

# UDC●RP

URBAN DEVELOPMENT CORPORATION



# 2020

ANNUAL

# REPORT

UDC●RP

URBAN DEVELOPMENT CORPORATION

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## CORPORATE INFORMATION

Urban Development Corporation (UDCORP) is a state-owned enterprise (SOE) under the Ministry of National Housing and Social Amenities (MNHSA) and the Ministry of Local Government and Public Works (ML&PW). The Corporation was formed through the Urban Development Corporation Act [Chapter 29:16] in 1986. It was primarily set up to encourage and assist Local Authorities to plan and coordinate urban growth and development, as well as to improve the standards of living of the general populace of Zimbabwe through the development of housing and related infrastructure. The Corporation offers Audit Services to the Local Authorities in Zimbabwe.

### Head Office

**Urban Development Corporation**  
8<sup>th</sup> Floor Trust Towers  
56 Samora Machel Avenue  
Harare  
Zimbabwe  
Tel: 0242 705 090/1  
Email: [admin@udcorp.co.zw](mailto:admin@udcorp.co.zw)  
Facebook page: @udcorp.com  
Website: [www.udcorp.co.zw](http://www.udcorp.co.zw)

### Southern Region

**Urban Development Corporation**  
8th Floor, Fidelity Life Centre  
Corner 5 Street & 11th Avenue  
Bulawayo  
Zimbabwe  
Tel: 263 2970830  
Email: [admin@udcorp.co.zw](mailto:admin@udcorp.co.zw)  
Facebook page: @udcorp.com  
Website: [www.udcorp.co.zw](http://www.udcorp.co.zw)

### Auditors

Nolands Harare Chartered  
Accountants  
7 Glenara Avenue South  
Cnr Samora Machel and Glenara  
Cell: +263 772 1616 765, +263 782 705  
Tel: +263 (242) 481037/9  
[enquires@nolandshre.co.zw](mailto:enquires@nolandshre.co.zw)

## MISSION STATEMENT

### VISION

Well-developed urban settlements with modern infrastructure by 2030.

### MISSION

To plan and develop an inclusive, safe, resilient and sustainable built environment in Zimbabwe.

### CORE VALUES

#### Teamwork

We combine the quality and expertise of our staff to satisfy clients and stakeholder needs

#### Accountability

We take ownership of our actions.

#### Resilience

We soldier on to achieve our vision.

#### Professionalism

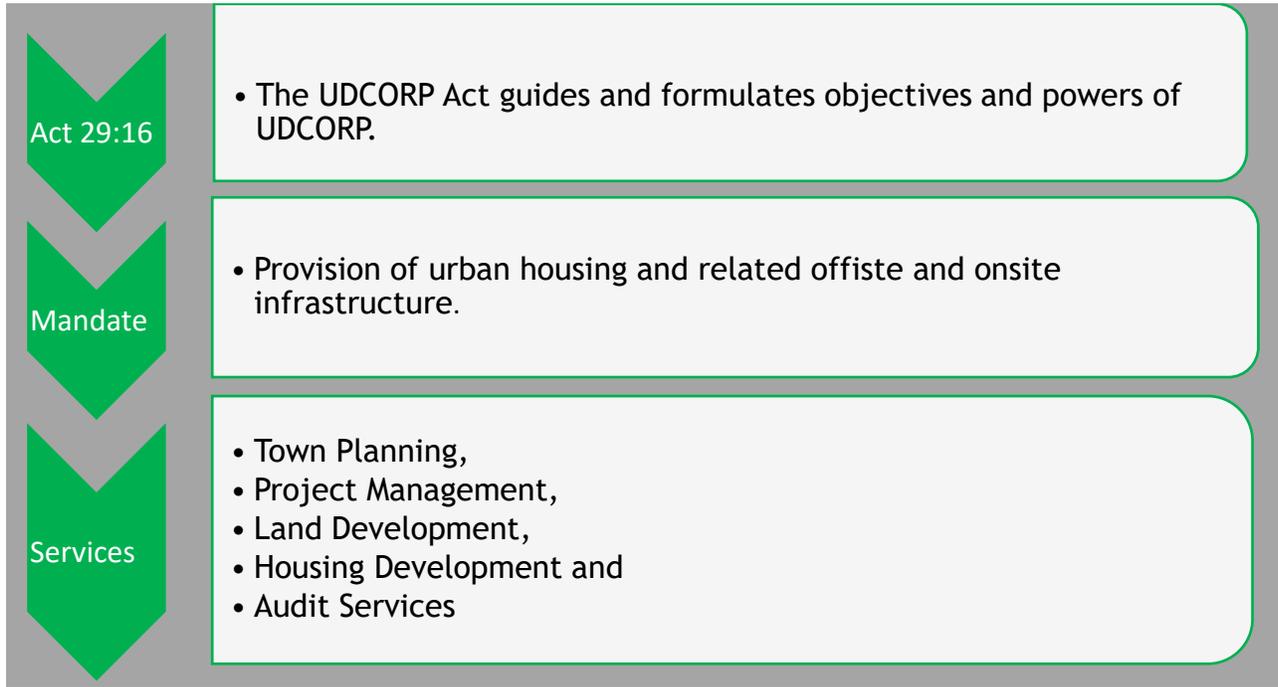
We offer high-quality standards in a competent manner.

#### Integrity

We strictly adhere to the ethics and codes of conduct of our industry.

UDCORP's values are summarized by the acronym "TARPI".

THE CORPORATION'S MANDATE



## **BOARD CHAIRPERSON'S STATEMENT**

It is with great pleasure that we present to you the Corporation's Annual Report for the financial year ending 31 December 2020. During the period under review, the Corporation operated without a Board of Directors and we would want to acknowledge with great appreciation the Management Committee which was led by Mr. Hashmon Matemera.

### **Background**

The Urban Development Corporation (UDCORP) received capitalization from the Ministry of Finance and Economic Development in the form of Treasury Bills with a face value of USD30 million on the 19<sup>th</sup> of April 2017. The Treasury Bills were discounted at 41%, resulting in a cash value of USD17 million.

To preserve the value of the Treasury Bills, UDCORP expediently utilized the funds to finance the Knockmalloch housing development and the construction of the Manresa Estate Flats to the tune of USD14 million. Knockmalloch was developed up to 32% completion, with the major development being construction of roads and storm water drains. In Manresa, four blocks of flats with a yield of 64 units were constructed up to 92% completion. The remaining funds were allocated towards the acquisition of various tracts of land throughout the country and the operational cashflows of UDCORP.

### **Management Committee**

In 2020, the UDCORP Executive Management was made up of a Management Committee which was appointed the then Minister of Local Government, Public Works and National Housing. The Management Committee had the following Executives:

- Head of Management Committee - Mr. Hashmon Matemera
- Commercial Services Director - Mr. Felix Mwase and
- Legal & Corporate Services Director - Ms. Zvichanzii V. Mugota

## **UDCORP Operations**

During the period under review, the Corporation was greatly affected by the Covid-19 pandemic which caused minimum operation from February 2020 to September 2020 as the employees were working from home due to lockdown restrictions. The COVID-19 pandemic had a significant impact on UDCORP's operations, leading to disruptions in project timelines and community engagement efforts. The Projects also failed to take off in time due to lack of financial resources. Lockdown restrictions brought the Corporation's construction projects to a complete halt in some parts of the year.

I am pleased to announce that the Corporation managed to engage Umguza Rural District Council and Chirundu Town Board for the provision of Masterplan Consultancy services. The Corporation also completed and delivered the design of the layout plan for the UN Staff Housing project at Knockmalloch.

UDCORP's mandate includes offering audit services to Local Authorities. During the period under review, the Corporation undertook 11 audits. The activities were affected by the Covid 19 Pandemic. The Auditor General's Office continued the rotation of clients without replacement. Thus, in the same year, the Corporation lost Chitungwiza Municipality and Hwange Local Board. The Corporation did not proceed with the 2020 audits for these two Local Authorities but concentrated on audits for the previous years (2016 to 2019).

## **Financial and Administration**

During the period under review, the Corporation recorded an inflation-adjusted loss before tax of ZWL31 million loss in 2020.

## **Appreciation**

We would want to extend our gratitude to the following key stakeholders:

UDCORP 2020 ANNUAL REPORT

- Honourable Minister of National Housing & Social Amenities - Honourable D. Garwe,
- Former Permanent Secretary of the Ministry of Housing and Social Amenities - Eng. J. P. Makumbe,
- Ministry of National Housing & Social Amenities,
- Former Minister of Local Government & Public Works - Honourable J. Moyo,
- Former Permanent Secretary of the Ministry of Local Government & Public Works, Mr. Z. Churu,
- Ministry of Local Government & Public Works
- Office of the President & Cabinet - Central Governance Unit (CGU),
- Other Government Departments & State Agencies,
- Auditor General's Office,
- UDCORP Board Members,
- Former UDCORP Management Committee which was led by Mr. H. Matemera,
- UDCORP Staff Members, and
- UDCORP Clients (both Individuals and Local Authorities).



.....  
Dr. Audrey Kwangwama  
**Acting Board Chairperson**

## CHAPTER 1: OVERVIEW OF THE OPERATING ENVIRONMENT

### 1.0. Introduction

In 2020, UDCORP faced several challenges in its operating landscape. The Corporation operated without a Board of Directors, which impacted decision-making and strategic direction. When the predecessor Board's term ended in March 2019, the Corporation had been on a growth trajectory, which coincided with the country also experiencing strong economic challenges that stemmed from currency reforms through the introduction of Statutory Instrument S.I.33 of 2019. UDCORP had been issued with a Government Guarantee of USD150 million that was meant to finance the Corporation's spatial projects. However, the Guarantee was not utilised to borrow resulting in the Corporation struggling to meet its 2020 critical financial obligations. As a result, UDCORP faced resource constraints, limiting its ability to fully execute its programs and initiatives.

In executing its strategic operations, the 2020 Management Team was being guided by the 2019-2023 Strategic Plan. The Strategic Plan was approved by the previous Board and submitted to the Ministry of Local Government Public Works as per the requirements of the Public Entities Corporate Governance Act (PECOG). However, the Strategic Plan could not be fully implemented because of the changes in the economic environment which made worse by the Covid-19 pandemic and resulted in the Corporation's staff working from home. The COVID-19 pandemic had a significant impact on UDCORP's operations, leading to disruptions in project timelines and community engagement efforts.

In terms of consultancy work, a number of Local Authorities were engaged for Master Plans Preparation and Housing Projects and there were several partnerships under consideration. As a result, the Corporation's projects were put on hold as prices in ZWL were unstable and charges in USD were not allowed. The following challenges greatly affected the operations of the Corporation during the year under review.

**i. Skills Gap**

From 2019 to 2020 the Corporation experienced the skills flight as the Corporation became a loss-making entity. As part of its turnaround strategy, the Management Committee conducted a skills audit and recommended that the Corporation should recruit staff with the necessary skills to meet the Corporation's growth trajectory. Unfortunately, the Corporation struggled to attract nor retain skilled employees due to poor remuneration due to the absence of a Board and inflationary pressures from 2019 to 2020. The Corporation's total remuneration was less than 2% of the Corporation's projected revenue and employees' salaries were lagging the market by a margin up to 800%.

**ii. Corporation Restructuring**

In August 2017 the Board appointed a 4-member Management Committee which was tasked to turn around the fortunes of the Corporation which at the time had a balance sheet of USD1 million. The government had recapitalised UDCORP in June 2017 with Treasury Bills with a face value of \$30 million. The Treasury Bills had a discounted value of USD 17 million which was the Corporation's capital.

In addition to a weak balance sheet, the Corporation had a poor brand due to the Regularisation projects. At the time the Corporation was saddled with 17 Regularisation Projects which were involved in long-standing battles with Land Barons and Co-operatives. After much work and stakeholder engagement, the Corporation returned these projects to the Ministry of Local Government and Public Works as the Corporation realised that it had no legal mandate to carry out the regularisation of those informal settlements.

**iii. Wingate Housing Project**

In 2016 the Corporation was appointed the selling agent for the Ministry of Local Government & Public Works and National Housing's Wingate Housing Project in Pomona Harare. Members of the public paid USD364,000 to UDCORP for stand purchases. The funds were disbursed to the Ministry of Local Government & Public Works. However, the project was mired in legal wrangles between the Ministry of Local Government &

Public Works and Augur Investments a private developer that was claiming ownership of the land. The Corporation and its staff ended up being sued by Augur Investments. A decision was taken for the Corporation to reimburse stand purchasers as it should have held the funds in a trust account and not paid them over to the Ministry. The Corporation used its funds to reimburse stand purchasers. Efforts were made to recover these funds from the Ministry of Local Government & Public Works through a set-off for the purchase price of Knockmalloch but there has been little progress on the matter as at 31 December 2020.

**iv. Exchange rate**

The movement in the exchange rate from 1:1 to 1 USD: 45 RTGS (ZWL) as of 31 December 2020 made it impossible for the Corporation to sell stands and apartments or to borrow to fund projects. The disparity between the parallel and auction rates was too broad and the Corporation would suffer exchange rate losses.

## CHAPTER 2: CORPORATE GOVERNANCE

### 2.1. Ethics and Integrity

UDCORP did not have a Board of Directors in 2020. A Management Committee made up of four Executive Directors was in place and responsible for governing the Corporation. The Ministry of Local Government and Public Works stated that they could not appoint a new UDCORP Board as there was a cloud over the validity of the UDCORP Act [Chapter 29:16]. The Attorney General had issued conflicting positions on the validity of the UDCORP Act of 1986 as read with the UDCORP Repeal Act of 1996. This Legal question had still not been resolved as at 31 December 2020.

Since the Corporation's inception in 1986, it has been under the purview of the Ministry of Local Government & Public Works and National Housing. After the creation of the Ministry of National Housing in November 2019, the Corporation was placed under a dual reporting structure to both the Ministry of Local Government & Public Works as well as the Ministry of National Housing & Social Amenities. As a result, the committee had a direct reporting responsibility to the shareholders i.e. the Ministry of Local Government and Public Works and the Ministry of National Housing and Social Amenities.

In addition, the Corporation provides a number of platforms for our stakeholders to communicate with Senior Management e.g. notices to shareholders and stakeholders, annual reporting to shareholders. The Management Committee was responsible for ensuring that ethics were upheld. All staff were required to declare their interests and any conflicts arising in the carrying out of their duties. These declarations are included in the business of all Management Committee meetings held during the year by the Corporation.

### 2.2. Going Concern

The financial statements were prepared based on accounting policies applicable to a going concern. This basis presumes that funds were available to finance the needs of

future operations. This is dependent on the ability of directors to obtain funding for the ongoing operations of the Corporation.

## CHAPTER 3: OPERATIONAL HIGHLIGHTS

### 3.1. Spatial projects-Technical Services Department

The Corporation was still implementing the projects proposed in the 2019-2023 Strategic Plan (refer to Table 1). However, the Corporations' activities and projects were heavily affected by the COVID-19 pandemic from March 2020 to November 2020.

#### i. Manresa

The apartments were halted at 92.8% completion. The Manresa project had a funding gap of USD 2.4 million to completion. Funds were supposed to be raised from off-plan sales of the units and the Corporation's internal resources.

#### Plate 1: Manresa Flats



#### ii. Knockmalloch

Work on the project was 32% complete. The work had stopped due to funding constraints as well as the cease-and-desist order from the Environmental Management Agency (EMA). The Corporation had secured a site for the sewer ponds with the assistance of the Chegutu Rural District Council. A Memorandum of Understanding with Norton Town Council for the building of water works was submitted to ZIDA for approval by the two parties.

**Plate 2: Knockmalloch Development**



**iii. Other Pipeline Projects**

The Corporation had earmarked Kariba, Hwange, Plumtree and Kusile pieces of land for future projects for the construction of apartments in line with the Human and Settlement Policy (2020) thrust of encouraging vertical expansion.

In addition, the Corporation engaged to offer Masterplan Consultancy services to Umguza Rural District Council and Chirundu Town Board. The Corporation also completed and delivered the design of the layout plan for the UN Staff Housing project at Knockmalloch. The consultancy services are a business line that the Corporation was actively pursuing.

**Table 1: Summary of projects from 2016-2020**

<b>Project Name</b>	<b>Status as of 31/12/24</b>
Knockmalloch Housing Development Project (400ha)	The construction site was shut down on 10 January 2020 at 32% completion, following the unavailability of funds to complete the projects-resumption of the project was subject to availability of funds.
Manresa Estate Development	The construction site was shut down on 10 January 2020 at 92% completion, following the unavailability of funds to complete the projects - resumption of the projects was subject to availability of funds. The Agreement of Sale for Manresa Estate Development for the purchase of the 5,11hactare piece of land was signed on the 20 <sup>th</sup> of July 2020 between UDCORP and the City of Harare.
Caledonia Housing Project	The project stalled as a result of a lack of funding and a legally operational structure. UDCORP wrote to the Ministry of Local Government and Public Works to issue a Statutory Instrument that empowers the Corporation to collect development fees from beneficiaries.
Harare South regularisation	The project stalled as a result of a lack of funding.
Nyatsime Housing Project	The project stalled as a result of a lack of funding.
Harare North Housing Project	The project stalled as a result of a lack of funding.
Gimboki Housing Project	The project stalled as a result of a lack of funding.
Riverside Housing Project	Pending re-routing of the existing 33kv line, roads surfacing and issuance of title deeds.
Knockmalloch Youth	The land had been returned to the Beyond Reality Private Developers
Retreat Housing Project-Harare	The project stalled as a result of a lack of funding.
Umvutcha Housing Project-Bulawayo	The project was halted as a result of the proposed land falling into the Civil Aviation Authority of Zimbabwe restriction zones.

### 3.2. External Financial Audits- Audit Department

The Corporation's Audit Department audited eleven (11) Local Authorities in 2020 -the activities were negatively affected by the Covid 19 Pandemic induced lockdown restrictions. On the other hand, the Auditor General's Office continued the rotation of

clients without replacement. In the same year, the Corporation lost Chitungwiza Municipality and Hwange Local Board. The Corporation did not proceed with the 2020 audits for these two Local Authorities but concentrated on audits for the previous years (2016 to 2019).

### 3.3. Marketing initiatives

The Corporation managed to set up a new website as facilitated by the Marketing Department in order to improve the brand of the Corporation. The Marketing Department further engaged and marketed major projects to seventeen (17) Corporations in an attempt to make awareness of the Corporation's brand and to sell the Knockmalloch stands and Manresa Flats.

As part of Corporate Social Responsibility, the Corporation managed to donate goods to Cyclone Idai victims worth US\$90 000 (See Plate 3).

**Plate 3: Cyclone Idai donation**



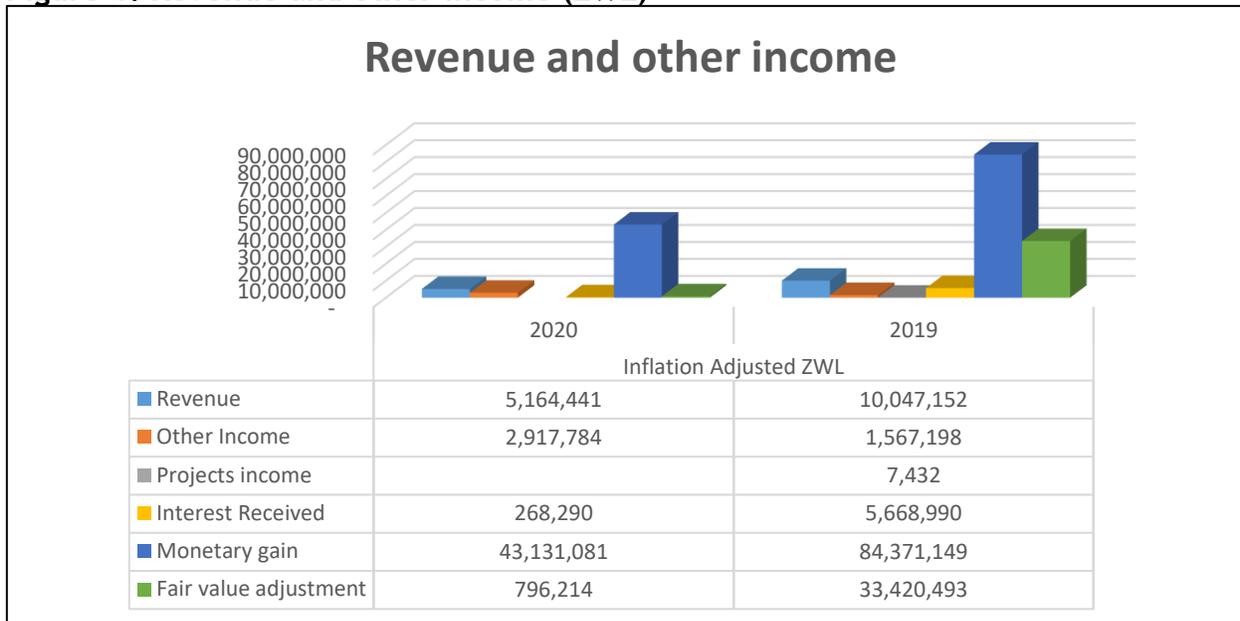
## CHAPTER 4: FINANCIAL PERFORMANCE

## 4.0. Financial Highlights for 2020

## i. Revenue

Revenue from Audit Fees of ZWL 5.2 million was generated, compared to ZWL 10 million in 2019. The decrease was mainly due to the effect of COVID-19 and also some of UDCORP's Audit clients, namely Local Authorities, being rotated from UDCORP without replacement by the Office of the Auditor General.

Figure 1: Revenue and other income (ZWL)



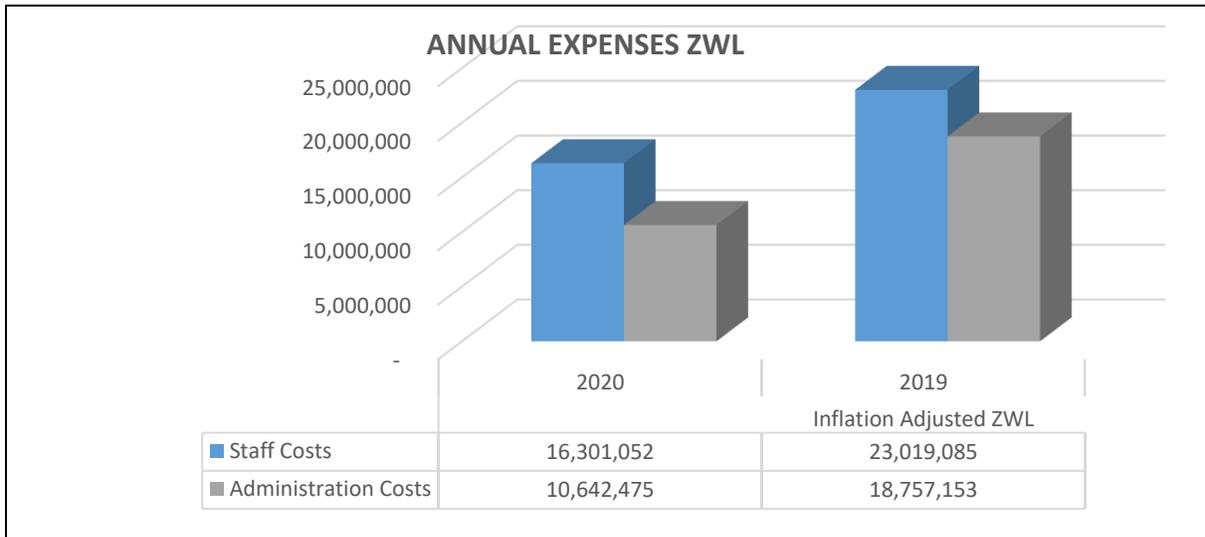
## ii. Other Income

Other Income consists mainly of rentals received from Investment properties.

## iii. Staff Costs

Staff costs decreased to ZWL 16 million in 2020, from ZWL 23 million in 2019, mainly due to inflation.

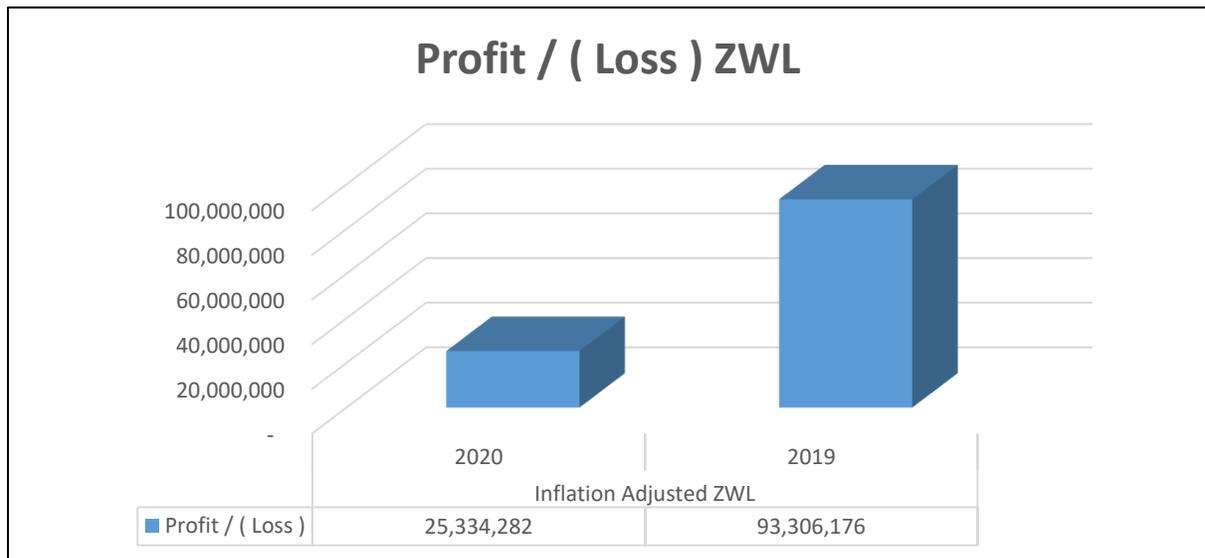
**Figure 2: 2020 Annual Expenses**



**iv. Profit**

A profit of ZWL 25 million was achieved for the year 2020, compared to ZWL 93 million in the previous year.

**Figure 3: Profit/Loss (ZWL)**



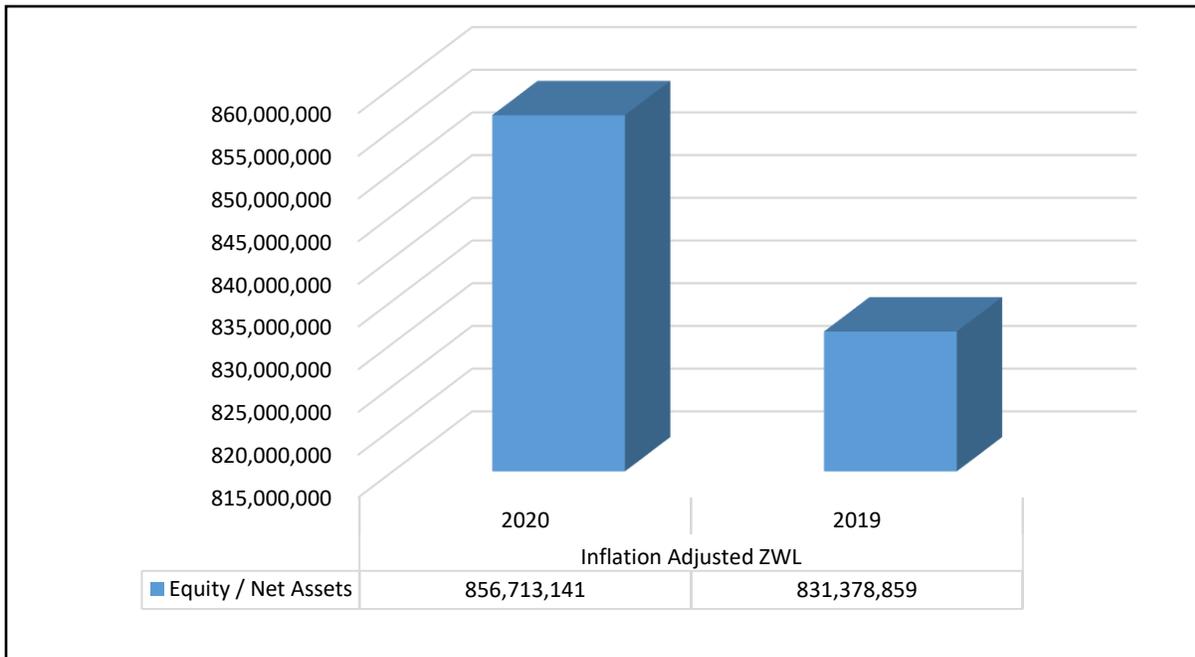
**v. Total Assets**

The total Asset base remained strong at ZWL 889 million due to significant investments done in Development Properties, which were used as a hedge against inflation thereby preserving value for UDCORP.

**vi. Equity**

As of 31 December 2020, equity was at ZWL857 million.

**Figure 4: Equity**



**viii. Projects**

Development of Manresa and Knockmalloch was significantly scaled down due to the prevailing economic situation

**ix. Treasury Bills**

The Corporation received USD30 million in the form of 5-year treasury bills on 19 April 2017 from shareholders as capitalisation funds. Treasury bills worth USD15 million were sold on 18 May 2017 at a discount of 41% and the balance were sold as indicated in the table below.

**M Table 4: Proceeds from sale of treasury bills**

PROCEEDS FROM SALE OF TREASURY BILLS	NOMINAL VALUE	DISCOUNTED VALUE	
	TOTAL	TOTAL	
<b>FOR THE PERIOD ENDED 31-12-2019</b>			
\$15 million Treasury Bonds sold at 41% discount	15,000,000	8,850,000	
\$2.5 million Treasury Bonds sold at a 17% discount	2,500,000	2,075,000	
\$2.5 million Treasury Bonds sold at a 13.6% discount	2,500,000	2,160,000	
\$1 million Treasury Bonds sold at a 22% discount	1,000,000	780,000	
\$6.8 million Treasury Bonds sold at an 18% discount	6,800,000	5,576,000	
\$1 million Treasury Bonds sold at an 18% discount	1,000,000	780,000	
<b>TBs Sold</b>	<b>28,800,000</b>	<b>20,221,000</b>	<b>70%</b>
<b>TBs with NBS escrow</b>	<b>1,200,000</b>	<b>1,200,000</b>	
<b>Total nominal value of TBs</b>	<b>30,000,000</b>	<b>21,421,000</b>	

**x. Utilisation of Treasury Bills**

The Treasury Bills received were used to kick-start the Knockmalloch and Manresa projects.

Table 5 shows how the recapitalisation funds were used:

## UDCORP 2020 ANNUAL REPORT

<b>Table 5: Utilisation and Capitalisation funds</b>		
<b>For The Period Ended 31 -12 -2019</b>	<b>AMOUNT</b>	
Opening Balance	-	
Proceeds From Sale of Treasury Bills	20,221,000	
Interest On Call & Fixed Deposit	1,432,695	
	<b>21,653,695</b>	
<b>Payments Made</b>		
Knockmalloch Project Costs	4,982,853	23%
Manresa Project Costs	9,882,218	46%
Regularisation Projects Advances	1,659,708	8%
Working Capital	2,900,361	13%
Legacy Debts	796,561	4%
Capital Expenditure	1,127,384	5%
Foreign Licence Fees	237,688	1%
Bank Charges	66,086	0%
<b>Total</b>	<b>21,652,859</b>	<b>100%</b>
Remaining Balance	836	
Cash And Cash Equivalentents	836	
IDBZ Current account	822	
IDBZ Call account	14	
IDBZ - Fixed deposit account	-	
NBS - Fixed deposit account	-	
Difference	-	

## CHAPTER 5: RISK MANAGEMENT

### 5.1. Risk Management Policy

i. **The Management committee's view on risk**

The Management Committee of UDCORP believes that the management of risk is a continual process and an integral part of good business management and corporate governance. Risk management is defined as the identification and management of those risks that could harm the Corporation. In general, risks for the Corporation may be classified as project, operational, reputational, credit and market risks. The Management Committee is cognisant that a measure of risk is inherent in management activities undertaken by the Corporation, and cannot and should not be eliminated. However, the Management Committee does not have any tolerance for intentional actions that breach the law or are reckless.

ii. **Responsibilities**

The Management Committee is responsible for setting the risk appetite of the Corporation and ensuring that an appropriate risk management framework is in place for the Corporation such that significant risks (financial and non-financial) facing the Corporation are identified, and appropriate systems and controls, metrics, monitoring and reporting mechanisms are put in place to enable the Management Committee to measure performance against the Corporation's approved risk appetite. The Management Committee is also responsible for ensuring that UDCORP's management operates within the Corporation's approved risk appetite.

In addition, the Management Committee has the responsibility to ensure internal controls and arrangements are adequate for monitoring compliance with laws and regulations applicable to the Corporation.

To assist them, the Management Committee established:

- an Audit, Risk and Compliance Committee that operates in accordance with statutory requirements and the Public Entities and Corporate Governance Act (Chapter 10:31) and
- reporting mechanisms from UDCORP's management responsible for the investment and administrative operations of the Corporation (as part of the Corporation's risk management framework).

## **5.2. Audit, Risk and Compliance Committee**

The Audit, Risk and Compliance Committee plays a key role in assisting the Board with its responsibilities relating to accounting, internal control systems, reporting practices and risk management, and ensuring the independence of the Corporation's external auditor. In addition, the Audit, Risk and Compliance Committee oversees and appraises the quality of audits conducted by UDCORP's internal audit function and the external auditor, and emphasises areas where the Committee believes that special attention is needed.

The Audit, Risk and Compliance Committee is comprised of the Non-Executive Directors of the Board. The external auditor attends meetings as requested by the Audit, Risk and Compliance Committee. The Audit, Risk and Compliance Committee operates in accordance with a charter, which outlines the structure and responsibilities of the committee.

## **5.3. Risk Management Framework**

Risks are analysed in the context of the Management Committee's risk appetite, strategic objectives and attitude to risk.

The Framework incorporates:

- systematic processes for the identification, assessment, treatment and monitoring of risks;
- communication and consultative processes to ensure UDCORP's management and staff are involved with the development and maintenance of risk profiles;
- integrated risk management in business planning, decision-making and day-to-day operational management;
- training programs to improve UDCORP's management and staff awareness of risks and management techniques; and
- periodical performance reporting to the Board.

UDCORP's Corporate Services Director is responsible for the coordination and continued improvement of the Framework. The Framework is formally reviewed annually, with results reported to the Audit, Risk and Compliance Committee.

A risk profile is maintained for the Corporation, which describes the risks (financial and non-financial) facing the Corporation and the key controls surrounding those risks. Any changes to the risk profile are reported to the Audit, Risk and Compliance Committee (immediately if significant, otherwise at the next Committee meeting). The risk profile is formally reviewed at least annually by UDCORP's management and presented to the Audit, Risk and Compliance Committee and the Management Committee on request.

The Corporation also has the following in place to ensure a strong control environment:

- clearly defined management responsibilities and organisational structure;
- delegated limits of authority defined by a delegations document;
- regular internal review and mechanisms including a management committee, and dedicated compliance and risk team (which incorporates internal audit);
- appropriate policies and procedures widely disseminated to, and understood by, employees;
- a business recovery plan, aimed at preventing significant disruptions to the business;

- a control self-assessment program, which includes regular testing of the key controls of identified risks, with results reported to the Management Committee; and
- controls on the use and maintenance of derivative instruments as part of its investment operations.

The Corporation's control environment is subject to regular testing by UDCORP's internal audit function. The Corporation's risk assessment is based on its operations and legacy issues. The Corporation is exposed to the following risks:

**i. Project Risk**

The Corporation's exposure to project risk largely remains driven by a lack of funding for its projects considering the illiquid market and macroeconomic factors prevailing in the economy. Project development is not dependent solely on the Corporation, but through guidance and supervision of the Government of Zimbabwe, through the Ministry of Government and Public Works and the National of National Housing and Social Amenities. The monitoring and evaluation of projects of the Corporation is under the supervision and responsibility of the Management Committee which reports to the main Management Committee for guidance.

**ii. Operational Risk**

The Corporation was affected by the coronavirus (COVID-19). The pandemic negatively affected the operations due to shutdowns and lengthy periods when the organisation was at a standstill. The Corporation adopted Government regulations on COVID-19 as well as prescribed health and protective guidelines being recommended regionally and internationally.

**iii. Credit Risk**

Owing to the effect that the Corona Pandemic noted above had on the Corporation, the projects of the Corporation were at a standstill for a while and as business was slowly recovering and project work continued, this impacted negatively on revenue as some

businesses never recovered and employees were being retrenched, hence, the ability to repay monthly instalments for many customers was hampered. The Corporation therefore had a slowdown in project works and this impeded the ability of the Corporation to repay its obligations.

**iv. Market Risk**

Macroeconomic factors negatively affected the Corporation as inflation and interest rates continued to soar and foreign exchange rates were responding accordingly. The Corporations' funds, capital and debtors' values continued to be eroded by inflation.

**v. Reputational Risk**

The Corporation had legacy issues it was carrying where previous management and matters had negatively tainted the Corporation. The Corporation has been in the process of transformation and rebranding itself through stakeholder engagement and appointing new management to turn around the image of the Corporation.

**vi. Compliance Risk**

The risk and compliance risk was being managed by the Corporation through its Internal audit department which reported to the Audit Committee which regularly reviewed the Corporation's risk and internal controls.

**ANNEXURE 1: 2020 AUDITED FINANCIAL ACCOUNTS**