320,675	96%	20,545
Market Training and Linkages	388,000	97,000	-	97,000	100%	-
Market Certifications	875,000	218,750	-	218,750	100%	-
Promotion of Funded Targeted Citizens	92,000	23,000	-	23,000	100%	-
Sub Total	2,999,055	749,764	13,825	735,939	98%	20,545
Total Operating Expenditure	46,675,167	11,662,542	6,054,930	9,423,029	81%	10,468,830

SDEP – SWY:

During the period under review the Skills Development and Entrepreneurship Project – Supporting Women and Youth (SDEP-SWY) spent a total of ZMW46.01 million out of an annual budget of ZMW149.34 million. The 69% (ZMW103.32 million) positive variance arose from the yet to be spent costs under the Construction of the Industrial Yards and Cassava Value Chain Development Components, where 68% and 89% under-spend was recorded, respectively. Expenditure under Component 3 was 42% shy of the Annual Budget of ZMW13.93 million.

In terms of the Category Budgets, expenditure was significantly under-spent in the Categories of Services and Works at 67% and 71% respectively, mainly due to the costs associated with the construction of the Industrial Yards, that gained momentum in the last Quarter of 2018.

During the year ended 31st December 2018 the income totaled ZMW42.28 million. Of this amount ZMW9.92 million relates to cash funding for project operations while ZMW31.84 million was direct funding for capital costs. Sale of tender bidding documents and capital amortization income accounted for ZMW0.75 million and ZMW0.43 million, respectively.

The detailed breakdown of the budget performance for the Period ended 31st December 2018 is indicated in the Table 8.

Table 9 SDEP-SWY Budget Performance for Quarter ended 31 December 2018

DETAILS BY COMPONENT	ANNUAL BUDGET	ANNUAL ACTUAL	VARIANCE	% VARIANCE
Income	149,342,449	42,282,249	107,060,200	72%
Expenditure:				
Component 1: Industrial Clusters	111,670,000	35,490,948	76,179,052	68%
Component 2: Cassava Value Chain Development	23,739,194	2,496,134	21,243,061	89%
Component 3: Institutional Support & Project Mgt.	13,933,255	8,025,659	5,907,596	42%
Total	149,342,449	46,012,740	103,329,709	
DETAILS BY CATEGORY	ANNUAL BUDGET	ANNUAL ACTUAL	VARIANCE	% VARIANCE
Goods	170,000	123,867	46,133	27%
Services	34,299,436	11,457,756	22,841,679	67%
Operating Cost	3,711,340	2,584,491	1,126,849	30%
Works	111,161,673	31,846,626	79,315,047	71%
Total	149,342,449	46,012,740	103,329,708	
(Deficit)/surplus	-	(3,730,491)	3,730,491	
Bank and cash balances as at 1st January 2018		5,730,276		

A. CONSOLIDATED MANAGEMENT ACCOUNTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31ST DECEMBER 2018

Assets	Note	31-Dec-18	31-Dec-17
<i>Non - current assets</i>			
Property, plant and equipment	1	2,565,262	3,511,505
Investments	2	4,000,000	-
		6,565,262	3,511,505
<i>Current assets</i>			
Inventory	3	280,211	321,817
Trade and other receivables	4	10,322,169	24,536,899
Cash and cash equivalents	5	13,957,400	8,022,494
		24,559,780	32,881,210
Total assets		31,125,042	36,392,715
Equity & Liabilities			
<i>Equity</i>			
Accumulated Capital funds		81,340,295	81,340,295
Retained earnings		(71,785,945)	(63,941,788)
		9,554,350	17,398,507
<i>Current liabilities</i>			
Short term loans	6	1,342,492	1,918,288
Trade and other payables	7	20,228,200	17,075,919
		21,570,692	18,994,208
Total equity and liabilities		31,125,042	36,392,715

The Commission recorded a 14% reduction in the Fund's total assets from ZMW36.39 million at the end of 2017 to ZMW31.12 million as at 31st December 2018. The decrease was attributable mainly to the increase in impairment provisioning of the loan receivables.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2018

	Note	31-Dec-18	31-Dec-17
Cash flows from operating activities			
Deficit for the period		(7,844,157)	(19,654,460)
<i>Adjustments for non-cash income & expenses</i>			
Movement in receivables impairment		83,758	22,474,169
Depreciation	1	925,052	877,880
Operating loss before working capital		(6,835,346)	3,697,589
Decrease in inventory		41,606	(6,141)
Decrease\ (Increase) in receivables		15,142,065	(19,268,268)
Increase in payables		2,643,938	4,103,484
Net cash flow from operating activities		10,992,263	(11,473,335)
Cash flows from investing activities			
Acquisition of property, plant and equipment	1	(270,382)	(617,702)
(Loss)/profit on disposal of fixed assets		(211,179)	16,667
Vehicles Bank Loan		(575,796)	(12,020)
Investments	2	(4,000,000)	-
Net cash flows from investing activities		(5,057,357)	(613,055)
Net cash flow		5,934,907	(12,086,390)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR PERIOD ENDED 31st DECEMBER 2018

	Note	31-Dec-18	31-Dec-17
Cash flows from operating activities			
Deficit for the period		(7,844,157)	(19,654,460)
<i>Adjustments for non-cash income & expenses</i>			
Movement in receivables impairment		83,758	22,474,169
Depreciation	1	925,052	877,880
Operating loss before working capital		(6,835,346)	3,697,589
Decrease in inventory		41,606	(6,141)
Decrease\ (Increase) in receivables		15,142,065	(19,268,268)
Increase in payables		2,643,938	4,103,484
Net cash flow from operating activities		10,992,263	(11,473,335)
Cash flows from investing activities			
Acquisition of property, plant and equipment	1	(270,382)	(617,702)
(Loss)/profit on disposal of fixed assets		(211,179)	16,667
Vehicles Bank Loan		(575,796)	(12,020)
Investments	2	(4,000,000)	-
Net cash flows from investing activities		(5,057,357)	(613,055)
Net cash flow		5,934,907	(12,086,390)
Cash and cash equivalents at start of period		8,022,494	20,108,884
Cash and cash equivalents at end of period		13,957,400	8,022,494
Consisting of:			
Cash and bank balances	5	13,957,400	8,022,494
		13,957,400	8,022,494

NOTES TO THE CONSOLIDATED MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED 31ST DECEMBER 2018

1. Property, plant and equipment

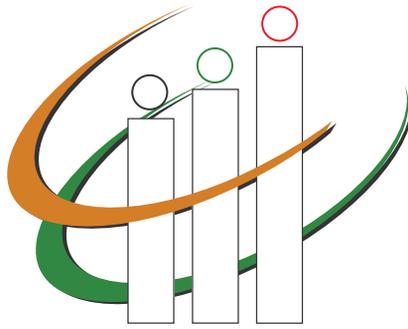
	Motor Vehicles	Motor Cycles	Land & Buildings	Computer Equipmt	Office Equipmt	Furniture & fittings	Total
Cost or valuation							
Balance at 1 January 2017	5,002,095	-	954,717	1,250,010	920,227	753,890	8,880,938
Disposals	-	-	-	(18,300)	-	-	(18,300)
Additions	477,290	-	45,000	81,362	6,950	7,100	617,702
Balance at 31 Dec 2017	5,479,385	-	999,717	1,313,072	927,177	760,990	9,480,340
Balance at 1 January 2018							
5,479,385	-	999,717	1,313,072	927,177	760,990	9,480,341	
Disposals	(856,176)	-	-	(4,408)	-	-	(860,584)
Additions	-	148,480	60,983	15,169	-	45,750	270,382
Balance at 31 Dec 2018	4,623,209	148,480	1,060,700	1,323,832	927,177	806,740	8,890,138
Accumulated depreciation							
Balance at 1 January 2017	2,898,415	-	-	830,184	712,564	663,421	5,104,583
Disposals	-	-	-	(13,627)	-	-	(13,627)
Charge for the period	591,003	-	-	155,266	98,133	33,478	877,880
Balance at 31 Dec 2017	3,489,417	-	-	971,823	810,696	696,899	5,968,835
Balance at 1 January 2018							
3,489,417	-	-	971,823	810,697	696,899	5,968,835	
Disposals	(564,604)	-	-	(4,408)	-	-	(569,012)
Charge for the period	627,299	37,120	-	153,738	73,111	33,784	925,052
Balance at 31 Dec 2018	3,552,113	37,120	-	1,121,153	883,808	730,682	6,324,876
Carrying amount							
Balance at 31 Dec 2018	1,071,096	111,360	1,060,700	202,679	43,369	76,058	2,565,262
Balance at 31 Dec 2017	1,989,967	-	999,717	341,249	116,481	64,091	3,511,505

The Carrying Value of the Property, Plant and Equipment stood at ZMW2.56 million compared to ZMW3.51 million as at 31st December 2017. Additions to Property, Plant and Equipment during the period included ZMW148,480 on motor cycles, ZMW60,983 on WIP, ZMW15,169 on computer equipment, Nil on office equipment and ZMW45,750 on furniture and fittings. Disposals amounted to ZMW856,176 on Motor vehicles and ZMW4,408 write off stolen computer equipment.

Notes to and forming part of the Management Accounts (Cont'd)

	31-Dec-18	31-Dec-17
2 Investments		
Atlas Mara (ABC) Bank	4,000,000	-
	4,000,000	-
3 Inventory	280,211	321,817
4 Trade & Other Receivables		
Project Loans	201,300,659	215,948,194
Trade Loans	23,480,006	23,506,627
Genetic Breeders	522,300	522,300
Staff Debtors	88,572	206,199
Other Receivables	316,210	960,032
Grant Receivable	1,304,634	-
Provision for doubtful debts	(216,690,212)	(216,606,453)
	10,322,169	24,536,899
5 Cash and cash equivalents		
ZANACO-Operations	69,877	2,629
ZANACO- Provincial Accounts-Operati	36,864	2,186
ZANACO- Admin Credit Activities	17,849	565,022
ZANACO - Main	5,988,071	1,006,165
Finance Bank	956,101	1,419,377
Barclays Bank	502,894	862,629
NATSAVE	5,653,244	2,631,824
Cavmont Bank	-	47,645
Investrust Bank	723,017	1,484,725
Petty cash	9,482	291
	13,957,400	8,022,494
6 Short Term Loans		
Loan payable	1,342,492	1,918,288
7 Trade & other payables		
Trade payables	2,224,280	1,376,899
Accruals	261,071	336,753
Salaries control	4,267,606	569,405
Statutory obligations	4,274,496	4,274,496
Leave e pay provision	901,352	1,072,983
Gratuity provision	7,763,796	7,992,442
Other payables	535,598	1,452,940
	20,228,200	17,075,919

Schedule 1: Detailed Statement of Comprehensive Income		
	31-Dec-18	31-Dec-17
Income		
Government Grants	12,916,667	28,358,145
Facility fees	12,450	966,670
Loan Interest	8,161,305	5,368,994
Administration Fees	6,559	90,840
	21,096,982	34,784,649
Other Income		
Bank interest	349,316	456,217
(Loss)/profit on disposal of assets	(211,179)	16,667
Sundry	10,013	28,700
	148,150	501,584
Less Expenses		
Publicity & Advertising	61,452	416,695
Legal Fees	168,700	633,396
Audit fess	-	61,429
Bad debts	83,758	22,474,169
Bank Charges	17,796	67,831
Office Expenses	10,486	17,858
Cleaning Expenses	177,196	379,349
Computer Expenses	219,326	125,010
Consultancy Fees	782,575	232,581
Courier & Postage	54,909	82,878
Depreciation	925,052	877,879
Board Expenses	438,704	464,522
Utilities	54,614	37,490
Procurement costs	45,090	91,975
Insurance	112,044	165,087
Repairs & Maintenance-Office Equipment	3,039	64,403
Repairs & Maintenance-Motor Vehicles	470,858	422,067
Repairs & Maintenance-Office Buildings	36,455	206,260
Communications-internet LMS	489,023	915,308
Printing & Stationary	178,778	229,885
Telephone & Fax	45,675	188,801
Office Rentals	469,744	499,569
Staff Costs	21,340,301	22,432,317
Staff Welfare	1,177,289	1,574,867
Subscriptions	59,160	92,020
Security	760,316	646,334
Travel & Accommodation	420,362	781,574
Workshop & Seminars	134,761	250,384
Lease charges	351,823	485,197
	29,089,290	54,940,693
Deficit for the period	(7,844,157)	(19,654,460)



**Citizens Economic Empowerment
Commission**

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