



A U D I T E D
**ANNUAL
REPORT**
2015



An aerial photograph of the Victoria Falls in Zimbabwe. The Zambezi River flows from the top left towards the bottom right, where it cascades over a wide, rocky ledge, creating a massive waterfall. The water is white and turbulent as it falls, creating a thick mist. The surrounding landscape is a mix of green vegetation and brownish, rocky terrain. In the foreground, a paved road curves through the greenery. The sky is clear and blue.

INVEST IN ZIMBABWE

Zimbabwe Investment Authority (ZIA)

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Bankers
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AMG Global Chartered Accountants

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INVESTMENT AT A GLANCE

Total Projects Approved:	170
Investment Value:	US\$3,1 Billion
Areas invested in:	Agriculture, Construction, Energy, Manufacturing, Mining, Services, Tourism Transport Sectors.
Main Countries of Origin:	People's Republic of China, France, India, Iran, Korea, Mauritius, Netherlands, Nigeria, South Africa United States of America







INVEST IN ZIMBABWE

Corporate Profile

Our Vision

To be a competitive and preferred investment promotion agency in the region by the year 2020.

Our Mission

To promote, facilitate and coordinate foreign and domestic investment activities in Zimbabwe

Our Mandate

The Zimbabwe Investment Authority (ZIA) is a statutory body established by the ZIA Act No 4 of 2006 (Chapter 14:30) with the mandate to promote, facilitate and coordinate both foreign direct investment and local investment. ZIA is an institution borne out of the merger of the Export Processing Zones Authority (EPZA) and the Zimbabwe Investment Centre (ZIC). This was done to create a one stop Investment shop for quicker and easier facilitation of investment.

Our Functions

- To deal with applications for investment licenses;
- To plan and implement investment promotion strategies for the purpose of encouraging investment by domestic and foreign investors;
- To identify sectors of the economy with potential for investment for the purpose of attracting domestic and foreign investors;
- To promote the decentralisation of investment activities in accordance with the development policy of the Government;
- To supervise, monitor and evaluate the implementation of approved investment projects and to submit reports to the Minister concerning such projects;
- To promote and co-ordinate investment activities in enterprises or sectors of the economy which:
 - i. are of strategic importance to national development
 - ii. require additional investment for the purpose of any sectoral objectives;
- To recommend to the Minister, the granting of additional incentives;
- To advise the Minister on investment policy so as to enhance the development of the economy.

Our Core Values

As we carry out our function in pursuit of our vision, we are guided by the following principles;

Innovativeness

We are creative, resourceful and pro-active in our approach to challenges and opportunities

Integrity

We are consistent, fair, honest and ethical in our dealings with all our stakeholders.

Responsiveness

We will provide timeous services to the dynamic needs of our clients and stakeholders.

Teamwork

We work together efficiently in pursuit of organisational objectives.



Our Brand Promise "Your Investment, Our Passion"



BOARD OF DIRECTORS

BOARD MEMBER PROFILES



Nigel Chanakira (Chairperson)

Dr. Nigel Chanakira is a holder of a Bachelor of Science, BSc (Hons) and Masters of Science, MSc (Hons) in Economics from the University of Zimbabwe. He also holds a diploma in banking. Nigel has attended numerous Zimbabwean and international banking, executive development and leadership courses with institutions that include Oxford and Harvard Universities and the Pacific and Haggai Institutes in the United States of America.

He worked as a professional economist at the Reserve Bank of Zimbabwe and subsequently at Bard Discount House Ltd. Nigel launched into business in 1994 when he founded the Kingdom group with four business partners and they grew the business from humble beginnings to become one of the most competitive institutions in the financial services sector in Zimbabwe. They successfully merged Kingdom with the Discount Company of Zimbabwe in 1999 to secure its listing on the Zimbabwe Stock Exchange (ZSE) and then acquired stakes in banks and diversified groups within SADC.

Whilst at the helm of the Kingdom group Nigel amassed 20 local and international business awards which include his group twice being voted the top company on the ZSE in 2001 and 2007, and also the best turnaround ZSE Company. He won the 2007 Director of the Year award of the Institute of Directors of Zimbabwe. Success Motivation Inc (Waco, USA) has twice had Mr Chanakira as their World Client of the Year in 2001 and 2008 and have subsequently invited him to be on their World Council. The World Economic Forum (WEF) recognised him as a Young Global Leader in 2001 and subsequently he has been a moderator of sessions and panelist with global leaders at WEF annual conferences. Nigel sold his business interests in banking in 2013 and is now focused on private equity.

He is currently the executive chairman of Success Motivation Institute (Zimbabwe) based in Harare, and he is doing business and consulting for international organisations in several African countries. Nigel has received an honorary doctorate for his role in mentoring leaders and managers as well for his developmental and philanthropical work in Zimbabwe. He is married and has four adult children.



Nancy Guzha (Vice Chairperson)

Nancy Guzha (nee Tawengwa) is the CEO for Cairns Holdings Ltd. Previously, she has held the posts of Vice President for Unilever Southern Africa and Managing Director of Unilever Zimbabwe. Prior to her General Management roles, Nancy worked extensively in the areas of Marketing, Brand Development, Brand Building and Customer Development primarily in Zimbabwe and South Africa, but also looked after other markets such as Kenya and Nigeria. She has a BSc (Hons) in Agricultural Economics and Management. Nancy was Business Woman of the Year for 2011 (regional and national categories) and for Megafest in 2013.

Her passion is developing people to achieve their potential and she enjoys reading and dabbling in interior design. Her life motto is "Be the change you want to see". Nancy is married to Stephen and they have one son, Mudiwa.



Eria Hamandishe

Eria Hamandishe holds a Masters of Science Degree in Economics from Moscow State University (Russia). He has vast experience as an Economist in the public service. Currently he is the Director of Fiscal Policy and Advisory Services in the Ministry of Finance. He is also a non-executive Director in a number of Boards which include the ZB Financial Holdings, Public Services Medical Aid Society, Zimbabwe Statistical Agency (ZIMSTATS) and the Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU).



Florence Jambwa

Florence Jambwa is a holder of Bachelor of Laws Honours (LLB Hons) and Masters in Business Administration (MBA) degrees from the University of Zimbabwe. She has vast experience in commercial and legal work spanning over 20 years gained from the Justice, Legal and Parliamentary Affairs Ministry, Attorney General's office, City of Harare, Zimbabwe Mining Development Corporation and Zimbabwe Revenue Authority where she is currently employed as Director for Legal and Corporate services. Florence is a member of the Law Society of Zimbabwe and the Institute of Directors Zimbabwe.

She is a councillor with the Midlands State University and is also personally involved in Rotary work through the Highlands Club.



Munetsi Oliver Jangwa

Munetsi Oliver Jangwa holds a Bachelor of Technology Engineering degree from the University of Zimbabwe, an MBA in Construction and Real Estate from the University of Reading (UK) and a Post Graduate Diploma in Project Management from the College of Estate Management (UK). He is the founding partner of Felymas Consultants International, a construction based consultancy and strategic services practice.

A highly experienced civil engineer and successful project management chartered practitioner, his illustrious career spans over two decades and has seen him working for renowned construction firms Costain (Africa) Ltd, Murray & Roberts, Turner & Townsend (UK) and Focus Consultants (UK). He is a member of the Zimbabwe Institute of Engineers (ZIE), Royal Institute of Chartered Surveyors (RICS) and the Association of Project Management (UK).



Clemence Masango

Clemence Masango holds a Bachelor of Laws Honours Degree (LLB Hons) from the University of Zimbabwe. He has vast experience in government and public services spanning over three decades. He is currently the Principal Director of Immigration and also a board member of the Zimbabwe Tourism Authority. He is married to Siphwe and they have three children.



Nicky Moyo

Nicky Moyo holds a Bachelor of Financial Management degree from University of South Africa. He has more than 13 years' corporate experience in Zimbabwe and is an International Consultant in areas of investment advisory, corporate strategy, institutional capacity building and business development. He has worked for Astra Holdings Ltd and Cairns Holdings Ltd where he was involved in all functions of financial management and enterprise risk solutions.

In 2008 He co-founded DEAT Capital, a pan African Strategy firm. He has facilitated investor relations and foreign direct investment promotion programmes on Zimbabwe through country and corporate road shows in countries such as Hong Kong, Singapore, Dubai, United Kingdom and South Africa. Nicky is currently a consultant to a number of local and international companies.



Richard Mbaiwa

Richard Mbaiwa is Chief Executive Officer of Zimbabwe Investment Authority and an ex-officio member of the Board. He holds a BSc (Hons) in Economics and Masters in Business Administration (MBA) from the University of Zimbabwe. He has been at the helm of ZIA since the merger of Zimbabwe Investment Centre and Export Processing Zones Authority in 2007.

Prior to holding his current post, he worked for Zimbabwe Investment Centre, Confederation of Zimbabwe Industry and the Industry and Commerce Ministry in various capacities. Richard Mbaiwa has attended various courses on investment promotion, quality management and export promotion.



INVEST IN ZIMBABWE



MANAGEMENT

Management Team



Seated from left:

Richard Mbaiwa (Chief Executive Officer), **Felisters Chikandiwa** (Investor Services Manager),
Sichoni Takoleza (Head Operations)

Standing from left:

Maxwell Mbwinja (Accountant), **Nixon Kanyemba** (Public Relations Executive),
Godfrey Mandivheyi (Head of Finance, Administration and Human Resources)



GOVERNANCE

Corporate Governance Statement

The Zimbabwe Investment Authority is committed to the highest standards of corporate governance and it subscribes to the principles of corporate governance as enshrined in the King III Report and the corporate governance framework for state enterprises and parastatals. The Authority has integrated structures to ensure it observes good corporate governance. Transparency, integrity and professionalism are an integral part of the Authority's values.

Board of Directors

The Board of Directors currently comprises seven non - executive directors all of whom have diverse experience in the various sectors of the economy, and the Chief Executive Officer who is an ex - officio member of the Board.

Board Procedure

The Board meets at least six times a year and more frequently as and when business requirements dictate. This ensures that the Authority operates optimally. The Board is responsible for the overall direction, strategy, performance and management of the Authority whilst the responsibility for implementation of policies is delegated to the Chief Executive Officer.

Board Committees

The Board has established two committees with defined terms of reference. These provide oversight of management and are as follows:

Audit, Finance, Human Resources and Remuneration Committee

The committee monitors and reviews internal controls, accounting systems and financial reporting of the Authority. The committee reviews the Authority's financial statements prior to approval by the Board. It also contributes to the formulation of and/or the approval of strategy and policies relating to the remuneration and terms and conditions of employment of all employees, management and development of human resources and staff training.

The committee has the following members:

- Eria Hamandishe (Chairperson)
- Florence Jambwa
- Munetsi Oliver Jangwa

Investment Promotion Committee

The Investment Promotion Committee oversees the development, implementation and review of the Board strategy in all matters relating to investment promotion and facilitation. The Committee may also make recommendations on specific actions or decisions for consideration by the board. The committee has the following members:

- Nicky Moyo (Chairperson)
- Clemence Masango
- Nancy Guzha

General Administrative & Policy Requirements

At national level, ZIA reports directly to its parent Ministry of Macro-Economic Planning and Investment Promotion and also works closely with other Government Departments and State Agencies, in advancing its objectives and ensuring compliance with statutory, administrative and Ministerial/ Government requirements. At local level, the Authority works closely with Local Authorities and other State Agencies and a wide range of local organisations to develop the local environment necessary for attracting and retaining new investment.

Audit, Finance, Human Resources and Remuneration Committee



**Eria Hamandishe
(Chairperson)**



Munetsi Oliver Jangwa



Florence Jambwa

Investment Promotion Committee



**Nicky Moyo
(Chairperson)**



Clemence Masango



Nancy Guzha

THE CHAIRMAN'S STATEMENT



I am pleased to present the Zimbabwe Investment Authority (ZIA) Annual report for 2015. During the year under review, the Authority continued to actively engage in activities to promote and facilitate both domestic and foreign direct investment in addition to influencing policy direction to create a conducive investment environment. The year witnessed a record of 170 investment projects with a total value of USD 3,2 Billion being licensed by the Authority to operate in Zimbabwe across all the major sectors of the economy. This represented a 200% increase by value over the previous period where 157 projects with a total value of \$1,1 Billion were approved in 2014. The licensed projects in 2015 spanned across all the economic sectors but mainly in mining, manufacturing, energy, infrastructure development, tourism and agro-industry. Overall the country continued to stimulate investor interest across the diverse economic sectors that offer great investment potential.

The year under review also marked a turning point in terms of the country's ranking on the World Bank ease of Doing Business indicators, which saw Zimbabwe move to 155 out of 189 countries from 171 the previous year. This positive development came against the backdrop of initiatives to reform the ease of Doing Business in the country, which the Government embarked upon. It is

therefore critical that we increase the reform momentum in order to achieve our target to be ranked in the top 100 countries globally in terms of ease of doing business.

It is encouraging to note that the reporting period witnessed some big brands regionally and internationally making serious moves to invest in Zimbabwe and obtaining the necessary approvals and permits. These included Samsung International from Korea and the Dangote Holdings Group of Nigeria to mention but a few. This is indeed a positive and encouraging signal, which demonstrates the country's great investment potential.

As part of the doing business reforms, ZIA continued to pursue its implementation of the E-Government programme, which will enable us to interact with investors, both local and foreign, and other stakeholders on a digital platform thus creating a virtual One- Stop-Shop Investment Centre for investor facilitation.

I wish to thank my fellow Board Members for their support and input as we endeavored to execute the Authority's mandate of promoting investment in Zimbabwe. Similarly I would like to thank all ZIA Management and Staff for their hard work and professionalism even under difficult circumstances characterised by inadequate resources to execute planned activities.

Finally, I wish to thank our parent Ministry of Macro-Economic Planning and Investment Promotion for the support rendered to ZIA throughout the year.

The future of the economy looks bright, anchored on the reform agenda, to create an environment conducive to attract the much needed foreign direct investment to attain the ZimAsset objectives.

Thank you.

A handwritten signature in black ink, appearing to read 'Nigel M.K. Chanakira', written over a white background.

Nigel M.K. Chanakira
Board Chairman

THE CEO'S STATEMENT



The Zimbabwe Investment Authority is convinced that the turnaround of our economy is anchored on attracting foreign direct investment as well as stimulating domestic investment across all economic sectors. Driven by the desire to create a conducive investment environment in the country the organisation participated in a number of initiatives geared towards improving the doing business environment in the country and this included Thematic Technical Working Groups on, Starting a Business, Construction Permits and Registering property, Getting Credit and Resolving Insolvency, Protecting Minority Investors and Enforcing Contracts and Paying Taxes and Trading Across Borders. This whole process is being led by the Office of the President and Cabinet signaling the critical need for the country to attract the necessary foreign direct investment.

On the investment front the Authority witnessed growing investor interest to take up the exciting investment opportunities in the country. This saw the number and value of licensed investment projects rising significantly from 157 projects worth US\$1.1 Billion to 170 projects valued at US\$ 3.2 Billion between 2014 and 2015 respectively. The year under review witnessed a number of delegations coming from Europe as well as the Asian community thus demonstrating that the country is ready

for business. Notable delegations came from South Africa, China, India, Nigeria, United States of America, Korea, Netherlands, France, Iran and Mauritius just to mention a few.

The Authority hosted the annual ZIA Investor Golf Day on 22nd November 2015, which was followed by the Zimbabwe Investor Awards which were held at the Rainbow Towers Hotel on the 23rd of November 2015. The awards dinner was well attended by the investing community and provided a unique business networking opportunity for all participants. The event will thus be a permanent feature on the ZIA calendar of events. In an endeavor to showcase the various investment opportunities available to both domestic and foreign investors, the Authority continued to participate at key marketing events such as the Zimbabwe International Trade Fair, China International Fair for Investment and Trade, World Expo Milan 2015 among others.

Looking forward, the country's investment prospects are very bright as the Authority continues to receive enquiries from investors across the global community and as such we will continue to refine our processes to streamline the number of requirements needed for one to start a business in Zimbabwe as guided by the e-government flagship project which will see the automation of the ZIA One Stop Shop framework.

I wish to express my sincere gratitude to our parent Ministry, the Board of Directors of ZIA, Management and staff for the guidance and support rendered towards attainment of the Authority's strategic objectives during the year.

A handwritten signature in black ink, appearing to read 'Richard Mbaiwa'.

Richard Mbaiwa
Chief Executive Officer

HUMAN RESOURCES

Capacity Building

The Authority encourages and endeavours to assist its employees to engage in various staff development initiatives to enhance skills for effective delivery of the ZIA strategy. In this regard various staff members attended capacity building training courses as follows:

1. ZIA participated at the 2015 Investment Focus Group Meeting (IFC) which was held from 21-22 March 2015 in Johannesburg, South Africa. The program was coordinated and financed by the SADC Secretariat. SADC is in the process of developing Policy Guidance for Investment for the region and this is being done through the assistance of OECD.
2. Training on Policy Formulation and Economic Analysis from the 12th to the 17th of April 2015 in Bulawayo which was facilitated by the Ministry of Finance and Economic Development and was sponsored by Africa Development Bank.
3. Training course on Foreign Private Capital (FPC) and Private Capital Monitoring System (PCMS) on 08-19 June 2015 at Reserve Bank of Zimbabwe which was sponsored by Macroeconomic & Financial Management Institute. (MEFMI).
4. ZIA attended the Sixth Investment Focus Group Meeting on The SADC Regional Investment Policy Framework (IPF) final draft meeting held from 21-22 July 2015 in Johannesburg, South Africa.
5. Three employees were part of a delegation that attended the Bilateral Seminar on State-owned Enterprises Development for Zimbabwe in Beijing, China from the 9th to the 28th of October 2015. The seminar was sponsored by the Chinese government through the Ministry of Commerce. Other delegates were drawn from the Ministry of Macro-Economic Planning and Investment Promotion, ZEPARU, SERA and ZIMSTAT. The seminar provided an opportunity for officials to have a better understanding of developments in the Chinese economy and its economic reforms including in State Owned Enterprises.
6. ZIA was part of a five member country delegation that attended the Ease of Doing Business Initiative Annual Conference, which was hosted by Uganda. The meeting brought together 19 countries from East and Southern Africa and Global Doing Business Experts. The event presented a "learn and share" opportunity where countries exchanged notes on their experiences in improving the Doing Business Environment. The trip was sponsored by World Bank
7. One employee attended a two-day training course on State Procurement Tender Guidelines and Procedures at SIRDC Complex which was being facilitated by the State Procurement Board.



A total of 170 projects with a combined value of US\$3, 1 Billion were approved in 2015 compared to 157 projects worth US\$1, 1 Billion in 2014. This represents 200 % rise in approvals by value between the two periods. The 2015 approved projects covered agriculture, construction, energy, manufacturing, mining, services, tourism and transport sectors.

The manufacturing sector recorded the highest amount of investment approvals with US\$2 Billion (63 projects); mining sector US\$485 Million (37 projects); energy sector US\$424 Million (2 projects); services sector US\$231 Million (48 projects); construction sector US\$72 Million (8 projects); agriculture sector US\$13 Million (7 projects); followed by the transport sector US\$2,6 Million (3 projects) and lastly the tourism sector US\$535 (2 projects). The approvals are summarised below:

Table 1: Approvals for January to December 2015 by Sector

Sector	No. Of Projects	Total Investment (US\$)	Employment	Export Earnings (US\$)
Agriculture	7	12,726,900	637	3,294,613
Construction	8	71,602,000	1,892	-
Energy	2	424,000,000	240	-
Manufacturing	63	1,936,475,078	6,284	10,009,366
Mining	38	488,767,432	1,974	4,613,333
Services	48	263,525,336	2,220	11,615,957
Tourism	2	534,624	36	-
Transport	3	2,622,500	65	-
Total	170	3,200,253,870	13,377	29,533,271

Source: ZIA Approvals Database 2015

Comparison of January – December 2015 to January – December 2014

The most outstanding project for 2015 was the US\$1, 2 billion project proposal from Nigeria, represented by Dangote Zimbabwe Holdings (Pvt) Ltd which intends to set up an integrated project incorporating cement manufacturing, coal mining and power generation. Cement manufacturing will be the major project with the other two being inputs into the manufacturing process.

The performance for the comparative period in 2014 is shown in Table 2 on the next page:

Table 2: Approvals for January to December 2014 by Sector

Sector	No. Of Projects	Total Investment (US\$)	Employment	Export Earnings (US\$)
Agriculture	4	10,000,000	240	8,000,000
Construction	6	30,000,000	1017	-
Manufacturing	55	650,000,000	3685	53,000,000
Mining	47	159,000,000	3241	374,000,000
Services	39	286,000,000	1175	53,000,000
Tourism	4	3,000,000	103	902,000
Transport	2	2,000,000	126	7,000,000
Total	157	1,100,000,000	9587	496,000,000

Source: ZIA Approvals Database 2014

There is generally a marked increase in appetite for investing in Zimbabwe which is manifest in the frequency and intensity of delegations that we have hosted. During 2015, a total of twelve delegations from the People's Republic of China, France, India, Iran, Korea, Mauritius, Netherlands, Nigeria, South Africa and United States of America were hosted by ZIA as part of its marketing and promotion efforts. These delegates had varying business interests encompassing investing in the manufacturing, pharmaceuticals, transport and logistics, mining, energy and services industries. This interest is reflective of the increased projects the Authority handled during the year under review. Three outgoing missions were conducted to China, Uganda, South Africa and Italy.

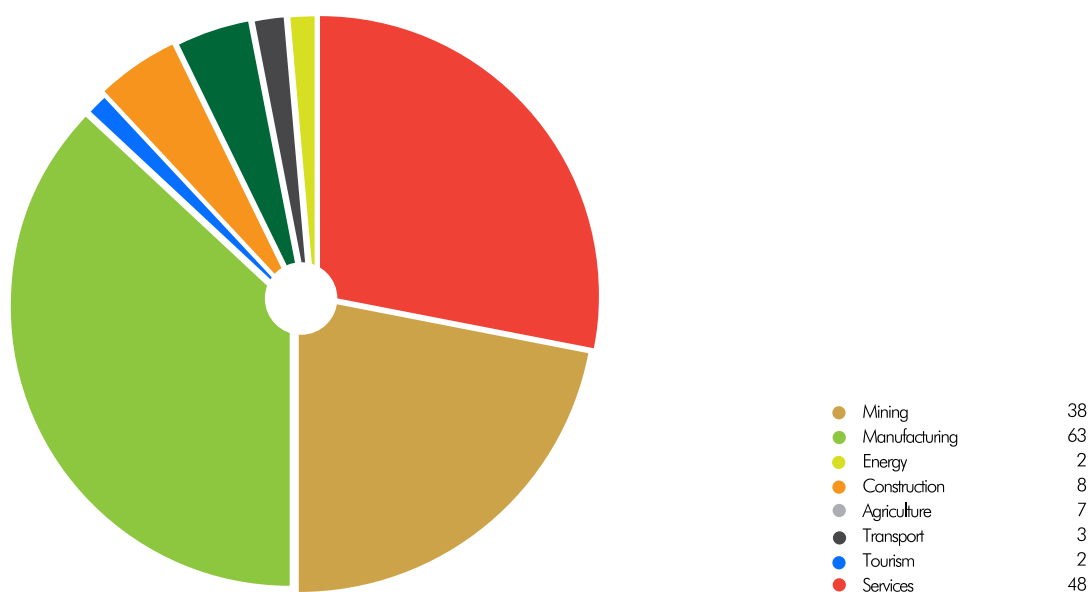
Fig 1: Approvals by Sector: Number of Projects

Fig 2: Approvals by Sector: Value of Projects (USD)

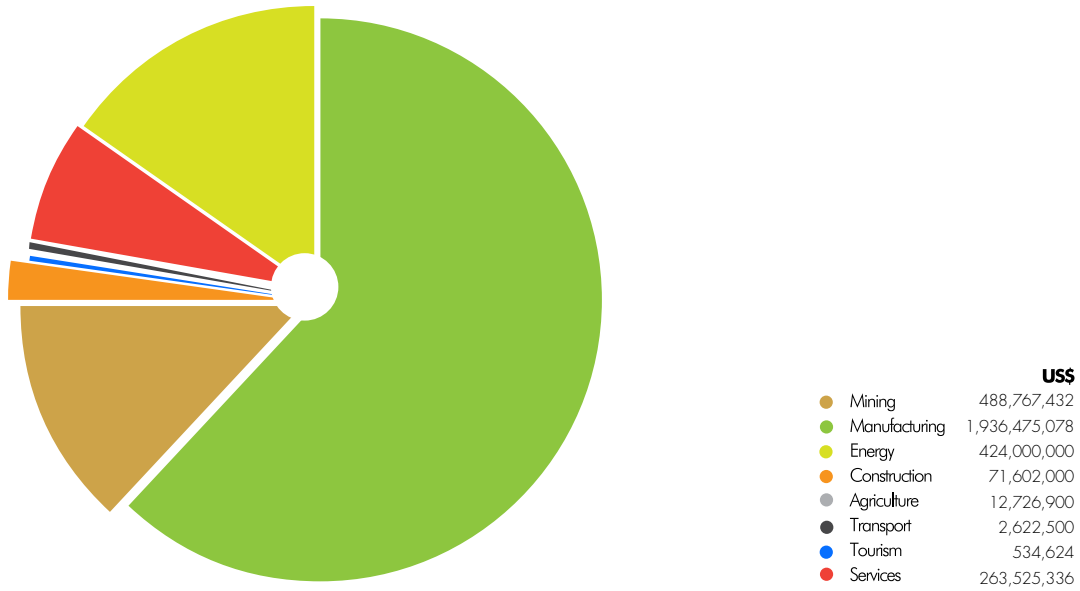
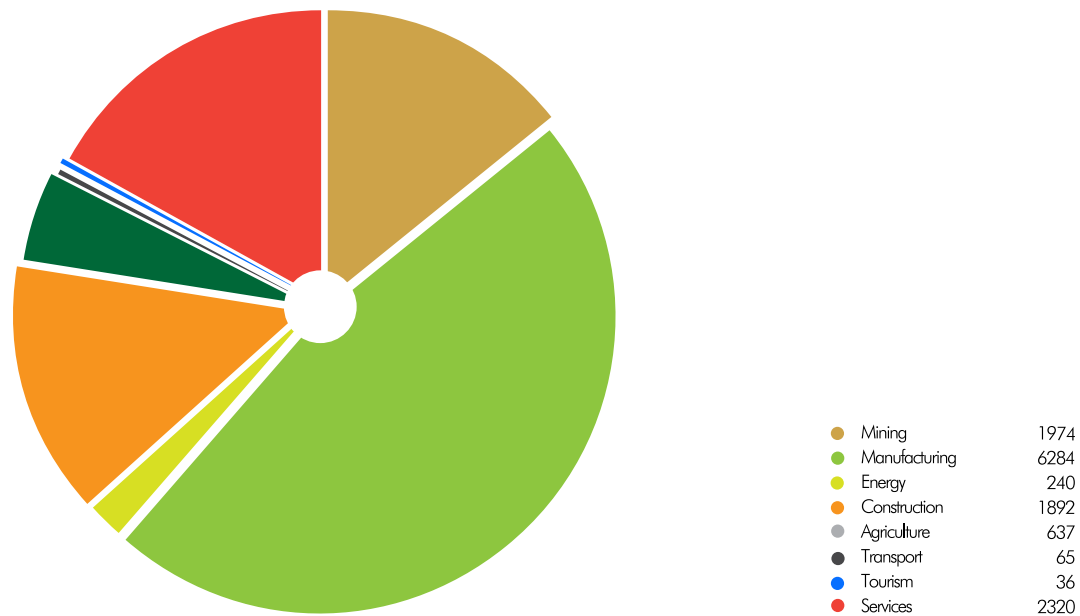


Fig 3: Number of Jobs to be Created per Sector





BUSINESS FACILITATION & INVESTMENT CLIMATE POLICY ISSUES

United Nations Conference on Trade and Development (UNCTAD) 2015 World Investment Report (WIR)

The 2015 Edition of the WIR was launched on 24 June 2015 at Rainbow Towers Hotel. Key issues to note from the report was the increase in investment to Zimbabwe from \$400 Million received in 2013 to \$545 Million received in 2014. At the National level, the report notes that the countries' investment policy measures continue to be geared predominantly towards investment liberalization, promotion and facilitation.

Special Economic Zones

Government gazetted the Special Economic Zones Bill which is expected to pave way for the establishment of the Special Economic Zones Authority

Operationalisation of One Stop Shop (OSS)

ZIA in conjunction with the Ministry of Macro-Economic Planning and Investment Promotion continued to work together in engaging stakeholders in an effort to operationalise the OSS. A stakeholder's Workshop was organised by the Ministry on 24 September 2015 at Ambassador Hotel to establish why the OSS did not live up to expectation and proffer recommendations on how to make it work. The workshop sought to establish the workflow to reduce the turnaround time to process permits and licenses; collate and collect expectations on the creation of a uniform application form; discuss and agree on secondment of OSS officials; discuss and agree on Principles of the proposed Omnibus Act; to learn from international experiences on operations of an OSS; as well as come up with recommendations to Cabinet on steps to be adopted to effectively turn around ZIA to be a truly OSS.

Doing Business Reforms

The government instituted Doing Business Reform efforts coordinated by the Office of the President and Cabinet (OPC) with technical, financial and advisory support being offered by World Bank and USAID SERA. The following Technical working Groups were put in place to kick-start the reforms:

- i. Starting a Business,
- ii. Construction Permits and Registering Property,
- iii. Getting Credit and Resolving Insolvency,
- iv. Protecting Minority Investors and Enforcing Contracts, and
- v. Paying Taxes and Trading across Borders.

The first 100 Days Rapid Results Approach work plans culminated in a review workshop on 18 December 2015 which reported that significant strides in improving the doing business environment had already been achieved. Chief among the positive outcomes include:

- i. Consolidation of the processes to pay taxes to ZIMRA with payments to NSSA and ZIMDEF through adoption of a Single Window Tax Payment System.
- ii. Reduction in the time period for processing the requirements for Starting a Business from 90 days to 30 days.
- iii. Reduction in the period of obtaining Construction Permits from 448 days to 120 days.
- iv. Reduction in the time required for property Registration from 36 to 14 days.
- v. Reduction in the time taken to pay taxes from 242 hours to 160 hours.



ZIA Investor Business Golf Classic Day, 22 November 2015



The ZIA Investor Business Golf Classic Day was held on 22 November 2015 at Chapman Golf Club. A total of 16 teams participated in the event.

The Annual Business Golf Day presents an opportunity for investors, business people and other stakeholders to network and exchange business ideas whilst enjoying a good round of golf.



The venue for the golf day, Chapman Golf Club



One of the teams that took part in the tournament.



ZIA CEO, Mr. Mbaiwa presenting awards to winners



ZIA CEO, Mr. Mbaiwa with the team that organised the event.

Zimbabwe Investor Awards 2015



ZIA Chairman giving his speech

The Zimbabwe Investor Awards present an opportunity to celebrate the Zimbabwean individuals and companies who have made outstanding efforts towards developing the country through entrepreneurial, business and socio-economic acumen. By celebrating these, we share a sense of recognition, belonging and accomplishment for investors in a challenging and dynamic environment. The Zimbabwe Investor Awards Dinner was held on 23 November at Harare International Conference Centre. The event was graced by the Deputy Minister of Macro Economic Planning and Investment Promotion, Sen. Monica Mutsvangwa and attended by various government, parastatal and private sector officials.

A total of 290 people attended the dinner. The Zimbabwean Embassy to People's Republic of China scooped the Special Recognition Certificate for promoting investment into Zimbabwe whilst the prestigious Chairman's Award went to Standard Chartered Bank. Delta Beverages won the Investor of the Year award.



The Investor of the Year Award is presented to Delta Beverages by the then Deputy Minister of Macro-Economic Planning and Investment Promotion, Senator Monica Mutsvangwa, assisted by ZIA Chairman, Mr. N. K. Chanakira and ZIA CEO, Mr. Richard Mbaiwa.



ZIA CEO welcoming delegates to the Awards Dinner



ZIA Head of Operations addressing delegates.



Delegates at the Awards



ZIA CEO addressing delegates.

ZIA at the ICSA Excellence in Corporate Governance Awards



The Zimbabwe Investment Authority won the ICSAZ 2015 Excellence in Corporate Governance Awards (ECGA) that were held on 12 November 2015 at Cresta Lodge, Harare. ZIA was Awarded First Prize-Overall Best Corporate Governance Practices in State Enterprises and Parastatals category.

ICSA Awards recipients



ZIA CEO receiving award from ICSA Chairman



ZIA Management team at the ICSA Awards 2015

Zimbabwe International Trade Fair

Zimbabwe Investment Authority participated at the 2015 Zimbabwe International Trade Fair that took place in Bulawayo from the 28th of April to the 2nd of May. The Authority occupied a stand in Hall Number 4. A total of 92 people visited the Authority's stand to make enquiries on the investment climate in Zimbabwe.

Meetings were also held with other Investment Promotion Agencies that were participating at the Fair which included Namibia Investment Centre, Mozambique Investment Centre Promotion Agency and Zambia Development Agency.

Deloitte Zimbabwe and ZIA hosted a breakfast meeting which drew attendance from investors, Government Departments, Foreign Embassies and other key stakeholders. At the meeting, ZIA made a presentation on the Investment Opportunities and Reform Agenda in Zimbabwe whilst Deloitte Zimbabwe presented on Doing Business in Zimbabwe, Practical Issues and Deloitte's Perspective.



Various enquiries were posed by those who came to the ZIA Stand. However, the number of visitors dropped from a total of 112 inquiries received the previous year to 92, which was a 17.8% decline. Table 3 below gives a picture of the relative enquiries in relation to the sectors of interest:

Table 3: Enquiries Received during ZITF 2015

Areas Of Interest	No. Of Enquiries In 2014	No. Of Enquiries In 2015
Manufacturing	13	7
Mining	22	16
Tourism	4	3
ICT	7	2
Construction	6	2
Transport	0	0
Services	21	15
Energy	2	1
Agriculture	14	14
Finance	9	2
Portfolio Investment	2	0
General Information	12	30

Zimbabwe Milan Expo 31 August 2015



Zimbabwe Investment Authority participated at the ZimExpo Milan 2015 whose objective was to showcase Zimbabwean culture and the country's countless opportunities to the +/-20 million visitors to Expo Milan 2015.

The main theme for the expo was, "Feeding the Planet; Energy for Life", and Zimbabwe's own theme at the World Expo was, "Food Security, Sustainable Development: A Healthy Zimbabwe". The theme statement was anchored on our country's Food and Nutrition Security Policy. The exhibition focused on Zimbabwe's efforts to achieve its strategic goal of promoting and ensuring adequate food and nutrition security at both household and national levels at all times. "Going back to our roots", we as a country, shared with the world, stories and innovations around our cereals and tubers which since time immemorial have sustained the health and well-being of our people.

Zimbabwe like other countries that were participating at Expo Milan was afforded a day to celebrate its ingenuity. The National Day for Zimbabwe was held on 31 August 2015 and was amply attended. The aim of the Republic of Zimbabwe in joining Expo Milano 2015 was to showcase the efforts it has made in recent years to tackle the problem of food security and to try to achieve the Millennium Development Goals (MDGs), promoted by the United Nations. A business forum was held where a presentation on the investment climate in Zimbabwe was made.



INWARD AND OUTWARD MISSIONS

Country

China



Activity

China International Fair on Investment & Trade (CIFFIT)

- Zimbabwe participated at the 19th Edition of CIFFIT in Xiamen, China.
- A lot of Chinese investors showed interest in investing in energy, infrastructure, transport, construction, mining, manufacturing, real estate and agriculture sector of Zimbabwe.

Outcome

Notable outcome of the Fair include an exploration visit by State Power Investment Corporation of China (SPIC) to explore investment opportunities in energy sector namely Hydro Power Station, Thermal Power Station, Solar Power Station and Wind Power Station. The Group is expected back in the country in the near future.

Seminar on State Owned Enterprise Development

- ZIA was part of a 20 member delegation made up of officials from the Ministry of Macro-Economic Planning and Investment Promotion, ZEPARU, ZIMSTAT and the State Enterprises Restructuring Agency which attended the Seminar.

Description

- The Seminar was organized and funded by the Chinese Government through the Ministry of Commerce.
- The seminar provided an opportunity for officials to have a better understanding of developments in the Chinese economy and its economic reforms including in State Owned Enterprises.
- It also provided an opportunity to appreciate operations of some State Enterprises such as Poly Solar Technology, which is into manufacturing of solar products. The Chinese government through this company has undertaken key solar projects in Africa including Zimbabwe (solar pumping system and solar power station at the National Defence College 2014).
- Key lessons from the Seminar were that:
 - i. E-commerce has become major business in China.
 - ii. Solar energy is a major source of energy in Industry and significant infrastructural projects.
 - iii. China is moving towards encouraging development of Chinese brands other than just being a processing centre for products developed outside China.
 - iv. SOEs are now being run professionally to encourage productivity and enable competition with the private sector.

The Seminar exposed participants to the Chinese economic development and gave them an appreciation of key success factors in economic development. Key lessons from the Seminar were that:

- E-commerce has become major business in China. Solar energy is a major source of energy in Industry and significant infrastructural projects.
- China is moving towards encouraging development of Chinese brands other than just being a processing centre for products developed outside China.
- SOEs are now being run professionally to encourage productivity and enable competition with the private sector.

Delegation from Shijiazhuang City of China

- ZIA hosted a delegation from Shijiazhuang City which was here following a Seminar that had been held in the same City the previous year.

Description

- The delegation was here exploring investment opportunities in steel and cement manufacturing; power generation; textile; medicine; equipment; solar energy and food industries.
- The delegation was taken through the process of investing in Zimbabwe and furnished with promotional materials and joint venture projects available for uptake from the ZIA database.

Strong interest was registered by Chinese firms in partnering Zimbabwean companies and greenfield projects in manufacturing, energy and agro-business.

Country

China



Activity

Zimbabwe-China International Investment Conference

The Conference was organised by the Ministry of Macro-Economic Planning and Investment Promotion in conjunction with the Chinese Embassy in Zimbabwe with the aim of enhancing trade, investment and economic relations between Zimbabwe and China.

Description

- The Conference was attended by Chinese business delegates, Zimbabwean delegates from various economic sectors, government officials and parastatal officials.
- It provided a platform for engagement between Chinese business delegates and their Zimbabwean counterparts to discuss possible business partnership ventures as well as showcase the investment opportunities available in Zimbabwe.
- In addition, the Conference was guided by the following objectives:
 - i. To ensure that concrete deals are discussed and cemented for the mutual benefit of both business parties and countries;
 - ii. To present the reforms being undertaken to improve the doing business environment in the country;
 - iii. To promote the uptake of the country's priority projects;
 - iv. To increase interaction between Zimbabwean business people and their Chinese counterparts; and
 - v. To enhance further cooperation between Zimbabwe and China.

Outcome

The conference strengthened scope for further cooperation through the signing of mega deals in mining and manufacturing. This event was also the business platform to complement the historic visit by the President of China, His Excellency Jinping.

France



Medef International Representative for Southern Africa

The French business delegation led by Mr. Henri de Villeneuve was exploring investment opportunities in Agro business.

Description

- The French based company which is based in South Africa expressed interest in investing in the horticulture and floriculture sectors.
- The investors were advised on the investment opportunities and favourable climate available in Zimbabwe.
- They exhibited a lot of interest and expressed interest to come back to further their research on Zimbabwe.

The company has firmed up interest in pursuing greener opportunities in agri-business particularly horticulture, irrigation and specialised crops. They want to work with small holder farmers.

Federation of French Business Delegation

ZIA hosted representatives of the Federation of French Business (MEDEF-Movement des Entreprises de France). The visit was organized by the Embassy of France. The delegation was interested in infrastructure and energy projects.

India



SM Milkose Limited

The business delegation from India was led by Mr. Sharad Maheshwari. The company intends to partner with Surface Wilmar in establishing a plastic packaging company specialising in preform bottles and related products. The investment is earmarked for Chitungwiza at a total of US\$6m. ZIA advised the delegation on the investment procedures of the country.

The company has since established and is supplying Surface Wilmar and other major players.

Country

Korea



Activity

Korean Business Delegation

ZIA in conjunction with the Korean Embassy organised the Zimbabwe - Korea Business Seminar at the Rainbow Towers in Harare.

Description

- The seminar was attended by a number of private sector companies which were invited by ZIA and CZI.
- The business delegation sought to assess possible investment options in the country and expressed interest in infrastructure development, hydro power generation and road construction.
- The event was organised as a match making Business to Business platform.

Outcome

Samsung has established shop in the country. The visiting business delegation is still making follow-ups with the State Procurement Board of Zimbabwe (SPB) with possibilities of bidding for major construction projects.

Local companies met the executives from Samsung, Daewoo and other Korean conglomerates. Some discussions have progressed on trade and possible investment prospects.

Mauritius



Mauritius Vatel International Business School Hotel And Tourism Management Delegation

ZIA hosted the delegation which was seeking to set up a stand-alone school of Tourism and Hospitality in Zimbabwe.

Description

- The delegation reported that interest was generated from the fact that the Business School has enrolled a number of students from Zimbabwe over the years.
- As such this was a testimony of the popularity of their product offering in Zimbabwe.
- The School indicated that it had intentions to set up a school of Tourism and Hospitality or to franchise one of the leading Universities or Colleges of Tourism and Hospitality in Zimbabwe to offer their degrees and diplomas.
- ZIA facilitated 13 meetings for the delegation with local universities, colleges and high schools.

A lot of interest to enroll for Vatel International Business School was generated from Zimbabwe. The Vatel International Business School representative promised to set up a school of Tourism and Hospitality or to franchise one of the leading Universities or Colleges of Tourism and Hospitality in Zimbabwe to offer their degrees and diplomas.

Netherlands



HVA International of Netherlands

The business delegation led by Mr. G. A Veldink was on an exploration visit focusing on the dairy industry.

Description

- HVA International expressed interest in partnering small scale dairy farmers with an ultimate objective of setting up a dairy processing company.
- The delegation sought information on the investment climate in Zimbabwe.
- ZIA advised the delegation on investment procedures, the state of the dairy industry in Zimbabwe and opportunities available.
- The delegation advised that concrete engagements with specific farmers will commence once the exploration stage is over.

The company seeks to capitalise on the study done by the Dutch Embassy on agri-business opportunities in Zimbabwe. There is likely to be a follow up mission in 2016 to operationalize the framework for investing in the dairy industry.

Nigeria



Dangote Group of Nigeria

ZIA met with the Dangote Group which has interest in investing in a cement plant manufacturing. The cement project would be supported by limestone mining and a coal powered thermal station. The integrated project would attract US\$1,2Billion investment. The Group has already been granted an Investment licence.

The Group was granted an Investment licence on 22/09/2015 and is working on implementation of the projects.

Country**South Africa****Activity****MTN GROUP**

MTN came to Zimbabwe on a fact finding mission. The Group convened a meeting which was attended by several government departments as well as the private sector. Various organisations made presentations. The Group then held one on one meetings with select companies in which MTN had expressed interest in.

Outcome

The company is still considering optimal mode of entry into the Zimbabwean market be it a new licence application, takeover of an existing player or a merger with an existing player.

USA**Clean Power Group Africa**

ZIA hosted the business delegation led by Mr Walter McLeod.

Description

- The company seeks to develop utility scale clean energy plants, thereby feeding towards national energy security.
- ZIA informed the Delegation of the investment opportunities in the energy sector including guidelines on investing in Zimbabwe.

ZIA lobbied for a reduction in environmental fees model successfully. The company is expected to return in 2016 to reassess the scope for investment.

SADC**Sixth Investment Focus Group Meeting on The SADC Regional Investment Policy Framework (IPF)**

ZIA attended the Sixth Investment Focus Group Meeting on The SADC Regional Investment Policy Framework (IPF) final draft meeting held from 21-22/07/2015 in Johannesburg, South Africa. The meeting agreed that the drafting committee and SADC Secretariat should continue working together incorporating comments made and the final version will be discussed at a future meeting.

The Ministry of Economic Planning has recommended that Zimbabwe ratifies the CCIA. Delegates who attended the meetings were also in favour of ratification of the CCIA but no country has formally ratified the agreement. With the assistance of SADC, the Ministry of MEPIP together with ZIA through a consultant have developed a National Investment Policy document

Participation at SADC Forum 21-22 March 2015

ZIA participated at the 2015 Investment Focus Group Meeting (IFG) which was held from 21-22 March 2015 in Johannesburg, South Africa. The program was coordinated and financed by the SADC Secretariat. SADC is in the process of developing Policy Guidance for Investment for the region and this is being done through the assistance of OECD. The meeting of the 23rd March was to introduce this draft document to members of the SADC Investment Focus Group. The draft document was informed by data gathered from desk top research, country contributions, and from information gathered by consultants who visited Member States sometime in January 2015. The consolidated document is to be finalised by the Secretariat and circulated to members for adoption in subsequent meetings.

Zimbabwe**China – Zimbabwe Economic Cooperation**

ZIA attended the China – Zimbabwe Economic Cooperation which was organised by Office of the President and Cabinet, Ministry of Industry and Commerce and the International Cooperation Centre – National Development Reform Commission.

The Conference showcased investment and business opportunities in Zimbabwe and sought to strengthen economic cooperation with China. The Head of the Chinese delegation, Dr Cao advised that China seeks to place Zimbabwe on the investment "priority list" which currently includes 45 other countries around the world. In Africa the grouping includes South Africa, Ethiopia, Egypt, Angola and Mozambique. Dr Cao further pledged to create an investment promotion platform for the Zimbabwe Embassy in Beijing which would provide better service to investors. Cited areas of possible cooperation included tourism, mining, manufacturing, energy and infrastructure development.

Country

Zimbabwe



Activity

Independent Power Producers Indaba

- ZIA attended the Independent Power Producers Indaba at the Rainbow Towers Hotel.

Description

- The Indaba was organised by ZERA.
- I sought to deliberate on challenges facing Independent Power Producers (IPPs) in developing power generation projects.
- Provide a dialogue platform between ZERA, Government, IPPs and financing institutions.
- Provide IPPs with an opportunity to request Government to clarify policy.
- Provide an opportunity for banks/financiers to present funding opportunities that are available for IPPs.

Outcome

- To undertake an Integrated Resource Plan with the Ministry of Energy and Power Development.
- Implement a viable tariff code.
- Regulate ZESA operational costs based Cost of Service Study conducted by Norconsult in 2013.
- Engage ZINWA to review the rates for non-consumptive water use for hydropower projects.
- Consider a standardized bankable PPA agreement to reduce cost and time to reach financial closure.

Ministry of Energy and Power Development

- Expedite approval of REFIT framework.
- Expedite Development of IPP Policy.
- Consider promulgation of an IPP law.

Environmental Management Agency

- To reconsider fee structure to make IPP projects viable.

Ministry of Finance

- To clearly lay out tax incentives available to IPPs. Consideration implementation of Government guarantees. To be consistent in granting National Project Status.

Zimbabwe



Zimbabwe SME EXPO & Business Conference

ZIA attended the Zimbabwe SME Global Expo and Business Conference.

Description

- The Expo was organised by the Ministry of Small and Medium Enterprises and Co-operative Development in collaboration with the Harare Chamber of Small to Medium Enterprises (SMEs).
- The aim was to showcase businesses, investor match making and networking between local, regional and international investors in the SME category.
- The Expo was attended by these African countries South Africa, Mauritius, Seychelles, Zambia, DRC, Namibia, Botswana, Egypt, Kenya and Gabon. International participants came from Iran, Indonesia and India.

ZIA noted the scope to profile SME Projects for matchmaking with international investors.

Country

Zimbabwe



Activity

Sustainable Energy for All (SE4ALL)

SE4ALL is an initiative of the United Nations Secretary General which to achieve sustainable energy for all by the year 2030.

Description

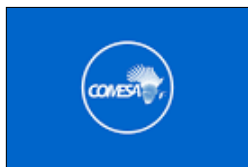
- The purpose of the visit was to gather views from an investment perspective that would assist in designing the Action Agenda which is designed to complement government's efforts in renewable energy, energy efficiency and energy access.
- The delegation advised that ultimately it had intentions to produce a Renewable Energy Investment Prospectus that will lay out a set of investments or investment strategies for increasing the flow of public and private capital to energy efficiency, renewable energy, and energy access in Zimbabwe.
- ZIA advised the delegation about the energy situation in Zimbabwe, current investment framework and the need for harnessing renewable energy especially for off grid consumers.

Outcome

The meeting identified a number of challenges facing the energy sector. Bright spots were identified in the ethanol program, the initial development of some renewable energy IPP projects and the forthcoming solar hot water requirements for new buildings. Overall the following observations were made:

- The need for clear and supportive government policies. A streamlined, fair, regulatory and permitting process was required to be put in place.
- The need for improved coordination among ministries. The need for improved capacity within ministries and financial institutions to address the SE4ALL subjects, and financial solutions to address the high up-front costs associated with clean cook stoves, alternative cooking fuels, energy efficiency measures, transit solutions and small-scale renewable energy projects / installations.

COMESA



COMESA Common Investment Area (CCIA) Agreement Sensitization Workshops Conducted In Mutare, Masvingo, Bulawayo, Gweru And Harare 1-11 November 2015

The purpose of the workshops was to sensitise the relevant stakeholders on the existence of the Investment Agreement for the COMESA Common Investment Area (CCIA) adopted by COMESA Heads of State and Government in Nairobi, Kenya, on 22nd and 23rd May 2007. The workshops also sought to have the potential beneficiaries of the agreement critique and scrutinize it, the ultimate goal being to eventually sign and ratify the agreement. Furthermore there was need to get buy-in from the potential beneficiaries to this Agreement because at present, none of the member states have signed and ratified the agreement. The Zimbabwe Investment Authority presented on the role of ZIA and importance of CCIA on investment promotion. ZIA strongly recommended the ratification of CCIA as it creates necessary and sufficient conditions for economic growth and development for the block. It also promotes intra-regional trade and development through access to a large market of approximately 450 million inhabitants. It also improves the ease of negotiation since negotiating as a block is more effective.

The series of sensitisation workshops managed to spread awareness of the CCIA across the key provinces.

Country

Zimbabwe



Activity

Zimbabwe-South Africa bi-National Commission meeting

The purpose of the meeting was on how to strategize in effecting structural changes on how Zimbabwe and South Africa would relate at the bilateral level following the signing of the Zimbabwe-South Africa Bi-National Commission Agreement in April 2015. The Joint Permanent Commission was elevated to the Heads of State level. As a way forward, the Secretariat was to forward a copy of the Zimbabwe-South Africa Memorandum of Understanding (MOU) on Economic and trade Co-operation to all the members by 28 May 2015.

Outcome





REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS

ZIMBABWE INVESTMENT AUTHORITY

We have audited the financial statements of the Authority, set out on pages 3 to 17, and comprising:

- Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2015;
- Statement of financial position as at 31 December 2015;
- A summary of significant accounting policies applied by the Authority during the year ended 31 December 2015; and
- Related financial statements notes.

Directors' responsibility for the financial statements

The Authority's directors are responsible for the preparation and fair presentation of these financial statements, in accordance with International Financial Reporting Standards (IFRSs). This responsibility includes, but is not limited to the following:

Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
Formulating and applying appropriate accounting policies; and
Making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that, in conducting the audit, we comply with ethical requirements. The standards also require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

In conducting our audit, we performed procedures to obtain audit evidence on the amounts and disclosures in the financial statements. We selected the procedures we performed based on our judgment. We also applied our judgment in assessing the risk of material misstatement in the financial statements, whether due to fraud or error. In our assessments of the risk of material misstatement in the financial statements, we considered internal controls relevant to the Authority's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. We also evaluated the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the directors. As well, we have evaluated the overall financial statements presentation.

We consider it that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the financial statements are properly drawn up, in conformity with International Financial Reporting Standards and, in all material respects, give a true and fair view of the financial position of the Authority as at 31 December 2015, and of the results of its operations, and its cashflows, for the year then ended.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly drawn up so as to comply, in all material respects, with the financial disclosure and presentation requirements of the Zimbabwe Investment Authority Act [Chapter 14:30] of 2006 and related legislation.

Emphasis of matter

Going concern

Without qualifying our opinion we draw attention to note 12 dealing with going concern. The Authority was in a net current liability position of \$924 976 (2014: \$956 288) as at 31 December 2015. These factors cast doubt on the Authority's ability to continue operating in the foreseeable future. However, as explained in note 12, these financial statements are prepared on a going concern basis.

**AMG Global
Harare**

22 April 2016


ZIMBABWE INVESTMENT AUTHORITY

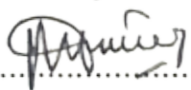
STATEMENT OF COMPREHENSIVE INCOME
year ended 31 December 2015

	Note	2015 \$	2014 \$
Revenue	2	1 101 583	1 084 049
Other operating income	3	313 197	430 576
Administrative expenses	4	(1 405 814)	(1 473 177)
Operating surplus		<u>8 966</u>	<u>41 448</u>
Financing income		37	25
Surplus for the year		<u>9 003</u>	<u>41 473</u>
Other comprehensive income		-	-
Comprehensive surplus for the year		<u><u>9 003</u></u>	<u><u>41 473</u></u>

ZIMBABWE INVESTMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
Non-current assets			
Property and equipment	5	3 650 441	3 775 135
Current assets			
Accounts receivable	6	6 250	3 914
Cash and bank balances		20 853	49 202
		27 103	53 116
Total assets		3 677 544	3 828 251
FUNDS AND LIABILITIES			
Funds			
Accumulated funds and reserves per statement of changes in accumulated funds		2 247 258	2 238 255
Long-term liabilities			
Deferred income	7	345 304	420 467
Long-term portion of lease liability	8	132 903	160 125
		478 207	580 592
Current liabilities			
Accounts payable	9	874 992	924 845
Short-term portion of lease liability	8	77 087	84 559
		952 079	1 009 404
Total funds and liabilities		3 677 544	3 828 251





Directors

22 April 2016

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
year ended 31 December 2015

	Non- distributable reserve \$	Accumulated losses \$	Total \$
Balances at 31 December 2013 restated	3 367 930	(1 171 148)	2 196 782
Total comprehensive surplus for the year	-	41 473	41 473
Balances at 31 December 2014	<u>3 367 930</u>	<u>(1 129 675)</u>	<u>2 238 255</u>
Total comprehensive surplus for the year	-	9 003	9 003
Balance at 31 December 2015	<u><u>3 367 930</u></u>	<u><u>(1 120 672)</u></u>	<u><u>2 247 258</u></u>

ZIMBABWE INVESTMENT AUTHORITY

STATEMENT OF CASH FLOWS year ended 31 December 2015

	Note	2015 \$	2014 \$
NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows			
Operating surplus		8 966	41 448
Adjustments for items not affecting cash flows:			
Depreciation on property and equipment	5	125 284	128 451
Amortisation of deferred income	7	(75 163)	(75 427)
Profit on disposal of equipment		(100)	-
Net cash flows before reinvestment in working capital		58 987	94 472
(Increase)/decrease in accounts receivable		(2 336)	9 732
Decrease in accounts payable		(49 853)	(103 788)
Net cash flows from operations		6 798	416
Returns on investments and servicing of finance			
Financing income		37	25
Net cash flows from operating activities		6 835	441
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of equipment	5	(590)	-
Proceeds from disposal of equipment		100	-
		(490)	-
Net cash flows before financing activities		6 345	441
NET CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability payments		(34 694)	(8 006)
DECREASE IN CASH AND CASH EQUIVALENTS	10	(28 349)	(7 565)

ZIMBABWE INVESTMENT AUTHORITY

STATEMENT OF ACCOUNTING POLICIES

31 December 2015

The principal accounting policies of the Authority, which are set out below, are consistently applied in all material respects.

BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention, and no procedures are adopted to reflect thereon, the impact, if any, of specific price changes and changes in the general level of prices.

Statement of compliance

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board (IASB), which IFRS include standards and interpretations approved by the IASB, as well as the International Accounting Standards and IFRS Interpretations Committee (IFRIC) interpretations.

ADOPTIONS OF NEW AND REVISED STANDARDS

New and revised standards and interpretations adopted

The accounting policies adopted by the Authority are consistent with those of previous financial years, except for the following amended IFRS effective for the financial period beginning on or after 1 January 2014. The amended standards, described below, did not have a material impact on the financial position and performance of the Authority.

Standards issued but not yet effective as at the reporting date

The standards listed below were issued but not yet effective as at the date of issuance of the Authority financial statements but the Authority reasonably expects them to be applicable at a future date and, as such, intends to adopt them when they become effective.

The Authority expects that the adoption of these standards in most cases will not have a significant impact on the Authority's financial position and performance in the period of initial application but additional disclosures will be required. The impact of these standards on the Authority's financial statements on adoption in future is not known and cannot be reasonably estimated as of now.

IAS 1 Presentation of Financial Statements

Amendments resulting from the disclosure initiative were issued in December 2014 and will become effective for annual periods beginning on or after 1 January 2016. Earlier application of the amendments is permitted.

The Disclosure Initiative makes the following amendments to IAS 1:

- (i) **Materiality:** The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply. *IAS 1 Presentation of Financial Statements*
- (ii) **Statement of financial position and statement of profit or loss and other comprehensive income:** The amendments (1) introduce clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of other comprehensive income ("OCI") of

ZIMBABWE INVESTMENT AUTHORITY

STATEMENT OF ACCOUNTING POLICIES

31 December 2015

equity accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- (iii) **Notes:** The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

IAS 16 Property, Plant and Equipment; and IAS 38 Intangible Assets

Amendments regarding the clarification of acceptable methods of depreciation and amortization were issued in May 2014 and will become effective for annual periods beginning on or after 1 January 2016. These amendments clarify that the use of revenue based methods to calculate depreciation expense is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of economic benefits embodied in the asset.

The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

IFRS 15 Revenue from Contracts with Customers

Originally issued in May 2014 and effective for annual periods beginning on or after 1 January 2017, IFRS 15 supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. The objective of this standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Earlier application of this standard is permitted.

BORROWING COSTS

Borrowing costs comprise interest payable on borrowings and other borrowing costs.

Borrowing costs are recognised in the statement of profit or loss in the period in which they accrue.

FINANCIAL INSTRUMENTS

Financial instruments presented in the statement of financial position include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the accounting policy statements that follow below.

Classification

Trading instruments are those that the Authority holds principally for the purpose of short-term profit taking.

Originated loans and receivables are loans and receivables created by the Authority, providing money to debtors, other than those created with the intention of short-term profit taking.

Held to maturity assets are financial assets with fixed or determinable payments and fixed maturity dates that the Authority has the positive intent and ability to hold to maturity.

ZIMBABWE INVESTMENT AUTHORITY

STATEMENT OF ACCOUNTING POLICIES

31 December 2015

Available for sale assets are financial assets that are not held for trading purposes, not originated by the Authority, nor held to maturity.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates, and the discount rate is a market related rate at the statement of financial position date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures as at the statement of financial position date.

The fair value of derivatives that are not traded is estimated at the amount that the group would receive or pay to terminate the contract as at the statement of financial position date, taking into account market conditions and the current creditworthiness of the counterparties.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available for sale assets are recognised directly in equity. When financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in equity is transferred to the statement of comprehensive income.

Gains and losses arising from a change in fair value trading instruments are recognised in the statement of comprehensive income.

Derecognition

A financial asset is derecognised when the Authority loses control over the contractual rights that make up that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available for sale assets, and assets held for trading that are sold, are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Authority commits to sell the assets. The Authority uses the specific identification method to determine the gain or loss on derecognition.

Held to maturity instruments and originated loans and receivables are derecognised on the day that they are transferred by the Authority.

PROVISIONS

A provision is recognised in the statement of financial position when the Authority has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. The estimates, including those related to provisions for bad debts, investments, equipment and contingent liabilities, are reviewed on

ZIMBABWE INVESTMENT AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
31 December 2015

an ongoing basis. The Authority bases its estimates on historical experience, and other factors that are considered to be relevant.

PROPERTY AND EQUIPMENT (“PE”)

Recognition

Items of PE are recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Measurement

PE is initially stated at cost. Subsequent to initial recognition PE is measured at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on the straight line method to write off the cost of each asset over its estimated useful life, at the following rates per annum:-

Motor vehicles	20%
Computer equipment	30%
Furniture, equipment, fixtures and fittings	10%
Buildings	2.5%
Land	0%
Other	10%

Impairment

The carrying amounts of the Authority’s assets are reviewed as at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss statement.

Calculation of recoverable amount

The recoverable amount of the Authority’s assets is the higher of their net selling price or value in use. Net selling price is the present value of the amount obtainable from the sale of an asset in an arm’s length transaction, between knowledgeable willing parties, less the costs of disposal. Value in use is the present value of the estimated future cash flows expected to be generated from the continuing use of an asset, and from its disposal at the end of its useful life.

Reversal of impairment

Any impairment losses previously recognised are reversed if there has been a change in the estimates used to determine the recoverable amount.

The increased carrying amount of an asset due to a reversal of an impairment loss should not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

ZIMBABWE INVESTMENT AUTHORITY
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De-recognition of PE

PE is de-recognised when the asset is disposed of or retired from use and/or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is included in the profit or loss in the period the PE item is de-recognised.

REVENUE RECOGNITION

Grant income is accounted for on a receipt basis. Donations received are accounted for on a receipt basis.

Interest receivable is recognised on the accruals basis.

GOVERNMENT GRANTS/ DONATIONS RECEIVED

Government grants/ donations received for the purchase of property and equipment and physical assets donated are recognised as deferred income and amortised over the useful lives of the related property and equipment.

CURRENCY

The financial statements are expressed in United States of America dollars.

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in other currencies are translated at the exchange rates ruling at the statement of financial position date. Transactions in foreign currencies other than the United States of America dollars are translated at the rates of exchange rate ruling at the relevant dates. Exchange differences arising on translation are included in the statement of comprehensive income.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities in the financial statements. The estimates, including those related to provision for doubtful debts, investments, PE and contingent liabilities are reviewed on an ongoing basis and are based on the Directors best knowledge of current events and actions of the Authority as well as historical experience and other factors that are considered to be relevant. Actual results may ultimately differ from those estimates and assumptions.

PE

PE represents a significant proportion of the asset base of the Authority, and as such, the estimates and assumptions made to determine their carrying amounts and related depreciation expense are critical to the Authority's financial position and performance.

ZIMBABWE INVESTMENT AUTHORITY
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Residual values of PE

Residual values are reassessed each year and adjustments are made where appropriate. The valuation methods adopted in this process involve significant judgement and estimation.

Useful lives of PE

The determination of the remaining estimated useful lives of PE is deemed to be a significant area of judgement.

Allowance for credit losses

The Authority considers changes in the credit quality of the respective accounts receivables from the date on which credit was granted up to the end of the reporting period before determining whether to provide for a debtor as doubtful.

ZIMBABWE INVESTMENT AUTHORITY

RELATED FINANCIAL STATEMENTS NOTES

31 December 2015

1 INCORPORATION AND ACTIVITIES

The Authority was incorporated through an Act of the Parliament of Zimbabwe, the Zimbabwe Investment Authority Act [Chapter 14:30], of 2006. The Export Processing Zones Authority established in terms of the Export Processing Zones Act [Chapter 14:07] and the Zimbabwe Investment Centre established in terms of the Zimbabwe Investment Centre Act [Chapter 24:16] transferred their assets, rights, liabilities and obligations, to the Authority upon its incorporation, and the two latter acts were repealed. The main objective of the Authority is to promote and co-ordinate investment in Zimbabwe.

	2015 \$	2014 \$
2 REVENUE		
Government grants	326 083	316 049
Application fees	88 500	83 000
Licence fees	397 000	392 500
Renewal and amendment fees	290 000	292 500
	<u>1 101 583</u>	<u>1 084 049</u>
3 OTHER OPERATING INCOME		
Rental income	183 000	179 086
Amortisation of deferred income (note 7)	75 163	75 427
ZIA Awards income	30 820	57 487
Pension payable write off	-	118 576
Profit on disposal of equipment	100	-
Insurance claim	9 700	-
Other income	14 414	-
	<u>313 197</u>	<u>430 576</u>
4 ADMINISTRATIVE EXPENSES		
4.1 Analysis		
Staff costs (Note 12)	928 581	925 841
Depreciation on property and equipment (Note 5.2)	125 284	128 451
Board fees	28 800	28 000
Bad debts written off	-	6 050
Loss on disposal of equipment	-	-
Advertising	22 483	12 930
ZIA Awards expenses	25 189	53 266
Audit fees	6 150	11 903
Travel and subsistence	41 014	50 997
Repairs and maintenance	25 439	25 881
Telephone, fax and postages	20 607	22 620
Fuels and oils	29 287	41 368
Rentals, rates and electricity	25 573	27 276
Security expenses	27 370	31 316
Printing and stationery	12 701	11 991
Cleaning and teas	12 986	14 566
Consultancy fees	11 109	-
Licences	3 634	1 937
Legal fees	3 583	-
Magazines and periodicals	6 094	6 867
Insurance	21 836	21 710
Bank charges	4 251	5 003
Management expenses	-	18 900
Internet subscriptions	19 958	23 210
Other	3 885	3 094
	<u>1 405 814</u>	<u>1 473 177</u>

**ZIMBABWE INVESTMENT AUTHORITY
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5 PROPERTY AND EQUIPMENT

	Land \$	Buildings \$	Motor vehicles \$	Office equipment \$	Computer equipment \$	Fixtures and fittings \$	Other \$	Total \$
5.1 Cost/valuation								
At 31 December 2013	1 860 054	1 959 698	297 521	52 058	142 905	77 632	3 665	4 393 533
Additions	-	-	-	-	-	-	-	-
At 31 December 2014	1 860 054	1 959 698	297 521	52 058	142 905	77 632	3 665	4 393 533
Additions	-	-	-	-	590	-	-	590
Disposals	-	-	(32 500)	-	-	-	-	(32 500)
At 31 December 2015	1 860 054	1 959 698	265 021	52 058	143 495	77 632	3 665	4 361 623
5.2 Accumulated depreciation								
At 31 December 2013	-	239 093	85 824	16 574	116 424	30 570	1 462	489 947
Charge for the year	-	48 994	52 924	5 204	13 201	7 762	366	128 451
At 31 December 2014	-	288 087	138 748	21 778	129 625	38 332	1 828	618 398
Charge for the year	-	48 992	52 924	5 206	10 032	7 763	367	125 284
Disposals	-	-	(32 500)	-	-	-	-	(32 500)
At 31 December 2015	-	337 079	159 172	26 984	139 657	46 095	2 195	711 182
5.3 Net book amount								
At 31 December 2015	1 860 054	1 622 619	105 849	25 074	3 838	31 537	1 470	3 650 441
At 31 December 2014	1 860 054	1 671 611	158 773	30 280	13 280	39 300	1 837	3 775 135
At 31 December 2013	1 860 054	1 720 605	211 697	35 484	26 481	47 062	2 203	3 903 586

RELATED FINANCIAL STATEMENTS NOTES
31 December 2015

	2015	2014
	\$	\$
6 ACCOUNTS RECEIVABLE		
Staff loans	1 415	326
Prepayments	837	-
Rent receivable	3 998	3 588
	<u>6 250</u>	<u>3 914</u>
7 DEFERRED INCOME		
7.1 Analysis		
Opening balance	420 467	495 894
Amortised during the year (note 7.3)	(75 163)	(75 427)
Closing balance	<u>345 304</u>	<u>420 467</u>
7.2 The Government grant relates to renovations to buildings and equipment donated. There are no terms and conditions attached to the grant.		
7.3 The Government grant is being amortised over the useful lives of the property and equipment donated according to the Authority's depreciation policy.		
8 LEASE LIABILITY		
8.1 Analysis		
Long-term portion	132 903	160 125
Short-term portion	77 087	84 559
	<u>209 990</u>	<u>244 684</u>
8.2 This amount represents a liability arising from a lease arrangement entered into with the Beitbridge Town Council, for land, whereby the authority will pay monthly instalments of \$2 669 until 31 December 2020.		
9 ACCOUNTS PAYABLE		
Accruals	88 705	121 103
Payroll provisions	768 815	803 742
VAT	12 022	-
Other	5 450	-
	<u>874 992</u>	<u>924 845</u>

RELATED FINANCIAL STATEMENTS NOTES
31 December 2015

	2015	2014
	\$	\$
10 DECREASE IN CASH AND CASH EQUIVALENTS		
Closing balances		
Cash and bank balances	20 853	49 202
Opening balances		
Cash and bank balances	(49 202)	(56 767)
	<u>(28 349)</u>	<u>(7 565)</u>
	<u><u> </u></u>	<u><u> </u></u>

11 TREASURY AND FINANCIAL RISK MANAGEMENT

11.1 The main risks arising from the Authority's financial instruments are currency risk, interest rate risk, market risk, credit risk and liquidity and cash flow risk.

11.2 Currency risk

This is the risk that the Authority is exposed to unfavourable exchange rate movements on mismatched spot or forward positions in a foreign currency deal.

The Authority incurs foreign currency risk when it undertakes transactions in foreign currencies.

However, exposure to foreign currency risk is managed by ensuring that foreign currency denominated assets are retained to set off against foreign currency denominated liabilities.

11.3 Interest rate risk

This is the risk arising from the adverse movement in the value of future interest receipts or commitments resulting from movements in interest rates.

The interest rates for both interest receivable and payable from/to local financial institutions are generally pegged against the Reserve Bank of Zimbabwe bank rate.

The Authority finances its operations through retained earnings and grants from the Government of Zimbabwe and does not have any interest bearing borrowings.

11.4 Market risk

The principal amounts of all monetary assets and liabilities are fixed and not subject to market related value adjustments.

11.5 Credit risk

This is the risk that a counter-party to a deal or loan will default.

The Authority's cash resources are principally invested with financial institutions which are considered reputable. Adequate provision is made against any trade and other receivables considered doubtful.

RELATED FINANCIAL STATEMENTS NOTES

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11.6 Liquidity and cash flow risk

This is the risk of insufficient liquid funds being available to cover commitments.

The cash resources available to the Authority as well as continued support from the government will enable the Authority to meet its short term liquidity and cash flow requirements.

12 GOING CONCERN

The Authority was in a net current liability position of \$924 976 (2014: \$956 288) as at 31 December 2015. These factors cast doubt on the Authority's ability to continue operating as a going concern.

However, the Directors believe that the preparation of these financial statements on a going concern basis is still appropriate, as financial support is expected from the government to help improve the Authority's financial position and operations.

