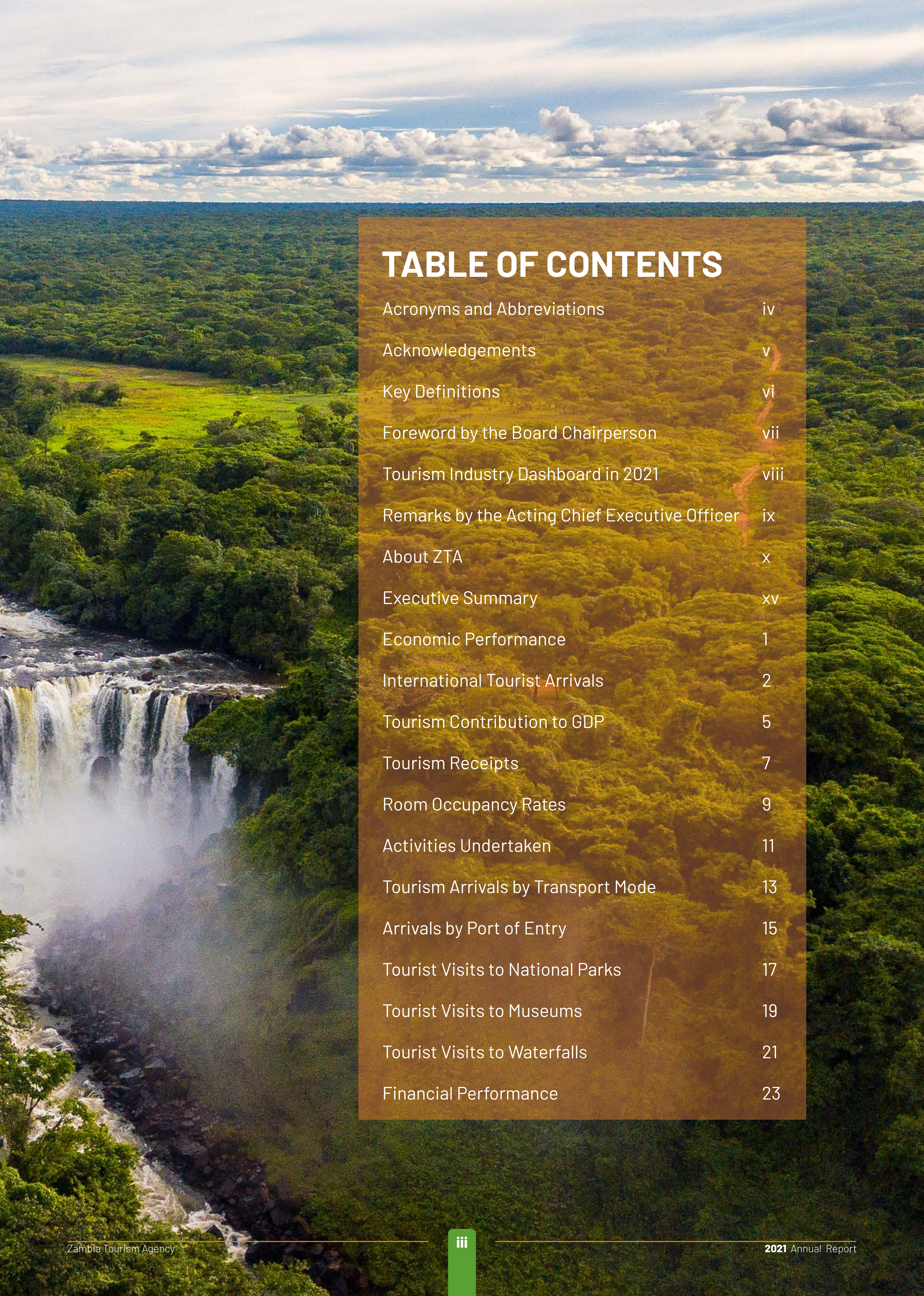
ZAMBIA

LET'S EXPLORE

ANNUAL REPORT

2021

ZAMBIA TOURISM AGENCY



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Acronyms and Abbreviations

GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
KKIA	Kenneth Kaunda International Airport
MICE	Meetings, Incentives, Conferences, and Exhibitions
PPPs	Public-Private Partnerships
RETOSA	Regional Tourism Organisation of Southern Africa
SMEs	Small and Medium Enterprises
SMKIA	Simon Mwansa Kapwepwe International Airport
UNWTO	United Nations World Tourism Organization
ZTA	Zambia Tourism Agency

Acknowledgements

The successful completion of the ZTA Annual Report for 2021 would not have been possible without the dedicated efforts and collaboration of many individuals and organizations.

First and foremost, we express our sincere gratitude to the ZTA Board, led by Dr Tecla Ngwenya, the Board Chairperson, for their strategic guidance and unwavering support throughout the year. Your leadership, particularly during these challenging times, has been instrumental in steering the Agency towards the growth and resilience of Zambia's tourism sector.

We are also immensely grateful to our Acting Chief Executive Officer whose vision, dedication, and hands-on approach have guided the Agency's activities and ensured that we remain focused on our mandate to promote and develop tourism in Zambia.

Special thanks go to our management team and all ZTA staff members for their hard work, commitment, and adaptability. Your efforts in data collection, research, and analysis have provided the comprehensive insights needed for this report, and your collective resilience during uncertain times is truly commendable.

We extend our appreciation to our key stakeholders, including the Ministry of Tourism, industry partners, and tourism operators. Your cooperation, feedback, and continued collaboration have played a vital role in shaping our strategies and advancing tourism in Zambia.

Furthermore, we acknowledge the valuable contributions of our international and local partners, whose data, support, and shared expertise have enriched our understanding of tourism trends and performance.

Finally, we express our heartfelt thanks to the tourists and visitors whose presence and engagement continue to showcase the beauty, culture, and vibrancy of Zambia. Your experiences, feedback, and loyalty are the driving forces behind our commitment to enhancing Zambia's position as a leading tourism destination.

To everyone who played a part in producing this report, your contribution is recognized and deeply appreciated. Together, we look forward to another year of building a sustainable and thriving tourism industry in Zambia.

ZTA Management

Key Definitions

A. Tourist

A tourist is defined as a visitor who travels to and stays in a place outside their usual place of residence for more than 24 hours but less than one consecutive year for leisure, business, or other purposes. Tourists do not engage in activities remunerated from within the place visited.

B. Tourism Receipts

Tourism receipts refer to the income earned by a destination from inbound tourists. This includes expenditure on accommodation, food and drink, local transport, entertainment, shopping, and other services during their stay. Tourism receipts are a key indicator of the economic impact of tourism on a destination.

C. Room Occupancy Rates

Room occupancy rates measure the percentage of available rooms in a hotel or other accommodation establishment that are occupied over a specific period. This rate is a crucial indicator of demand within the tourism sector, reflecting both the number of visitors and the overall health of the accommodation industry.

D. Gross Domestic Product

Gross Domestic Product (GDP) is the total monetary value of all goods and services produced within a country's borders over a specific period, typically measured quarterly or annually. GDP is a broad measure of a country's overall economic activity and health.

E. Tourism Contribution to GDP

Tourism contribution to GDP refers to the portion of the GDP that is generated by the tourism sector. This includes direct contributions from tourism activities, such as spending on travel and accommodation, as well as indirect contributions, such as investments in tourism infrastructure and the broader economic impact of tourism-related supply chains.

F. Port of Entry

A port of entry is a location where travelers can legally enter a country. Ports of entry include airports, seaports, and land border crossings, where immigration and customs controls are conducted. For tourism statistics, ports of entry are important as they help track the number and origin of international visitors.

G. Source Market for Tourists

A source market for tourists refers to the country or region from which tourists originate. Understanding source markets is essential for destination management and marketing, as it allows tourism authorities to tailor strategies to attract visitors from specific regions and optimize the tourism marketing mix.

Foreword by the Board Chairperson

Moving forward, our focus remains on sustainable growth, enhancing product development, and boosting partnerships that will support further industry recovery.

The year 2021 marked a crucial turning point for Zambia's tourism sector as we navigated unprecedented challenges posed by the global pandemic. Despite these adversities, the ZTA stayed resolute in advancing its mission to position our nation as a top tourism destination.

Strategically, we intensified efforts to diversify our source markets, improved digital marketing capabilities, and laid the groundwork for greater resilience in our tourism infrastructure. Notable improvements were seen in the gradual recovery of international tourist arrivals, which signaled renewed confidence in Zambia as a safe and attractive destination.

While the year demanded adaptability and innovation, it also offered opportunities to rethink our approaches, including fostering deeper collaboration with local communities and the private sector. Moving forward, our focus remains on sustainable growth, enhancing product development, and boosting partnerships that will support further industry recovery.

As we put the tough times behind us, I want to extend my gratitude to the government, industry stakeholders, and our partners for their unwavering support. With the resilience shown by all, I am optimistic that Zambia's tourism sector is on track to unlock greater opportunities and meet the challenges ahead with renewed vigor.

Dr Tecla Ngwenya

Tourism Industry Dashboard in 2021

No.	Criteria	2021	2022	Change	
1.	GDP Growth - Zambia	-2.8%	6.2%	**321%**	↑
2.	GDP Growth -Global	-2.9%	6.3%	**317%**	↑
3.	International Tourist Arrivals	502,000	554,000	**10%**	↑
4.	Tourism Contribution to GDP	1.5%	1.1%	**-27%**	↓
5.	Tourism Receipts in USD Billions	0.4	0.4	**0%**	↔
6.	Room Occupancy Rates	36.6%	38.4%	**5%**	↑
7.	Visits to National Parks	33,731	49,989	**48%**	↑
8.	Visits to Waterfalls	105,633	134,661	**27%**	↑
9.	Visits to Museums	25,470	47,598	**87%**	↑

Remarks by the Acting Chief Executive Officer

Looking ahead, our priorities will center on expanding market reach, fostering sustainable tourism practices, and building on the gains achieved in digital marketing and product development. We will also continue to advocate for improvements in tourism infrastructure and support initiatives that enhance the visitor experience.

ZTA is pleased to present the 2021 Annual Report, a reflection of our sector's resilience and adaptability in a year marked by global challenges. Despite the difficulties faced, we recorded notable achievements that lay a solid foundation for growth in the coming years.

In 2021, Zambia welcomed approximately 554,000 international tourists, a 10.4% increase compared to the previous year, signaling early recovery in global travel. Domestic tourism also grew significantly, contributing to tourism receipts. This growth was largely driven by strategic campaigns aimed at promoting domestic travel, showcasing Zambia's rich natural heritage to local tourists.

The tourism sector's contribution to GDP stood at 1.1%, down from 1.5% in 2020. Additionally, visits to our major national parks saw an increase of 48%, with South Luangwa and Lower Zambezi leading as the most popular destinations.

The ZTA's strategic focus in 2021 included enhancing our digital presence to reach wider audiences through online campaigns and virtual travel showcases. We also worked closely with the government and other stakeholders to improve data collection, which led to more accurate insights into visitor trends, key source markets, and overall sector performance.

Looking ahead, our priorities will center on expanding market reach, fostering sustainable tourism practices, and building on the gains achieved in digital marketing and product development. We will also continue to advocate for improvements in tourism infrastructure and support initiatives that enhance the visitor experience.

The road to full recovery is still evolving, but I am confident that with continued collaboration, innovation, and stakeholder engagement, Zambia's tourism sector is set to emerge even stronger. My gratitude goes to our Board, the government, industry partners, and the ZTA team for their steadfast commitment and hard work. Together, we are paving the way for a prosperous and thriving tourism landscape in Zambia.

Mrs Doris S Kofi

About ZTA

ZTA is a statutory body established under the Tourism and Hospitality Act No. 13 of 2015, with the primary mandate to promote and develop tourism in Zambia. ZTA is responsible for marketing Zambia as a premier tourism destination, regulating the tourism industry, and ensuring that standards are upheld in the provision of tourism services and facilities. The Agency plays a pivotal role in driving the growth of the tourism sector, which is vital to the country's economic diversification efforts.

Statutory Mandate

ZTA's statutory mandate includes the following key responsibilities:

A. Marketing and promoting Zambia as a tourism destination locally and internationally.

B. Regulating and licensing tourism enterprises to ensure compliance with minimum established standards.

C. Monitoring and enforcing standards within the tourism industry.

D. Advising the Government on tourism policy matters.

ZTA operates under the oversight of the Ministry of Tourism and reports directly to the Ministry. This relationship ensures alignment with national tourism policies and strategic objectives set by the GRZ.

Organisational Structure

ZTA operates under the oversight of the Ministry of Tourism and reports directly to the Board. This relationship ensures alignment with national tourism policies and strategic objectives set by the GRZ.

Mandate of ZTA

In pursuit of its mandate, the ZTA has defined a clear vision, mission, and set of core values that serve as the foundation for its strategic direction. These components provide clarity of purpose, inspire our stakeholders, and frame the path toward positioning Zambia as a globally recognized and memorable tourism destination.

VISION

"Make Zambia a preferred and memorable tourism destination."

The Agency's vision statement underlines our commitment to elevating Zambia's stature on the world stage as an exceptional, unforgettable destination for both domestic and international travelers. This vision guides ZTA's long-term strategy, aiming to captivate tourists with Zambia's unique and diverse attractions, from breathtaking natural landscapes to vibrant cultural heritage. By creating an indelible visitor experience, ZTA seeks to make Zambia not just a destination, but a distinct preference.

MISSION

"To market Zambia as a tourist destination of choice. To enhance standards for the tourism industry to contribute to economic development."

Our mission statement expresses ZTA's dual focus on active, targeted promotion of Zambia's tourism and steadfast enhancement of the industry's standards. Marketing Zambia as a destination of choice involves innovative branding and campaigns to inspire visitors, reinforcing Zambia's appeal amidst competitive global tourism markets. Additionally, by elevating operational standards, ZTA ensures the tourism sector's sustainable growth, translating into substantial economic contributions, community upliftment, and value creation across Zambia.

Core Values (PACE)

ZTA is guided by a set of core values encapsulated in the acronym "PACE" Pro-innovation, Adaptability, Customer Centricity, and Ethicality.

Pro-innovation

Embracing change and innovation, ZTA constantly seeks new ideas and creative approaches to market Zambia's tourism offerings effectively.

Adaptability

The Agency operates in a dynamic environment, demonstrating flexibility and responsiveness to evolving tourism trends, technological advancements, and market needs.

Customer Centricity

Prioritizing customer satisfaction, ZTA designs all initiatives to deliver the highest level of service, meeting and exceeding the expectations of both domestic and international tourists.

Ethicality

Maintaining integrity in all operations, ZTA upholds transparency, accountability, and ethical standards across every aspect of its activities, building trust with stakeholders.

Strategic Objectives and Pillars

The Agency's mission and vision are driven by six key strategic pillars, each playing a vital role in establishing Zambia as a tourism destination of choice and ensuring the Agency's goals align with national development priorities.

Stakeholder Engagement

ZTA actively engages with local communities, government entities, private sector players, and international organizations to foster a collaborative tourism ecosystem. By strengthening partnerships and advocacy, ZTA aligns its objectives with those of stakeholders to advance sustainable tourism, aligning with community and environmental priorities.

Marketing and Brand Awareness

Through this pillar, ZTA seeks to increase Zambia's visibility and allure on the global tourism map. Innovative marketing strategies, from digital campaigns to strategic alliances with travel influencers, showcase Zambia's diverse attractions. ZTA's branding efforts emphasize authenticity, nature, and heritage, appealing to travelers seeking unique, memorable experiences.

Regulation

ZTA plays a critical regulatory role by licensing and overseeing tourism operators, ensuring compliance with established industry standards. This regulatory oversight not only maintains service quality but also instills trust in visitors by ensuring their safety and satisfaction. Through rigorous standards and periodic assessments, ZTA upholds the quality of Zambia's tourism offerings, safeguarding its reputation as a premier destination.

Operational Excellence

ZTA is dedicated to achieving high standards of operational efficiency, streamlining processes, and embracing technology to improve service delivery. This commitment to operational excellence ensures that ZTA remains agile and resource-efficient, fostering continuous improvement in its functions to enhance stakeholder experiences and organizational impact.

Financial Sustainability

Recognizing that long-term success depends on sound financial management, ZTA pursues sustainable revenue streams through public-private partnerships, prudent financial practices, and value-adding services. This approach ensures that ZTA's programs are adequately funded, allowing it to invest in impactful initiatives without compromising fiscal responsibility.

Human Capital

ZTA acknowledges that its workforce is its most valuable asset. Investing in continuous professional development, fostering a culture of innovation, and promoting a high-performance environment are core to building a skilled, motivated, and future-ready team. Through talent management and capacity-building initiatives, ZTA empowers its staff to drive the Agency's vision and mission with passion and expertise.

Guiding Statutes and Blueprints

The operations and strategic thrust of ZTA are guided by several key documents and policies, including:

A. **The Tourism and Hospitality Act No. 13 of 2015 -** Provides the legal framework for ZTA's establishment and its regulatory functions.

B. **The National Tourism Policy -** Outlines the Government's vision, goals, and strategies for the tourism sector.

C. **The National Development Plan (NDP) -** A blueprint for Zambia's development, with tourism identified as a key sector for economic diversification and growth.

D. **The Zambia Tourism Master Plan -** A long-term strategy document that provides a roadmap for the development of the tourism sector, with a focus on sustainable growth and increased competitiveness.

E. **ZTA Strategic Plan –** A medium-term strategy document that outlines objectives and strategies to grow tourism

F. **Annual Marketing Plan –** An annual roadmap to guide the achievement of growth milestones each year

As Zambia's tourism industry continues to recover from the impacts of the COVID-19 pandemic, the ZTA is focusing on the following strategic priorities to drive growth, enhance competitiveness, and promote sustainable tourism development:

Market Diversification and Promotion

A. **Expanding Source Markets -** ZTA aims to diversify its source markets by targeting emerging markets in addition to traditional ones. The focus will include countries in Asia, the Middle East, and within the African continent.

B. **Digital Marketing and Innovation -** Increasing investment in digital marketing platforms and leveraging data-driven strategies to enhance Zambia's visibility online. The Agency will intensify social media campaigns, virtual experiences, and influencer collaborations to reach broader audiences.

Product Development and Diversification

A. **Enhancing Tourism Offerings -** Developing and promoting diverse tourism products such as adventure tourism, cultural tourism, eco-tourism, and conference tourism (MICE - Meetings, Incentives, Conferences, and Exhibitions).

B. **Tourism Infrastructure Improvement -** Collaborating with the government and private sector to improve infrastructure, including roads, airports, and accommodation facilities, especially in less-explored regions with tourism potential.

Strengthening Tourism Standards and Regulations

A. **Improved Regulatory Framework -** ZTA will continue to enhance its regulatory role by strengthening standards and ensuring compliance across the tourism value chain. This will involve streamlining licensing processes and intensifying inspections to maintain quality and safety standards.

B. **Capacity Building -** Invest in training and skills development for industry players, particularly small and medium enterprises (SMEs), to improve service delivery and enhance competitiveness.

Sustainable Tourism and Community Involvement

A. **Promoting Green Tourism -** Prioritizing environmentally sustainable tourism practices that preserve natural resources and reduce the carbon footprint of tourism activities. ZTA will promote eco-certification programs and partnerships with conservation organizations.

B. **Community Empowerment -** Supporting initiatives that involve local communities in tourism activities to ensure they benefit directly from tourism development. This includes promoting community-based tourism enterprises and cultural heritage projects.

Strategic Partnerships and Stakeholder Engagement

A. **Public-Private Partnerships (PPPs) -** Encouraging greater collaboration with private sector stakeholders to boost investment in the tourism sector. ZTA will engage in joint ventures, especially for large-scale tourism projects and infrastructure development.

B. **Regional and International Cooperation -** Strengthening partnerships with regional tourism bodies like RETOSA and aligning with international tourism frameworks set by UNWTO to position Zambia competitively within global tourism markets.

Data-Driven Decision Making and Research

A. **Tourism Intelligence -** Enhancing research and data collection efforts to guide strategic decisions. ZTA will focus on improving visitor data analytics, tourism receipts tracking, and market intelligence to support targeted marketing and policy formulation.

B. **Customer Experience and Feedback -** Implementing systems to capture and analyze tourist feedback to improve service quality, develop targeted products, and enhance the overall visitor experience.

Resilience Building and Crisis Management

A. **Pandemic Recovery and Resilience -** Implementing strategies to rebuild the tourism sector post-COVID-19 by prioritizing health and safety standards, promoting domestic tourism, and ensuring the sector is better prepared for future shocks.

B. **Tourism Risk Management Framework -** Developing comprehensive frameworks to manage potential risks, including environmental disasters, health crises, and geopolitical factors that may impact tourism flows.

Through these strategic priorities, ZTA is committed to revitalizing Zambia's tourism industry, enhancing its competitiveness, and ensuring that tourism remains a key driver of economic growth, job creation, and sustainable development.

Executive Summary

The year 2021 marked a notable recovery for Zambia's economy, with a GDP growth rate of 6.2% following a contraction of 2.8% in 2020. This rebound mirrored the global recovery from the severe impacts of the COVID-19 pandemic, where global GDP grew by 6.3% after a 2.9% contraction in 2020. The resurgence was driven by the global rollout of vaccines, fiscal stimulus measures, and increased demand, which positively impacted key sectors such as mining and agriculture, and supported the tourism sector's gradual rebound.

Tourism Sector Performance

A. International Tourist Arrivals - In 2021, Zambia saw a modest increase in international tourist arrivals to 554,000, up 10.4% from 2020, though still significantly below pre-pandemic levels. Regional markets, particularly from Africa, continued to dominate, contributing 87.7% of arrivals, with Zimbabwe and the Democratic Republic of Congo being the top contributors.

B. Tourism Contribution to GDP - The contribution of tourism to Zambia's GDP declined to 1.1% in 2021 from 1.5% in 2020, continuing the downward trend from 1.9% in 2019. This reduction reflects ongoing challenges despite a slight recovery in visitor numbers.

C. Tourism Receipts - Tourism receipts remained stagnant at USD 0.4 billion in 2021, unchanged from 2020 and halved from pre-pandemic levels in 2019. The stagnation underscores the need for strategic efforts to boost revenue per visitor and diversify tourism offerings.

D. Room Occupancy Rates - Average room occupancy rates improved to 38.4% in 2021 from 36.6% in 2020, but remained below the 50.3% recorded in 2019, highlighting ongoing recovery challenges.

Tourism Products

A. National Parks - Visits to Zambia's major National Parks increased significantly to 49,989 in 2021 from 33,731 in 2020, demonstrating a recovery in domestic and regional tourism.

B. Museums - Major museums saw an impressive rise in visitor numbers, with an 87% overall increase from 25,470 in 2020 to 47,598 in 2021, reflecting a growing interest in local cultural heritage.

C. Waterfalls - Total visits to Zambia's waterfalls grew by 37% to 145,192 in 2021, with Victoria Falls being the leading attraction. Domestic tourism played a crucial role in this recovery, with local visitors making up 85% of the total.

Strategic Issues

A. Continued Recovery Challenges - Despite positive trends, the tourism sector's recovery remains fragile and uneven, with international travel still constrained by varying restrictions and health concerns.

B. Revenue Enhancement - The stagnant tourism receipts highlight the need for strategic initiatives to enhance tourism revenue, such as diversifying products and targeting high-value markets.

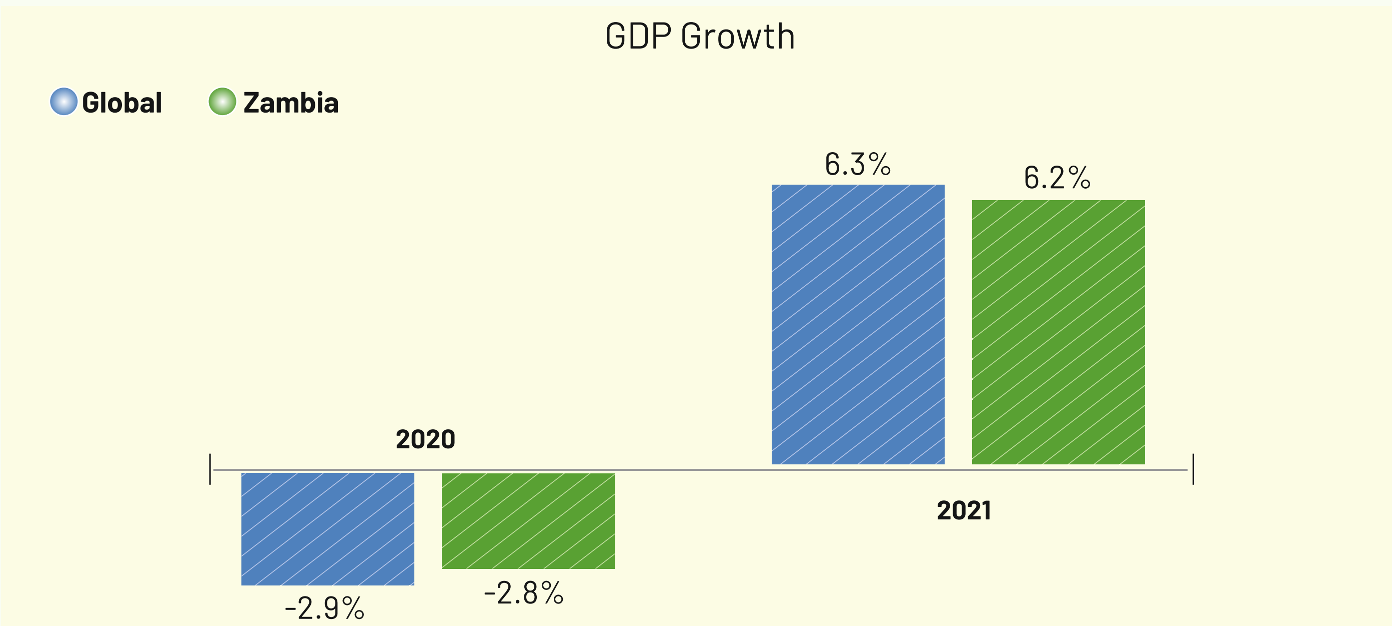
C. Domestic Tourism - The strong performance of domestic tourism underscores its critical role in stabilizing the sector. Continued focus on domestic and regional markets will be essential as global travel conditions continue to normalize.

01 Economic Performance

The year 2021 marked a significant turning point for both the global economy and Zambia's economy as they transitioned from the severe impacts of the COVID-19 pandemic to a period of robust recovery. The global economy, which had contracted sharply in 2020 with a GDP growth rate of -2.9%, rebounded in 2021 with a remarkable growth rate of 6.3%. Similarly, Zambia's economy, which had contracted by -2.8% in 2020, showed a strong recovery in 2021 with a GDP growth rate of 6.2%. These developments offered important insights into the economic environment in which ZTA operates and provided a context for assessing the performance of the tourism sector during this period.

In 2020, the global economic downturn was driven by widespread lockdowns, travel restrictions, and disruptions in supply chains as countries grappled with the onset of the COVID-19 pandemic. The contraction of 2.9% in global GDP reflected the collapse of key industries, including tourism, hospitality, and manufacturing, as well as a significant drop in consumer demand. The global recession also had a ripple effect on emerging economies like Zambia, where key sectors such as mining, agriculture, and trade were severely affected. The domestic economic contraction of 2.8% in 2020 was a direct consequence of these global dynamics, coupled with thelocal challenges of reduced exports, fiscal constraints, and limited government capacity to respond effectively.

However, 2021 saw a dramatic reversal of these trends. The global economy experienced a strong rebound, driven by the widespread rollout of COVID-19 vaccines, which enabled governments to ease restrictions and allow businesses to resume operations. Massive fiscal stimulus measures implemented by major economies further fueled this recovery, leading to a resurgence in global demand, investment, and trade. The growth rate of 6.3% globally was indicative of the resilience and adaptability of the global economy. Zambia's recovery in 2021 was similarly influenced by the global recovery, particularly the resurgence in copper prices, which is the country's primary export commodity. Additionally, favorable weather conditions resulted in a bumper agricultural harvest, contributing to improved economic performance. The reopening of the tourism and hospitality sectors, supported by government interventions, also played a significant role in driving the 6.2% GDP growth in 2021.



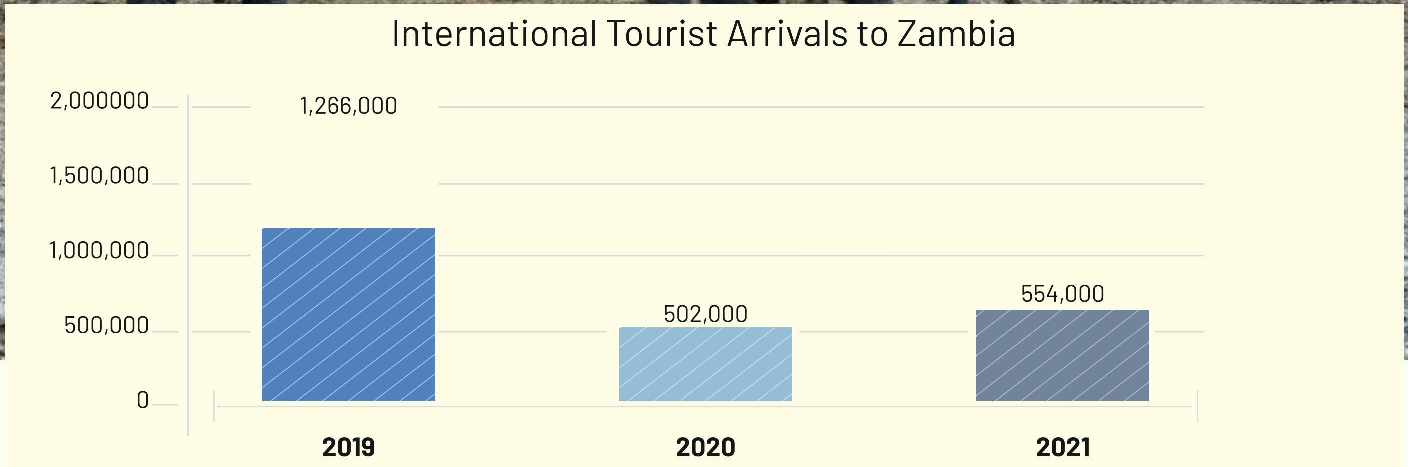
Source: World Bank

02 International Tourist Arrivals

The performance of Zambia's tourism sector in 2021 reflects a gradual recovery from the significant disruptions caused by the COVID-19 pandemic in 2020. A closer analysis of the data comparing 2020 and 2021 reveals some notable trends and shifts in international tourist arrivals, both in terms of overall numbers and the sources of these visitors.

In 2020, the number of international tourist arrivals to Zambia dropped sharply to 502,000 from 1,266,000 in 2019, a dramatic decline of approximately 60%. This steep fall was a direct result of the pandemic, which brought international travel to a near standstill due to border closures, lockdowns, and widespread health concerns.

However, in 2021, there was a slight recovery, with arrivals increasing to 554,000— representing a growth of 10.4% compared to 2020. This improvement, though modest, indicates that the tourism sector began to regain some momentum as



Source: World Bank

global conditions improved. The increase in visitor numbers can be attributed to the easing of travel restrictions, the reopening of borders, and the widespread rollout of vaccines, which restored a measure of confidence among travelers.

Despite the overall increase in tourist arrivals in 2021, the recovery remained fragile and uneven. The total number of visitors was still below pre-pandemic levels, reflecting ongoing challenges such as fluctuating COVID-19 variants, varying travel restrictions across countries, and lingering hesitancy among international travelers. While the growth from 2020 to 2021 is encouraging, it also highlights that the sector was still in the early stages of recovery and had not yet fully bounced back to its previous strength.

When examining the sources of international arrivals, the data reveals interesting shifts between 2020 and 2021. In both years, Africa continued to be the dominant source of tourists to Zambia. In 2020, African travelers accounted for 88.54% of total arrivals, a significant increase from 81.05% in 2019. In 2021, this trend persisted, with Africa contributing 87.70% of all international tourists. This strong reliance on regional travel during the pandemic highlights the importance of intra-African tourism, which was less impacted by the restrictions that heavily affected long-haul travel from other continents. The relatively stable share of African visitors in 2021 indicates that regional markets played a crucial role in driving the sector's recovery, even as international markets struggled to return to normalcy.

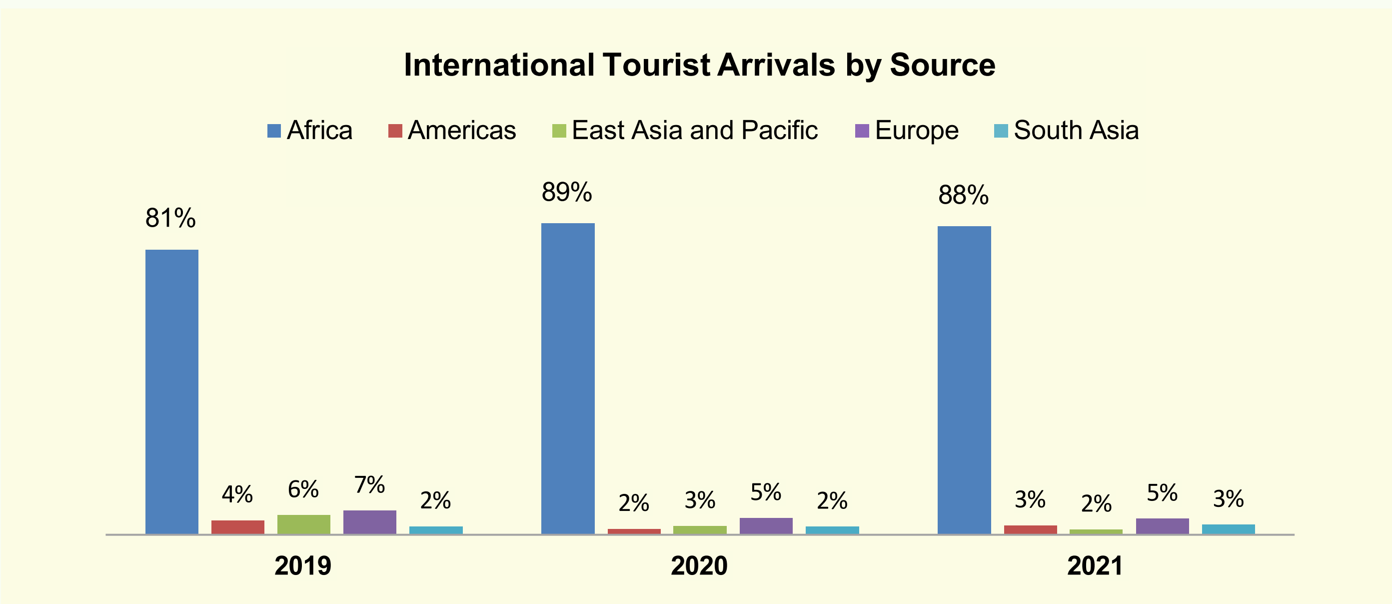
Outside Africa, the data shows varied levels of recovery from other regions. The Americas, which saw their share of arrivals plummet to 1.69% in 2020 from 4.07% in 2019, experienced a recovery in 2021, rising to 2.68%. This growth suggests a slow but steady return of visitors from key markets such as the United States and Canada, driven by improved health conditions and the easing of travel restrictions in those countries. However, the recovery was still far from complete, as the share remained below pre-pandemic levels.

The performance from the East Asia and Pacific region worsened in 2021 compared to 2020. In 2020, this region accounted for 2.51% of arrivals, down from 5.60% in 2019, but in 2021, this share further dropped to 1.52%. The decline is largely attributable to the strict travel restrictions and prolonged border closures in major source markets such as China, Japan, and Australia. These regions remained

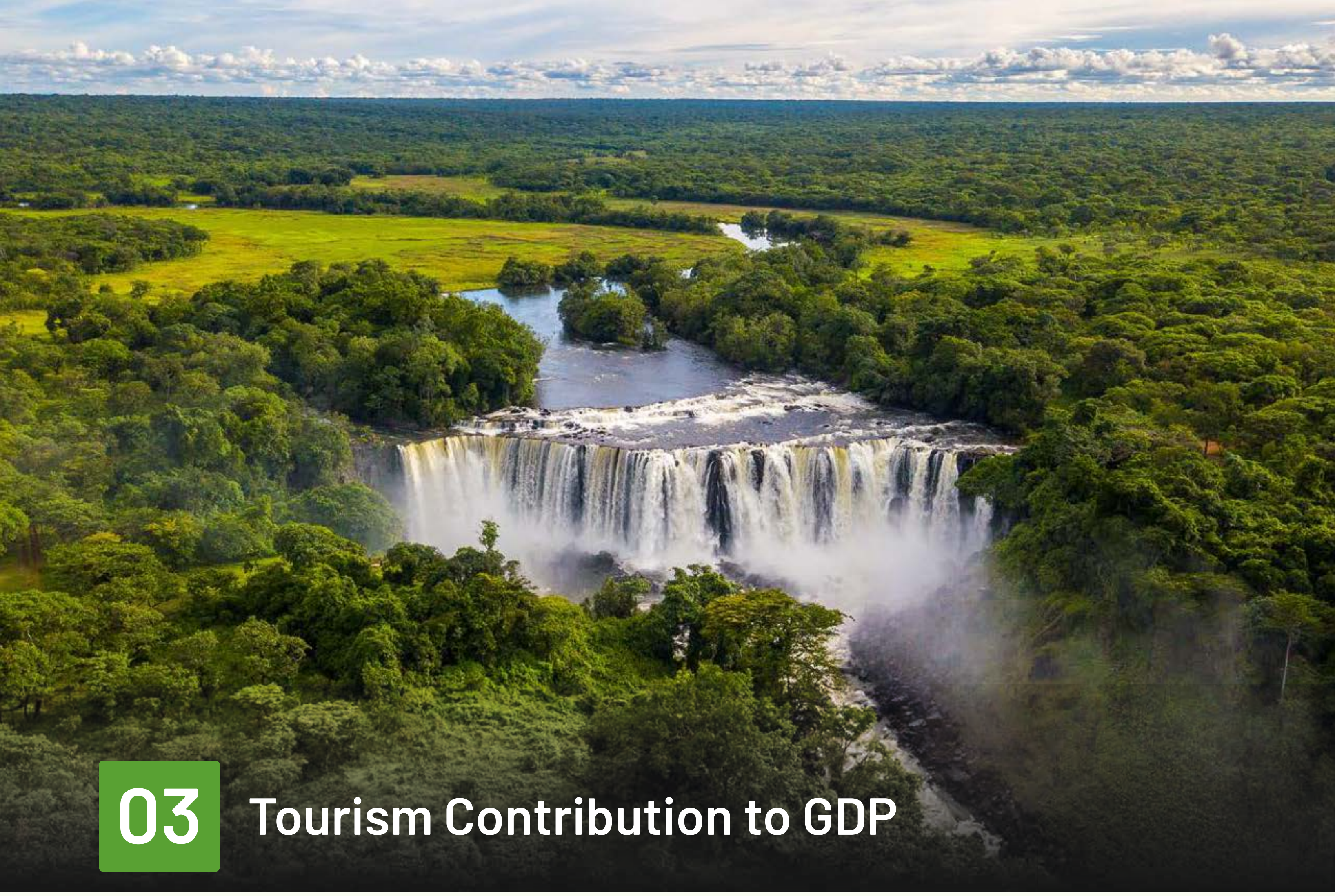
cautious about reopening and continued to impose stringent measures, which severely limited outbound travel.

Europe's share of tourist arrivals also saw a slight decrease, dropping from 4.81% in 2020 to 4.55% in 2021. Despite the European Union and other countries gradually reopening in 2021, inconsistent travel rules, health concerns, and logistical challenges impacted the pace of recovery. European tourists, who historically contribute significantly to Zambia's tourism sector, were slower to return, and this trend reflects the broader global uncertainty that persisted throughout 2021.

Interestingly, South Asia showed a slight uptick, with its share increasing from 2.33% in 2020 to 2.85% in 2021. This growth suggests improved connectivity and a recovery in outbound travel from countries like India, where pandemic conditions had stabilized enough to encourage some level of international travel.



Source: UNWTO



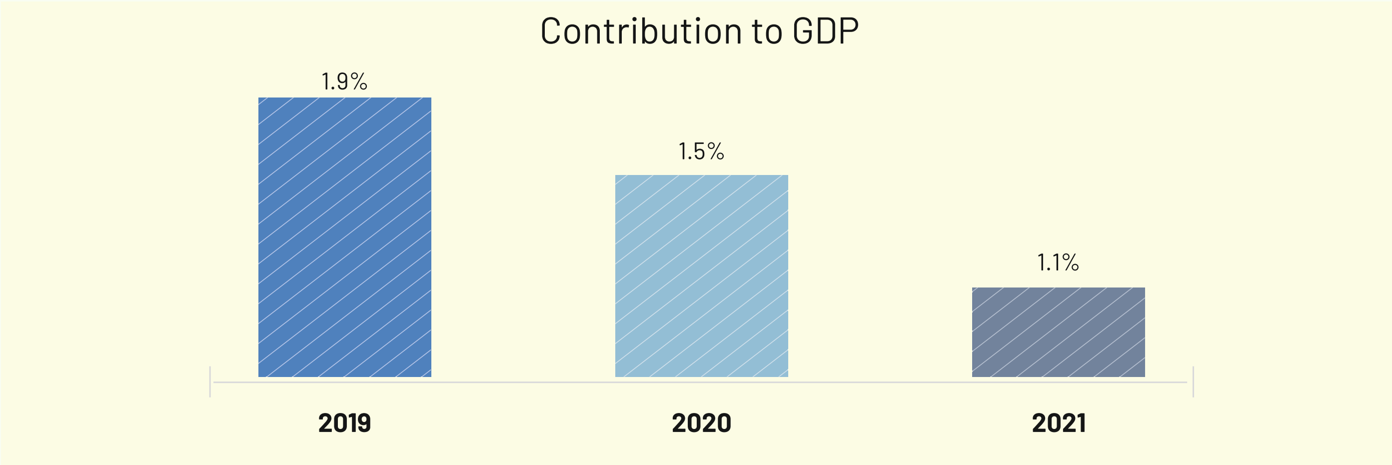
03 Tourism Contribution to GDP

The data on the contribution of tourism to Zambia's GDP from 2019 to 2021 reveals a concerning downward trend that underscores the severe impact of the COVID-19 pandemic on the country's tourism sector. In 2019, tourism contributed 1.9% to the national GDP, reflecting a vibrant sector with solid growth prospects. However, the advent of the pandemic in 2020 saw this contribution decline to 1.5%, and by 2021, it further dropped to 1.1%.

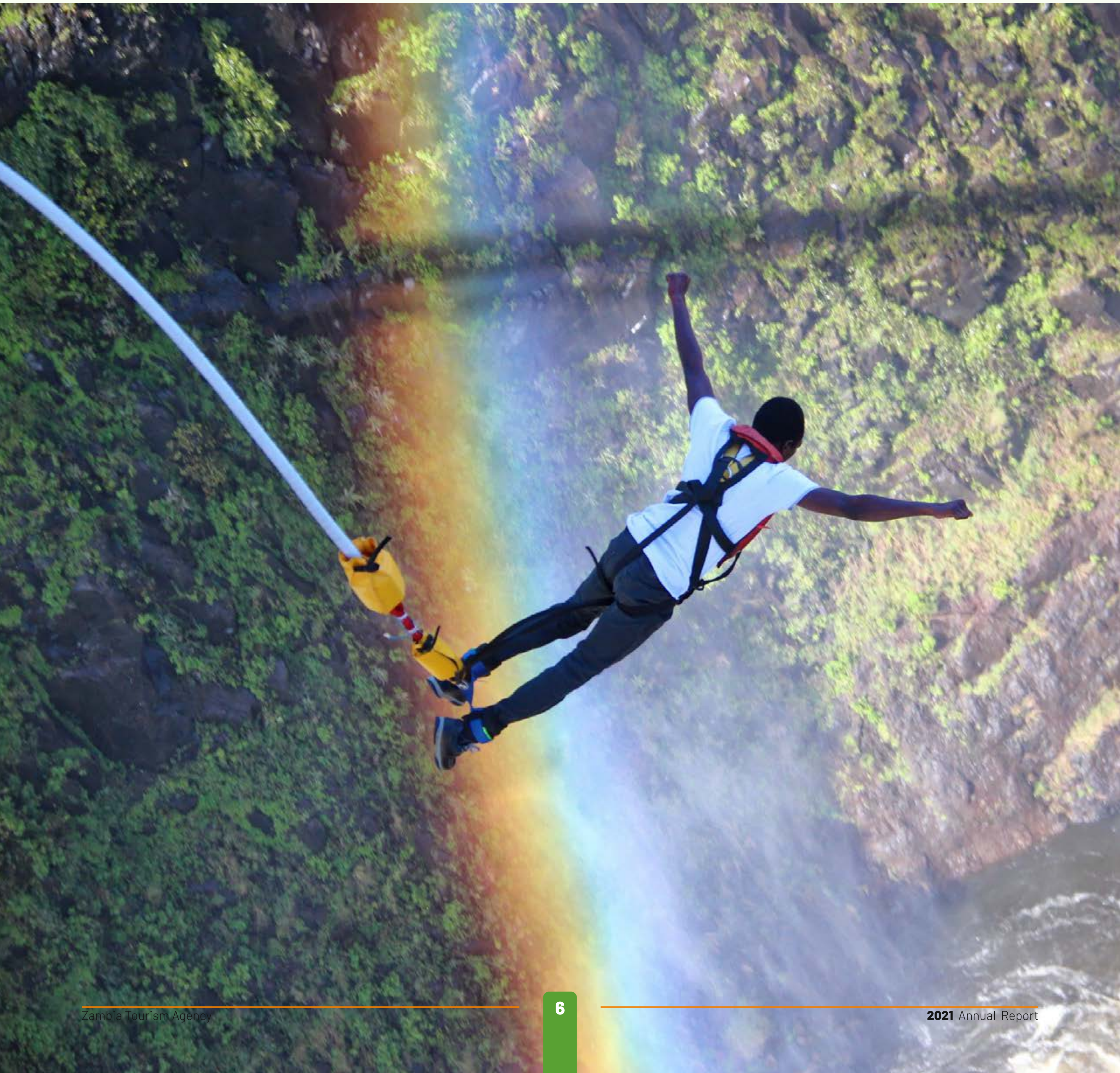
The decline from 1.9% in 2019 to 1.5% in 2020 can be attributed to the severe restrictions imposed globally to curb the spread of COVID-19. The sector was hit by international travel bans, domestic lockdowns, and the general reduction in travel confidence, all of which severely limited both inbound and domestic tourism activities. As a result, revenue from tourism-related activities, including accommodation, travel, and entertainment, sharply declined. The closure of many businesses within the tourism value chain also contributed to the reduced economic output from the sector.

The further decline to 1.1% in 2021, despite a modest recovery in tourist arrivals, indicates that the sector continued to struggle in contributing meaningfully to GDP. While there was some recovery in terms of visitor numbers, especially within regional markets, the overall spending levels and length of stays were likely lower, leading to reduced revenue. The slow pace of recovery in long-haul international markets, which typically contribute more significantly in terms of tourism expenditure, continued to weigh on the sector's overall performance.

Additionally, the reduced contribution to GDP reflects lingering operational challenges faced by the sector, such as limited capacity utilization, ongoing health and safety concerns, and the slow pace of adapting to new market conditions. The tourism industry in 2021 was still in a fragile state, marked by uncertainty and the need for sustained support and strategic interventions to drive a more robust recovery.



Source: Ministry of Tourism



04 Tourism Receipts

The analysis of tourism receipts in Zambia from 2019 to 2021 highlights the severe financial impact of the COVID-19 pandemic on the sector and the challenges faced in the recovery process. In 2019, Zambia's tourism sector generated USD 0.8 billion in receipts, underscoring the significant economic contribution of tourism to the country. However, in 2020, with the onset of the pandemic, tourism revenue halved to USD 0.4 billion. This dramatic drop is consistent with the sharp decline in international tourist arrivals and the broader contraction in global travel.

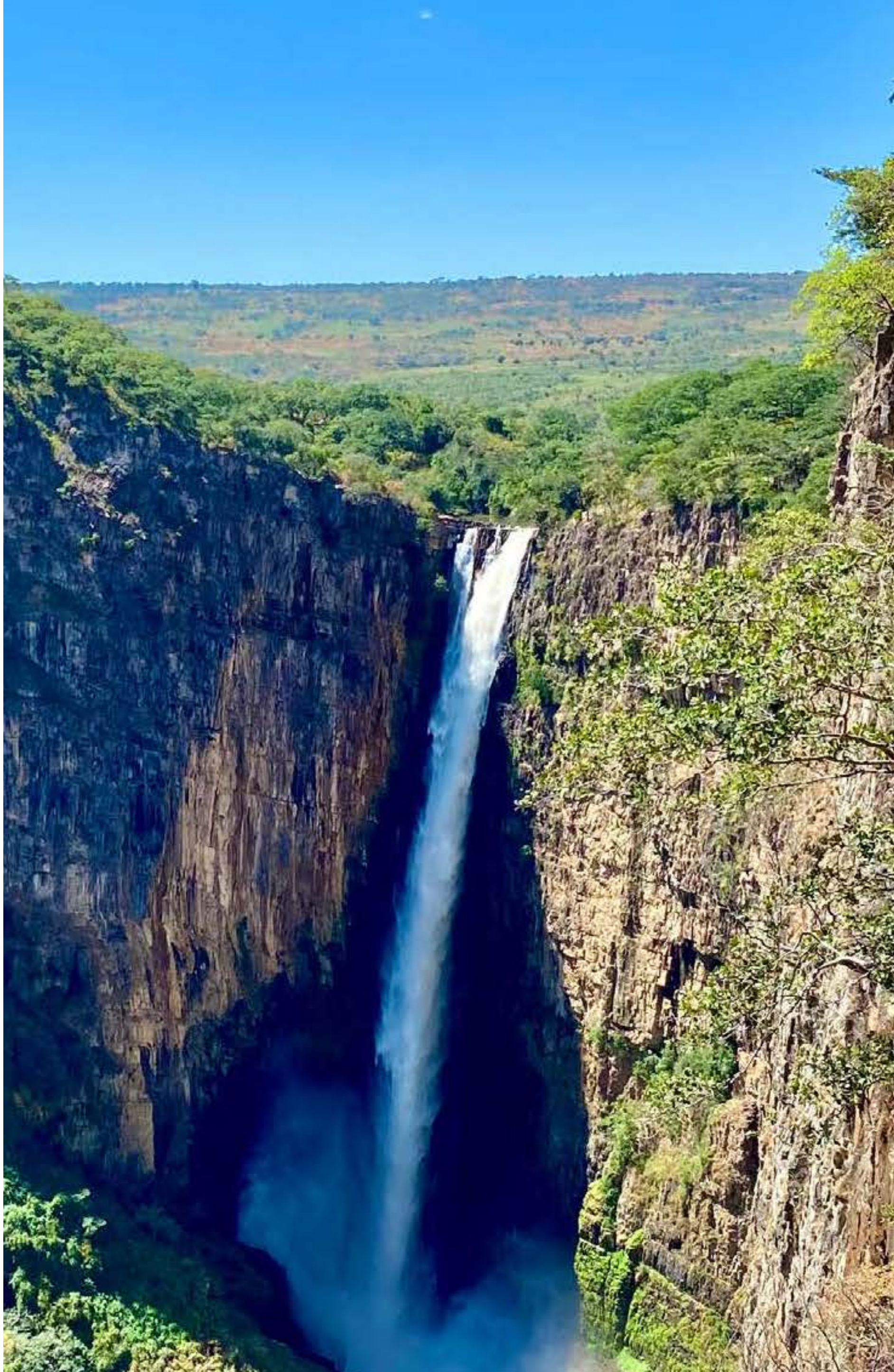
The 50% reduction in receipts between 2019 and 2020 reflects the widespread shutdowns, stringent travel restrictions, and overall disruption in international tourism flows. Businesses within the tourism value chain, such as hotels, tour operators, and cultural sites, faced reduced bookings and cancellations, leading to lower revenue generation. Additionally, the decline in long-haul tourists, who tend to spend more per visit, further exacerbated the reduction in earnings.

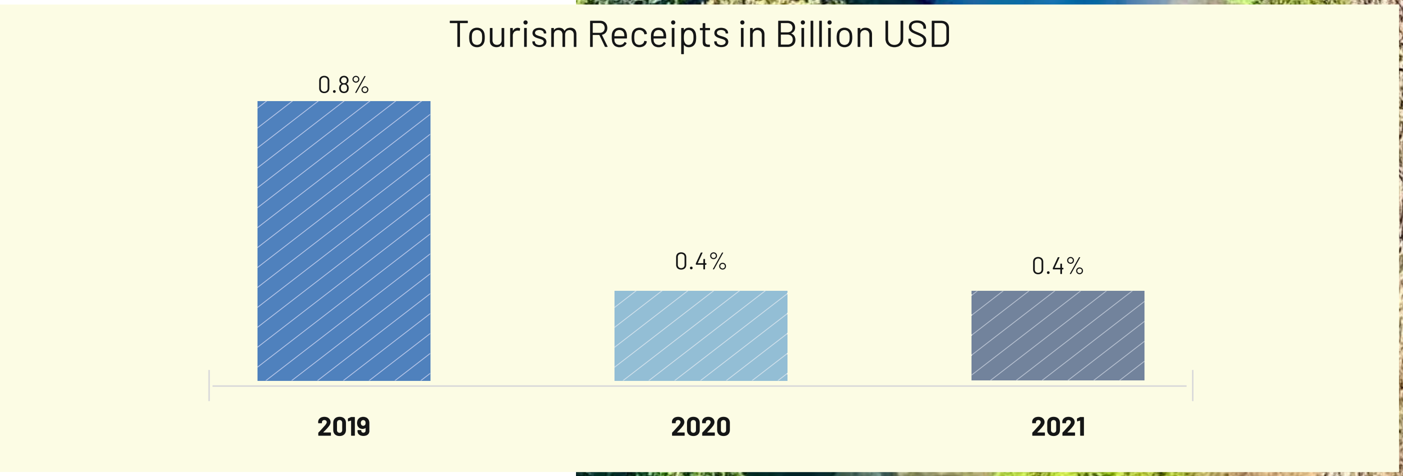
In 2021, tourism receipts remained at USD 0.4 billion, indicating that while there was a modest increase in visitor numbers compared to 2020, this did not translate into higher revenue. The stagnation in tourism earnings can be attributed to several factors. Firstly, even though regional travel from African countries increased, visitors from these markets generally spend less than tourists from more distant regions like Europe, North America, and Asia. The continued difficulties faced by long-haul travelers—stemming from varying levels of travel restrictions, health risks, and economic uncertainties—meant that Zambia's tourism sector could not attract higher-spending tourists as before the pandemic.

Secondly, operational challenges within the sector persisted in 2021, with many businesses struggling to fully recover or operate at full capacity. The financial strain from 2020 carried over into 2021, limiting investment in new services, experiences, and marketing efforts that could have boosted revenue. Furthermore, the average length of stay and expenditure per tourist remained lower than pre-pandemic levels, as visitors adopted more cautious spending behaviors in the uncertain environment.

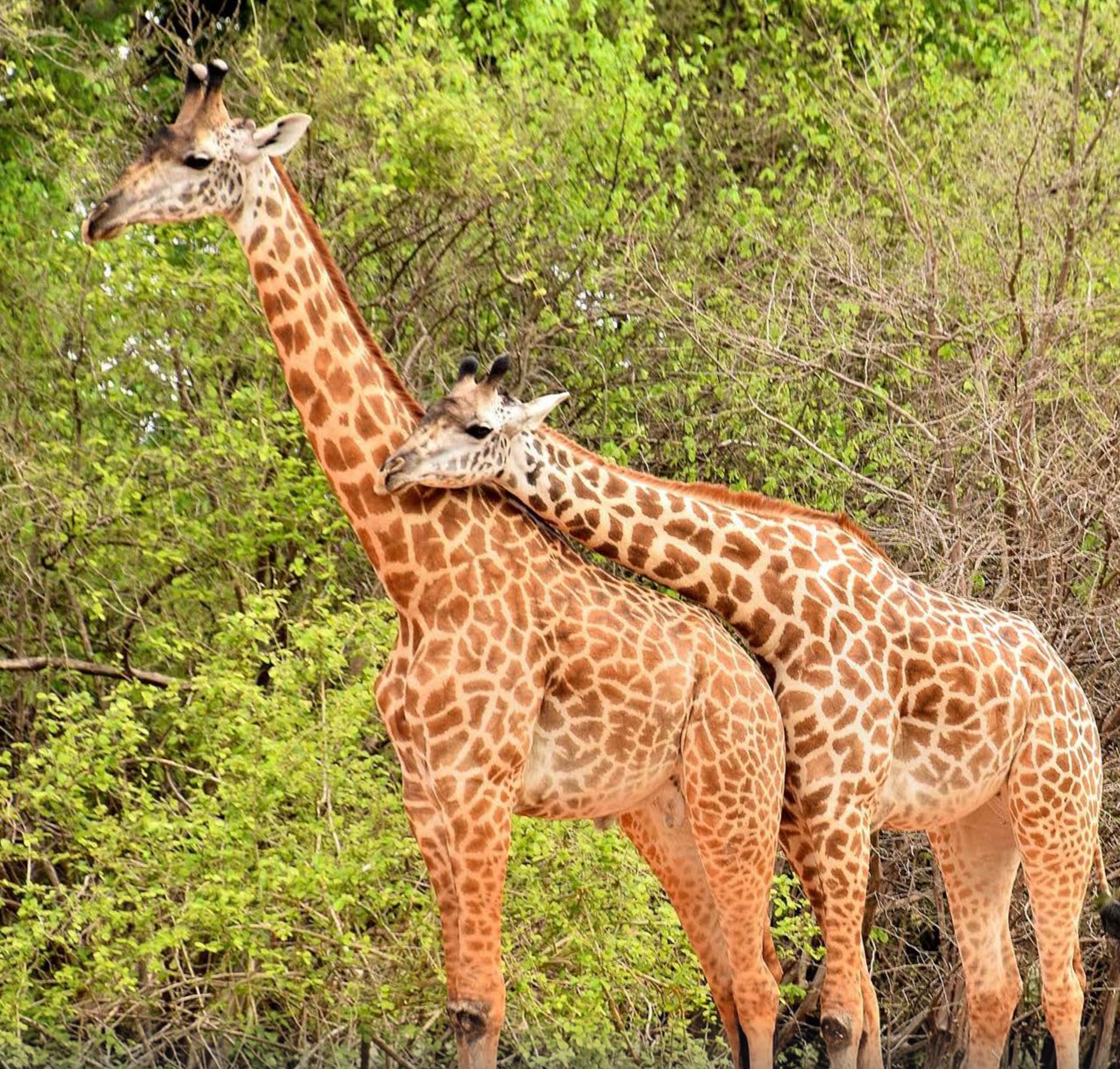
The lack of growth in receipts between 2020 and 2021 also highlights the need for strategic interventions to enhance the value generated from tourism. While there were signs of recovery in visitor arrivals, the absence of a corresponding increase in revenue underscores the importance of diversifying tourism products and targeting high-value markets. Without such measures, the sector's ability to contribute meaningfully to the economy remains constrained.

The consistent tourism revenue of USD 0.4 billion in both 2020 and 2021, despite a slight recovery in visitor numbers, illustrates the continued challenges faced by Zambia's tourism sector. The performance of 2021 shows that while the worst impacts of the pandemic may have eased, the sector's financial recovery has been slow and uneven. Moving forward, there is a clear need for targeted strategies to not only increase tourist numbers but also enhance the overall revenue generated per visitor, thereby restoring and potentially surpassing pre-pandemic revenue levels.





Source: Ministry of Tourism

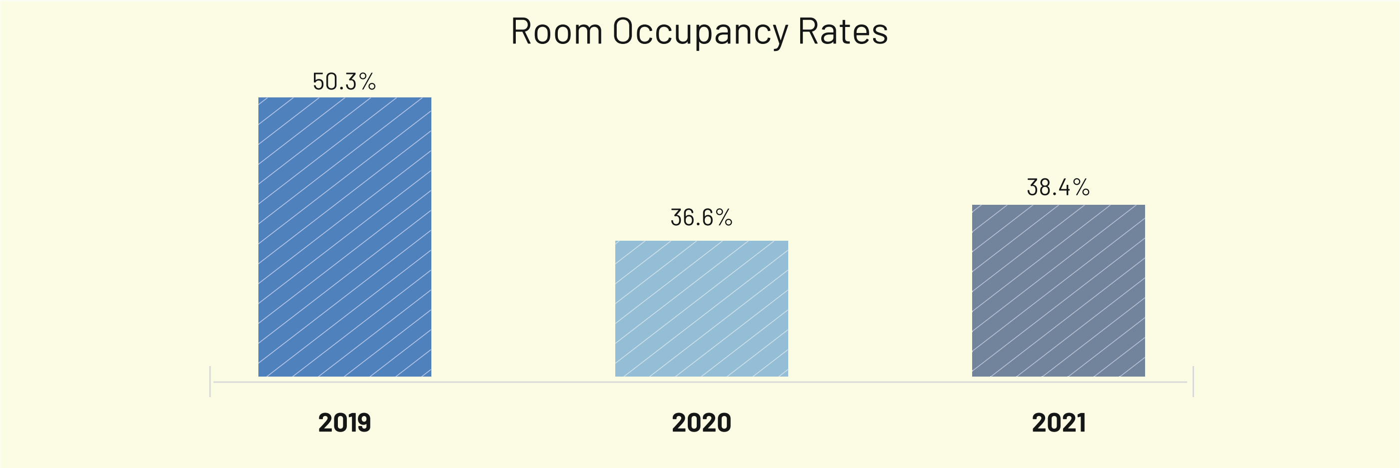


05 Room Occupancy Rates

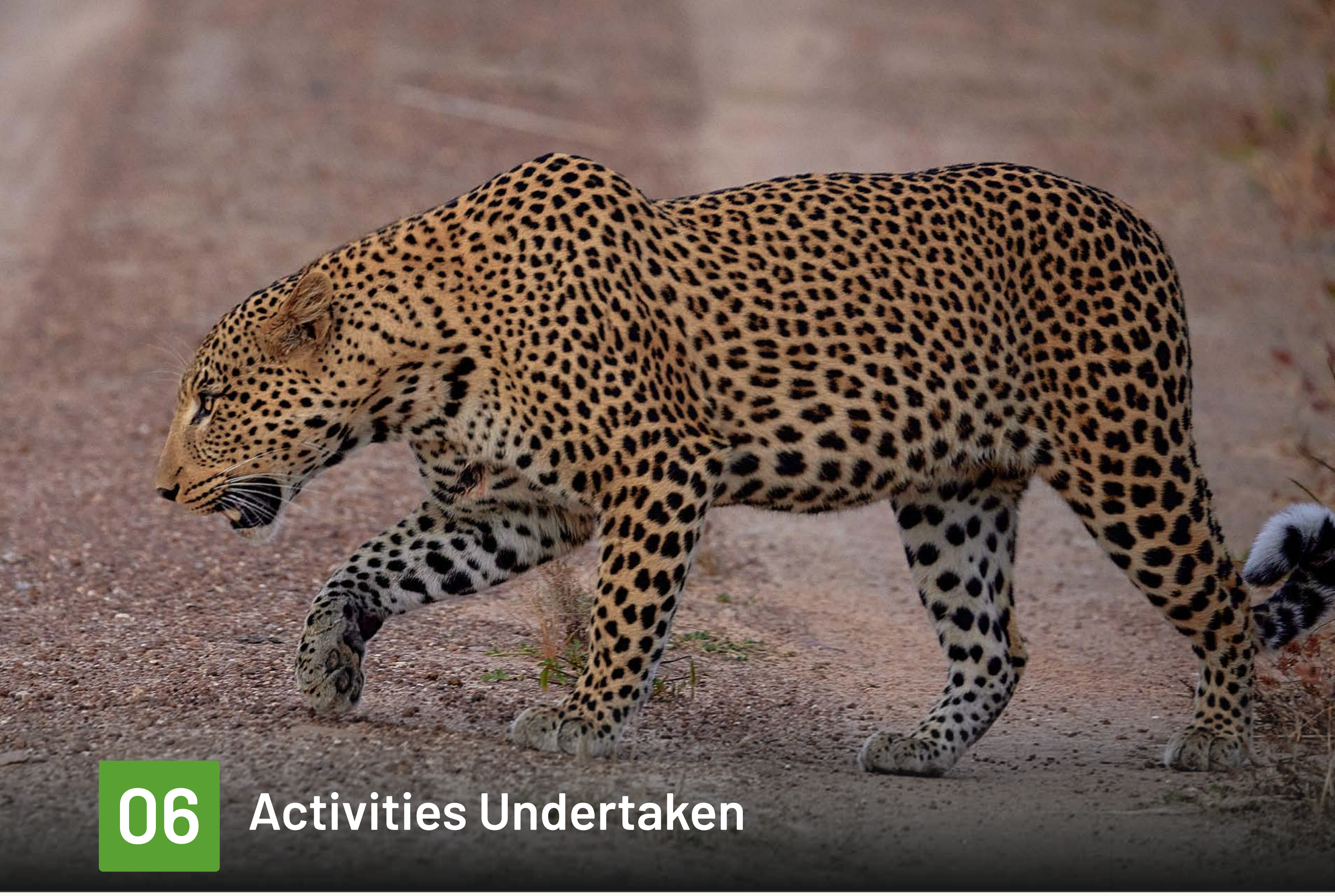
The year 2021 marked a gradual recovery for Zambia's tourism sector after the sharp decline caused by the COVID-19 pandemic in 2020. Hotel occupancy rates, a key indicator of tourism performance, showed a modest improvement compared to 2020, although they remained below pre-pandemic levels. The average room occupancy rate increased from 36.6% in 2020 to 38.4% in 2021. This improvement, though slight, reflects increased confidence in travel and tourism as restrictions were eased, and vaccination programs were rolled out globally.

However, when comparing the 2021 rate to that of 2019, which was 50.3%, it is evident that the sector had not yet fully recovered. The decline in 2020 was primarily driven by lockdowns, travel restrictions, and a general reduction in travel demand worldwide due to the pandemic. In 2021, although international travel remained restricted in many regions, there was a noticeable increase in domestic tourism and some rebound in international visits as more borders opened.

The relatively slow recovery in hotel occupancy rates also highlights ongoing challenges, such as the continued uncertainty surrounding global travel, the slow return of long-haul international tourists, and the impact of new COVID-19 variants during the year. Despite these challenges, the improved performance in 2021 points to a resilient tourism sector on the path to recovery, with expectations of stronger growth in the coming years as global travel conditions stabilize.



Source: Ministry of Tourism



06 Activities Undertaken

In 2021, the ZTA undertook several strategic marketing activities to bolster Zambia's position as a premier tourism destination. These initiatives were targeted at both domestic and international markets, with a focus on increasing visibility, enhancing brand presence, and engaging with key stakeholders. Below is a detailed report on the marketing activities conducted by ZTA in 2021.

Domestic Marketing Activities

Printing and Distribution of MICE Brochures
ZTA printed 500 brochures focused on Meetings, Incentives, Conferences, and Exhibitions (MICE) to promote Zambia as an ideal destination for business tourism. These brochures were distributed at strategic locations and events to attract corporate and event planners. In addition to the physical copies, soft copies of the brochures were circulated electronically to reach a broader audience.

Application for ICCA Board Membership
ZTA applied for membership to the International Congress and Convention Association (ICCA) Board. This membership is crucial as it allows Zambia to tap into a global network of professional event organizers, thereby increasing the country's visibility as a competitive MICE destination. Access to ICCA's resources also positions Zambia to host more international events and conferences.

Participation in Live Phone-In Programs on Radio Phoenix
ZTA continued its active participation in live phone-in programs on Radio Phoenix, one of Zambia's leading radio stations. These programs provided a platform for ZTA to engage directly with the public, address queries, and promote tourism products and services. The interactive nature of these programs helped to foster a deeper connection with the local audience and raise awareness about domestic tourism opportunities.

Partnership with Zambia Daily Mail
ZTA maintained its ongoing partnership with Zambia Daily Mail, one of the country's major newspapers. As part of this partnership, ZTA continued to print a weekly tourism column every Wednesday. This column served as an important medium for sharing

information on tourism trends, new developments, and travel tips, thereby keeping the public informed and engaged.

Growth of Digital Marketing Platforms
ZTA monitored and expanded its presence across various digital marketing platforms, including Facebook, Twitter, LinkedIn, and TikTok. These platforms experienced significant growth in followers and engagement, reflecting ZTA's efforts to reach a more diverse and tech-savvy audience. The agency used these platforms to share updates, promote tourism campaigns, and interact with both potential tourists and industry stakeholders.

International Marketing Activities

Participation in the Our Africa Virtual Exhibition
In March 2021, ZTA participated in the second edition of the Our Africa Virtual Exhibition. This event provided a virtual platform for African tourism stakeholders to showcase their destinations to a global audience. ZTA's participation allowed Zambia to be prominently featured, attracting interest from international buyers and travel agents.

Engagement with CBI on Rebranding Process
ZTA engaged the Centre for the Promotion of Imports from developing countries (CBI) to assist in rebranding Zambia as a tourism destination. A consultant was brought on board to conduct a comprehensive survey, the results of which were presented to the Ministry of Tourism. This rebranding effort is aimed at revitalizing Zambia's image and making it more appealing to international tourists, especially in light of the evolving global travel trends.

Online Research in the USA Market
ZTA conducted an online survey targeting the USA market using SurveyMonkey. This research was aimed at understanding the preferences, behaviors, and expectations of American travelers regarding African destinations. The insights gained from this survey are intended to inform future marketing strategies and tailor Zambia's offerings to meet the specific demands of the US market.

Virtual Destination Zambia Event for Southeast Operators

In September 2021, ZTA organized a virtual event titled "Destination Zambia" aimed at tour operators in Southeast Asia. This event provided an opportunity to showcase Zambia's tourism offerings to a key international market. The virtual format allowed for real-time engagement with operators, facilitating discussions on partnerships, travel itineraries, and promotional opportunities.

Registration of the MICE Portal
ZTA successfully registered the online MICE portal under the domain name micezambia.travel. This portal serves as a dedicated platform for promoting Zambia's MICE offerings. It provides comprehensive information on venues, services, and facilities available for hosting events in Zambia, making it easier for international event organizers to consider Zambia as a viable option for their meetings and conferences.

The marketing activities undertaken by the Zambia Tourism Agency in 2021 were instrumental in strengthening Zambia's position as a competitive tourism destination. Through a combination of traditional and digital marketing strategies, ZTA successfully engaged both domestic and international audiences, laying the groundwork for future growth in the tourism sector. These efforts are expected to yield significant returns in the coming years, as Zambia continues to attract more tourists and solidify its reputation on the global tourism stage.

07 Tourist Arrivals by Transport Mode

The analysis of Zambia's international tourist arrivals by transport mode and by source between 2019 and 2021 underscores the distinct impact of Zambia being a landlocked country and the influence of regional tourism. As a landlocked nation, Zambia relies heavily on land border entries, which are the primary entry points for international visitors, especially those from neighboring African countries. This geographic reality is reflected in the consistently high proportion of tourists arriving by land, even during the challenging period of the COVID-19 pandemic.

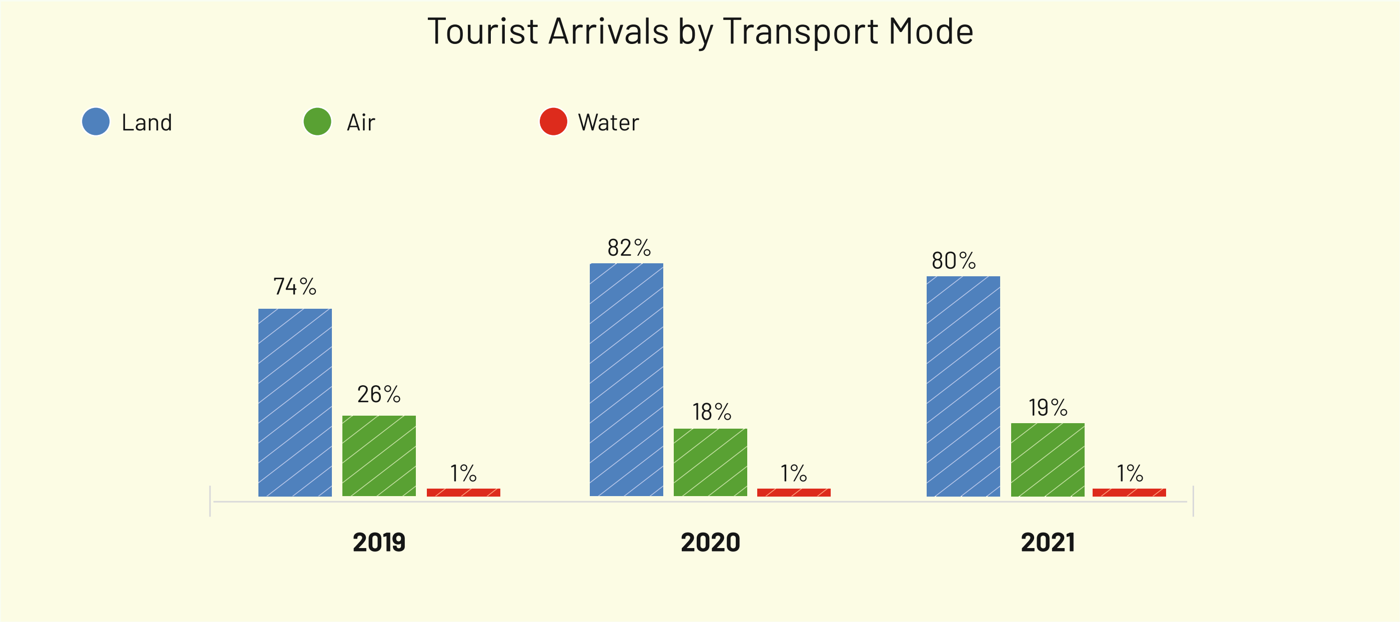
In 2019, prior to the pandemic, 73.7% of international tourists arrived by land, predominantly from African countries. Zambia's proximity to tourism hubs in Southern Africa, such as South Africa, Botswana, Zimbabwe, and Namibia, makes land travel a convenient and cost- effective option for visitors from these nations. This trend further intensified during the pandemic in 2020, when land travel surged to 81.7% of total arrivals, while air travel plummeted from 25.8% in 2019 to17.7%. The sharp drop in air travel was driven by strict international travel bans and health restrictions imposed globally, severely limiting long-haul flights and deterring overseas tourists from outside Africa.

By 2021, while air travel showed some recovery, increasing to 19.1%, land arrivals remained dominant, accounting for 79.6% of total tourists. This underscores the ongoing reliance on regional and cross-border travel, as most visitors continued to come from neighboring African countries. The data on tourist arrivals by source further illustrates this pattern, with Africa consistently representing over 80% of total arrivals between 2019 and 2021. In 2021, African visitors constituted 87.7% of Zambia's total tourists, with the majority being from neighboring countries. These regional visitors are more likely to use land routes, contributing to the high share of land-based travel.

The pandemic had a profound effect on tourists from overseas regions like Europe, the Americas, and Asia. In 2019, Europe accounted for 6.85% of arrivals, but this dropped to 4.81% in 2020 and slightly dippedfurther to 4.55% in 2021. Similarly, arrivals from the Americas fell from 4.07% in 2019 to 1.69% in 2020, before modestly improving to 2.68% in 2021.

East Asia and the Pacific experienced a dramatic decline from 5.6% in 2019 to just 1.52% in 2021. The downturn in these markets was driven by widespread travel restrictions, stringent quarantine requirements, and reduced air connectivity, all of which deterred long- haul travel during the height of the pandemic.

As Zambia's tourism sector began to recover in 2021, it was primarily driven by regional travelers who could access the country by land. However, the slow return of overseas tourists highlights the ongoing challenges in restoring pre-pandemic visitor numbers from key source markets like Europe and North America. ZTA must therefore continue to emphasize strategies that capitalize on the country's strong regional ties while also working to restore confidence and attract more overseas visitors as global travel gradually rebounds.



Source: Ministry of Tourism

08 Arrivals by Port of Entry

In 2021, Zambia witnessed a total of 554,280 arrivals through its various ports of entry. This figure, while still lower than pre-pandemic levels, shows resilience in the face of ongoing global travel restrictions and economic uncertainties. The performance at these ports of entry reflects the broader patterns of international tourist arrivals, characterized by a strong reliance on land borders due to Zambia's landlocked nature and proximity to neighboring countries.

Airports, particularly Kenneth Kaunda International Airport (KKIA), Simon Mwansa Kapwepwe International Airport (SMK), and Harry Mwanga Nkumbula International Airport (HMN), saw varied levels of activity. KKIA recorded 88,188 arrivals in 2021, a significant increase from 71,008 in 2020, highlighting a gradual recovery in air travel. SMK also experienced growth, with arrivals increasing from 8,885 in 2020 to 11,953 in 2021. However, HMN saw a decline, with arrivals dropping from 9,265 in 2020 to 5,407 in 2021. This could be attributed to changes in flight routes, reduced frequencies, or shifts in traveler preferences.
Mfuwe International Airport, a gateway to the country's prime wildlife destinations, remained relatively low in activity, with only 94 arrivals in 2021.

The subtotal for air arrivals reached 105,642 in 2021, marking an improvement from 89,198 in 2020. This growth, although modest, indicates a slow recovery in international air travel, as global restrictions eased and confidence in flying gradually returned.

On the land borders, the situation was more complex. Land entries, which make up the majority of international arrivals, decreased from 574,809 in 2020 to 448,638 in 2021. The Victoria Falls border, which traditionally serves a significant number of tourists, particularly from Zimbabwe, recorded a drastic drop in arrivals, from 117,942 in 2020 to just 18,705 in 2021. This dramatic decrease underscores the pandemic's severe impact on tourism hotspots and highlights how key attractions like Victoria Falls were heavily affected by both the pandemic and regional travel restrictions.

Other border posts like Nakonde and Chirundu, which are major gateways for trade and travel between Zambia and its neighboring countries, also experienced decreases. Nakonde, for instance, saw a drop from 189,173 arrivals in 2020 to 169,873 in 2021, while Chirundu declined from 128,841 to 91,324 over the same period. The decline in arrivals through these borders reflects the broader slowdown in cross-border movement during the pandemic, impacted by health measures and economic conditions in the region.

Conversely, some smaller border posts saw an increase in activity. For example, Kazungula recorded 27,845 arrivals in 2021, up from 20,199 in 2020, and Kipushe saw an increase from 4,691 to 9,155. These increases might indicate shifts in regional travel patterns or the use of alternative routes during the pandemic.

The total number of international arrivals through all ports of entry in 2021 was 554,280, down from 664,007 in 2020. This reduction of approximately 16.5% year-on-year highlights the continued challenges facing the tourism sector in Zambia due to the pandemic, particularly in relation to land border entries which make up the bulk of arrivals. The data shows that while air travel began to recover, land-based travel, crucial to Zambia's tourism sector, was still significantly hampered by the ongoing effects of COVID-19.

Port of Entry	2020	2021
KK International Airport	71,008	88,188
SMK International Airport	8,885	11,953
HMN International Airport	9,265	5,407
Mfuwe International Airport	40	94
Subtotal - Air	**89,198**	**105,642**
Chanida	9,141	13,895
Chirundu	128,841	91,324
Feira Luangwa	2,825	580
Jimbe	282	886
Kariba	10,203	1,059
Kasumbalesa	48,740	66,240
Katimamulilo	11,171	11,445
Kazungula	20,199	27,845
Kipushe	4,691	9,155
Mokambo	11,314	12,531
Mpulungu	2,648	6,693
Mwami	10,061	10,775
Sakania	7,511	7,526
Nsumbu	67	106
Nakonde	189,173	169,873
Victoria Falls	117,942	18,705
Subtotal - Land	**574,809**	**448,638**
Total	**664,007**	**554,280**

Source: Ministry of Tourism

09 Tourist Visits to National Parks

The total number of visits to Zambia's major National Parks in 2021 was 49,989, reflecting a substantial increase compared to 33,731 in 2020. This improvement demonstrates a recovery in domestic and regional tourism following the easing of travel restrictions and the reopening of some borders. However, the number still falls short of pre-pandemic levels, as the sector continues to navigate challenges in attracting international visitors from more distant markets. It is also worth noting that 27%of tourists to National Parkes were international visitors.

Comparative Analysis: 2020 vs. 2021

A. Mosi-O-Tunya National Park

- In 2020, Mosi-O-Tunya National Park recorded 7,880 visits. This increased to 11,017 visits in 2021.
- The 39.9% rise can be attributed to improved accessibility and renewed interest in local nature tourism. The park, located near Livingstone and Victoria Falls, benefits from being a more accessible destination for domestic and regional travelers, especially during periods when international travel was still restricted.

B. Lower Zambezi National Park

- Lower Zambezi saw a significant increase in visitor numbers, from 5,557 in 2020 to 8,405 in 2021, representing a 51.2% growth.
- The park's appeal lies in its scenic beauty and opportunities for safari experiences, which became more attractive to domestic and regional tourists who opted for local trips during the uncertainty of global travel.

C. South Luangwa National Park

- South Luangwa experienced the highest visitor increase, jumping from 10,831 in 2020 to 15,826 in 2021, a 46.1% rise.
- This park remains one of Zambia's premier safari destinations, known for its wildlife and conservation efforts. The increase likely reflects the continued interest in wildlife tourism, boosted by marketing campaigns targeting regional tourists.

D. Kafue National Park

- Kafue National Park saw its visitor numbers rise from 6,687 in 2020 to 12,426 in 2021, nearly doubling at 85.8% growth.

- This significant jump underscores the growing appeal of lesser-known parks as travelers sought more remote and exclusive experiences. The park's size and diverse offerings have made it an increasingly popular alternative to more congested destinations.

E. Lusaka National Park

- Unlike the other parks, Lusaka National Park experienced a decline in visitor numbers, dropping from 2,776 in 2020 to 2,315 in 2021, a 16.6% decrease.

- The decrease may be attributed to its proximity to the capital city and the shifting travel behaviors of Lusaka residents, who may have opted for more extensive trips to larger parks as restrictions eased. Additionally, the park's smaller size and limited offerings could have contributed to reduced interest during the period.

Trend Analysis and Explanations

The overall increase in visits to major National Parks in 2021 indicates a gradual recovery in Zambia's tourism sector. Key factors contributing to this trend include:

A. **Increased Domestic Tourism -** As international travel remained uncertain due to varying global restrictions, domestic tourism surged, with Zambians exploring local destinations. Regional tourists from neighboring countries also played a significant role in the resurgence of park visits.

B. **Improved Accessibility -** Many of these parks have benefited from improved road infrastructure, which facilitated easier access for regional tourists. Additionally, strategic marketing campaigns by the ZTA targeted regional and domestic markets, promoting local parks as viable alternatives to overseas destinations.

C. **Pandemic-Induced Travel Shifts -** The pandemic led to a preference for nature-based and outdoor experiences, driving more visits to parks like South Luangwa and Kafue, which offer expansive and less crowded environments.

National Park	2020	2021	Change %
Mosi-o-Tunya	7,880	11,017	39.8%
Lower Zambezi	5,557	8,405	51.3%
South Luangwa	10,831	15,826	46.1%
Kafue	6,687	12,426	85.8%
Lusaka	2,776	2,315	-16.6%
Total	**33,731**	**49,989**	**48.2%**

Source: Ministry of Tourism

10 Tourist Visits to Museums

In 2021, Zambia's tourism sector displayed signs of recovery despite the ongoing challenges posed by the COVID-19 pandemic. The nation's major museums, which were among the hardest-hit institutions during the height of the pandemic, experienced a notable increase in visitor numbers compared to 2020. The rise in domestic tourism, coupled with the gradual easing of travel restrictions, contributed to this positive trend across the country's cultural institutions.

The Choma Museum recorded an impressive 146% increase in visitors, with numbers growing from 840 in 2020 to 2,064 in 2021. This surge can be attributed to renewed interest from local communities and more effective regional marketing efforts. As a museum that serves as a hub for preserving the cultural heritage of the Southern Province, this growth reflects an increased awareness and appreciation of local history and culture.

Similarly, the Copperbelt Museum, which focuses on the industrial and mining heritage of Zambia, saw a 55% rise in visitors, increasing from 849 in 2020 to 1,319 in 2021. Though more modest compared to other museums, this growth signals the return of public interest and tourism activities in one of the country's key economic regions.

The Livingstone Museum, the largest and oldest in the country, registered a remarkable recovery, with visitor numbers more than doubling from 11,137 in 2020 to 22,565 in 2021. Being located in the tourist-heavy Livingstone region near Victoria Falls, the museum's growth is closely linked to the rebound in international and regional tourism. As global travel gradually resumed, this iconic location regained its position as a major attraction for both local and foreign visitors.

In Lusaka, the National Museum also saw significant improvement, recording an 81% increase in visitor numbers, growing from 8,649 in 2020 to 15,633 in 2021.
Located in the heart of the capital, the Lusaka National Museum is strategically positioned to benefit from both local and international visitors, particularly as the capital city remains a key transit point for tourists exploring the country.

The Moto Moto Museum, known for its ethnographic collections, saw a 51% rise in visitors, with numbers growing from 3,995 in 2020 to 6,017 in 2021. Located in the far north of the country, this museum serves as a cultural cornerstone in the region, attracting both local residents and tourists interested in learning more about Zambia's diverse heritage.

Overall, the total number of visitors across all major museums rose from 25,470 in 2020 to 47,598 in 2021, marking an 87% increase. This resurgence in visitor numbers demonstrates the resilience of Zambia's cultural institutions and the effectiveness of tourism campaigns aimed at reviving the sector. It also highlights the critical role that domestic tourism has played in sustaining these institutions during a time when international travel was still recovering. In 2021, the total international tourists to museums accounted for 3%.

Museum	2020	2021	Change %
Choma	840	2,064	146%
Copperbelt	849	1,319	55%
Livingstone	11,137	22,565	103%
Lusaka	8,649	15633	81%
Moto Moto	3,995	6,017	51%
Total	**25,470**	**47,598**	**87%**

Source: Ministry of Tourism

11 Tourist Visits to Waterfalls

In 2021, Zambia's tourism sector, particularly focused on its major waterfalls, saw a notable increase in visitor numbers compared to 2020. This recovery can be attributed to the easing of COVID-19 restrictions, increased domestic travel, and efforts by the ZTA to promote local tourism. The total number of tourists visiting Zambia's waterfalls increased from 105,633 in 2020 to 145,192 in 2021, marking a 37% growth.

The most significant attraction continues to be Victoria Falls, which alone accounted for a substantial portion of the total visits. In 2021, Victoria Falls drew 123,972 visitors, up from 86,308 in 2020—a 44% increase. This surge was primarily driven by domestic tourists, who made up 113,707 or 85% of the total visitors, indicating the critical role of local tourism in sustaining this iconic site during the global travel slowdown.

Smaller waterfalls also experienced growth. Kundalila Falls, for example, saw an increase from 1,253 visitors in 2020 to 1,296 in 2021, while Ntumbachushi Falls saw an increase from 4,567 to 4,697. These gains, although more modest, reflect increased interest in lesser-known destinations, possibly due to the growing popularity of nature-based tourism among local tourists.

Other waterfalls like Chipoma Falls and Mumbuluma Falls registered even stronger growth. Chipoma Falls had a notable rise from 605 to 1,079 visitors, and Mumbuluma Falls saw its numbers increase from 2,059 in 2020 to 2,572 in 2021.
These figures suggest that domestic travelers are increasingly exploring more diverse locations, driven by greater awareness of natural attractions within Zambia.

However, not all sites performed equally well. Chishimba Falls, despite being a popular site, experienced a slight decline from 7,307 visitors in 2020 to 7,081 in 2021. This drop could be linked to logistical challenges or competition from other attractions. Similarly, Lumangwe Falls saw a marginal increase from 945 to 983, indicating limited growth compared to other sites.

A key trend across all these sites is the dominance of domestic tourism. Even as international arrivals remained low in 2021 (10,531 compared to 15,263 in 2020), local tourists filled the gap, leading to overall positive growth. This shift underscores the importance of the domestic market in stabilizing the sector during times of global uncertainty.

In 2021 performance of Zambia's waterfalls reflects a steady recovery fueled by domestic tourism. While international arrivals have yet to return to pre-pandemic levels, the strong growth in local visitors demonstrates the resilience of the tourism sector and the success of initiatives aimed at promoting domestic travel. As the global situation normalizes, it is expected that these trends will continue to strengthen, contributing to the overall recovery and growth of Zambia's tourism industry.

	2020			2021		
	Domestic	**International**	**Total**	**Domestic**	**International**	**Total**
Nyambwezu Falls	84	4	88	170	4	174
Mutanda Falls	63	-	63	113	-	113
Kundalila Falls	1,125	128	1,253	1,283	13	1,296
Chilambwe Falls	226	-	226	423	17	440
Chipoma Falls	601	4	605	1,068	11	1,079
Chishimba Falls	7,212	95	7,307	7,046	35	7,081
Kalambo Falls	1,467	11	1,478	1,534	34	1,568
Lufubu Falls	599	-	599	1,030	-	1,030
Lumangwe Falls	915	30	945	920	63	983
Mumbuluma Falls	2,056	3	2,059	2,526	46	2,572
Ntumbachushi Falls	2,833	1,734	4,567	4,670	27	4,697
Victoria Falls	73,054	13,254	86,308	113,707	10,265	123,972
Kundabwika Falls	135	-	135	171	16	187
	90,370	**15,263**	**105,633**	**134,661**	**10,531**	**145,192**

Source: National Heritage Conservation Commission

12 Financial Performance

The Directors submitted their report and audited financial statements for the year ended 31 December 2021 with the following details:

Status of the Agency

ZTA was established under the Tourism and Hospitality Act No. 13 of 2015. By virtual of the Act, all the assets and liabilities and rights and obligations of the former Zambia Tourism Board vested in the Agency

Principal Activities

ZTA's main activity is to promote and regulate the tourism industry in Zambia. The Agency's operations are dependent on Government grants

MPH Chartered Accountants
Plot 4434A, Kumoyo Road, Longacres
P.O. Box 31014
Lusaka, Zambia

Plot 16 B, Kantanta Street
Nkana East
P.O. Box 21505, Kitwe.

Tel: +260 211 228 874 - 76 (Lusaka)
Mobile: +260 954 262 310
Tel: +260 212 225 166 (Kitwe)
Mobile: +260 954 933 904
Website: www.mphzm.co.zm

Independent Auditor's Report

To the members of Zambia Tourism Agency

Report on the financial statements

Opinion

We have audited the financial statements of the Zambia Tourism Agency ("the Agency"), which comprises the statement of financial position as at 31 December 2021 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA)*, and we have fulfilled our other ethical responsibilities in accordance with IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or cease operations, or has no realistic alternative but to do so.

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

Auditor`s Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report *(continued)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Independent Auditor's Report *(continued)*

Other Information

The Directors are responsible for the other information included in the Annual Report. Other information includes the Directors' Report and Supplementary Information set out on pages 40 to 42. Our opinion on the financial statements does not cover other information and we do not express an audit opinion thereon. Our responsibility is to read the other information and consider whether the information therein is materially consistent with the financial statements. If based on our work, we conclude that there is a material misstatement; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

As required by the Tourism and Hospitality Act No.13 of 2015 of the Laws of Zambia we report to you, based on our audit, that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion proper books of accounts, other records and registers have been kept by the Agency, so far as appears from our examination of those books and registers; and

(c) the Agency`s statements of the financial position and income and expenditure account are in agreement with the books of account.

MPH

MPH Chartered Accountants

25/5/23

Lusaka, Zambia

Hampande Hachongo (AUD/F000186)

Zambia Tourism Agency

Financial Statements for the year ended 31 December 2021

Statement of Comprehensive Income

	Note/Schedule	2021 K	2020 K
Revenue			
Income	Schedule 1	**17,006,208**	20,383,179
Other income	Schedule 1	**1,044,656**	3,935,571
		18,050,864	24,318,750
Expenditure			
Depreciation	Note 10	**(344,255)**	(206,320)
Employee costs	Schedule 1	**(8,130,524)**	(10,353,185)
Other operating expenses	Schedule 1	**(9,757,050)**	(11,050,181)
(Deficit)/Surplus before net finance income		**(180,965)**	2,709,065
Fair value adjustment on investment property	Note 12	**-**	-
Net finance income	Schedule 1	**165,762**	111,395
(Deficit)/Surplus for the year		**(15,203)**	2,820,460
Other comprehensive income		**-**	-
Total comprehensive income		**(15,203)**	2,820,460

Zambia Tourism Agency

Financial Statements for the year ended 31 December 2021

Statement of Financial Position

	Note	2021 K	2020 K
Assets			
Non-Current Assets			
Property, plant and equipment	11	3,539,139	1,583,446
Investment property	12	4,770,000	4,770,000
		8,309,139	6,353,446
Current Assets			
Trade and other receivables	13	287,971	267,297
Cash and cash equivalents	14	4,928,887	9,800,138
		5,216,858	10,067,435
Total Assets		13,525,997	16,420,881
Equity and Liabilities			
Funds and reserves			
Contributed reserves		4,129,162	4,129,162
Revaluation reserves		632,433	632,433
Accumulated reserves		4,250,830	4,266,033
		9,012,425	9,027,628
Current Liabilities			
Trade and other payables	15	4,513,572	7,393,253
		4,513,572	7,393,253
Total Equity and Liabilities		13,525,997	16,420,881

The financial statements set out on pages 9 to 39, which have been prepared on a going concern basis, were approved by the Board on 25 th May 2023 and were signed on its behalf by:

.... Director

.... Director

The accounting policies and notes on pages 13 to 39 form part of these financial statements.

Zambia Tourism Agency
Financial Statements for the year ended 31 December 2021

Statement of Movement in Reserves

	Accumulated reserves	Contributed reserves	Revaluation reserves	Total
	K	K	K	K
At 1January 2020	1,445,573	4,129,162	632,433	6,207,168
Comprehensive income for the year	2,820,460	-	-	2,820,460
Revaluation	-	-	-	-
Transfer to retained earnings	-	-	-	-
At 31 December 2020	4,266,033	4,129,162	632,433	9,027,628
Comprehensive income for the year	(15,203)	-	-	(15,203)
Revaluation	-	-	-	-
Transfer to retained earnings	-	-	-	-
At 31 December 2021	**4,250,830**	**4,129,162**	**632,433**	**9,012,425**

Revaluation reserves
Revaluation reserves represent non-distributable reserves which arise from the revaluation surplus on buildings and plant and equipment.

Accumulated reserves
The accumulated reserves represent accumulated retained income from the operations of the Agency.

Contributed reserves
By virtue of the Tourism and Hospitality Act No. 13 of 2015, the assets and liabilities and all rights and obligations of the former Zambian National Tourist Board vested in the Agency. The excess of assets over liabilities of K4, 129, 162 thousand was treated as contributed reserves.

The accounting policies and notes on pages 13 to 39 form part of these financial statements.

Zambia Tourism Agency

Financial Statements for the year ended 31 December 2021

Statement of Cash flows

	Note	2021 K	2020 K
Cash inflow from operating activities			
Surplus/(deficit) for the year		(15,203)	2,820,460
Profit/(Loss) on disposal of property, plant and equipment		-	-
Interest received		(165,762)	(111,395)
Fair value adjustment		-	-
Depreciation	10	344,255	206,320
(Increase)/decrease in trade and other receivables	13	(20,674)	(48,486)
Increase/(decrease) in trade and other payables	15	(2,879,681)	487,054
Net cash flows from operating activities		(2,737,065)	3,353,953
Returns on investment and servicing of finance			
Interest received		165,762	111,395
Net cash flows from investments and servicing of finance		165,762	111,395
Investing activities			
Purchase of property, plant and equipment		(2,299,947)	(114,473)
Net cash flows used in investing activities		(2,299,947)	(114,473)
Net cash flow before financing activities		(4,871,250)	3,350,875
Financing activities			
Capital grant received		-	-
Net cash flows used on financing activities		-	-
Movement in cash and cash equivalents			
Increase/(decrease) in cash and cash equivalents		(4,871,250)	3,350,875
Cash and cash equivalents at beginning of the year		9,800,138	6,449,263
Cash and cash equivalents at end of the year		4,928,887	9,800,138
Represented by:			
Cash in hand and at bank		4,928,887	9,800,138
Bank overdrafts		-	-
	14	4,928,887	9,800,138

The accounting policies and notes on pages 13 to 39 form part of these financial statements.

Accounting Policies

1. Status of the Agency

The Agency was established under the Tourism and Hospitality Act No.13 of 2015.By virtue of the Act, all the assets and liabilities and rights and obligations of the former Zambia Tourism Board vested in the Agency.

2. Principal activities

The Agency's main activity is to promote and regulate the tourism industry in Zambia. The Agency's operations are dependent on Government grants.

3. Basis of preparation and accounting policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs). They have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment and certain financial assets and liabilities at fair value through income and expenditure.

4. Significant accounting policies

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

5. Income and revenue recognition

Revenue is recognized on an accrual basis. Income represents grants received from the Government of the Republic of Zambia and sales of publicity materials.

6.1. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus in reserves. Decreases that offset previous increases of the same assets are charged against revaluation reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

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

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings. Depreciation is calculated to write off the cost of property and equipment on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Item	*Rate*
Leasehold land and buildings	2%
Furniture and fittings	25%
Motor vehicles	25%
Partitioning and alterations	10 %

Investment properties are not depreciated.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income in other income.

When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to the retained earnings.

6.2. Leased assets

Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest; the capital element is applied to reduce the outstanding obligations and the interest element is charged to the income statement over the period of the lease so as to produce a constant periodic rate of interest in the remaining balance of the liability under the lease agreement for each of the accounting periods.
All other leases are operating leases and the annual rentals are charged to the income statement on a straight-line basis over the lease term.

Depreciation on the relevant assets is charged to the income statement over their useful lives.

6.3. Financial instruments

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

6.3. Financial instruments *(continued)*

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in comprehensive income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to comprehensive income. In contrast, on derecognition of an investment in equity instrument which the Agency has elected on initial recognition to measure at FVTOCI, the cumulative income statement previously accumulated in an investments revaluation reserve is not reclassified to the income statement, but is transferred to retained earnings.

Financial liabilities and equity
Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Agency are recognised at the proceeds received, net of direct issue costs.

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

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

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Agency manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.
- A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
  such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

6.3. Financial instruments *(continued)*

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Agency's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.
  Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in comprehensive income to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in income statement incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in comprehensive income.

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

Gains or losses on financial guarantee contracts issued by the Agency that are designated by the Agency as at FVTPL are recognised in comprehensive income.

Fair value is determined in the manner described in note 20.

Financial liabilities measured subsequently at amortised cost

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

Contract liabilities

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

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

6.3. Financial instruments *(continued)*

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in comprehensive income for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

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

Derecognition of financial liabilities

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

When the Agency exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Agency accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in comprehensive income as the modification gain or loss within other gains and losses.

Derivative financial instruments

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

6.4. Impairment

Financial assets

The carrying amounts of the Agency's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's 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 comprehensive income.

i) Calculation of recoverable amount

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised directly in reserves to comprehensive income. The cumulative loss that is removed from reserves and recognised in comprehensive income is the difference between the acquisition costs, net of any principal repayment and amortisation, and the current fair value, less any impairment loss

6.4. Impairment *(continued)*

Financial assets (continued)

previously recognised in comprehensive income. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If in a subsequent period, the fair value of an impaired available- for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in comprehensive income, then the impairment loss is reversed with the amount of the reversal recognised in comprehensive income.

ii) Reversals of impairment

An impairment loss in respect of a held to maturity security or receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

Non-financial assets

The carrying amounts of the Agency's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6.5. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and balances held with banks.

6.6. Leases

The scope of IFRS 16 includes lease of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17.The standard includes two recognition exemptions for leases-leases of `low value` assets (e.g,personal computers) and short- term leases (i.e, lease with a lease term of 12 months or less).At the commencement date of a lease ,a lessee will recognise a liability to make lease payments (i.e,the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e, the right-of-use of an asset).Lessees will require to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use of an asset. Lessees will be required to re measure the lease liability upon the occurrence of certain events (e.g a change in an index or rate used to determine those payments).

The lessee will generally recognise the amount of the measurement of the lease liability as an adjustment to the right-of-use asset.

Lessors classify all leases between two types of leases; operating and finance leases.

6.7. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset), are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are invested for short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of amounts is deducted from borrowing costs.

Capitalisation should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

6.8. Grants

Revenue grants are recognised as income in the Statement of Comprehensive Income when there is reasonable assurance that they will be received and the Agency will comply with the conditions associated with the grant.

Capital grants for acquisition of capital assets are initially recognised as deferred income at cost or fair value. Subsequent to initial recognition, the cost or fair value is recognised as revenue in the Statement of Comprehensive Income on a systematic basis over the useful life of the respective asset.

6.9. Short term and long-term loans

Short term loans include all amounts expected to be repayable within twelve months from the reporting date, including instalments due on loans of longer duration. Long term loans represent all amounts repayable more than twelve months from the reporting date.

6.10. Taxation

The Agency is exempt from taxation under Section 15 of the Income Tax Act Cap 323 of the Laws of Zambia and in accordance with paragraph 5 part III of the second schedule of the same Act.

6.11. Foreign currencies

(i) *Functional and presentation currency*
Items included in the financial statements are measured using the currency of the primary economic environment in which the Agency operates (the 'functional currency'). The financial statements are presented in Zambian Kwacha, which is the Agency's presentation and functional currency.

(ii) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences on monetary items, such as equity at fair value through income, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in fair value reserve in retained earnings.

6.12. Employee benefits

(i) *Pension obligations*
The Agency has a plan with National Pension Scheme Authority (NAPSA) where the Agency pays an amount equal to the employee's contributions. Employees contribute 5% of their gross earnings up to the statutory limit.

(ii) *Termination benefits*
Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Agency recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Accounting Policies *(continued)*

(iii) *Gratuity*
For fixed term contract employees, a gratuity is payable at the end of the contract. Contract period is 3 years. Gratuity is expensed to comprehensive income in the period the service is rendered.

6.13. Provisions

Restructuring costs and legal claims
Provisions for restructuring costs and legal claims are recognised when: the Agency has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

7. Management of financial risk

7.1. Financial risk

The Agency is exposed to a range of financial risks through its financial assets and financial liabilities (borrowings). The most important components of this financial risk are interest rate risk and credit risk.

These risks arise from open positions in interest rate and business environments, all of which are exposed to general and specific market movements.

The Agency manages these positions within a framework that has been developed to monitor its customers and return on its investments.

The Agency has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The key area where the Agency is exposed to credit risk is amounts due from customers.

7.2. Capital management

The Agency's objective when managing capital is to safeguard the Agency's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders.

The Agency sets the amount of capital in proportion to its overall financing structure. The Agency manages the capital structure and makes adjustments to it in the light of the economic conditions and the risk characteristics of the underlying assets.

8.0 Application of new and revised International Financial Reporting Standards (IFRSs)
8.0 Application of new and revised International Financial Reporting Standards (IFRSs)
8.8.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the following of amendment to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) has become effective and is mandatory for an accounting period that begins on or after 1 January 2021.

Standard	Subject of amendment	Effective date and impact
Interest Rate Benchmark Reform-Phase 2-Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	The amendments enable entities to reflect the effects of transitioning from bench mark interest rates, such as Interbank Offered Rates (IBORs) to alternative bench mark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.	1 January 2021. The amendment has had no immediate impact on the Agency.
IFRS 16. Covid-19- Related Rent Concessions beyond 30 June 2021	Covid-19 -Related Concessions Beyond 30 June 2021 extends the availability of the practical expedient for Covid-19 related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.	The amendment is effective for annual periods beginning on or after 1 April 2021.Earlier application is permitted.

Accounting Policies *(continued)*

8.8.2 New *and revised IFRSs in issue but not yet effective*

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

Standard	Requirement	Effective Date
Amendment to IFRS 4 - Extension of the temporary exemption from applying IFRS 9	The IASB deferred the effective date of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. As a consequence, the Board extended the expiry date in IFRS 4 for the temporary exemption from IFRS 9 by two years to annual periods beginning on or after 1 January 2023.The extension maintains the alignment between the expiry date of the temporary exemption and the effective date of IFRS 17	Annual reporting periods beginning on or after 1 January 2023.
Amendment to IAS 1- Classification of Liabilities as Current or Non-current – Deferral of Effective Date	The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specifically that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the counterparty of cash, equity instruments, other assets or services.	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. The amendment will affect the Agency's classifications of liabilities as current or no-current.
Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2 - Making Materiality judgements - Disclosure of Accounting Policies	The amendments change the requirements of IAS 1 and are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.	Annual periods beginning on or after 1 January 2023. Earlier application is permitted and is applied prospectively. The amendments will have an impact on the financial statements of the Agency.

Accounting Policies *(continued)*

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

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. The standard now clarifies that; • A change in accounting estimate that results from new information or new developments is not a correction of an error. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from correction of prior period errors	Annual periods beginning on or after 1 January 2023. Earlier application is permitted.
Amendments to IAS 12 Income Taxes- Deferred Tax related to Assets and Liabilities arising from a single transaction.	The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. The amendment might impact the Agency.
Amendments to IAS 16 Property and Equipment- Proceeds before Intended Use	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The amendments could impact the Agency.
Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets- Onerous Contracts- Cost of Fulfilling a Contract	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling the contract and the allocation of other costs that relate directly to fulfilling contracts. The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The amendments could impact the Agency.

Accounting Policies *(continued)*

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

Annual improvements to IFRS Standards 2018-2020- Amendments to IFRS 1, First -Time Adoption of IFRSs, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	The annual improvements relate to four standards. *IFRS 1 First-Time Adoption of International Financial Reporting Standards* The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
	IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent ' test to assess whether to derecognize a financial liability, an entity includes only fees paid or receivable between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The amendment could impact the Agency. No effective date applies.
	IFRS 16 Leases The amendment removes the illustration of leasehold improvements. *IAS 41 Agriculture* The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. To use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post tax cash flows and discount rates for the most appropriate fair value measurement.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

Accounting Policies *(continued)*

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

Amendments to IFRS 3-Business Combinations-reference to the Conceptual Framework	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework rather than the 1989 Framework. They also add to IFRS 3 a requirement that for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. The amendments also require that an acquirer does not recognize contingent assets acquired in a business combination.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 17 Insurance Contracts	The amendments address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date on the initial application of IFRS 17.	The amendments are effective for annual periods beginning on or after January 1, 2022.
Amendments to IFRS 10 and IAS 28	The amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate of a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interest in the new associate or joint venture.	Effective date has not been set yet.

9. Critical accounting estimates and judgements in applying accounting policies

The Agency makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Business model assessment

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

Impairment losses on receivables

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

Impairment of assets other than receivables

The carrying amounts of the Agency's assets other than receivables are reviewed at each reporting date to determine whether there is an indication of impairment. If any such exists, the asset's recoverable amount is estimated. This estimation requires significant judgement. An impairment loss is recognized in the income statement whenever the carrying amount exceeds the recoverable amount.

	2021 K	2020 K
10. Deficit for the year		
Deficit for the year is stated after charging:		
Depreciation	**344,255**	206,320
And after crediting:		
Interest received	**165,762**	111,395

11. Property, plant and equipment

	Leasehold land and buildings K	Furniture and fittings K	Motor vehicles K	Total K
Cost/valuation				
At 1 January 2020	1,250,000	917,382	3,003,626	5,171,008
Additions	-	114,473	-	114,473
Revaluation	-	-	-	-
Disposals	-	-	-	-
At 31 December 2020	1,250,000	1,031,855	3,003,626	5,285,481
At 1 January 2021	1,250,000	1,031,855	3,003,626	5,285,481
Additions	-	630,389	1,669,558	2,299,947
Revaluation	-	-	-	-
Disposals	-	-	-	-
At 31 December 2021	1,250,000	1,662,244	4,673,184	7,585,428
Depreciation				
At 1 January 2020	25,000	627,114	2,843,600	3,495,714
Charge for the year	25,000	101,308	80,013	206,320
Depreciation on disposal	-	-	-	-
At 31 December 2020	50,000	728,422	2,923,613	3,702,034
At 1 January 2021	50,000	728,422	2,923,613	3,702,034
Charge for the year	25,000	207,886	111,369	344,255
Depreciation on disposals	-	-	-	-
At 31 December 2021	75,000	936,308	3,034,982	4,046,289
Net book value				
At 31 December 2021	1,175,000	725,936	1,638,202	3,539,139
At 31 December 2020	1,200,000	303,433	80,013	1,583,446

The lot No. 14845/M of Chunga Safari Camp - Mumbwa is not on title.

		2021	2020
		K	K

Valuation

The valuation was last done by Mr. Paul Moyo from Government Valuation Department on 5th February 2018. The valuation surveyor is fully qualified and registered to practice valuation surveying in accordance with Section 3 of the Valuation Surveyors Act, Cap 207, of the Laws of Zambia. The basis adopted is market value. This is an estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

		2021 K	2020 K
12.	**Investment property**		
	At beginning of the year	**4,770,000**	4,770,000
	Revaluation surplus	**-**	-
	At end of the year	**4,770,000**	4,770,000
13.	**Trade and other receivables**		
	Staff loans and advances	**3,900**	-
	Sundry debtors	**24,071**	267,297
	Lease rentals	**260,000**	-
		287,971	267,297
14.	**Cash and cash equivalents**		
	Cash in hand and at bank (note (a))	**4,928,887**	9,800,138
		4,928,887	9,800,138

The cash and bank balance of K7,300,000 is restricted to marketing operations.

		2021 K	2020 K
(a)	**Cash in hand and at bank**		
	Bank balances:		
	- within Zambia	**4,922,921**	9,774,898
	- outside Zambia	**5,966**	25,240
		4,928,887	9,800,138

Notes to the financial statements *(continued)*

	2021 K	2020 K
15. Trade and other payables		
Trade creditors	**2,445,719**	2,515,825
Sundry creditors	**170,941**	2,702,375
Gratuity	**1,490,605**	1,768,692
Leave days provisions	**406,307**	406,361
	4,513,572	7,393,253

16. Related party transactions

The Agency undertakes to disclose the nature of related party relationships, and types of transactions necessary for the understanding of the annual financial statements. In the context of the Agency related party transactions include any transactions carried out with any of the following:

- Government ministries and parastatals:
- Pension fund;
- Board members; and
- Key management personnel.

The transactions to be reported are those that affect the Agency in making financial and operating decisions.

Transactions

(a) Key management compensation:

	2021 K	2020 K
Salaries and other short term employee benefits	**750,412**	2,315,465
Terminal /gratuity benefits	**199,375**	-
(b) Directors fees	**786,058**	471,290
(c) GRZ grant	**17,006,208**	20,383,179

Balance

	2021 K	2020 K
(a) Loans to directors	-	-

The Directors are of the opinion that all these related party transactions were conducted on arms length basis and commercial terms.

	2021	2020
	K	K

17. Capital Commitments

The Agency had no capital commitments as at 31 December 2021. (2020: nil)

18. Contingent liabilities

The Agency has two cases in the Courts of Law, the outcome of which is dependent on the court process. In the opinion of the Directors the outcome of the matters will have no significant impact on the operations of the Agency.

19. Financial instruments

Categories of financial instruments

Financial assets	Note	2021 K	2020 K
Cash and bank balances			
- within Zambia	14 (a)	**4,922,921**	9,774,898
- outside Zambia	14 (a)	**5,966**	25,240
Sundry debtors	13	**287,970**	267,297
		5,216,857	10,067,435
Financial liabilities			
Trade payables	15	**2,445,719**	2,515,825
Other payables	15	**2,067,853**	4,877,428
		4,513,572	7,393,253

Financial risk management objectives

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

20. Financial instruments *(continued)*

Market risk

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

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

Foreign currency risk management

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

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

Currency	Asset/liabilities	2021	2020
		K	K
US Dollars	Bank balances	**902,135**	902,340
GBP	Bank balances	**5,964**	25,240
ZAR	Bank balances	-	-

The Agency is exposed to foreign exchange risk arising primarily from the holding of cash and bank balances denominated in foreign currency and related transactions for goods and services.

	Mid-market exchange rates as at 31 Dec 2021	Mid-market exchange rates as at 31 Dec 2020	Average currency depreciation during the year
US Dollars	19.99	13.71	45.81%

At 31 December 2021, if the US Dollar had appreciated or depreciated by 10% against the Kwacha, with all other variables held constant, the increase or decrease in the income/deficit for the year would have been K62,800 (2020: K90,234).

20. Financial instruments *(continued)*

	Mid-market exchange rates as at 31 Dec 2021	Mid-market exchange rates as at 31 Dec 2020	Average currency depreciation during the year
GBP	22.57	21.142	6.7%

At 31 December 2021, if the GBP had appreciated by 10% against the Kwacha, with all other variables held constant, the increase or decrease in the income/deficit for the year would have been K1,576(2020: K3,569).

Interest rate risk management

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

Credit management

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

		2021	2020
		K	**K**

20. Financial instruments *(continued)*

The Agency`s maximum exposure to credit risk is analysed below:

	Note		
Staff loans and advances	13	**3,900**	-
Cash and bank balances - within Zambia	14(a)	**4,922,921**	9,774,898
- Out Zambia	14(a)	**5,966**	25,240
- Other debtors	13	**284,070**	267,297
		5,216,857	1 0,067,435

Liquidity risk management

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

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

Notes to the financial statements *(continued)*

20. Financial instruments *(continued)*

	Note	1 to 3 months	3 months to 1 year	More than 1 year	Total
31December 2021		K	K	K	K
Liabilities					
Trade payables	15	2,445,719	-	-	2,445,719
Sundry creditors	15	2,067,853	-	-	2,067,853
		4,513,572	-	-	4,513,573
31 December 2021					
Assets					
Bank and cash balances					
- within Zambia	14(a)	4,922,921	-	-	4,922,921
- outside Zambia	14(a)	5,966	-	-	5,966
Other debtors	13	287,971	-	-	287,971
		5,216,858	-	-	5,216,858
31 December 2020					
Liabilities					
Trade payables	15	2,515,825	-	-	2,515,825
Sundry creditors	15	4,877,428	-	-	4,877,428
		7,393,253	-	-	7,393,253

20. Financial instruments *(continued)*

Liquidity risk management (continued)

	Note	1 to 3 months	3 months to 1 year	More than 1 year	Total
31 December 2020		K	K	K	K
Assets					
Bank and cash balances					
- within Zambia	14(a)	9,774,898	-	-	9,774,898
- outside Zambia	14(a)	25,240	-	-	25,240
Sundry debtors	13	267,297	-	-	267,297
Staff loans and advances	13	-	-	-	-
		10,067,435	-	-	10,067,435

21. Fair value measurements

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

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

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

This hierarchy requires the use of observable market data when available. The Agency considers relevant and observable market prices in its valuations where possible.

There are no financial assets and liabilities transferred between levels.

Fair value of the Agency's financial assets and financial liabilities that are measured at fair value on a recurring basis.

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

20. Financial instruments *(continued)*

Fair value measurements (continued)

	Note	2021 Carrying amount	2021 Fair value	2020 Carrying amount	2020 Fair value
Financial assets		K	K	K	K
Bank and cash balance					
- within Zambia	14(a)	4,922,921	4,922,921	9,774,898	9,774,898
- Outside Zambia	14(a)	5,966	5,966	25,240	25,240
Sundry debtors	13	287,970	287,970	267,297	267,297
Financial liabilities					
Trade payables	15	2,445,719	2,445,719	2,515,825	2,515,825
Other payables	15	2,067,853	2,067,853	4,877,428	4,877,428

22. Events subsequent to the reporting date

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

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

23. Revaluation of property

Revaluation of properties lot No. 1918/M, new Kalala - Itezhi - tezhi and lot No. 14845/M, Chunga Safari Camp - Mumbwa were revalued on the 10th of December 2022.

Detailed statement of comprehensive income ***Schedule 1***
for the year ended 31 December 2021

	2021 K	2020 K
Income		
Government grants - operations	**8,118,588**	9,995,000
Government grants - marketing	**3,330,000**	6,000,000
Other grants	**-**	-
Contributions from industry	**-**	36,387
Government grants - regulation & grading	**5,557,620**	1,725,144
Tourism development grants	**-**	2,626,648
	17,006,208	20,383,179
Finance income and costs		
Interest received	**165,762**	111,395
Exchange gain/(loss)	**-**	-
	165,762	111,395
Other Income		
Profit on disposal of fixed assets	**-**	-
Lease rentals	**465,000**	270,000
Other income	**579,656**	3,665,571
	1,044,656	3,935,571
Less:		
Administration expenses		
Bank charges	**61,239**	171,029
Board expenses	**786,058**	471,290
Computer expenses	**49,505**	86,890
Office expenses	**743,444**	790,330
Office rent	**487,367**	1,171,755
Postage, fax, and telephone	**182,248**	169,738
Repairs and maintenance	**33,850**	13,350
Others expenses	**68,580**	37,941
Travelling expenses	**-**	212,895
Printing and stationary	**317,958**	110,121
	2,730,249	**3,235,339**

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Detailed statement of comprehensive income ***Schedule 1 (continued)***
for the year ended 31 December 2021

	2021 K	2020 K
Motor vehicle expenses		
Fuel and lubricants	206,093	215,535
Insurance and licenses	100,093	-
Repairs and maintenance	427,387	157,893
	733,573	373,428
Professional charges		
Audit fees - external	69,405	73,565
Audit fees - internal	-	-
Legal and professional fees	667,962	697,628
	737,367	771,193
Marketing expenses		
		-
Fairs and congress	433,984	2,204,849
Press, trade and agents	-	1,282
Lusaka airport expenses	86,531	77,362
Promotional expenses	300,496	84,506
Trade subscription	94,959	2,399,408
Local marketing	1,341,989	398,442
Public relations	505,633	720,369
Social media and website	139,135	145,775
	2,902,727	6,031,993
Licensing and standards		
Inspections	2,522,865	568,458
Other office expenses	-	-
Grading	130,269	69,770
	2,653,134	638,228
Total other operating expenditure	9,757,050	11,050,181

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Detailed statement of comprehensive income *Schedule 1 (continued)*
for the year ended 31 December 2021

	2021 K	2020 K
Staff costs		
Gratuity	486,402	2,360,320
Insurance - group life and GPA	-	270,165
Leave pay	365,990	61,103
Medical expenses	366,089	447,662
NAPSA employer's contribution	251,059	193,760
Pension employer's contribution	167,950	143,180
Salaries and allowances	6,359,772	6,452,941
Staff welfare	81,329	178,650
NHIMA employer's contribution	51,933	5,620
Restructuring/recruitment expenses	-	122,405
Training - local	-	117,379
	8,130,524	10,353,185
Depreciation	344,255	206,320
Total expenses	18,231,829	21,609,686
Fair value adjustment on investment property	-	-
	-	-
(Deficit)/Surplus for the year	(15,203)	2,820,460