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Robin Vela

From: Gilbert Gwatiringa <ggwatiringa@bdo.co.zw>
Sent: Thursday, 15 November 2018 11:26
To: Robin Vela
Cc: Ngoni Kudenga; Eliot Shadaya
Subject: RE: Questionnaire

Thank you so much Mr Vela. Much appreciated.

Kind Regards,

GILBERT GWATIRINGA

Partner
ggwatiringa@bdo.co.zw



BDO Zimbabwe Chartered Accountants
Kudenga House, 3 Baines Avenue, Cnr Prince Edward St
P O Box 334, Harare
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From: Robin Vela <robin.vela@lonsa.com>
Sent: Thursday, 15 November 2018 10:18 AM
To: Gilbert Gwatiringa <ggwatiringa@bdo.co.zw>
Cc: Ngoni Kudenga <nkudenga@bdo.co.zw>; Eliot Shadaya <eshadaya@bdo.co.zw>
Subject: RE: Questionnaire

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Dear Sirs

Please find attached my response to your questionnaire. My response is in conjunction with the 3 bumper dossiers provided to you on Monday 12 November 2018. The same must be read together.

I also wish to record that my response is delivered timeously, 6 hours ahead of the 4.30pm deadline you unilaterally set for today.

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Regards

Robin Vela

From: Gilbert Gwatiringa [<mailto:ggwatiringa@bdo.co.zw>]
Sent: Tuesday, 13 November 2018 08:14
To: Robin Vela <robin.vela@lonsa.com>
Cc: Ngoni Kudenga <nkudenga@bdo.co.zw>
Subject: RE: Questionnaire

Thank you Mr Vela.

We will go through the documents you have sent through and also look forward to receiving the questionnaire.

Kind Regards,

GILBERT GWATIRINGA

Partner
ggwatiringa@bdo.co.zw



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From: Robin Vela <robin.vela@lonsa.com>
Sent: Monday, 12 November 2018 4:55 PM
To: Gilbert Gwatiringa <ggwatiringa@bdo.co.zw>
Cc: Ngoni Kudenga <nkudenga@bdo.co.zw>
Subject: RE: Questionnaire

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Email 3 of 3

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112

From: Gilbert Gwatiringa [<mailto:ggwatiringa@bdo.co.zw>]
Sent: Monday, 12 November 2018 16:26
To: Robin Vela <robin.vela@lonsa.com>
Cc: Ngoni Kudenga <nkudenga@bdo.co.zw>
Subject: Questionnaire

Dear Mr Vela,

Further to the communication by Mr Kudenga's PA, please find the attached questionnaire covering issues from the NSSA forensic audit.

The document is password protected and I will send the password to your Whatsapp (+27 825 306 115).

Please go through the questionnaire and contact us if you want to discuss any of the areas covered. We need to finalise our report as soon as possible and as a result we would need you to send us the completed and signed questionnaire by 1630hrs (Harare time) on Thursday, 15 November 2018.

Kind Regards,

GILBERT GWATIRINGA

Partner
ggwatiringa@bdo.co.zw



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A small handwritten mark, possibly initials, is located at the bottom right corner of the page.

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Robin Vela

Subject: FW: ICFP: Members from Zimbabwe

Subject: FW: ICFP: Members from Zimbabwe

FYA.

From: chrisdebeer@icfp.co.za [mailto:chrisdebeer@icfp.co.za]

Sent: Monday, July 29, 2019 3:10 PM

Subject: FW: ICFP: Members from Zimbabwe

See the list of names below, sorry it took so long.

Please find a list of Members that are from Zimbabwe.

1. Mr Joel Zinhumwe	082 040 7091	joel@fidfund.co.za
2. Mr Kevin Chivere	082 040 8451	kevin@fidfund.co.za
3. Mr Derera Tendekay	074 518 5594	tendekayidererattt@gmail.com
4. Mr Stanly Machote	071 890 9492	smachote@gmail.com
5. Mr David Mchina	072 533 2057	david@corefc.co.za
6. Ms Eugene Sithole	083 588 1507	eugene.sithole@sng.gt.com

Regards

Chris de Beer Executive Manager

Cell No: 082 902 4667 | **Email:** chrisdebeer@icfp.co.za | **Telephone** +27 12 663 1961
9 Boabab Nook, Zwartkop, Centurion 0051 | P.O Box 17337, Lyttleton, 0140

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Please find a list of Members that are from Zimbabwe.

7. Mr Joel Zinhumwe	082 040 7091	joel@fidfund.co.za
8. Mr Kevin Chivere	082 040 8451	kevin@fidfund.co.za
9. Mr Derera Tendekay	074 518 5594	tendekayidererattt@gmail.com
10. Mr Stanly Machote	071 890 9492	smachote@gmail.com
11. Mr David Mchina	072 533 2057	david@corefc.co.za
12. Ms Eugene Sithole	083 588 1507	eugene.sithole@sng.gt.com

Kind regards

Robin Vela

Subject: FW: Zimbabwean Forensic Auditors

-----Original Message-----

From: IICFA, Inc (USA) [<mailto:info@iicfaglobal.com>]

Sent: Monday, July 29, 2019 3:45 PM

Subject: Re: Zimbabwean Forensic Auditors

Thank you very much for your e-mail and request.

Please find below the list of Zimbabweans who are members of the IICFA.

- 1.Elison Munyaka
- 2.Tamaku Miziriri
- 3.Peter Makoni
- 4.Alfred Godfrey Mathanda
- 5.Innocent Z. Chimbavaira

Please write back if you require any further information.

Best Regards,

Rosina Safoa Nyarko
Secretary/Registrar
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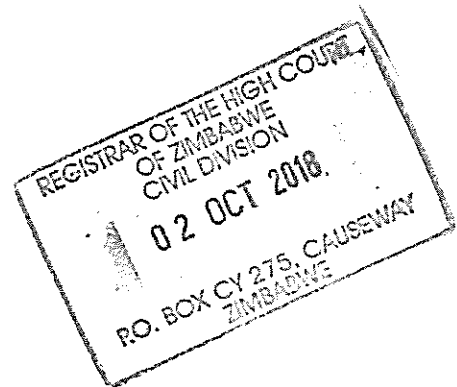
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HH 579/18
HC 7443/18

HOUSING CORPORATION OF ZIMBABWE (PRIVATE) LIMITED
versus
ZIMNAT LION INSURANCE COMPANY (PRIVATE) LIMITED
and
NATIONAL SOCIAL SECURITY AUTHORITY

HIGH COURT OF ZIMBABWE
MUREMBA J
HARARE, 21 August 2018 & 26 September 2018



Urgent Chamber Application

F Girach, for the Applicant
T Nyamasoka, for the first respondent
T Zhuwarara, for the second respondent

MUREMBA J: This is an application for a prohibitory interdict against the respondents. The salient facts of the matter are that the applicant entered into a written housing off-take agreement (the contract) with the second respondent, National Social Security Authority (NSSA) on 14 July 2017 in terms of which the applicant was the developer and the second respondent was the beneficiary. The applicant as the developer was to acquire land and construct 8000 housing units with the second respondent being an off-taker of all the housing units in question. Put differently, the applicant agreed to sell to NSSA and NSSA agreed to purchase all the completed housing units of the housing development project. The parties agreed on the terms and conditions governing their rights and obligations relating to the acquisition of land, construction and off-take of the housing units.

The rights and obligations of the parties under the agreement were subject to the fulfilment of certain conditions, one of them being that the developer (applicant) was to furnish NSSA (the second respondent) with an unconditional and irrevocable performance bond of US\$16 million issued by an insurance company or a bank in the form acceptable to NSSA and valid for the duration of the project. This condition was inserted for the benefit of NSSA as it was guaranteeing the fulfillment of the contract. Apparently, NSSA was supposed to pay an off-

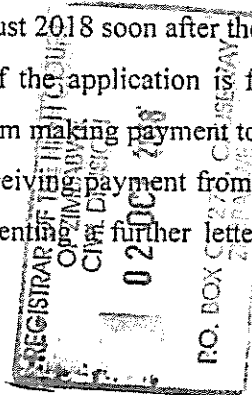
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take deposit of US\$16 million to the applicant. This money was to be applied towards the purchase price for the housing units. NSSA duly paid this deposit to the applicant. A performance bond also known as a contract bond is a surety bond or a written guarantee which is issued by a third party guarantor which can either be an insurance company or a bank to guarantee satisfactory completion of a project by a contractor. It ensures payment of a sum of money in case the contractor fails in the full performance of the contract. It usually covers 100 per cent of the contract price. It is not an insurance policy and if cashed by the principal (client/customer) in *casu*, NSSA, the payment amount is recovered by the guarantor from the contractor. In the present matter, the applicant then procured the required performance bond from the guarantor the first respondent, Zimnat Lion Insurance Company (Private) Ltd (Zimnat).

The housing development project was commenced sometime in 2017. However, alleging breach of the contract, NSSA on 25 July 2018 wrote a letter of demand to Zimnat demanding payment of US\$16 million. It averred in the letter that it was demanding payment because the applicant had failed to fulfill its obligations in terms of the housing off-take agreement in that it had failed to deliver any completed housing units. The applicant was advised of the demand by Zimnat by way of a letter dated 6 August 2018. It was advised that NSSA had made a call on the performance bond. On 7 August 2018 the applicant wrote to Zimnat indicating that the call on the guarantee was fraudulent and constituted a false declaration because on 15 March 2018 it had delivered to NSSA 53 completed housing units. The applicant also stated that there were a number of disputes that had been referred to arbitration including the termination of the housing off-take agreement between the applicant and NSSA. The applicant asked for a written undertaking from Zimnat by not later than 10 August 2018 to the effect that it would not enforce the call by NSSA pending determination of the various disputes between itself and NSSA. However, Zimnat gave no undertaking thereby prompting the applicant to file the present application on 15 August 2018 soon after the Heroes and Defence forces holidays.

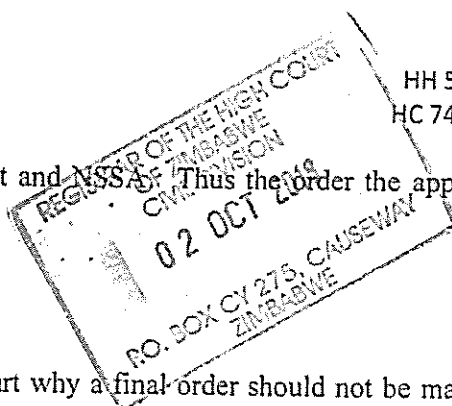
The purpose of the application is for the applicant to obtain an order restraining and interdicting Zimnat from making payment to NSSA and interdicting NSSA from executing on its letter of demand or receiving payment from Zimnat pursuant to the letter of demand it wrote to Zimnat and from presenting further letter of demand to Zimnat pending finalization of the



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arbitration proceedings currently pending between it and NSSA. Thus the order the applicant seeks is worded as follows.



"FINAL RELIEF SOUGHT

That you show cause to this Honourable Court why a final order should not be made in the following terms:

IT IS ORDERED THAT:

1. The letter of demand issued by the National Social Authority (NSSA) second respondent to Zimnat Insurance Company Limited (first respondent) calling on the performance Bond dated 25 July 2018 and received by Zimnat on 6 August 2018 was fraudulently issued and it is hereby set aside.
2. Second respondent (NSSA) shall pay the costs of suit on a legal practitioner and client scale.

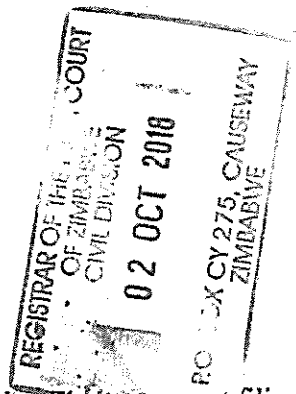
INTERIM RELIEF GRANTED:

That, pending finalization of this matter and the finalization of the Arbitral proceedings between applicant and second respondent, an interim order is hereby granted in the following terms:

1. The guarantor (first respondent) be and is hereby interdicted and restrained from making any payment to the beneficiary (second respondent) under and in terms of the Performance Bond pursuant to the second respondent's letter of demand; and
2. The second respondent (beneficiary) be and is hereby interdicted and restrained from seeking to execute on its letter of demand in relation to the Performance Bond, or receiving any payment from the guarantor (first respondent) pursuant to the letter of demand; and
3. The second respondent (beneficiary) be and is hereby interdicted and restrained from presenting any further letter of demand in relation to the Performance Bond to the first respondent (guarantor) pending the finalisation of the arbitration proceedings currently pending between the applicant (developer) and the second respondent (beneficiary).
4. The second respondent shall pay the costs of this application"

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HH 579/18
HC 7443/18

Mr. *Nyamasoka* for Zimnat submitted that Zimnat was not filing any papers in response to the application, but would stand by the court's decision.

NSSA filed opposing papers to the application and raised quite a number of points *in limine*. However, at the hearing it abandoned some of them as they formed part of the merits of the matter. Below, I deal with those that were argued.

Application is defective for non-compliance with Rule 241 (1) of the High Court Rules 1971

NSSA averred that the applicant's application ought to have been in Form 29 as modified by Form 29B i.e. a hybrid of the two forms but it used neither of the forms yet the provisions of rule 241 (1) are peremptory. The application had to be served and indeed was served but was not in Form 29. Mr. *Girach* for the applicant submitted that in terms of Rule 241 (1) a chamber application must be in Form 29 B but in terms of the *proviso* where a chamber application is to be served on an interested party, it shall be in Form No. 29 with appropriate modifications. He submitted that the form used by the applicant was form 29 with appropriate modifications. He further submitted that in terms of Rule 229 (c) the adoption of an incorrect form or application is not a ground for dismissal of an application unless there is prejudice to the other party of which the second respondent did not speak of having suffered any prejudice. It was Mr. *Girach's* further submission that the applicant had set out the respondents' rights including the right to file opposing papers and the grounds upon which the application was being made. He argued that in that regard there was compliance with rule 241 (1). He implored the court to employ r 4 (c) if the applicant was in error.

As was correctly put by Mr. *Girach*, in terms of the *proviso* to rule 241 (1) where a chamber application is to be served on an interested party it shall be in form 29 with appropriate modifications.

Form 29 is for use in ordinary court applications. It alerts the respondent of the court application, his right to oppose the application within the specified time and the consequences of failure to file opposing papers timeously. Form 29B is for chamber applications which do not require to be served on interested parties. It requires that the substantive grounds for the application be stated in summary form on the face of the form. See *Marick Trading (Private)*

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Limited v Old Mutual Assurance Company of Zimbabwe (Private) Limited & Anor 2015 (2) ZLR 342 .

In *casu* the chamber application was to be served on the respondents and it was served. Therefore form 29 with appropriate modifications would be applicable. What constitutes appropriate modifications is not defined. In *Base Minerals Zimbabwe (Private) Limited & Anor v Chiroswa Minerals (Private) Limited & Ors* HH 559/14 MAFUSIRE J held that:

"In my view, once the chamber application becomes one that must be served then the respondent is entitled to a period within which to file opposing papers. The "appropriate modifications" would include, in my view, a fusion of the contents of Form 29 and those of Form 29B. In other words, it becomes a hybrid containing both "... the plethora of procedural rights ..." of Form No. 29, including the *dies induciae*, and a summary of the grounds of application of Form No. 29B."

The form used in the present matter reads as follows.

"Take notice that the applicant hereby files an urgent application seeking a prohibitory interdict against 1st and 2 respondents restraining and interdicting them jointly and severally ..."

It goes on to outline the order being sought. Thereafter it gives a summary of the grounds of the application. It further states that the affidavit of Stephen Patrick Duggan together with the attachments attached thereto are tendered in support of the urgent chamber application for a Prohibitory Interdict. It further tells the respondents that if they wish to oppose the application they must file opposing papers and attend the urgent hearing in the Judge's chambers when the matter is set down.

The form is thus a hybrid of Form 29 and Form 29B as it alerted the respondents of their procedural rights if they wished to oppose the application. It also gave a summary of the grounds of the application. The form thus complies with r 241 (1). Other than saying that the application does not comply with r 241 (1) NSSA did not say in what way it does not comply. It is not enough for a respondent to say that the application does not comply with a certain provision and end there without stating in what way the application lacks compliance. It is not the duty of the court to establish on its own in what way the application lacks compliance. The litigant or party raising an issue should state clearly how the rule of the court has not been complied with.

In view of the foregoing the point *in limine* is dismissed.

The matter is not urgent

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NSSA argued that the applicant ought to have delivered the first batch of 250 housing units to it by 4 February 2018 in terms of the agreement, but it failed. It contended that as such it was in breach. From that date onwards the applicant knew that the performance bond could be called anytime by NSSA. If there was any doubt about the breach, the letter dated 12 June 2018 which was written by NSSA to the applicant made it clear that the applicant was in breach, but the applicant at that time took no steps to stop NSSA from calling on the bond. The duty to act arose as at that time and since it took no action then, the matter cannot be urgent now.

Mr. *Girach* argued that the duty to act only arose when it came to the applicant's attention on 6 August 2018 that NSSA had written a letter to Zimnat on 25 July 2018 calling on the performance bond. He argued that the applicant could not have acted on the letter of 12 June 2018 by NSSA because the performance bond had not been called or demanded. He argued that the applicant could not have come to court to seek an interdict before the bond had been called.

I am in agreement with Mr *Girach*. The duty to act only arose after the performance bond had been called up. Before that the applicant had no basis to approach the court for an interdict. Besides, the letter of 12 June 2018 that NSSA wrote was written in response to a letter it had received from the applicant which was saying that the applicant had cancelled the off-take agreement because NSSA had breached the terms and conditions thereof. NSSA's letter of 12 June 2018 was refuting breach and was instead alleging breach by the applicant. NSSA stated that there were no grounds for termination of the agreement between the parties. It stated that it would ignore the purported termination and insist on its rights in terms of the agreement. There was no notice that NSSA was moving towards calling of the performance bond. As such there was no basis for the applicant to approach this court with an application for an interdict as at that time.

In the result, I dismiss this point *in limine*.

The draft order sought is defective

NSSA submitted that the order being sought for it to be interdicted from presenting a further letter of demand to the first respondent calling on the Performance Bond pending finalisation of the arbitration proceedings currently pending between the applicant and the

second respondent is defective because there were no pending arbitration proceedings between the parties.

I will dismiss the point *in limine* because as at the time of the hearing of this matter on 21 August 2018, arbitration proceedings had commenced between the parties. On 10 August 2018 the applicant had written to the commercial Arbitration Centre for the appointment of an arbitrator. On 16 August 2018 the Commercial Arbitration Centre had written to the applicant giving it a list of arbitrators the parties could choose from. On 20 August 2018 the applicant served the second respondent, NSSA with arbitration papers signaling commencement of the proceedings. Therefore the order being sought is not defective.

The Affidavit is unnecessarily lengthy and argumentative

NSSA submitted that the application is argumentative and voluminous comprising a 62 paged founding affidavit and a total of 180 pages inclusive of annexures yet the only issues it raises are that the off-take agreement was varied and that NSSA committed fraud. NSSA contended that the intention of the applicant in filing such an application was to confuse the court by confusing issues in a bid to obtain a favourable result to it. Mr. Zhuwarara submitted that the Supreme Court has taken the position that such applications ought to be struck off or dismissed with costs *de bonis propriis* on the higher scale.

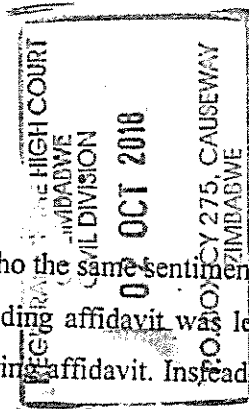
The applicant disputed that it tried to muddy the waters by the voluminous application. It averred that the matter in issue is complex and it was proper to refer to the contract extensively so as to set out the case in light of the serious allegation of fraud it makes against NSSA.

I am in agreement with NSSA that the application is voluminous. Whilst it was necessary for the applicant to go into the details of the contract at length in order to set out its case, it could have done so in summary form and without being unnecessarily repetitive. The purpose of the founding affidavit is to set out succinctly the facts that form the basis of the cause of action. It should not be replete with argumentative and irrelevant matters. See *Africa Resources Limited and 2 Ors v Gwaradzimba and Ors* 2011 (1) ZLR 105 (S). At p 116 CHIDYAUSIKU CJ (as he then was) said,

“The litigant’s legal practitioner should ensure that affidavits filed of record comply with the rules. It is irresponsible and unprofessional for the legal practitioner to simply reproduce as affidavits the statements the litigant makes to his legal practitioner. Persistence with this type of pleading may lead to the court awarding costs *de bonis propriis* against the offending legal practitioners.”

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I would like to echo the same sentiments in the present matter. The whole application was a pain to read. The founding affidavit was lengthy and repetitive. The applicant did the same thing again in the answering affidavit. Instead of responding to the issues raised by NSSA in its opposing affidavit, it went on a frolic of its own, dealing with totally irrelevant matters. It failed to simply address the points *in limine* as raised by NSSA. It chose to come up with its own subheadings. It was frustrating to read the answering affidavit. At the hearing I even registered my displeasure to the applicant's counsel. Mr. *Girach* apologised. Whilst I am not impressed by the applicant's voluminous papers I do not think that justice will be served by striking off the matter from the roll. In *Africa Resources Limited and 2 Ors v Gwaradzimba and Ors supra* the Supreme Court did not strike off the matter. It said that the court may consider awarding costs *de bonis propriis* against the offending legal practitioner. I thus dismiss the point *in limine*.

Applicant adopted the wrong procedure

NSSA submitted that in terms clause 27 of the Off-take Agreement the parties agreed that any dispute arising between the parties would be referred to arbitration. The applicant has therefore adopted the wrong procedure by approaching this court. It should have instituted arbitration proceedings.

In response it was correctly argued on behalf of the applicant that the performance bond states in clause 3 (iv) that "this guarantee shall be governed by and construed in accordance with the Law of Zimbabwe and shall be subject to the jurisdiction of the Zimbabwean Courts." This clause entitles the applicant to approach the courts for a relief in the event of a dispute arising in respect of the performance bond. The primary relief being sought is to interdict Zimnat from making any payment to NSSA under the performance bond on the basis that NSSA's demand is fraudulent. ZIMNAT is not a party to the off-take agreement and as such it cannot be joined in any arbitration proceedings. With Zimnat not having given an undertaking that it would not make payment to NSSA, the applicant's only recourse in order to stop Zimnat from paying is to approach the court for an interdict. Besides, clause 27:11 of the off-take agreement allows either the applicant or NSSA to approach this court for an interim relief pending determination of arbitral proceedings. It states that:

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"Any party hereto shall have the right to approach the High Court of Zimbabwe for the purpose of obtaining an interim relief pending the determination of any dispute through arbitration."

Moreover, in terms of Article 9 (2) of the Model Law a party is entitled to apply to this court for an interdict or other interim relief pending determination of arbitral proceedings.

"(1) It is not incompatible with an arbitration agreement for a party to request, before or during arbitral proceedings, from the *High Court* an interim measure of protection and, *subject to paragraphs (2) and (3) of this article, for the High Court to grant such measure.*

(2) *Upon a request in terms of paragraph (1) of this article, the High Court may grant—*

(a).....

(b).....

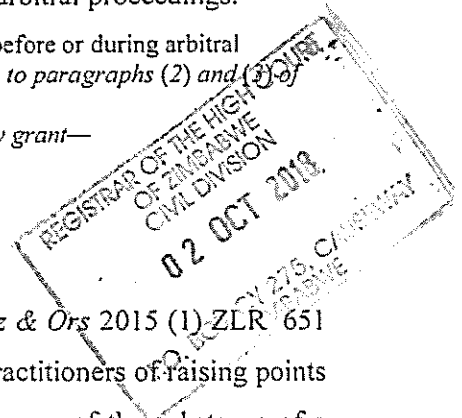
(c) *an interdict or other interim order.*"

Consequently, I dismiss this point *in limine*.

Mr. *Girach* referred to the case of *Telecel Zimbabwe v Potraz & Ors* 2015 (1) ZLR 651 (H) at 650 C-E where MATHONSI J bemoaned the practice by legal practitioners of raising points *in limine* that do not have the remotest chance of success at the expense of the substance of a dispute. He stated that a preliminary point should only be taken where it has merit and is likely to dispose of the matter. He said that it may be necessary to rein in the legal practitioners who abuse the court in that way by ordering them to pay costs *de bonis propriis*. This is exactly what the second respondent, NSSA did in the present matter. It raised 8 points *in limine*, it abandoned 4 because they were either a repeat of the other points *in limine* or they touched on the merits of the matter. All of them were without merit. I share the same sentiments with MATHONSI J that offending legal practitioners ought to be visited with costs *de bonis propriis*. However, in the present matter I will not do so because the applicant's counsel submitted that it was not asking for counsel for NSSA to be visited with such costs. Maybe he was afraid that NSSA's counsel would also make the same prayer against him for the lengthy and voluminous application. It is my hope though that NSSA's counsel will take heed and avoid raising unnecessary and unmerited points *in limine* in future.

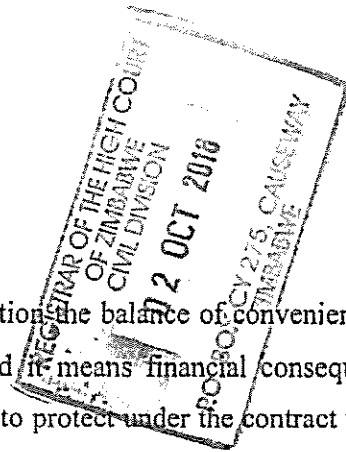
Merits of the case

It is the applicant's contention that NSSA's letter of demand calling on the performance bond is fraudulent and is marred with falsehoods because it (the applicant) has delivered some housing units to NSSA. It averred that there was never correspondence or communication by NSSA saying that the applicant had failed to deliver in terms of the contract and that NSSA was resultantly cancelling the contract and that it was going to call on the bond. Now that the dispute



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has been referred to arbitration the balance of convenience favours the granting of the interdict because if it is not granted it means financial consequences to the applicant. The applicant averred that it has interests to protect under the contract with NSSA and under the contract with Zimnat as well. The injury or harm to the applicant is that it will have to make good the loss the guarantor, Zimnat will suffer if it pays the sum demanded by NSSA. The applicant averred that there is no other remedy that is available to it to protect its interests. It contended that claiming damages after having made payment to Zimnat will be of little solace as it will be needlessly expensive and time consuming. The balance of convenience favours the maintenance of the status *quo ante* until the rights of the parties are determined at arbitration.

It is NSSA's contention that the applicant failed to deliver in terms of the contract. Delivery of immovable property is activated by transfer of title. No transfer documents were given to NSSA although it was invited to come and inspect the housing units that were completed. NSSA maintained that the applicant was in breach of the contract. Mr. *Zhuwarara* argued that the law relating to performance bonds is such that they are payable on demand. He argued that the courts will not interfere irrespective of the existence of a dispute between the parties. In *casu* the applicant failed to comply with the performance time lines. It failed to deliver the first batch of 250 housing units within 180 days from the commencement date of the agreement. The applicant admitted that it completed 50 housing units only. Even then the applicant did not deliver the title deeds for those housing units as required in terms of the agreement. It was argued that NSSA was therefore entitled to call on the performance bond as it did.

NSSA averred that in terms of clause B1 of the Performance Bond Zimnat is liable to pay the sum of US\$16 million to it upon

"receipt of the principal's [NSSA] demand in writing accompanied by their declaration that the amount claimed is due by reason of the contractor (applicant) having failed to fulfil their obligations as contained in the said agreement."

NSSA averred that the effect of the demand is set out in clause B2 of the Performance Bond. It reads as follows.

"The demand and declaration shall be accepted as conclusive evidence that the amount claimed is due to the principal under this guarantee."

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REGISTRAR OF DEEDS
OF ZIMBABWE
CIVIL DIVISION
20 OCT 2018

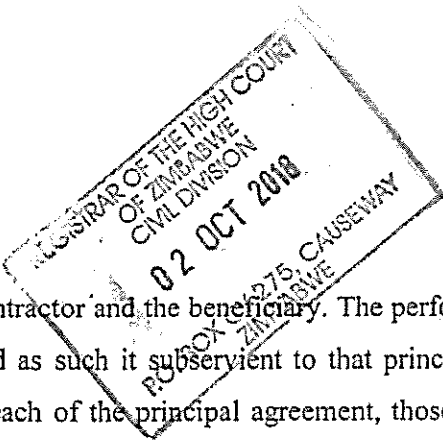
NSSA contended that once called on the only obligation that arises on the part of Zimnat is for it to make payment on the bond within 60 days from the date of receipt of the demand except where there is fraud. NSSA averred that the applicant is aware of this only exception and this is perhaps why it has made bald and unsubstantiated allegations of fraud in its application. No fraud exists in this matter.

What is apparent is that there is a serious dispute between the applicant and NSSA. The pith of the dispute is that there was breach of the off-take agreement. Each party alleges breach by the other party. They cannot even agree on what was the commencement date of the contract. Whilst the applicant avers that there was a variation of the initial agreement, NSSA vehemently denies it. The failure by the parties to agree on what the commencement date of the contract was has caused them not to agree on the date on which the first batch of 250 housing units ought to be delivered or ought to have been delivered by the applicant. Whilst the applicant avers that it has until October 2018 to do so, NSSA avers that these ought to have been delivered by February 2018. It is not disputed that as far back as 29 May 2018 the applicant was already alleging breach of contract by NSSA. On 12 June 2018 NSSA wrote to the applicant disputing that it was in breach. NSSA was insisting on its rights in terms of the agreement.

In view of the foregoing and that the dispute between the parties has since been referred to arbitration, I am inclined to grant the interdict the applicant is seeking. It is alleging fraud on the part of NSSA. In the meantime the balance of convenience favours the granting of the interdict as it will ensure that the status *quo ante* is maintained until a determination is made on the issue. Allowing Zimnat to pay on the Performance Bond has financial consequences to the applicant which will be called on to make good the loss that will be suffered by Zimnat. There is therefore a well-grounded apprehension of irreparable harm if the interim relief is not granted and the ultimate relief is granted. There is no other satisfactory remedy available to the applicant. If an injury which could give rise to a claim in law is apprehended, the person against whom an injury is about to be committed is not compelled to wait for the damage and sue afterwards for compensation. He can move the court to prevent any damage being done to him. See *Heilbron v Blignaut* 1932 WLD 167 @ 169.

I am not in agreement with Mr. *Zhuwarara* that once a performance bond is called on, payment should be made irrespective of the fact that the issue of breach is disputed between the

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contractor and the beneficiary. The performance bond is an accessory to the principal agreement and as such it is subservient to that principal agreement. If there are issues that are centered on breach of the principal agreement, those issues should be resolved first before payment on the performance bond can be made. If payment is allowed to be made in every case where a demand is made by the beneficiary irrespective of the fact that the other party is disputing that it is in breach, then the party disputing breach stands to be prejudiced without being given an opportunity to be heard. This is in contravention of s 69 of the Constitution of Zimbabwe Amendment (No.20) Act 2013 which provides that in the determination of civil rights and obligations, every person has a right to a fair hearing. If an opportunity to be heard is not granted, nothing will stop beneficiaries of performance bonds from simply alleging breach and calling on the performance bond if they just decide for no apparent reason to resile from agreements. It is my considered view that the demand that is made by the beneficiary is subject to there being no dispute on the issue of breach of the contract.

In the result, I will grant the provisional order being sought by the applicant. However, I will amend the draft order so that it reads well. The issue of costs will be dealt with by the parties on the return date.

It be and is hereby ordered that:

Pending determination of the matter on the return date, an interim order is hereby granted in the following terms:

5. The guarantor (first respondent) be and is hereby interdicted and restrained from making any payment to the beneficiary (second respondent) under and in terms of the Performance Bond pursuant to the second respondent's letter of demand.
6. The second respondent (beneficiary) be and is hereby interdicted and restrained from seeking to execute on its letter of demand in relation to the Performance Bond, or receiving any payment from the guarantor (first respondent) pursuant to the letter of demand.
7. The second respondent (beneficiary) be and is hereby interdicted and restrained from presenting to the first respondent any further letter of demand in relation to the Performance Bond.

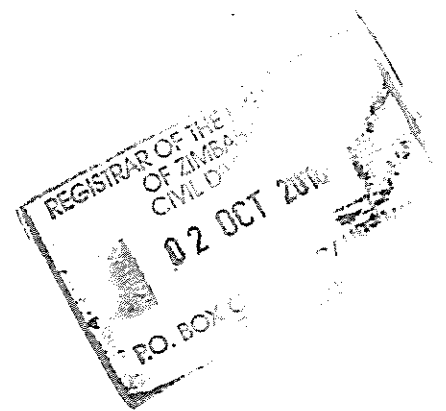
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Zigomo legal practitioners, Applicant's legal practitioners
Atherstone & Cook, first respondent's legal practitioners
Mawere Sibanda, second respondent's legal practitioners



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GILL, GODLONTON & GERRANS

LEGAL PRACTITIONERS

ATTORNEYS, NOTARIES & CONVEYANCERS
PATENT & TRADEMARK AGENTS
EXECUTORS & ADMINISTRATORS OF
ESTATES

IN REPLY PLEASE QUOTE

OUR REF:

Mr. Lloyd/ht

YOUR REF

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2708094-9
2705528-30/34
2707224-8
2707686-9

25 March 2019

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Mawere Sibanda
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Dear Sirs

ARBITRATION : HOUSING CORPORATION ZIMBABWE (PVT) LTD (HCZ) v
NATIONAL SOCIAL SECURITY AUTHORITY (NSSA)

I refer to the letters addressed to me by Zigomo Legal Practitioners on 18 and 21 March 2019, and now attach my final award. Originals may be collected from my office.

Yours faithfully,


P C LLOYD
ARBITRATOR

PARTNERS

Peter Carnegie Lloyd B.L. (Hons); LL.B., LL.M., FCI Arb., Susan Mary Brighton B.L. (Hons), LL.B., LL.M., Mordecai Pilate Mahlangu B.L. (Hons.), LL.B., Kay Ncube B.L. (Hons.), LL.B., Raymond Moyo LL.B. (Hons.), Simon Sadomba LL.B. (Hons.), Herbert Mutasa LL.B. (Hons.), Naboth Francis Matingo LL.B. ACIS; Tapuwa Thomas Pasirayi LL.B. (Hons.), Duduzile Ndawana LL.B., LL.M., Khalifa Soraiya Mahomed BSS. LL.B., Constance Mabhande LL.B. (Hons), Brian Kudzalshe Mataruka LL.B. (Hons), Dp (Mining)

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IN THE MATTER OF THE ARBITRATION

between

HOUSING CORPORATION ZIMBABWE (PVT) LTD

CLAIMANT

and

NATIONAL SOCIAL SECURITY AUTHORITY

RESPONDENT

FINAL AWARD

I refer to the partial award in this matter delivered by me on 22 February 2019.

The partial award was incomplete, in that it left over for determination the question of costs. The Claimant has now indicated that it will not pursue its entitlement to an award in respect of costs. In the circumstances the substantive portion of my partial award now constitutes a final award, in the following terms –

The Respondent shall pay the Claimant damages in the sum of \$30 million, together with interest thereon at the prescribed rate of 5% per annum from 22 February 2019.


P C LLOYD

Arbitrator

Harare

Date: 25 March 2019



IN THE MATTER OF THE ARBITRATION

between

HOUSING CORPORATION ZIMBABWE (PVT) LTD

CLAIMANT

and

NATIONAL SOCIAL SECURITY AUTHORITY

RESPONDENT

PARTIAL AWARD

1. This award relates to a dispute between the Claimant (HCZ) and the Respondent (NSSA). I was appointed as arbitrator in this dispute by the Commercial Arbitration Centre in Harare by letter dated 24 August 2018, and my appointment was duly accepted by both parties.
2. Pre-hearing meetings were held on 7 September 2018 and 20 November 2018 for the purpose of managing the arbitration process. In due course HCZ filed its statement of claim, NSSA filed its statement of defence and counterclaim, HCZ filed its reply to the statement of defence together with its statement of defence to the counterclaim, and NSSA filed its reply to the last mentioned document.
3. In advance of the hearing NSSA amended its counterclaim, and HCZ filed an amended composite document, being its original reply to NSSA's statement of defence together with an amended statement of defence to the counterclaim.
4. The parties in addition prepared and filed reasonably voluminous bundles of documents, all indexed and paginated, together with a copy of the High Court papers in case number H.C. 7443/18, which related to certain interim relief sought by HCZ and granted by the court.
5. The arbitration hearing spanned three successive days, commencing on 4 February 2019. HCZ was represented by Advocate Tivadar, and NSSA by Advocate Zhuwarara.
6. At the commencement of the hearing Mr Zhuwarara asked me to make a ruling on certain matters relating to the definition of the issues in dispute, and the necessity for the leading of evidence. Given that the arbitration was about to commence I was not inclined to take up his invitation to make a ruling on these points. He also sought to have the question of HCZ's entitlement to claim certain

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relief sought by it dealt with as a preliminary point. I ruled that the issue in question be dealt with in argument to be presented by the parties in due course.

7. Thereafter HCZ led two witnesses – Messrs Swarts and Stuart – and NSSA led evidence from Mr Chihota.
8. After the conclusion of evidence, I was addressed by both counsel, and written submissions were filed. I am grateful to both counsel for the assistance furnished to me, and for their contribution to the pleasant atmosphere in which the arbitration took place.

Factual Background

9. NSSA is a statutory body established in terms of the National Social Security Act [Chapter 17:04], and HCZ is a Zimbabwe registered company. On 14 July 2017 they entered into what was termed a Housing Offtake Agreement (the Agreement). I will have more to say about the Agreement hereunder, but for present purposes it is sufficient to say that it envisaged the construction by HCZ and delivery to NSSA of 8000 housing units at an agreed price per housing unit, and in batches of 250 houses over an agreed timeframe.
10. While there is now contention as to whether various contractual formalities were attended to (as will become clear below), it is not in dispute that NSSA made a prepayment of \$16 million to HCZ as required by the Agreement, that certain infrastructural works were undertaken by HCZ, and that in the end it constructed a total of 53 completed housing units, with a number of others being in various states of completion.
11. For whatever reason, though, by the first half of 2018 all was not well with the Agreement. Many meetings ensued, and correspondence and emails were exchanged, in which HCZ was complaining about NSSA's behaviour, or lack of action; and all of this culminated in HCZ writing a letter on 29 May 2018 terminating the Agreement.
12. This very brief précis sets the background to the dispute between the parties, and the respective claims made by each of them against the other.




The Respective Claims

13. In this arbitration HCZ asserts that the behaviour of NSSA amounted to a repudiation by it of the Agreement; or alternatively that it constituted a material breach of the Agreement which NSSA failed to remedy notwithstanding having received notice so to do. Either way, HCZ contends, it was entitled to terminate the Agreement as it did. As a consequence of the termination HCZ claims damages in the sum of \$2 316 000 and \$56 842 364, together with interest thereon *a tempore morae* and costs.

14. For its part NSSA denies any repudiation or breach; denies any entitlement on the part of HCZ to terminate the Agreement; asserts that it was HCZ which was in breach of its contractual obligations, and claims:

- an entitlement itself to cancel the Agreement;
- an award that HCZ "is to cause the payment of US\$ 16 million" in terms of an Advance Payment Guarantee which is in place (incidentally – the subject of the High Court litigation);
- damages at the rate of \$5 000 per day from 4 February 2018 to date of payment of the US\$ 16 million just mentioned; and
- costs.

The Agreement

15. The Agreement is different in material respects to what one might term a standard building contract e.g. the local NJPC contract. Thus:

- there is no overall contract sum;
- there is no priced bill of quantities;
- no reference is made to any preliminary and general sum, intended to cover head office costs, plant costs, costs of establishing on site and demobilizing from site, and so on;
- there are no detailed procedures laid down to determine the consequences of variations to the works, price escalations, and the like; and

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- no independent consultant is appointed at commencement of the contract as the client's representative to oversee the works, adjudicate on claims, and so on.

16. Rather, the essence of the Agreement is that:

- NSSA is to be the sole off-taker of all housing units developed by HCZ;
- it envisages that a total of 8000 units will be developed throughout the project, constructed in phases, with the first phase involving 2000 units;
- the Agreement is subject to certain conditions precedent, set out in clause 3;
- the effective date of the Agreement is said to be the date of fulfilment or waiver of the last of the conditions precedent (clause 4);
- the purchase price for each housing unit is fixed at US\$38 000, with payment being made for each batch of 250 units produced, subject to five specified conditions being met (see clause 6.3);
- NSSA is to pay an "offtake deposit" of US\$16 million, as previously mentioned;
- HCZ is given a number of "pre-construction obligations" to fulfil prior to commencement of work on the housing units (clause 8.1) – these include securing title of or development rights to the land in question; servicing the land; procuring all town planning approvals, building regulatory approvals and the like; procuring various insurance policies; and submitting to NSSA detailed designs for the housing units for approval;
- upon HCZ complying with its obligations in terms of clause 8.1, clause 8.2 provides that *"the Parties shall meet and record in writing and sign off on an agreed date as the date of fulfilment of the pre-construction obligations"*. The date which is seven days from that agreed date is then specified as being the "Commencement Date" – see clause 1.6;
- HCZ is obliged to commence work on the housing units on the Commencement Date (clause 10.1), and is required to deliver the first batch of 250 housing units within 180 days from the Commencement Date (clause 12.2). Thereafter housing units are to be delivered at the rate of at least 250 during each two month period thereafter (clause 12.3);
- the land upon which housing units are to be constructed is identified in a schedule to the Agreement, and it is common cause that it is the

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responsibility of HCZ at its own cost to acquire the land or to procure title to the land in the name of NSSA;

- in the event of HCZ failing to deliver batches of housing units on time, it becomes liable to pay NSSA liquidated damages calculated at the rate of US\$5 000 per day (clause 13);
- clause 14 provides that NSSA shall have the right throughout the duration of the project and at any stage of development to appoint an engineer and "other consultants and experts" to inspect the works and carry out other functions. That said, it is clear that an engineer has to be appointed by the time that housing units are tendered for delivery by HCZ, since he has the responsibility to "sign off" on the units. In addition, the engineer has a role to play if there is a proposal for a variation to the works – see clauses 6.6 to 6.8;
- clause 24.3 of the Agreement, on which reliance is placed by HCZ in these proceedings, reflects an undertaking by the parties as to the manner in which they will deal with each other, and reads as follows:

"The Parties undertake at all times to do all such things, perform all such actions and take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement";

- clause 22.1 of the Agreement contains a reasonably standard "termination" provision entitling either party to terminate the Agreement if the other party commits a breach, and fails to remedy such breach having received written notice so to do;
- finally, there is a clause dealing with the consequences of inflation. It is clause 6.5, and reads as follows:

"Should the country's inflation rate exceed 5% ... per annum during the course of the project, [HCZ] reserves the right to renegotiate the purchase price per housing unit with NSSA and any change in price shall be agreed to by NSSA and reduced to writing and signed by the Parties".

17. In the bullet points appearing immediately above, I have attempted to give a summary of the terms of the Agreement in so far as they are relevant to the disputes between the parties. Save where I have quoted passages from the

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document, my summary is not intended to be anything more than a précis. Self-evidently, I have not listed the provisions in the order in which they appear in the Agreement. Furthermore, the Agreement contains many other provisions to which I have not thought it necessary to make reference.

18. The Agreement was described in the arbitration hearing as being “bespoke”. Whether it is or not, that is the contract which the parties, in their wisdom, decided to enter into.

Did NSSA repudiate, or was it in material breach of, the Agreement?

19. As already mentioned, it is HCZ’s position that it was entitled to terminate the Agreement on 29 May 2018 because, by that date, NSSA had repudiated its obligations in terms of the Agreement, or alternatively was in material breach of the Agreement and had failed to remedy its breach notwithstanding having received notice so to do.
20. In the first instance I shall examine whether I believe HCZ has established, on the evidence, that NSSA’s conduct or inaction amounted to a repudiation of the Agreement. In passing I note, however, that there is a very substantial overlap between this inquiry, and the inquiry as to whether there was an un-remedied breach entitling HCZ to terminate. Essentially the same conduct, or inaction, is relied upon by HCZ in both cases.
21. In making its case of repudiation by NSSA, essentially HCZ relies on five separate sets of circumstances. These are: first, NSSA’s failure to record and sign off the agreed Commencement Date as required by clause 8.2; secondly, NSSA’s failure to appoint an engineer; thirdly, NSSA’s reticence in negotiating a requested inflation adjustment; fourthly, NSSA’s refusal to sign an addendum to the Agreement reflecting agreed terms for an acceleration of the project; and fifthly, “NSSA’s general refusal to administer and operate the Agreement”. I will deal with the first four contentions in turn. The fifth is a general complaint which does not, as I understand it, have a separate life of its own.

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The failure to agree and sign off on the Commencement Date

22. The fixing of the "Commencement Date" in terms of the Agreement was manifestly a factor of great importance. Once the Commencement Date was fixed, then the time within which HCZ was to complete and deliver housing units started to run; and in the event of its failing to deliver on time, it would become liable to pay contractual penalties.
23. This fact was acknowledged by witnesses for both parties. Mr Swarts identified the lack of agreement as to the Commencement Date as a major risk for HCZ. Mr. Chihota, representing NSSA, admitted under cross-examination that being able to identify the Commencement Date was a matter of crucial importance to the parties.
24. I have already quoted clause 8.2 of the Agreement, which specifies that upon HCZ having fulfilled its pre-construction obligations, the parties *"shall meet and record in writing and sign off an agreed date as the date of fulfilment of the pre-construction obligations"*. The Commencement Date is then specified as being the date seven days after such agreed date.
25. The parties have adopted different positions when it comes to the issue of fixing the Commencement Date. NSSA has pleaded as follows –
- "It is therefore [NSSA's] immutable contention that the Commencement Date is 4th of August 2017 whereon [NSSA] paid over the US\$16 million deposit"* - see paragraph 7 of its statement of defence.
26. HCZ, by contrast, contends that the Commencement Date was never fixed, in that no record was made or signed as to the agreed date of fulfilment of the pre-construction obligations; and accordingly there could be no question of the Commencement Date having been fixed, as required by clause 8.2. Indeed, that is one of their principal complaints in these proceedings, namely that NSSA failed, notwithstanding repeated requests, to record and to sign off on an agreed date of fulfilment of the preconstruction obligations.
27. In examining these inconsistent positions adopted by the parties, the starting point is to record that neither of them contends that any written record was brought into existence, let alone signed, confirming the agreed date of fulfilment of the pre-construction obligations. In short, it is common cause that there was no compliance with the provisions of clause 8.2 in that connection.

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28. I now turn to deal with the evidence and submissions proffered by each of the parties on this point. It is convenient first to examine the position adopted by NSSA.

29. As I have already noted, NSSA contends that the Commencement Date was fixed as 4 August 2017 i.e. a little short of three weeks after the signature of the Agreement. What is the basis for this assertion? Essentially the argument runs like this: on 28 July 2017 HCZ wrote an email to NSSA which read (having recorded that the conditions precedent to the Agreement had been fulfilled) as follows –

"We would therefore kindly request that upon receipt of the advance payment, the advance payment be released, in order that we can then start construction works on this landmark development."

30. This meant, so the argument goes, that HCZ had adopted the position that it was then able to commence construction of housing units, and so there was a tacit acknowledgment by HCZ that the Commencement Date had been fixed.

31. There are a number of difficulties with this contention, the more serious of which may be summarized as follows:

31.1. firstly, the provisions of clause 8.2 of the contract are clear. They require the parties to meet, agree the date of fulfilment of the pre-construction obligations, and to record and sign their agreement in that connection. It is not contended that any of this took place in July 2017;

31.2. secondly, it is not contended on behalf of NSSA that there was any amendment to the mandatory provisions contained in clause 8.2. Had there been any such amendment it would have had to have been reduced to writing and signed – see clause 29.5 of the Agreement. As Mr Chihota so eloquently put it (albeit in a different context) "the agreement is the agreement", and until any variation is recorded and signed such variation does not take effect;

31.3. thirdly, the reference in the email of 28 July to "construction works" is, at best for NSSA, ambiguous. As I have already noted, the Agreement envisaged matters proceeding in a fixed sequence – the fulfillment of the conditions precedent, the completion of the pre-construction obligations, and then the fixing of the Completion Date. It is entirely plain both from the Agreement and from the evidence led that attending to the

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preconstruction obligations involved servicing the land i.e. constructing roads, drains, sewage works and the like; and it seems to me to be probable, in the circumstances, that these were the "construction works" to which reference was being made;

- 31.4. fourthly, at no time between 4 August 2017 and the date of HCZ's disputed termination of the Agreement (29 May 2018) did NSSA contend, whether verbally or in writing, that the Commencement Date was actually 4 August 2017 – a circumstance acknowledged by Mr. Chihota; and this against the background of repeated written assertions from HCZ from April 2018 that if the Commencement Date was to be agreed then it ought to be 4 April 2018 i.e. seven days after the completion of the last pre-construction obligation. None of these assertions drew from NSSA the response – "What are you talking about - the Commencement Date was 4 August 2017?". On the contrary, by his email of 26 April 2018 responding to HCZ's position, Mr Chihota ended by saying – "I am out of the office for the day but need confirmation of my acceptance of the contractual 'commencement date'". Furthermore, he agreed in his evidence that the last of the pre-construction obligations was, in fact, fulfilled on 26 March 2018;
- 31.5. fifthly, and of equal significance, the logical consequence of the Commencement Date having been fixed as 4 August 2017 would have been that HCZ would have had a contractual obligation to deliver 250 houses by 4 February 2018, and a further 250 by 4 April 2018. Yet there is not the slightest indication in the documents before me, nor was it the evidence of Mr Chihota, that at any time during this period NSSA complained of a failure by HCZ to fulfil such presumed obligations;
- 31.6. finally, I must make reference to the evidence of Mr. Chihota himself. It was on this issue that, understandably, he had the greatest difficulty under cross" examination. His evidence was not supportive of the "immutable" position adopted by NSSA. First of all, he asserted the position that the Commencement Date was "120 days prior to 28 February 2018" (i.e. around 28 August 2017), only later changing his evidence so that it was more aligned to NSSA's case. Secondly, his evidence was not to the effect that the payment of the deposit triggered

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the seven day lead up to the Commencement Date; rather he said that it was the conduct of HCZ in constructing housing units which amounted to an acceptance that the Commencement Date had been fixed. Yet he was not able to say that construction of housing units commenced on 4 August 2017, nor was he able to explain the inconsistency between his evidence and the pleaded position of NSSA.

32. Taking all this into account, I can see no merit whatsoever in NSSA's position. Clearly the Commencement Date was not 4 August 2017, and the suggestion that it was that date was an afterthought, contrived to respond to the cancellation of the Agreement by HCZ relying (inter alia) on NSSA's failure to sign off as required by clause 8.2.

33. HCZ's position, by contrast, is somewhat easier to comprehend. It contends that there was no compliance with the provisions of clause 8.2 (which is common cause), but it blames such non-compliance on NSSA, and relies on that as one of the bases entitling it to cancel the Agreement. Its case emerges from the documents placed before me, and the evidence of Mr Swarts, and may be summarised as follows:

- 33.1. the conditions precedent to the Agreement were fulfilled in late July 2017, as recorded in the mail of 28 July 2017, to which I have already made reference. This triggered a requirement on the part of HCZ to fulfil its pre-construction obligations, which it proceeded to do;
- 33.2. the pre-construction obligations were, as a matter of fact, fulfilled by 26 March 2018, and shortly after that a meeting was held with NSSA's representative with a view to agreeing that date, and complying with the formalities referred to in clause 8.2;
- 33.3. when Mr Swarts formally joined the project at the beginning of April 2018 the necessary paperwork had still not been attended to and, as has already been noted, this troubled him, it being crucial to pin down with certainty the Commencement Date;
- 33.4. as a consequence, he tried to obtain NSSA's co-operation in complying with the clause 8.2 formalities. Mr Chihota's mail of 26 April (quoted above) is confirmation of this, as well as Mr Swarts' uncontradicted evidence that he had numerous meetings and discussions with NSSA representatives on the subject. For his part Mr Chihota testified that

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whilst he would have been (and manifestly was) engaged in this process, he would have had no authority to attend the meeting called for by clause 8.2, nor would he have had authority to sign off on the date on behalf of NSSA as provided in that clause. He imagined that this authority would have been vested in the General Manager of NSSA;

33.5. by the latter part of April 2018 the parties were at loggerheads on this as well as other issues, and a dispute resolution process had been commenced. In its letter of 8 May 2018 addressed to NSSA, in which their differences were referred to arbitration, HCZ specifically raised this issue as a breach by NSSA of its contractual obligations;

33.6. I am conscious of the fact that this particular issue was not raised in all correspondence written to NSSA by HCZ complaining of contractual breaches by NSSA, but on balance I am satisfied that the clause 8.2 sign off ought to have taken place by late March 2018; that HCZ wanted that to happen and made that clear to NSSA; that it was important that it happen, for reasons already canvassed; but that, for whatever reason, no co-operation was forthcoming from NSSA in that connection.

The failure to appoint an engineer

34. I do not intend to spend too much time on this issue.

35. Unlike with a conventional building contract, the Agreement did not require the appointment of an independent consultant (be it an engineer or an architect or a project manager) from the outset, in order to represent the client in supervising the contractor, in certifying payments, and generally in administering the contract on behalf of the client. As I have already noted, an engineer only had a formal role to play where a variation was mooted, or when completed housing units were tendered for delivery and engineer was required to "sign off" on those units. In my view, NSSA would have had a contractual duty to appoint an engineer in advance of either of those circumstances having to be dealt with.

36. The fact of the matter is, however, that the lack of an appointed engineer was at no time a hindrance to coping with a potential variation to the Agreement (since no variation was mooted in the circumstances envisaged by clauses 6.6 to 6.8 of the Agreement), and no housing units were formally tendered for delivery by

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HCZ. Accordingly, there was no call for an engineer to "sign off" on any completed housing units.

37. Be that as it may, the manner in which this issue was handled by NSSA is of interest by way of background, in reflecting the manner in which NSSA dealt with HCZ, and managed the contract generally.
38. It was not disputed by Mr. Chihota that HCZ was badgering NSSA to appoint an engineer from a very early stage of the contract, and raised the matter repeatedly in its weekly reports. There is documentary evidence supporting this e.g. the mail addressed to NSSA by HCZ on 27 January 2018, recording that the question of an appointment was "still being processed by NSSA's procurement department"; the matter was raised in a client presentation given by HCZ on 12 and 16 March 2017; a written complaint was again raised by HCZ on 3 April 2018; and HCZ continued to rely on the issue after a dispute had been declared.
39. If indeed the "procurement process" for the appointment of an engineer had commenced as early as January 2018, the undisputed fact is that no engineer had been appointed by the time of the disputed termination of the contract by HCZ. This is worth noting for two reasons: first, it is NSSA's pleaded case that HCZ ought to have started delivering housing units by 4 February 2018, and accordingly the involvement of an engineer would have been required by then – so it is somewhat peculiar that it does not appear to have taken any meaningful steps to make an appointment by that date; and secondly, a suspicion does arise that HCZ was being strung along on this issue, and given the impression that the appointment of an engineer was in hand, whereas in fact no meaningful steps had been taken by NSSA in that connection.
40. Be that as it may, it is clear that strictly speaking NSSA was not in breach of its contractual obligations by failing to appoint an engineer up to the date of the disputed termination.

The inflation claim

41. Clause 6.5 of the Agreement provided as follows:

"Should the country's inflation rate exceed 5% ... per annum during the course of the project [HCZ] reserves the right to renegotiate the purchase price per housing

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unit with NSSA and any change in price shall be agreed to by NSSA and reduced to writing and signed by the Parties”.

42. On 15 November 2017, HCZ wrote a letter to NSSA headed “Clause 6.5 Inflation”. It was a detailed letter, accompanied by a comprehensive “Inflation Report”, speaking of inflationary pressures and, in general terms, calling for a review of the finances relating to the project.
43. In his evidence Mr. Chihota took the stance that, notwithstanding the heading to the letter, this did not constitute a proper notification to NSSA in terms of clause 6.5 since it did not propose a new purchase price per delivered housing unit. In due course, when responding to HCZ’s disputed notice of termination, NSSA wrote a letter dated 12 June 2018. It includes the following passage –
- “Regarding the issue of clause 6.5 relating to inflation we wish to point out that the agreement between the parties is not a construction contract but an offtake agreement. As a result, there is no such thing as an inflation claim that can arise from an offtake agreement. Any negotiations pertaining to change in purchase price can only happen at the time of delivery of the housing units provided there is any basis such [sic]. Currently as far as we are concerned no official index has recorded any inflation above 5% as alleged in your letter.”*
44. As with the issue relating to the Commencement Date, NSSA has made a variety of responses, some of them mutually inconsistent. For NSSA to deny that HCZ has an entitlement to raise the issue of inflation on account of the nature of the agreement between the parties, whilst at the same time making reference to clause 6.5, is somewhat difficult to understand. Further, no support is to be found in the letter of 12 June 2018 for Mr Chihota’s position that the letter of 15 November 2017 was somehow defective on account of its failure to specify a new proposed purchase price per housing unit – an argument which, in any event, I find to have no merit. As to the (alternative and apparently inconsistent) suggestion that any negotiations could only take place at the time of delivery of housing units, I can find no support for such a suggestion in clause 6.5 itself. On the contrary, I can see sound reasons why negotiations should take place immediately upon there being any suggestion of inflation becoming a factor. so that the parties are able to discuss and (hopefully) agree the financial implications of inflation going forward. This will enable each of them to establish at an early date where they stand, given changed economic circumstances.

45. It seems to me that on this issue NSSA's attitude from November 2017 onwards has been characterised by delay, obfuscation and an apparent determination to avoid grappling with the representations put forward by HCZ. Whether or not there was any merit in what HCZ had to say in its letter of 15 November 2017 is beside the point. It is clear that by writing that letter HCZ wished to initiate negotiations as envisaged by clause 6.5, and it is common cause that such negotiations never took place notwithstanding the following:
- 45.1. it is recorded in an email written by HCZ to NSSA on 18 December 2017 that in a meeting held on 17 November 2017 Mr. Chihota "advised that he would take the matter up with the investment committee and [Ms Chitiga]";
 - 45.2. a further meeting was held on 20 December 2017, which was minuted in a mail written by Mr. Chihota on 22 January 2018. In the action column opposite this item it is recorded – "*NSSA to decide and communicate*"; and opposite a further minute item titled "Future handling of inflation" it was recorded that agreement had been reached on a panel of quantity surveyors "to create an index", and the action column required representatives of NSSA to propose a position to its investment committee on inflation;
 - 45.3. notwithstanding these undertakings, between the date of that meeting and the disputed termination of the Agreement NSSA did not come up with a position in response to the letter of 15 November 2017, let alone communicate such a position to HCZ – this notwithstanding the issue remaining a live one;
 - 45.4. the net result was that no meaningful response was given by NSSA to the letter of 50 November 2017, and no negotiations ever took place on this issue;
 - 45.5. it is now apparent from its position adopted in its letter of 12 June 2018, partially supported by the evidence of Mr. Chihota, that NSSA had no intention of engaging with HCZ, although it seems to have gone out of its way to give a contrary impression to HCZ – *vide* the meetings of 17 November and 20 December 2017.
46. Be that as it may, this leaves open the question of whether NSSA can be faulted for its neglect or refusal to negotiate with HCZ on the inflation issue. I think it can. In this connection I am persuaded by the authority to which I was referred by



Mr. Tivadar, namely *Indwe Aviation (Pty) Ltd v The Petroleum Gas Corporation of South Africa (Pty) Ltd (No 1)* 2012 (6) SA 96 (WCC), to the effect that a party who undertakes an obligation to enter into negotiations is obliged to act honestly and reasonably in the conduct of the negotiations. In this instance NSSA, notwithstanding its contractual obligations under clause 6.5, could not bring itself even to enter into negotiations, let alone to act honestly and reasonably in conducting such negotiations.

The failure to sign the addendum

47. It is arguable that an examination of the evidence relating to this issue leads one to conclude that its treatment by NSSA reflects even less credit on its management and its operational procedures than any of the previous issues which have been analysed in this award.
48. It must be borne in mind that the events narrated hereunder overlap chronologically (and, to an extent, in substance) with those relating both to the Commencement Date and to the inflation issue.
49. It is common cause that by late 2017 NSSA began to press HCZ for delivery of housing units earlier than originally planned. Mr. Chihota acknowledged that this was the case, and that it was motivated partly by political reasons, but also by other reasons as well. Thus, by the time of the meeting held on 20 December 2018, there was discussion of a general acceleration of the works by HCZ, as well as the possibility of the delivery of housing units in smaller batches. In his evidence Mr. Chihota acknowledged that HCZ was prepared to go along with an acceleration of the works program subject to certain conditions being met – amongst them the concept of housing units being delivered in smaller batches, and the waiver of the provisions of clause 6.3.2 of the Agreement concerning local authority approvals. He also agreed that, in this connection, HCZ consistently stressed the urgency of an addendum to the Agreement being signed to reflect these agreed terms, whilst acknowledging that, pending this formality being attended to, HCZ actually started construction of housing units
50. It is clear that such construction took place at HCZ's risk, until such time as the addendum might be signed. This construction of housing units was noted at a meeting held between the parties on 25 January 2018.

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51. On 20 February 2018 Mr. Chihota sent an email to HCZ in which the following passage appeared:

"I am fully mindful of the timelines we face for the proposed amendments to the offtake agreement to enable the release of funds for the ongoing rollout of housing. We have met and you have tabled your proposed amendments. We have shared these with counsel who drafted the original agreement ... I do understand the targeted date for the delivery of the 1st batch under the revised delivery schedule is 20 Feb ..."

52. This was followed on 27 February by a "letter of comfort" addressed to "To whom it may concern", and containing the following passage - *"NSSA it is prepared to accept and pay for the delivery of housing units which will be delivered in lesser batches of 50 and scalable to 250 every two months subject to NSSA Board approval"*.

53. An email addressed to NSSA by HCZ on 13 April 2018 records that a meeting was held between the parties on 1 March 2018 at which NSSA seems to have agreed an addendum, and on 6 March 2018 a draft addendum was mailed by NSSA to HCZ.

54. By 15 March 2018 it was recorded that the first batch of 50 houses were ready for inspection.

55. At a board meeting of NSSA held on 29 March 2018 it was resolved to amend the Agreement to provide for smaller batch delivery of housing units, and to postpone the compliance by HCZ with the requirements of clause 6.3.2.

56. On 3 April 2018 HCZ sent a mail to NSSA suggesting an appropriate amendment to clause 6, and on the following day a further mail was sent attaching a revised addendum which, it was said, had been prepared after "earlier discussions". At or about the same time, HCZ signed the addendum and sent it to NSSA for countersignature.

57. A mail sent by HCZ to NSSA on 5 April 2018 recorded that the addendum wording had been agreed with NSSA's representatives, and thereafter HCZ continued to press on a regular basis for the finalisation/execution of the addendum by NSSA. There were certain visits to site by NSSA representatives, and a number of email and other exchanges took place. Statements were made on behalf of NSSA that approval of the addendum was required, variously from the board of NSSA, or its investment committee. Be that as it may, no such

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approval was communicated to HCZ, whilst no suggestions as to the amendment of the addendum were forthcoming from NSSA.

58. As already noted, the dispute resolution process provided for in the Agreement was triggered by HCZ, and the failure to finalise the addendum was one of the issues noted. It is clear that a meeting was held between the parties on 25 April 2018, and it was subsequently recorded that NSSA was unable or unwilling to sign the addendum.

59. In its letter of 30 April 2018 HCZ once again sought finalisation of the addendum, and this in due course produced an email response from Mr. Chihota on 4 May 2018 recording that he was still awaiting instructions from the board. No further meaningful communication was forthcoming from NSSA, and in due course HCZ recorded its termination of the Agreement.

60. The net effect of this sequence of events was that HCZ was led up the garden path – it was induced to commence construction of housing units at a time when (as I have found) it had no obligation to do so, on the understanding that the contract would be amended to provide for this. It would appear that from early April onwards, and possibly even prior to that, there was no meaningful difference between the parties as to the terms of the proposed addendum. An addendum was produced, and signed by HCZ. NSSA never suggested that it had any quarrel with its terms – rather NSSA's position, to put it charitably, was characterised by a complete paralysis of decision-making, at board and/or investment committee level.

61. NSSA's attitude on this issue in the arbitration has been that it had no contractual obligation to agree to any amendment to the Agreement, or to sign the addendum; and of course, strictly speaking, this is correct. But its attitude completely ignores the fact that:

- 61.1. the whole acceleration process was triggered by NSSA, which pressurised HCZ in that connection;
- 61.2. HCZ in good faith, and at its own risk and to the knowledge of NSSA, expended its own resources in putting in hand the necessary works;
- 61.3. all essentials necessary for inclusion in the addendum had been agreed by the board of NSSA as early as 29 March 2018;
- 61.4. a revised addendum had been produced and signed by HCZ by early April;



- 61.5. yet, weeks later, NSSA had done nothing whatsoever to finalise the matter;
- 61.6. during all this time, it is clear from emails and correspondence, NSSA was aware that HCZ was suffering from acute financial difficulties as a consequence of what had happened.
62. In the light of all this, I can come to no other conclusion than that NSSA was behaving quite contrary to the letter and spirit of clause 24.3.

Repudiation or cancellation

63. Against this background, I must decide whether NSSA effectively repudiated its obligations in terms of the Agreement warranting termination by HCZ or, alternatively, whether it was in breach of the Agreement justifying termination by HCZ.
64. In this connection I have had very careful regard to the authorities to which I was referred by counsel, as well as to the oral arguments addressed to me.
65. I conclude that, whichever way one looks at the matter, HCZ was entitled to terminate the Agreement, and lawfully did so.
66. The concept of repudiation is examined by Christie in *"The Law of Contract in South Africa"*, 2nd Edition at pages 610 – 612. He makes reference to the well-established principle enunciated in *Freeth v Burr* (1874) LR 9 CP as follows –
"the true question is whether the acts or conduct of the party evince an intention no longer to be bound by the contract ..."
67. He also refers to the following dictum in *Street v Dublin* 1961 (2) SA 4 W –
"The test as to whether conduct amounts to such a repudiation [as justifies cancellation] is whether fairly interpreted it exhibits a deliberate and unequivocal intention no longer to be bound."
68. I have also had regard to the case of *Datacolor International v Intamarket* 2001 (2) SA 284 which makes it clear that the determinant as to whether repudiation has taken place is not to be found in the party's state of mind, or in what was subjectively intended, but rather on what a reasonable person would have concluded from the conduct in question.
69. In clause 24.3, as I have already noted, both parties undertook to each other to
"do all such things, perform all such actions and take all such steps and to

procure the doing all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement”.

70. It seems to me that the conduct of NSSA, with particular reference to the fixing of the commencement date, the neglect or refusal to negotiate the issue of inflation, and with respect to the question of acceleration and the addendum, would have given the impression to a reasonable person in the shoes of HCZ that it no longer intended to be bound by its contractual obligations. After all, it was obliged to meet and formally to agree the commencement date, yet it did not. It was obliged to enter into negotiations in respect of the inflation issue, yet it did not. It was obliged to approach the issue of acceleration and the addendum having regard to the undertakings given to it in clause 24.3, yet it did not.
71. Mr. Chihota in his evidence posed this question – “how could it be said that NSSA had an intention to resile from its contractual obligations, when it had made a down payment of \$16 million, and when I and others on behalf of NSSA repeatedly interacted with HCZ up to the last?” [not his exact wording]. Of course, as the *Datacolor* case makes clear, it is not for me to embark on a process of trying to understand NSSA’s subjective state of mind or intentions. But since the issue was raised on behalf of NSSA, one might perhaps speculate that the explanation for its conduct is to be found in its own internal bureaucratic procedures (Mr. Swarts testified that it was practically impossible to get any decision out of NSSA, and Mr. Chihota spoke of his having to operate in a heavily regulated environment); or perhaps NSSA was beginning to have second thoughts as to the wisdom of entering into the contract in the first place. After all, not long after termination, allegations were being made against various individuals, including Mr Chihota himself, to the effect that the contract had been fraudulently entered into, that HCZ did not have the capacity to fulfill its obligations, and so on. Having said that, and because the question of what was behind NSSA’s behaviour is not relevant to the current inquiry, I will say no more on the subject.
72. Lest I be found wrong on the question of repudiation, I place on record that it is clear on the evidence before me that HCZ formally gave notice to NSSA of its breach of the Agreement, essentially relying on the conduct or omissions to

which reference has been made above, that NSSA failed to remedy its breaches, and that accordingly HCZ was, in the alternative, entitled to terminate the Agreement on account of NSSA's breach, with particular respect to its undertakings given in clause 24.3.

NSSA's Counterclaim

73. The findings I have made in respect of HCZ's claim effectively dispose of this issue. NSSA's counterclaim is based on the contention that the Commencement Date was 4 August 2017, and that HCZ was in breach of its obligation to deliver housing units, using that date as a starting point. I have found that 4 August 2017 was not the Commencement Date, and indeed that no Commencement Date was ever formally fixed.

Damages

74. It will be recalled that in these proceedings HCZ claims payment of damages, including damages for loss of profits that it would have earned "had the agreement continued to its conclusion". The first point to be dealt with is that raised by NSSA, namely that HCZ is precluded from claiming such damages in terms of clause 22.1 of the Agreement.

Consequential damages and indirect loss

75. Clause 22.1 deals with termination of the Agreement on account of breach, and then concludes with these words – "*provided that neither party shall be liable to the other for any consequential damages or indirect loss*".

76. NSSA's argument is that in the circumstances of this case HCZ's claim for damages for loss of profits amounts to a claim which it is precluded from bringing by the wording just quoted.

77. Both counsel addressed me on this issue in detail, and referred me to a number of authorities. If I understood the point argued by Advocate Zhuwarara correctly, it is that damages for loss of profit can only be claimed when such loss is the direct, natural or contemplated result of a breach; and that in the instant case

[Handwritten signature]

"there is no evidence that the parties contemplated the Claimant's profits as such is not concern [sic] in an agreement of purchase"; the quoted passage being from counsel's written argument.

78. In looking at the respective positions of the parties I have had regard to numerous authorities, amongst them:

Hadley v Baxendale (1854) 9 Exch 341

Nicoz Diamond Insurance v Clovgate Elevator Company HH 76/2018

Star Polaris v HHIC-Phil Inc (2016) EWHC 2941

Wynina (Pvt) Ltd v MBCA Bank SC 27/2014

Graphlink Investments v Puzey and Payne HH 401/2016

Jambga v Ethiopian Airlines HH 481/2014

Rowland Electro Engineering v Zimbabwe Banking Corporation HH 3/2007,

as well as the cases referred to me by counsel. I think that the following principles can be extracted from these authorities:

- 78.1. that a party is entitled to claim damages if the loss in question can fairly and reasonably be considered to have arisen naturally or directly from the breach; or
- 78.2. if the loss can reasonably be presumed to have been in the contemplation of the parties at the time of conclusion of the contract;
- 78.3. that the first category of damages is sometimes called "general damages", and the second "special damages";
- 78.4. that an exclusion clause which refers to "consequential damages" generally serves to exclude "special damages"; but
- 78.5. that a claim for loss of profits does not necessarily amount to a claim for special damages. Such profits may be claimed under the head of general damages. The circumstances of each case must be looked at, having reference to the type of profits being claimed, and whether they flow naturally from the breach; and
- 78.6. that an important consideration to be taken into account in making a determination as to whether loss of profits amount to general damages is whether a core motive of the contract was for the claimant to make or obtain profits.

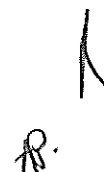
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79. Bearing all these factors in mind, I come to the conclusion that what is being claimed in these proceedings all falls within the category of general damages, unaffected by the restrictions of the proviso in clause 22.1.
80. I say this because the nature of the contract was not simply one of purchase and sale, as suggested on behalf of NSSA, but an ongoing engagement which, if not interrupted, would have lasted for several years. It was not a conventional building contract, from which it differed in material respects as I have noted, but did have some features in common with such an agreement e.g. periodic payments over the period of the Agreement, and at the end of the day NSSA ending up with title to a large number of constructed houses. Clearly, for its part HCZ's motivation was to make a profit. That it was not able to make the contemplated profit was as a direct result of the termination of the Agreement on account of the conduct of NSSA.
81. It follows that I find that HCZ's claim does not fall foul of the provisions of clause 22.1.

HCZ's claim

82. The substantive relief sought by HCZ consists of two claims:
- 82.1. \$2 316 000, on account of the 53 housing units completed at a price of \$38 000 per unit; and
 - 82.2. \$56 842 364, being its claim for loss of profits.
83. The first claim is easily disposed of. Whilst the evidence establishes that 53 housing units were completed, on no basis can it be claimed that in any sense were they delivered to NSSA. As will be discussed hereunder, the units were completed on a piece of land (Lot 1 of Caledonia) which HCZ has contracted to acquire from a company called Caledonia Enterprise (Pvt) Ltd (Caledonia). HCZ has only paid \$3 million of the contracted \$13 million purchase price, and so itself is not in a position to cause Lot 1 of Caledonia to be transferred to anyone. Furthermore, the housing units were not part of a contracted batch handed over to NSSA in terms of the unamended Agreement; and for all of these reasons HCZ cannot claim a contractual entitlement to be paid for them. Any damages suffered by HCZ in respect of these housing units, and others which it might have expected to complete and deliver, will be dealt with hereunder.

84. It follows that the claim for \$2 316 000 must fail. I now turn to deal with the second claim.
85. In support of the quantification of its claims, and with a view to establishing their reasonableness, HCZ produced a very comprehensive expert report prepared by Mr. Dave Stuart, a qualified quantity surveyor. Mr. Stuart also gave evidence in the hearing, which was not meaningfully challenged in any sense by NSSA.
86. It should be noted that HCZ's claim for loss of profits is arrived at on the following assumptions: revenue of \$304 000 000 (being 8 000 houses @ \$38 000) less total project net cost of \$247 157 736, the computation being annexure SC 19 to its Statement of Claim, and which is attached to this award. It will be apparent from the workings appearing in SC 19, however, that in arriving at the net figure claimed HCZ seeks, in essence, to set off the \$16 million payment received against "costs incurred to date", "outstanding creditors", and "outstanding land costs". I am not satisfied that this is the correct approach, for reasons explained in the following paragraph when examining Mr Stuart's calculations and testimony. The same applies to the claims for loss of profits for subcontractors.
87. In his own independent workings, based on information made available to him, Mr. Stuart came up with calculation which arrived at an estimated overall profit of \$56 502 034 i.e. near enough to HCZ's figure, albeit arrived at by a different route. Having said that, on account of various assumptions and calculations, he was of the view that HCZ would have been entitled to claim additional amounts totalling somewhat over \$ 18 million, so that its total loss would have amounted to \$74 767 399.94. His workings are set out in annexure 4 to his report, a copy of which I attach to this award. Having said that, I am not inclined to have too much regard to the costs and loss of profit claims referred to in section 2 of Annexure 4, since he explained that the "cost to date" figure and "outstanding creditors" figure all relate to work done on Lot 1 of Caledonia the benefits of which, for reasons I will explain, will accrue to HCZ. The same applies to the "outstanding land cost" figure. As to the suggestion that certain subcontractors were bringing claims for loss of profits, I was not referred to any documentation to substantiate this.
88. Bearing all this in mind, and subject to what is said below, it does not seem to me that HCZ's computation of its loss of profits is altogether unreasonable. As I have mentioned, no meaningful effort was made to challenge any of the computations put before me.



89. In the hearing I did challenge the treatment (which appears in both computations) of the cost of the purchase of Lot 1 of Caledonia, bearing in mind that HCZ asserts the existence of a binding contract to acquire that land. With the termination of the Agreement (and assuming that the contract for the purchase of the land goes ahead) Lot 1 of Caledonia will then vest in HCZ and not NSSA, and HCZ will be entitled to the benefit of all the improvements effected on the land, including the 53 completed houses. NSSA lays no claim to the land or improvements. Perhaps as a consequence of my interventions, and subsequent to the hearing, the legal representative of HCZ indicated that it was reducing HCZ's claim by the sum of \$13 million, being the cost to HCZ of Lot 1 of Caledonia. That reduces the sum claimed to \$43 842 364.

90. Finally, it seems to me that the prepayment of \$16 million received by HCZ must be taken into account in further adjusting HCZ's claim. Both HCZ and Mr Stuart have brought this figure into account, but at the same time have more than set it off against a number of costs and expenses which I have found ought not to be taken account for that purpose. In short, I prefer a much simpler approach to the computation of loss of profit which, using HCZ's figures as a basis, yields the following result:

Sum claimed	56 842 364
Less \$13m claim amendment	13 000 000
Less \$16m prepayment	16 000 000
 Net Figure	 37 842 364

91. Finally, however, I must bear in mind that the assessment of prospective damages is not a precise science – see *Reivelo Leppa Trust v Kritzing* [2007] 4 All SA 242, to which I was referred by Advocate Tivadar – and I must do my best to come up with a figure based on the information available to me. For that purpose, and notwithstanding the failure of NSSA to challenge any of the computations that I have been trying to analyse, it seems to me that I must adopt a conservative approach to the issue of quantification; and thus I am persuaded to fix the damages payable to HCZ by NSSA at a figure of \$ 30 million.

Partial Award

92. For all of these reasons I make the following award:

The Respondent shall pay the Claimant damages in the sum of \$30 000 000, together with interest thereon at the prescribed rate of 5% per annum from the date of this partial award.

Costs

93. Each party sought an award of costs against the other, and they agreed at the hearing that the question of the quantification of any costs awarded be left over for determination, after the determination on the merits.

94. HCZ has been substantially successful in these proceedings, and accordingly I rule that it should be entitled to recover its costs incurred in pursuing its claim before me, with the quantum of such costs to be determined by me in due course.

95. To that end I direct that HCZ shall, within 30 days of the date of this award, deliver to me and serve on NSSA an itemised bill of the costs it is claiming. In the event that the parties are unable to agree the quantum of costs payable to HCZ within a further period of 7 days, then HCZ shall be entitled to approach me to convene a hearing at which the bill of costs will be debated, and a final costs award made by me.

96. For the avoidance of doubt, if HCZ does not comply with the time limits set out above, its entitlement to costs shall lapse.


P C LLOYD

Arbitrator

Harare

Date: 22 February 2019



Project Name	NSSA HOUSING PROJECT
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Country :	Zimbabwe	US \$ Project Number :	001	Date :	20-Sep-18
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P & G Fixed Costs		
1.	Salaries	8,557,707
2.	Staff Accommodation	502,552
3.	Office Accommodation	1,106,894
4.	Staff Movement	253,693
5.	Site Establishment	
a.	Plant & Equipment	37,815
6.	Wages	
a.	Oncast Wages	302,464
b.	Direct Wages	
7.	Tools, equipment and vehicles	
a.	Scaffold	104,000
b.	Vehicles	803,695
c.	Plant & Vehicles	1,324,411
8.	Other (Design Cost)	1,177,000
Total P & G		14,559,339

General Information	
Location	Zimbabwe
Client / Employer	NSSA
Client's Engineer	TBC
QS	TBC
Funding	NSSA
JV Partner	N/A

Conditions of Contract	
General Conditions	Bespoke NSSA Contract
Standard Spec	As per HCZ submitted specification and House designs
Surety / Guarantee	5% bond provided by HCZ
2nd Bond	
Payment Terms	21 days
Retention Terms	5% Retention Guarantee
Penalties	\$5000/day Delay Damages / Week
Escalation	Fixed Price provided escalation below 5% per annum

Programme / Milestones	
Site Inspection	Monthly
Tender Close	N/A
Validity	N/A
Commencement Date	4th of April 2018
Duration	1068 days
Completion Date	4th of April 2021
<u>Calendar Period</u>	36 months

Direct Works Costs		
House Construction Costs		
	House Type 1	55,141,750
	House Type 2	56,292,632
	House Type 3	55,254,130
Site Works Site 2 (53821 x 5543 units)		22,326,103
Risk Provision (1.7% of Construction Cost)		
Total Direct Costs		189,004,615

Major Quantities		Qty		Unit	
	Type				
Foundations	Concrete 20 MPA	96,000	m3		
Walls	Concrete 25 MPA	115,200	m3		
Ceiling	Boards	136,499	m		
Doors	(Various)	47,388	units		

Key Staff	
CEO	Stephen Duggan
Project Director	Johan Swans
Operations Executive	Theo Jonck
Operations Executive	Sandra Manganits
QAQC Executive	Ursula Eicker
Finance Executive	Masimba Shumba
HR Executive	Chido Zhou
Snr Concrete Mgr	Elienne Du Plessis
Senior QS	Simba Mudzimir
HSE Executive	Gerard Nyati

Sub-Contractors/External Costs	
Site Works Site 1 (\$4275 x 2157 units)	12,510,658
Land Cost Site 1	13,000,000
Land Cost Site 2 (Warwickshire - 5 800 x 1 400)	6,120,000
Design and other fees (excl. Site Services Design)	1,500,000
Low voltage electrical reticulation	4,000,000
Total Sub-Contractors	36,130,658

Escalation (up to 5%)	
Escalation on P&G	702,974
Unforeseen escalation on Plant	150,000
Escalation on Materials (6% on \$50m)	3,600,000
Total Escalation	4,452,974

Comments

Approval	
<i>[Signature]</i>	
CEO HCZ	17/5/2017
STEPHEN DUGGAN	
Date	Date
Date	Date

Provisional Sums (Structures to be provided by HCZ)	
Total Provisional Sums	0

TOTAL PROJECT NETT COST	247,157,735
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ADJUSTMENT

TOTAL ADJUSTED NETT COST	247,157,735
--------------------------	-------------

MARGIN		TENDER PRICE	
Revenue (\$36 000 x 8000 units)	304,000,000		304,000,000
Profit			
Risk			
Potential extra Profit			
Total Margin on Selling	304,000,000	PROFIT	56,842,264
			18.70%

SC18		
Houses Complete	2,014,000.00	a
Vat	302,100.00	b
Nett value	2,316,100.00	c

SC19		
Forecast final revenue	304,000,000.00	d
Forecast final cost	247,157,736.00	e
Forecast profit margin	56,842,264.00	f
Cost to Date	17,000,000.00	g
Outstanding Creditors	2,530,113.34	h
Outstanding Land costs	10,000,000.00	i
Less Advncc Payment	- 16,000,000.00	j
Payment of First 53 houses	- 2,316,000.00	k
Cost to incur after termination	11,214,113.34	l
Masimba Forecast Final Profit	1,715,571.16	m
Less: Profit earned to date	- 401,413.66	n
Loss of profit	1,314,157.50	o
Scribante Forecast final Profit	4,500,000.00	p
Profit earned to Date	- 50,845.24	q
Loss of profit	4,449,154.76	r
Total (c+i+l+o)	73,819,689.60	s

HCZ Nett Position After Settlement:		
SC18 (c)	2,316,100.00	
SC19 (s)	73,819,689.60	
Total Due	76,135,789.60	
Less costs incurred:		
Costs incurred over Advncc payment (g+j)	- 1,000,000.00	
Less costs due:		
Creditors (h)	- 2,530,113.34	
Oustanding land cost (i)	- 10,000,000.00	
Loss of Profits due to Sub-Contractor (o+r)	- 5,763,312.26	
Nett Position of HCZ	56,842,364.00	

* Whole Project gets tranferred to NSSA

Handwritten signature/initials

SC 18		
Houses Complete	2,014,000.00	a
Vat	302,100.00	b
Nett value	<u>2,316,100.00</u>	c

SC19		
Forecast final revenue	304,000,000.00	d
Forecast final cost	247,157,736.00	e
Forecast profit margin	56,842,264.00	f
Total	<u>56,842,264.00</u>	g

SC20		
Cost to Date	17,000,000.00	h
Outstanding Creditors	2,530,113.34	i
Outstanding Land costs	10,000,000.00	j
Less Advanve Payment	- 16,000,000.00	k
Payment of First 53 houses	- 2,316,000.00	l
Cost to incur after termination	<u>11,214,113.34</u>	m
Masimba Forecast Final Profit	1,715,571.16	n
Less: Profit earned to date	- 401,413.66	o
Loss of profit	<u>1,314,157.50</u>	p
Scribante Forecast final Profit	4,500,000.00	q
Less: Profit earned to Date	- 50,845.24	r
Loss of profit	<u>4,449,154.76</u>	s
Total (m+p+s)	<u>16,977,425.60</u>	t

Summary HCZ Nett Position After Settlement:		
SC18 (c)	2,316,100.00	
SC19 (g)	56,842,264.00	
SC20 (t)	16,977,425.60	
Total Due	<u>76,135,789.60</u>	
Less costs incurred:		
Costs incurred over Advanve payment (h+k)	- 1,000,000.00	
Less costs due:		
Creditors (i)	- 2,530,113.34	
Outstanding land cost (j)	- 10,000,000.00	
Loss of Profits due to Sub-Contractor (p+s)	- 5,763,312.26	
Nett Position of HCZ	<u>56,842,364.00</u>	

* Whole Project gets tranferred to NSSA

L *R*

Project Summary Sheet - SC21



Project Name: NSSA HOUSING PROJECT

Country: Zimbabwe US\$ Project Number: 001 Date: 21-Sep-18

P & G Fixed Costs	
1. Salaries	8,957,707
2. Staff Accommodation	502,552
3. Office Accommodation	1,105,594
4. Staff Movement	253,600
5. Site Establishment	
a. Plant & Equipment	37,815
6. Wages	
a. Oncost Wages	302,464
b. Direct Wages	
7. Tools, equipment and vehicles	
a. Scaffolding	104,000
b. Vehicles	803,096
c. Plant & Vehicles	1,324,411
8. Other (Design Cost)	1,177,000
Total P & G	14,559,339

TOTAL PRELIMINARY & GENERAL 14,559,339

Direct Works Costs	
House Construction Costs	
House Type 1	55,141,759
House Type 2	55,282,832
House Type 3	55,254,130
Site Works Site 2 (53821 x 5343 units)	22,326,103
Risk Provision (1.7% of Construction Cost)	
Total Direct Costs	169,004,623

Sub-Contractors/External Costs	
Site Works Site 1 (54275 x 2157 units)	12,510,808
Land Cost Site 1	13,009,009
Land Cost Site 2 (Warwickshire - 5 800 x 1 400)	6,123,000
Design and other fees (excl. Site Services Design)	1,500,000
Low voltage electrical reticulation	4,000,000
Total Sub-Contractors	39,130,600

Escalation (up to 5%)	
Escalation on P&G	702,974
Unforseen escalation on Plant	150,000
Escalation on Materials (6% on 560m)	3,600,000
Total Escalation	4,452,974

Provisional Sums (Structures to be provided by HCZ)	
Total Provisional Sums	0

TOTAL PROJECT NETT COST 247,157,738

ADJUSTMENT

TOTAL ADJUSTED NETT COST	247,157,736
---------------------------------	--------------------

General Information	
Location	Zimbabwe
Client / Employer	NSSA
Client's Engineer	TBC
QS	TBC
Funding	NSSA
JV Partner	N/A

Conditions of Contract	
General Conditions	Bespoke NSSA Contract
Standard Spec	As per HCZ submitted specification and House designs
Surety / Guarantee	5% bond provided by HCZ
Ret Bond	
Payment Terms	21 days
Retention Terms	5% Retention Guarantee
Penalties	55000/day Delay Damages / Week
Escalation	Fixed Price provided escalation below 5% per annum

Programme / Milestones	
Site Inspection	Monthly
Tender Close	N/A
Validity	N/A
Commencement Date	4th of April 2018
Duration	1008 days
Completion Date	4th of April 2021
Defects Period	36 months

Major Quantities		
Type	Qty	Unit
Foundations Concrete 20 MPA	95,000	m3
Walls Concrete 25 MPA	115,200	m3
Ceiling Boards	136,499	m
Doors (Various)	47,938	units

Key Staff	
CEO	Stephen Ouggan
Project Director	Johan Swartz
Operations Executive	Theo Jenck
Operations Executive	Sandra Margaritis
QA/QC Executive	Urrula Elicker
Finance Executive	Masimba Shumba
HR Executive	Chido Zhou
Site Concrete Mgr	Eduenne Du Plessis
Senior QS	Simba Mudzimiriri
HSE Executive	Gerald Nyati

Comments	

Approval	
	17/8/2017
CEO HCZ STEPHEN OUGGAN	Date:
Date:	

MARGIN	
Revenue (\$36 000 x 8300 units)	304,000,000
Profit	
Risk	
Potential extra Profit	
Total Margin on Selling	304,000,000

TENDER PRICE 304,000,000

PROFIT 56,842,264 18.70%

In the Commercial Arbitration Tribunal in the matter between:

HOUSING CORPORATION ZIMBABWE (PRIVATE) LIMITED AND

NATIONAL SOCIAL SECURITY AUTHORITY

CLAIM SUMMARY

Annexure 4

Claimant

Respondent

Item	Description	Unit	Quantity	Rate	Amount	Amount	Notes
1	Estimated Profit for Housing Offtake Agreement						
A	Total Estimated Revenue	No	8000	38 000,00	304 000 000,00	304 000 000,00	8000 No Units x USD 38 000 per unit (Excluding VAT)
B	Less Total Projected Cost					-247 497 955,97	(C+D+E+F)
	<u>Direct Works</u>						
	House Type 1 Construction Cost	No	2667	20 653,09	55 081 804,11		Detailed Measure and pricing attached Refer Annexure 5
	House Type 2 Construction Cost	No	2667	21 194,20	56 524 940,59		Detailed Measure and pricing attached Refer Annexure 5
	House Type 3 Construction Cost	No	2666	21 058,87	56 142 954,81		Detailed Measure and pricing attached Refer Annexure 5
	Site Works for portion 2	No	5846	3 821,00	22 337 565,00		Refer Annexure 6
C	Sub-Total Direct Works				190 087 265,50		(Carried forward to B)
	<u>Preliminaries & General Costs</u>						
	Salaries	Sum	1	8 957 707,40	8 957 707,40		Refer Annexure 7
	Staff Accommodation	Sum	1	502 552,00	502 552,00		Refer Annexure 7
	Office Accommodation	Sum	1	1 105 697,40	1 105 697,40		Refer Annexure 7
	Staff Movement	Sum	1	253 800,00	253 800,00		Refer Annexure 7
	Wages - On-cost and direct	Sum	1	302 464,00	302 464,00		Refer Annexure 7
	Site Establishment	Sum	1	37 814,59	37 814,59		Refer Annexure 7
	Scaffold	Sum	1	104 000,00	104 000,00		Refer Annexure 7
	Vehicles	Sum	1	803 896,00	803 896,00		Refer Annexure 7
	Plant	Sum	1	1 324 420,44	1 324 420,44		Refer Annexure 7
	Other	Sum	1	1 177 000,00	1 177 000,00		Refer Annexure 7
D	Sub-Total Preliminary & General Cost				14 589 351,83		(Carried forward to B)
	<u>External Costs</u>						
	Land Cost 1	No	2000	6 500,00	13 000 000,00		First Portion of 2000 stands Refer Annexure 8
	Land Cost 2	No	6600	1 400,00	9 240 000,00		Second Portion of 6600 stands Refer Annexure 8
	Design Fees	Sum	1	1 626 117,00	1 626 117,00		Refer Annexure 9
	Site Works for portion 1	No	2154	5 309,72	11 437 141,04		Refer Annexure 6
	Low voltage electrical reticulation	Sum	1	3 925 116,60	3 925 116,60		Refer Annexure 10
E	Sub-Total External Costs				38 389 374,64		(Carried forward to B)
	<u>Escalation</u>						
	Estimated Escalation Cost						
	Escalation on P&G	%	1	702 974,00	702 974,00		Refer Annexure 11
	Escalation on Plant	%	1	150 000,00	150 000,00		Refer Annexure 11
	Escalation on Materials	%	1	3 600 000,00	3 600 000,00		Refer Annexure 11
F	Sub-Total Escalation				4 452 974,00		(Carried forward to B)
G	Total Estimated Profit (A-B)					56 502 034,03	(A-B)
H	Less Profit already earned	%	18,53%	-2 014 000,00	-374 325,98	-374 325,98	(Profit earned on 53 completed houses)
I	Total Remaining Profit (G+H)					56 127 708,05	(G+H)
2	Further Costs already incurred or to be incurred						
	<u>Various Costs incurred/to be incurred</u>						
	Cost to date	Sum	1	16 603 324,55	16 603 324,55		Refer Annexure 12
	Outstanding Creditors	Sum	1	2 200 088,56	2 200 088,56		Refer Annexure 13 (SOC SC19 \$2,530,113,34 incl VAT)
	Outstanding Land Cost	Sum	1	10 000 000,00	10 000 000,00		Refer Annexure 14
	<u>Payments received</u>						
	Advance Payment	Sum	1	-13 913 043,48	-13 913 043,48		Advance Payment received (Excluding VAT)
	First 53 Houses	Sum	1	-2 014 000,00	-2 014 000,00		Payment claimed elsewhere (Excluding VAT)
	<u>Subcontractor's Loss of Profit</u>						
	Masimba Final Estimated Profit	Sum	1	1 715 571,16	1 715 571,16		Refer Annexure "SC19" to the Claimant's SOC
	Masimba Profit Earned	Sum	1	-401 413,65	-401 413,65		Refer Annexure "SC19" to the Claimant's SOC
	Scribante Final Estimated Profit	Sum	1	4 500 000,00	4 500 000,00		Refer Annexure "SC19" to the Claimant's SOC
	Scribante Profit Earned	Sum	1	-50 845,24	-50 845,24		Refer Annexure "SC19" to the Claimant's SOC
J	Total Further Cost incurred and to be paid					18 639 691,88	
K	Claim Value (Excluding VAT) (I+J)					74 767 399,94	Excluding VAT
L	Add 15% VAT					11 215 109,99	
M	Claim Value (Including VAT)					85 982 509,93	Including VAT

人

AP.

"H"

From: Robin Vela
To: Kura Chihota
Cc: Herbert Hungwe; takudzwa takawira; Emerson Mungwariri; Matthew Mangoma; Elizabeth Chitiga; Cynthia Mugwira
Bcc: nkudenga@bdo.co.zw
Subject: RE: RE : Tetrad Settlement
Date: Monday, 10 July 2017 10:22:00

Dear Kura

I have had several calls from BDO in relation to the Tetrad matter and in particular our intimation that we would have the sale of the remaining properties cancelled. BDO understand that nothing has been done and that it is infact the case that the Sheriff is progressing. Can you please have this stopped today and confirm so doing?

GM – please can you oversee this?

Regards

RV

From: Kura Chihota [mailto:ChihotaK@nssa.org.zw]
Sent: 08 June 2017 16:59
To: nkudenga@bdo.co.zw
Cc: Herbert Hungwe <HungweH@nssa.org.zw>; takudzwa takawira <takawirat@nssa.org.zw>; Emerson Mungwariri <MungwaririE@nssa.org.zw>; Matthew Mangoma <MangomaM@nssa.org.zw>; Robin Vela <robin.vela@lonsa.com>; Elizabeth Chitiga <ChitigaE@nssa.org.zw>; jjonga@bdo.co.zw; Rabi Mangena <rmangena@bdo.co.zw>
Subject: RE : Tetrad Settlement

Thanks for your hospitality and proposal on a way forward with NSSA-Tetrad-Interfin & Stoneridge.

I can confirm NSSA is prepared to request the Sheriff to cancel the sales of the 3 remaining properties and enter negotiations on the settlement. Our internal legal team need to advise us how to preserve our rights in amending the process. Thank you for generously agreeing to absorb 'wasted costs' of changing the acquisition process.

We do have interest in the land offered by the indebted and will revert on terms and price.

We acknowledge time is of the essence in the matter and look to speedily resolve it.

Kura Chihota
Chief Property Investment Officer
National Social Security Authority
Tel + 263 4 706 456
www.nssa.org.zw

L AR.

From: Ngoni Kudenga
To: Kura Chihota
Cc: Herbert Hungwe; takudzwa takawira; Emerson Mungwariri; Matthew Mangoma; Robin Vela; Elizabeth Chitiga; Jonas Jonga; Rabi Mangena
Subject: RE: RE : Tetrad Settlement
Date: Wednesday, 21 June 2017 09:37:20

Dear Mr Chihota,

This is a follow up to our last communication. I wish to enquire as to whether there has been any progress on the cancellation of the three remaining Tetrad properties.

Regards

NGONI KUDENGA
Managing Partner
Direct: +263 4 253939
Mobile: +263 772288830 / +263 712601689
nkudenga@bdo.co.zw



From: Ngoni Kudenga
Sent: Friday, June 09, 2017 10:21 AM
To: 'Kura Chihota' <ChihotaK@nssa.org.zw>
Cc: Herbert Hungwe <HungweH@nssa.org.zw>; takudzwa takawira <takawirat@nssa.org.zw>; Emerson Mungwariri <MungwaririE@nssa.org.zw>; Matthew Mangoma <MangomaM@nssa.org.zw>; Robin Vela <robin.vela@lonsa.com>; Elizabeth Chitiga <ChitigaE@nssa.org.zw>; Jonas Jonga <jjonga@bdo.co.zw>; Rabi Mangena <rmangena@bdo.co.zw>
Subject: RE: RE : Tetrad Settlement

Dear Mr Chihota,

Thank you for indicating NSSA's willingness to cancel the sale of the three remaining properties.

We look forward to your update on the cancellation exercise.

Regards

NGONI KUDENGA
Managing Partner
Direct: +263 4 253939
Mobile: +263 772288830 / +263 712601689
nkudenga@bdo.co.zw



[Handwritten signature]

From: Kura Chihota [<mailto:ChihotaK@nssa.org.zw>]

Sent: Thursday, June 08, 2017 4:59 PM

To: Ngoni Kudenga <nkudenga@bdo.co.zw>

Cc: Herbert Hungwe <HungweH@nssa.org.zw>; takudzwa takawira <takawirat@nssa.org.zw>; Emerson Mungwariri <MungwaririE@nssa.org.zw>; Matthew Mangoma <MangomaM@nssa.org.zw>; Robin Vela <robin.vela@lonsa.com>; Elizabeth Chitiga <ChitigaE@nssa.org.zw>; Jonas Jonga <jjonga@bdo.co.zw>; Rabi Mangena <rmangena@bdo.co.zw>

Subject: RE : Tetrad Settlement

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We do have interest in the land offered by the indebted and will revert on terms and price.

We acknowledge time is of the essence in the matter and look to speedily resolve it.

Kura Chihota

Chief Property Investment Officer

National Social Security Authority

Tel + 263 4 706 456

www.nssa.org.zw



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[Handwritten signature]

From: Ngoni Kudenga
To: Kura Chihota
Cc: Herbert Hungwe; takudzwa takawira; Emerson Mungwariri; Matthew Mangoma; Robin Vela; Elizabeth Chitiga; Jonas Jonga; Rabi Mangena
Subject: RE: RE : Tetrad Settlement
Date: Friday, 09 June 2017 10:20:17

Dear Mr Chihota,

Thank you for indicating NSSA's willingness to cancel the sale of the three remaining properties.

We look forward to your update on the cancellation exercise.

Regards

NGONI KUDENGA
Managing Partner
Direct: +263 4 253939
Mobile: +263 772288830 / +263 712601689
nkudenga@bdo.co.zw



From: Kura Chihota [mailto:ChihotaK@nssa.org.zw]
Sent: Thursday, June 08, 2017 4:59 PM
To: Ngoni Kudenga <nkudenga@bdo.co.zw>
Cc: Herbert Hungwe <HungweH@nssa.org.zw>; takudzwa takawira <takawirat@nssa.org.zw>; Emerson Mungwariri <MungwaririE@nssa.org.zw>; Matthew Mangoma <MangomaM@nssa.org.zw>; Robin Vela <robin.vela@lonsa.com>; Elizabeth Chitiga <ChitigaE@nssa.org.zw>; Jonas Jonga <jjonga@bdo.co.zw>; Rabi Mangena <rmangena@bdo.co.zw>
Subject: RE : Tetrad Settlement

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We acknowledge time is of the essence in the matter and look to speedily resolve it.

Kura Chihota
Chief Property Investment Officer

A handwritten signature in black ink, appearing to be 'K. Chihota'.

National Social Security Authority
Tel + 263 4 706 456
www.nssa.org.zw



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[Handwritten signature]

From: [Ngoni Kudenga](#)
To: [Robin Vela](#)
Cc: [chitigaE@nssa.org.zw](#); [hungweh@nssa.org.zw](#)
Subject: RE: NSSA Vs TETRAD
Date: Monday, 05 June 2017 09:44:33

Thank you for your prompt response. I will await NSSA's response.

Regards

NGONI KUDENGA
Managing Partner
Direct: +263 4 253939
Mobile: +263 772288830 / +263 712601689
nkudenga@bdo.co.zw



From: Robin Vela [mailto:robin.vela@lonsa.com]
Sent: Friday, June 02, 2017 8:18 PM
To: Ngoni Kudenga <nkudenga@bdo.co.zw>
Cc: [chitigaE@nssa.org.zw](#); [hungweh@nssa.org.zw](#)
Subject: Re: NSSA Vs TETRAD

Dear Mr Kudenga

I note your comments below. I have passed the same onto the NSSA Management to pick up and revert on the same.

Regards

Robin Vela
Sent from my iPhone

On 02 Jun 2017, at 10:27, Ngoni Kudenga <nkudenga@bdo.co.zw> wrote:

Dear Mr Vela,

Thank you for the status report from NSSA's lawyers regarding the various cases between National Social Security Authority vs Tetrad Holdings/DPC.
In view of the discussions we held where I was proposing that NSSA and Tetrad find an amicable way of resolving the problem I wish to propose that:

- NSSA immediately cancels the sale of the properties where transfer has not been effected. The affected properties are:
 - Industrial Plot 3 Salisbury Township of Agricultural and Horticultural Society Showground of Salisbury Township Lands;

A handwritten signature in black ink, appearing to be 'R.' followed by a stylized flourish.

- Share No. 9 in a certain piece of land situate in the district of Salisbury called Lot 1 of Lot 7B Rietfontein;
- Share No. 7 in a certain piece of land situate in the district of Salisbury called Lot 1 of Lot 7B Rietfontein.

- Tetrad Investment will meet all the costs relating to such cancellation.
- NSSA and Tetrad will enter into negotiations regarding the settlement of the outstanding debt.

I am available to meet with you as soon as possible to discuss this matter.

In the meantime, I am working on the formal proposal for both Tetrad Bank and Interfin Bank for your consideration

Regards

<image001.png>

Before you print think about the environment

BDO Zimbabwe, a Zimbabwean partnership, is a member firm of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

[Handwritten signature]

11. 11.



14th Floor Social Security Centre, Cnr Sam Nujoma Street & J Nyerere Way, Harare, Zimbabwe
Tel: 04 - 770480/1, 770471/2

The Permanent Secretary
Ministry of Labour and Social Welfare
Kaguvi Building
Harare

19.03.2018

Attn: Mr. Ngoni Masoka

Dear Sir,

RE: APPROVAL OF NBS MANAGING DIRECTOR DEIGNATE PACKAGE BY THE MINISTRY

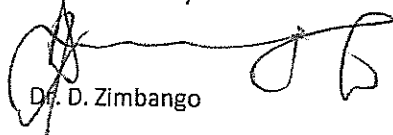
This letter is a follow up to the meeting between yourself, myself and the honourable Minister on 12.03.2018.

I advise that following the Minister's approval, I reverted to my earlier proposal of a package of \$17 500.00 and Lameck has since accepted the package so we are now proceeding to seek clearance from the Reserve Bank Of Zimbabwe.

I also believe that you advised NSSA as you stated in the same meeting since you were meeting with them on the same date. If not, then this letter serves as notification to the NSSA General Manager that the Ministry has approved a total package of \$17 500 against the original approval from NSSA of \$16263.00.

This now brings closure to the issue of a substantive M.D. for NBS and I would like to thank everyone involved.

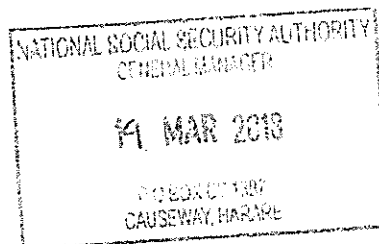
Yours Faithfully



Dr. D. Zimbango

Board Chairman

Cc- General Manager-NSSA



Directors: Dr D. Zimbango* (Chairman), P. Sibiye* (Vice Chairman), N. W. Chiminya*, K. D. Mnangagwa*, T. M. S. Kambasha*, S. Kudenga*, J. Ncube*, B. W. Madzivire*, M. Shava*, T. Murumbi*, E. Chitanda (Chief Finance Officer) Executive, *Non-Executive Director

From: Robin Vela <robin.vela@lonsa.com>
Sent: Tuesday, February 20, 2018 12:11 PM
Subject: Re: MEMORANDUM TO GM NSSA- NBS MD RECRUITMENT
To: Douglas Zimbango <douglasz@bigtimestrategic.co.zw>
Cc: Elizabeth Chitiga <chitigae@nssa.org.zw>, Daisy Madume <madumem@nssa.org.zw>

Dear Dr Zimbango

I am fully supportive of your response and proposed action. Indeed a formal recordal must be retained on all processes.

Regards

RV

Sent from my iPad

On 20 Feb 2018, at 09:08, Douglas Zimbango <douglasz@bigtimestrategic.co.zw> wrote:

Good morning, will deliver the hard copies this afternoon.

<MEMORANDUM TO GM NSSA- NBS MD RECRUITMENT.docx>

1 AB-

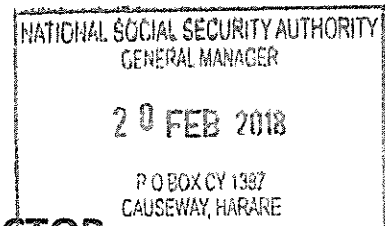
MEMORANDUM

TO: GM-NSSA

FROM: BOARD CHAIRMAN-NBS

16 Feb. 18

APPOINTMENT OF NBS MANAGING DIRECTOR



The above subject matter refers;

As per our telecon, I have now received a copy of the letter from the Permanent Secretary directing that we appoint Lameck Danga to the post of MD in spite of the adverse reports from the two consultants and the final board interview wherein eight out of nine board members recommended Gift Shoko.

I, as Chairman, have no problem with the directive since it is now in writing but would like to put it on record that this is not a board appointment because we are not privy to the other factors referred to in the letter. I will thus convene a special board meeting early next week to pass a new resolution nullifying the previous one.

As part of the process and in view of possible enquiries from board members at the special board meeting and in the interest of transparency, I request information on the following;

- The P.S. refers to other factors, can we be privy to them or they are not for our consumption in which case we take them as a given.
- In the normal course of business, the Ministry would not be advised of administrative shortcomings at NBS so to state that just because there has not been any complaints referred to the Ministry means things were flowing smoothly at NBS would be incorrect.
- Ever since my appointment in September, there are several administrative issues that we, as a board, feel could have been handled differently by management and one such example is project management and reporting.
- I also would like to put it on record that even though I was not part of the final process that recommended Lameck and Gift Shoko for psychometrics, I fully support the outcome because it is logical and has a fool proof paper trail.

I therefore, bring these issues to your attention as I am also advised that Ken Chitando was recruited against the advice of independent professional advice resulting in the situation that the Society found itself in. I am also aware that this is an auditable process and so would like to put this on record for future reference as some of us need to protect our reputations in our other engagements outside NBS.

We will thus proceed to appoint Lameck, after a board meeting scheduled for early next week subject to my reservations highlighted above.

Dr D Zimbango

Cc. Hon. Minister of Labour and Social Welfare
P.S. Ministry of Labour and Social Welfare
Board Chairman- NSSA

Handwritten signature and initials at the bottom right of the page.

NATIONAL SOCIAL SECURITY AUTHORITY



Head Office
NSSA House
Selous Avenue / Sam Nujoma St
Box CY 1387, Causeway, Harare

Tel: (04) 706523-5, 706545-8
Fax: (04) 796320, 799042

19 February 2018

Dr Douglas Zimbango
The NBS Board Chairman
National Building Society (NBS)
Social Security Centre
HARARE

Dear Douglas,

RECRUITMENT OF NBS SUBSTANTIVE MANAGING DIRECTOR

Please find attached a letter (copied to yourself) from the Permanent Secretary of our parent Ministry on the above appointment.

You are advised to act as per directive.

Yours sincerely,

Liz Chitiga
GENERAL MANAGER/CEO

Correspondence should not be addressed to individuals



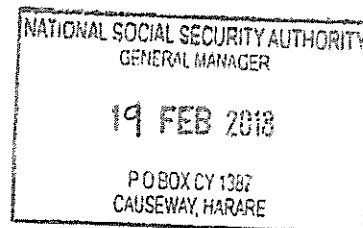
ZIMBABWE

MINISTRY OF LABOUR AND
SOCIAL WELFARE
KAGUVI BUILDING
PO Box CY 17
Causeway
Harare

Tel: 253224/793290/2932341
Fax: 793930

16 February 2018

The General Manager
National Social Security Authority
(NSSA)



Attention: Ms L. Chitiga

REF: APPOINTMENT OF MANAGING DIRECTOR FOR THE NATIONAL BUILDING SOCIETY

Reference is made to the reports you submitted to the Ministry in relation to the recruitment of the Managing Director of the National Building Society.

After an analysis of the two reports from Industry Psychology Consultants and Head Hunters, it is clear that two candidates namely Gift Shoko and Lameck Danga are the front runners for the Post.

After an assessment of both reports and considering other factors, Ministry is of the view that the post be offered to Mr. Lameck Danga.

Mr. Danga was with the bank since inception and therefore has a better understanding of the new bank. Changes in personnel may disrupt the smooth running and other operations of the bank.

Additionally, Mr. Danga has been acting as Managing Director of NBS since the departure of Mr. Ken Chitando. During the period Mr. Danga has been acting as MD, the Ministry has not received any adverse reports on his conduct or performance and the bank seems to be performing fairly well considering it's a new bank which however still needs to be well funded by NSSA.

[Handwritten signature] *AR.*

The Board of the National Building Society should therefore proceed to appoint Mr. Lameck Danga as the Managing Director of the Bank. You are guided accordingly.

Ngoni Masoka

N. MASOKA

SECRETARY FOR LABOUR AND SOCIAL WELFARE

Cc: Hon. Minister
Chairman NSSA
Chairman NBS

1 *18.*

NATIONAL SOCIAL SECURITY AUTHORITY



Head Office
NSSA House
Selous Avenue / Sam Nujoma St
Box CY 1387, Causeway, Harare

Tel: (04) 706523-5, 706545-8
Fax: (04) 796320, 799042

19 February 2018

Mrs D. Tomana
Acting NSSA Board Chairman
C/o NSSA HOUSE
HARARE

Dear Mrs Tomana

RECRUITMENT OF MANAGING DIRECTOR FOR NBS

The above matter refers. Please find attached the NBS Chairman's summary regarding how the process was conducted and the resultant shortlisted candidates that the NBS Board decided to put forward to the NSSA Board for consideration and recommendation to the Minister of Labour and Social Welfare.

For the avoidance of doubt the Chairman of NBS, in the company of NBS HR Chairman, emphasised that no-one has been appointed as yet but that a draft contract (without a name) had been drafted and circulated to all board members for their input.

Please advise in the event you require more information or another action to be taken.

Yours sincerely,

Liz Chitiga
GENERAL MANAGER/CEO

MEMORANDUM

TO: GM-NSSA

FROM: BOARD CHAIRMAN-NBS

16 Feb. 18

NBS RECRUITMENT REPORT

The above subject matter refers;

Below is a sequence of events in the recruitment of the MD for NBS and the Board's recommendation for your internal processes.

- Industrial Psychology Consultants were hired to consult on the recruitment and it was agreed that they follow a set procedure to advertise, shortlist and present the shortlist to the NBS HR Committee for final shortlisting.
- A select Committee of relevant Committee Chairs together with IPC Consultants conducted group activities as highlighted in the attached report.
- Candidates were further shortlisted and attended oral interviews conducted by representatives from both NSSA and NBS.
- Two candidates came out with the same marks and it was decided that they be separated by psychometric tests.
- Same was conducted by IPC who were the consultants for the recruitment. The full report is attached for your scrutiny but in summary, Gift Shoko excelled as compared to Lameck.
- As Chairman, I did not attend the final interviews and I requested that I be accorded the opportunity to assess the two final candidates before a final decision could be made.
- It was also agreed that, as some members expressed an element of doubt on the first psycho, a second psycho from a different Consultant be conducted as we did not want any mistakes.
- A presentation before the full board was also scheduled and conducted for a full board assessment of the two candidates.
- The second psycho, report attached, confirmed the findings of the first one.
- The presentation results as assessed by the full board supervised by Head Hunters Consultants and the same candidate Gift Shoko scored 76% compared to Lameck's 70% .

Recommendation

Based on the results of all the processes and in the interest of transparency and fairness, the Board recommends Gift Shoko

Proposed Contract

Following this outcome, I drafted a proposed offer letter, as attached, for circulation and comments from the Board so that NSSA would get a full package for their decision making in light of the 31st March deadline by the RBZ.

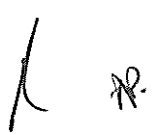
Conclusion

It is my hope that this settles this issue and the reports by the two consultants are attached but as you will note, IPC makes mention of Lameck having been forced on them but on following up I was advised that yes he did not qualify on the basis of one of the criteria in the advert of ten years Executive Director role but the HR Committee Chairman, who was coordinating the whole process, felt that since

he was acting, it was only fair that he be included in the final short list. I have attached communication on same.

CVs of the two candidates are attached.

Dr. D. Zimbango

Handwritten signature and initials in the bottom right corner of the page.

Daisy Madume

From: Douglas Zimbango <douglasz@bigtimestrategic.co.zw>
Sent: Thursday, February 15, 2018 9:30 AM
To: Elizabeth Chitiga
Cc: Daisy Madume
Subject: MD INTERVIEWS FOR NBS MANAGING DIRECTOR
Attachments: NBS REPORT.docx; Recruitment Report - Managing Director.pdf

The above subject matter refers;

Please take note that further to our conversations, I reconfirm that following the final interviews, it was resolved that since there was a tie, the two top candidates had to be separated by a psychometric test and same was conducted by IPC who were the consultants for the recruitment. The full report is attached for your scrutiny but in summary, Gift Shoko excelled as compared to Lameck. As the Chairman was not there in the final oral interviews, the reviewing committee resolved that we do a second psychometric from a different consultant just as a double check after which the whole board would do a final assessment based on a presentation by the two candidates. This was done and again Gift excelled in both the psycho and the presentation scoring 76% compared to Lameck's 70% . The board then agreed to settle for Gift Shoko who we are referring to you for your own processes so that we finalise same by 31st March which is the RBZ deadline for the appointment of a substantive MD for NBS. The reports by the two consultants are attached but as you will note, IPC makes mention of Lameck having been forced on them but on following up I was advised that yes he did not qualify on the basis of one of the criteria of having been in a senior Director role for 10 years but the HR Committee Chairman, who was coordinating the whole process, felt that since he was acting, it was only fair that he be included in the final short list. I have attached communication on same.

Finally my apologies for any apprehensions my earlier communications might have caused, while the Board had settled for a candidate as agreed, we were fully aware of other necessary processes required like RBZ clearance and your concurrence hence my request for a meeting. We only finalised this issue on Monday 12 February 2018. We have hard copies of the presentations, interview reports and CVs if you need them.

bigtime STRATEGIC GROUP
Zimbabwe

DOUGLAS ZIMBANGO
CHIEF EXECUTIVE OFFICER

+263 712 604 840

douglasz@bigtimestrategic.co.zw

(04) 885 790 | (04) 885 978

(04) 886 656 (Direct)

bigtime bigtime bigtime
ZIMBABWE BOTSWANA MALAWI

MetroPay MetroFare

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Daisy Madume

From: Douglas Zimbango <douglasz@bigtimestrategic.co.zw>
Sent: Thursday, February 15, 2018 9:32 AM
To: Elizabeth Chitiga
Cc: Daisy Madume
Subject: FW: MD RECRUITMENT REPORT

Importance: High

Email trail for some clarity on what was raised in IPC's report.

From: Memory Nguwi [mailto:mnguwi@ipccconsultants.com]
Sent: Thursday, 25 January 2018 5:09 PM
To: 'Douglas Zimbango'
Cc: 'Nimrod Chiminya'; pureeshasibiya@gmail.com; 'Precious Sibiya'; dorcas@ipccconsultants.com
Subject: RE: MD RECRUITMENT REPORT
Importance: High

Mr Zimbango,

Thank you for the email. The reason Lameck was not initially shortlisted was that we interpreted the requirement "10 years in a similar role" to mean senior role like director level. He started in a director level role in 2009 so he was short of one year. The full report was submitted to Sam.

Regards,
Memory

From: Douglas Zimbango [mailto:douglasz@bigtimestrategic.co.zw]
Sent: Thursday, 25 January 2018 11:09 AM
To: mnguwi@ipccconsultants.com
Cc: 'Nimrod Chiminya'; pureeshasibiya@gmail.com; 'Precious Sibiya'; dorcas@ipccconsultants.com
Subject: MD RECRUITMENT REPORT

Reference is made to your report on the above.







For my comfort as chair and to ensure that the process moves forward smoothly especially for future reference, I will require that you clarify the following issues and provide relevant information.

- You make reference to not having shortlisted Lameck Danga in the first instance, kindly report on why he did not qualify as compared to the other candidates shortlisted.
- The summary mark schedule


As you might be aware, this process is auditable so we need to be comfortable when addressing future queries on the recruitment process.

Thank you in advance for your urgent response.


For NBS









DOUGLAS ZIMBANGO
 CHIEF EXECUTIVE OFFICER

+263 712 504 840 

douglasz@bigtimestrategic.co.zw @

(04) 885 790 | (04) 885 976 

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Plot 10, Parklands Estate, Harare

Plot 10, Ground Floor, Chishe Office Park, Edmore Estate, Harare

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18.

4 I 11

From: [charles mutisi](#)
To: [Emerson Mungwariri](#)
Cc: [Robin Vela](#); [nester.mukwehwa](#); [daphine tomana \(dtomana@hotmail.com\)](#); [Sij Biyam](#); [Eria Phiri](#); [Memory Mukondomi](#); [jemina mateko](#); [Richard Gundane](#); [Elizabeth Chitiga](#); [Cynthia Mugwira](#); [nestermukwehwa@gmail.com](#)
Subject: Re: NSSA vs. CHIKUNI MUTISWA: URGENT CHAMBER APPLICATION
Date: Thursday, 26 October 2017 09:41:50

Fully support that position.

On 26 Oct 2017 07:32, "Emerson Mungwariri" <MungwaririE@nssa.org.zw> wrote:

Dear Chairman

I am in agreement with your response.

Regards Emerson

Get [Outlook for Android](#)

From: Robin Vela
Sent: Thursday, 26 October, 07:16
Subject: Re: NSSA vs. CHIKUNI MUTISWA: URGENT CHAMBER APPLICATION
To: charles mutisi
Cc: nester.mukwehwa, daphine tomana (dtomana@hotmail.com), Sij Biyam, Eria Phiri, Memory Mukondomi, jemina mateko, Richard Gundane, Elizabeth Chitiga, Emerson Mungwariri, Cynthia Mugwira, nestermukwehwa@gmail.com

Dear All

My response to the guidance sought is as follows:

1. Mutasa has been reappointed to the Board. That is the prerogative of the Minister and now accepted by Board Resolution.
2. Mutiswa - we are guided by our deliberations and resolve. No reinstatement but that the appointed persons seek to negotiate (albeit now with time and less generosity) with a view to settlement failing which we proceed to have court determination.

Regards

Robin Vela
Sent from my iPhone

On 26 Oct 2017, at 06:38, charles mutisi <charlesmutisi2@gmail.com> wrote:

Morning Chairman

Thank you for the update, so in light of these developments both Mutasa and Mutiswa, what's the way forward?

K R.

Regards

Clir Mutisi

On 26 Oct 2017 06:11, "nester.mukwehwa"
<nester.mukwehwa@gmail.com> wrote:

Morning
The outcome is well received.
Regards
NM

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: Robin Vela <robin.vela@lonsa.com>
Date: 26/10/2017 4:51 am (GMT+02:00)
To: daphine tomana <dtomana@hotmail.com>, nester.mukwehwa@gmail.com, Sij Biyam <sij@iobz.co.zw>, Eria Phiri <eriyaphiri@yahoo.co.uk>, Memory Mukondomi <mukondomi@yahoo.com>, Jemina Mateko <jeminamateko@gmail.com>, Richard Gundane <gundanerichard@yahoo.com>, Charles Mutisi <charlesmutisi2@gmail.com>, chitigaE@nssa.org.zw, mungwaririe@nssa.org.zw, MugwiraC@nssa.org.zw, nestermukwehwa@gmail.com
Subject: Fwd: NSSA vs. CHIKUNI MUTISWA: URGENT CHAMBER APPLICATION

FYI

Regards

Robin Vela
Sent from my iPhone

Begin forwarded message:

From: Jacob Mutevedzi
<jacob@mutamangira.co.zw>
Date: 25 October 2017 at 19:38:07 CAT
To: <robin.vela@lonsa.com>
Subject: NSSA vs. CHIKUNI MUTISWA:
URGENT CHAMBER APPLICATION

Dear Robin,

I refer to the above and to our telephone

Handwritten signature and initials in the bottom right corner of the page.

conversation this evening.

Following the default judgment snatched unprocedurally by Mutiswa we managed to obtain Stay of Execution on an urgent basis in the High Court this afternoon.

Justice Mangota concurred with our reasoning and stayed execution. Mutiswa's lawyers, on the other hand, were lambasted for unethical conduct. Sensing certain defeat, Mutiswa's counsel abandoned their opposition midstream and capitulated to our indefensible application.

We have always maintained that this is a classic case of "snatching judgment" which the High Court will never countenance. I attach hereto a write up that I did for Cynthia (Corp Sec) demonstrating the procedural irregularities besetting Mutiswa's default judgment.

We will now proceed to have the default judgment rescinded. My suspicion is that Prof Madhuku will abandon the default judgment so that the matter is dealt with on the merits with expedition. Attempting to cling to the default judgment will clearly prejudice his client because the application for rescission will not be heard any time soon.

Even if the matter is heard on the merits Mutiswa faces insurmountable jurisdictional issues because his claim should have been brought in the Labour Court.

It is unfortunate that both NSSA and ourselves had to endure unwarranted negative publicity on account of Mutiswa's cloak and dagger antics. There is a clear need to counter these malicious attacks through publication of Justice Mangota's ruling. The full judgment will take some time to come out but the Court Order will be available tomorrow.

As previously indicated the Minister is fully briefed of the court outcome.

K
AB

I am available at the office tomorrow or Friday to discuss this matter further over coffee.

Regards

Jacob Mutevedzi
38 Clairwood Road, Alexandra Park, Harare

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A handwritten signature, possibly reading 'AB', is located in the bottom right corner of the page.

From: nester.mukwehwa
To: [Robin Vela](mailto:Robin.Vela)
Cc: daphine.tomana
Subject: Re: Details on what was agreed upon...
Date: Friday, 03 November 2017 07:32:10

Thank you Chairman, we will consider the same and advise of the outcome.

Regards
NM

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: Robin Vela <robin.vela@lonsa.com>
Date: 03/11/2017 6:56 am (GMT+02:00)
To: "nester.mukwehwa" <nester.mukwehwa@gmail.com>
Cc: daphine tomana <dtomana@hotmail.com>
Subject: Re: Details on what was agreed upon...

It is your call, decide and I will support the same. As long as you are both comfortable. Please just ensure your settlement agreement is not an admission that he was wronged, is water tight, is full and final, and gets him to go away permanently. I suspect he will do this to cash he needs but continues to hound the Authority.

Regards

Robin Vela
Sent from my iPhone

On 03 Nov 2017, at 06:16, nester.mukwehwa <nester.mukwehwa@gmail.com> wrote:

Morning

Herewith calculations by Chikuni. As discussed he is looking at \$275 000 net of tax and payment of sherrif fees.

Regards
NM

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: Chikuni Mutiswa <chikuni@gmail.com>
Date: 02/11/2017 5:35 pm (GMT+02:00)
To: "nester.mukwehwa" <nester.mukwehwa@gmail.com>, daphine tomana <dtomana@hotmail.com>
Cc: Lovemore Madhuku <madhukulovemore@gmail.com>
Subject: Re: Details on what was agreed upon...

Dear Mesdames Mukwehwa and Tomana



Thank you for taking the time out of your busy schedules to meet and discuss an amicable settlement and separation. Your gesture is welcome and much appreciated.

Like yourselves, we feel that we are not at all far apart and may actually be in agreement although we may not realise it.

Just to return to a point to elaborate on how we arrived at the \$275k figure we ended on. It was not plucked out of thin air.

It is made up as follows:

1. My total net monthly salary and benefits total US\$10,629.59 consisting of

-

Salary credited into my account as per payslip	\$8,879.59
Pension contribution by NSSA (clause 8.3.2 of contract)	825.00
Group Life Assurance & Personal Accident Cover (clause 8.3.3 of contract)	500.00
Medical Aid (clause 8.3.4)	425.00

2. This is then multiplied by 20 months arrived at follows:

10 months current 'back pay' plus *half* of remaining 20 months of contract (ie as rightly proposed by Mrs Tomana, going 50/50 on prospective issues is an excellent principle)

3. Apply 60% to the 10 months 'back pay' to account for the known fact that a dollar in January is certainly not a worth a dollar now. With the original \$210k + re-instatment agreement, this amount was indeed discussed and included. Please confirm with Emerson, Cynthia and Minister Zhuwao.

The 60% is *not* being applied to the remaining contractual period.


Alternatively, this can be attributed to surrendering of the subsidised loans which is a benefit with real financial value and has been actuarially measured and calculated. For illustration, the monthly difference in repayment of NSSA's no deposit, low interest housing loan of \$462k and borrowing the same from the bank at market rates and conditions *is more than \$4,300 per month*. I am prepared to set this aside. (At the risk of looking in the rear view mirror, this does not in any way refer to not repaying any loans were I to be in NSSA's employ and is contained on or around pg 89-98 of the successful motion court application for default judgement and can be checked, recalculated and verified. Interest rates and conditions from various banks are all included in the said filing which is fairly comprehensive).

Ultimately is really up to yourselves how to couch this.

Multiplying 1, 2 and 3 gives a figure of US\$276,369.34 which we rounded down to US\$275k.

I hope this clarifies thing a bit.

Allow me to reiterate yet again that I'd prefer a fair, amicable resolution to this matter. And Mrs Mukwehwa, I have indeed taken your words to heart.



Warm regards,
Chikuni

On Wed, Nov 1, 2017 at 12:30 PM, Chikuni Mutiswa <chikuni@gmail.com> wrote:

Dear Mrs Mukwehwa

Thank you for your response.

By now I expect Prof Madhuku would have got back to you via phone outlining our position regarding mutual separation/ settlement.

He has kept correctly informed throughout.

I memorialize these options briefly in writing:

1. The existing position agreed to with NSSA management then presented and approved by the Minister:
 - Full immediate payment of \$210k
 - Full payment of legal fees amounting to \$21k & Sheriff's costs of \$470
 - Re-instatement in same position with all outstanding benefits & contractual safeguards
2. Buying out of the remaining period of my contract (30 months from date of unlawful termination) by way of full payment of \$452k plus legal fees at 10% of that amount & Sheriff's costs of \$470. I will forgo all loans entitlement.
3. Full payment of half of the judgement amount. This \$314,168 plus \$470 and legal costs of 10% will be full and final settlement.

In all the alternatives above, all parties will immediately withdraw all legal actions pending on the matter.

For the record, I do not agree to yesterday's new presented offer of \$180k (back pay) & \$5k in legal cost as full & final settlement. It amounts to renegeing for unknown and unexplained reasons on what was negotiated and agreed to in good faith between myself, NSSA and the Minister.

Warm regards,
Chikuni

Sent from Chikuni's iPhone!



On 01 Nov, 2017, at 08:48, nester.mukwehwa <nester.mukwehwa@gmail.com> wrote:

Morning Mr Mutiswa

I trust you are well. Prof Madhuku indicated that he will come back to us this morning with your position on mutual settlement.

Thank you for your email.

Regards



NM

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: Chikuni Mutiswa <chikuni@gmail.com>

Date: 01/11/2017 8:00 am (GMT+02:00)

To: nester.mukwehwa@gmail.com, daphine tomana
<dtomana@hotmail.com>

Cc: Cynthia Tendai Mugwira <cynthia.tendai@gmail.com>,

Emerson Mungwariri <efmungwariri@gmail.com>,

petergiftmutasa@yahoo.com, Lovemore Madhuku

<madhukulovemore@gmail.com>, Patrick Zhuwao

<patrickzhuwao@gmail.com>

Subject: Re: Details on what was agreed upon...

Dear Mesdames Mukwehwa and Tomana

I trust that I find you well.

Following the meeting you requested between yourselves and Professor Madhuku yesterday afternoon regarding settlement of my matter, I have taken the liberty to copy Honourable Minister Zhuwao, NSSA board member Peter Mutasa (for reasons which will become clearer further down) together with Emerson and Cynthia in this email.

As you may now be aware (after having appeared to be in the dark at the time of the said meeting yesterday), NSSA and I had negotiated and agreed on the broad outlines of a settlement. These were presented to the Minister at his offices by Cynthia and Emerson on the evening of Wednesday 18 October 2017. The email thread below refers.

This followed the intervention of Minister Zhuwao in the matter on the previous day. After having spoken to Prof Madhuku, he went ahead and called, asking me to come to his office and discuss if this issue could not be solved amicably in a non-contested, non-confrontational way and out of the glare of the newspapers and media.

It was the first such approach we had had and it was coming from a national leader who had already demonstrated goodwill with his rapid move in re-instating Mr Peter Mutasa back onto the NSSA board with little fuss and fanfare. I have said this to Minister Zhuwao on at least one occasion and have no hesitation repeating over again: it was a noble gesture showing uncommon decency and leadership and one which really left me with no choice but to respond to positively.

Minister Zhuwao may modestly brush this aside but I do know that he had spoken to many different people on various matters



AP.

related to NSSA before reaching out. He is that thorough and astute.

It is a refreshing approach and one which makes me proud to call myself Zimbabwean.

I agreed to meet him on arrival from Bulawayo, went over to his offices with my wife (unintentional but she had picked me up from the airport, the Minister unknown to me having sent his driver to do the same) and we talked.

At the very beginning of the conversation, he implored us to set aside the issues of laws broken or otherwise and instead focus on looking for a win-win situation for all parties.

The gist of his pitch was a desire to start his tenure without these unnecessary confrontations. He asked about my family and enquired from my wife how we were coping with the situation. This he didn't need to do - he knew neither my wife nor myself from a block of salt. Yet he did it. That is the measure of the man. No self-serving empty talk about empathy, ubuntu and compassion - he walks the talk. He made the point that in this very country, supposedly sworn enemies had and were happily working together: Zanu PF & ZAPU, Jonathan Moyo was one of the country's hardest working ministers despite history, former adversaries in the 2009-13 GNU etc. So there was no reason for the same to be said to be impossible at NSSA and it was in this spirit that he had already asked Mr Mutasa to come back.

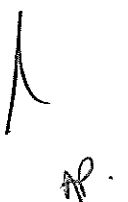
Would I be willing to do the same?

I said it was something I could consider: prior to my summary dismissal, I had excellent working relationships with all at NSSA. Bar none.

He graciously advised that as a family, we best sleep over what he was proposing and if we are in agreement, reach out to Emerson and negotiate - without ego or a desire for vengeance or to be vindictive.

As a couple, we took his word to heart and I met with Emerson and Cynthia the following day. With Emerson, it was straightforward with the usual give and take of negotiation but no posturing and no drama. Between ourselves, Emerson always has worldly wisdom as he considers me his youngster. He made the point that one of the board members, Mr Biyam, had said to him that we were all employees and should not behave like we hated each other so much for God-knows-what to such an extent that we could not work together anymore.

During the day, the Minister kindly called me a couple of times to check up on progress and by that evening we had reached an agreement which we presented to him. He checked it's

A handwritten signature, possibly 'A', is located in the bottom right corner of the page, with some illegible initials or marks below it.

acceptability with Emerson and asked Cynthia the next step. At the end he welcomed me back, imploring that I now put my shoulder to the wheel, look forward and not drive using the rear view mirror. I responded that I was back in the saddle. As far as all those in the room that evening we concerned, we were done and all that remained was procedural bow-tying.

The outline of the settlement are contained in the emails below - it was very fair with evidence of that simply being that neither side was ecstatic nor up in arms with the outcome.

We parted on that basis and I made an undertaking to seek postponement of the upcoming court hearing for the application for interim stay of execution and all other legal process in order that we finalise the settlement in the next few days.

I also committed to keep the Minister up to date which I have done throughout and am doing so by way of copying him on this email.

Now, there appears to be some frantic rowing back on the route so nobly guided by the Minister. The agreement appears to have been torn up with that earlier impression of petty vindictiveness, banished since the new Minister's arrival, seems to have returned together with a desire for a messy, high profile and bloody legal battle.

One can only guess what or whose agenda is being pursued by those choosing this path of strife. It is certainly not in the interests of the institution or the ministry's mandate of advancing social justice. Nor does it help the Minister, whom after his intervention, must have thought that the matter was done and dusted and he could now get on with the more substantive business of his appointment.

I completely understand if some at NSSA feel that our relationship has broken down and that it would be best for me not to return. That is absolutely sensible and an employer has that right which, incidentally, is why in my lawsuit I did not demand re-reinstatement. However for NSSA to then now backpedal and make a completely new and frankly derisory settlement offer that is well below the \$210k and legal fees agreed and furthermore excludes re-reinstatement and the associated contractual benefits is not a credible negotiating tactic.

It merely makes a complete mockery of the Minister's intervention in both substance and spirit.

The claim that the intention of doing so is to 'save' pensioners funds is disingenuous. As the Minister has probably been too polite to point out, those individuals who now purport to be ferocious custodians of pensioners' funds yet made the series of decisions and took actions that got NSSA into this predicament,



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should immediately settle the matter, not just legal fees, out of their own personal financial resources. This would be the right thing to do and would keep the Authority and Minister's good name out of the courts, the press and damaging viral emails.

That is the single best way to protect pensioners' funds.

I respect the commitment I made to my Minister and will not embarrass him. As maintained from the very time when the matter began, I am willing to sort this out amicably, quickly and cleanly (with or without re-reinstatement) so that we all get on with other things.

If this is indeed your desire too, I look forward to hearing from you soon.

Warm regards,

Chikuni

On Thu, Oct 19, 2017 at 12:45 PM, Chikuni Mutiswa

<chikuni@gmail.com> wrote:

Hi Cynthia

Thanks for the responses.

My apologies if I seem to be re-litigating issues but I feel it's better that we be clear where we are and why.

1. On 7, that is what I'm presenting. I have no intention of leaving myself similarly exposed as was the case previously. Emerson would be well aware that at the time I was fired, the Chairman stated, on at least two occasions, he had the option to reinstate me then proceed to immediately terminate me on notice.

However I sincerely wish to let bygones be bygones, I am not heading down that route.

This amendment safeguards me financially.

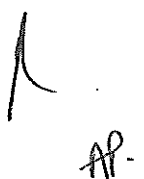
2. On 9, we discussed at length the reason for this. It is 'special' in the same way that 7 - my ask on termination- is likely to be different from that of other employees.

My circumstances and history getting to this point are different.

Emerson, you are aware that asset prices, particularly in the housing market, have moved dramatically in the past 10 months. And it is now far more difficult to purchase a house as sellers want hard currency or to be paid offshore.

When I get into the market this is the reality I will face.

My fellow execs who joined on the same day I did have since

A handwritten signature, possibly 'A', followed by the initials 'AP'.

accessed the loans and secured properties during the time I was away. This goes, in a small way, to recognise that prejudice of what is one of the key benefit.

Warm regards,
Chikuni

Sent from Chikuni's iPhone!

On 19 Oct,2017, at 11:49, Cynthia Tendai Mugwira
<cynthia.tendai@gmail.com> wrote:

Good morning Chikuni,

Please find attached our response to your document. I have highlighted Mr. Mungwariri's input and I have made comments where I have made input. The document is clear with regards what was discussed at the meeting by either party and the submissions made to the Minister. We now await finalisation of the matter. If there are any areas which may not be clear please feel free to contact us to discuss.

**Best regards,
Cynthia T. Mugwira (Ms.)**

On 19 October 2017 at 05:37, Chikuni Mutiswa
<chikuni@gmail.com> wrote:

Dear Emerson

Below are the details of the issues we discussed, negotiated and agreed upon with yourself and Cynthia and subsequently presented and agreed to by Minister Zhuwao at his office last night.

1. Full payment of legal fees of US\$21,000 (twenty one thousand United States dollars only) to Chikuni Mutiswa's legal counsel, Professor Lovemore Madhuku.

This is based on the 10% contingency fee agreement between the two;

2. Full payment of US\$210,000 (two hundred and ten thousand United States dollars only) to Chikuni Mutiswa as full and final settlement;

3. Payment of US\$470 (four hundred and



seventy United States dollars only) to Chikuni Mutiswa for refund of Sheriff's costs incurred in execution of writ;

4. Payment directly to Sheriff of Zimbabwe Harare for any other costs of execution of writ that may arise. (I am not aware of any at present, neither to we expect any - Professor Madhuku can confirm this);

5. Chikuni's reinstatement to his position of Chief Strategic Assets Officer (E2 executive level)

6. The effect of the reinstatement is that Chikuni's employment will be deemed to have continued without interruption from its commencement on 1 July 2016.

7. Clause 15(a) of employment contract which relates to termination on notice to be changed to include that on termination of employment for whatever reason, immediate payment of the total gross remuneration as per Clause 8.1.1 (or amended) for the balance of the remainder of the contract period shall be due to Chikuni in addition to the contractual notice pay and any outstanding leave days;

8. Upon the signing of this agreement, Chikuni shall be entitled to immediately apply for and receive all loan advances as detailed under clause 8.4 of his contract for employment;

9. A sub-clause to be added under 15(c) of the same contract to the effect that on termination of employment for whatever reason, all of Chikuni's staff loans shall continue on the same terms and conditions.

10. Payment of items under (1), (2) and (3) to be made by Monday 23 October 2017 and proof provided to Lovemore Madhuku Lawyers.

11. All litigation and legal processes from both parties founded on and emanating from the matter under High Court case HC 2047/17 to cease on signing of the agreement capturing the above.

Please do let me know if there is anything I have excluded or made an error on. I've copied Prof Madhuku who will draft the formal

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document(s) this morning.

Warm regards,
Chikuni

<Chikuni Mutiswa Document.docx>

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From: daphine.tomana
To: Robin Vela
Subject: Fwd: Details on what was agreed upon...
Date: Wednesday, 01 November 2017 15:31:57

Good afternoon Chairman

FYI

Begin forwarded message:

From: Chikuni Mutiswa <chikuni@gmail.com>
Date: 01 November 2017 at 12:30:52 PM CAT
To: "nester.mukwehwa" <nester.mukwehwa@gmail.com>
Cc: daphine.tomana <dtomana@hotmail.com>, Cynthia Tendai Mugwira <cynthia.tendai@gmail.com>, Emerson Mungwariri <efmungwariri@gmail.com>, petergiftmutasa@yahoo.com, Patrick Zhuwao <patrickzhuwao@gmail.com>, madhukulovemore@gmail.com
Subject: Re: Details on what was agreed upon...

Dear Mrs Mukwehwa

Thank you for your response.

By now I expect Prof Madhuku would have got back to you via phone outlining our position regarding mutual separation/ settlement.

He has kept correctly informed throughout.

I memorialize these options briefly in writing:

1. The existing position agreed to with NSSA management then presented and approved by the Minister:
 - Full immediate payment of \$210k
 - Full payment of legal fees amounting to \$21k & Sheriff's costs of \$470
 - Re-instatement in same position with all outstanding benefits & contractual safeguards
2. Buying out of the remaining period of my contract (30 months from date of unlawful termination) by way of full payment of \$452k plus legal fees at 10% of that amount & Sheriff's costs of \$470. I will forgo all loans entitlement.
3. Full payment of half of the judgement amount. This \$314,168 plus \$470 and legal costs of 10% will be full and final settlement.

In all the alternatives above, all parties will immediately withdraw all legal actions pending on the matter.

For the record, I do not agree to yesterday's new presented offer of \$180k (back pay) & \$5k in legal cost as full & final settlement. It amounts to reneging for unknown and unexplained reasons on what was negotiated and


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agreed to in good faith between myself, NSSA and the Minister.

Warm regards,
Chikuni

Sent from Chikuni's iPhone!

On 01 Nov, 2017, at 08:48, nester.mukwehwa
<nester.mukwehwa@gmail.com> wrote:

Morning Mr Mutiswa
I trust you are well. Prof Madhuku indicated that he will come back to us this morning with your position on mutual settlement. Thank you for your email.
Regards
NM

Sent from my Samsung Galaxy smartphone.

----- Original message -----

From: Chikuni Mutiswa <chikuni@gmail.com>
Date: 01/11/2017 8:00 am (GMT+02:00)
To: nester.mukwehwa@gmail.com, daphine tomana <dtomana@hotmail.com>
Cc: Cynthia Tendai Mugwira <cynthia.tendai@gmail.com>, Emerson Mungwariri <efmungwariri@gmail.com>, petergiftmutasa@yahoo.com, Lovemore Madhuku <madhukulovemore@gmail.com>, Patrick Zhuwao <patrickzhuwao@gmail.com>
Subject: Re: Details on what was agreed upon...

Dear Mesdames Mukwehwa and Tomana

I trust that I find you well.

Following the meeting you requested between yourselves and Professor Madhuku yesterday afternoon regarding settlement of my matter, I have taken the liberty to copy Honourable Minister Zhuwao, NSSA board member Peter Mutasa (for reasons which will become clearer further down) together with Emerson and Cynthia in this email.

As you may now be aware (after having appeared to be in the dark at the time of the said meeting yesterday), NSSA and I had negotiated and agreed on the broad outlines of a settlement. These were presented to the Minister at his offices by Cynthia and Emerson on the evening of Wednesday 18 October 2017. The email thread below refers.

This followed the intervention of Minister Zhuwao in the matter on the previous day. After having spoken to Prof Madhuku, he



went ahead and called, asking me to come to his office and discuss if this issue could not be solved amicably in a non-contested, non-confrontational way and out of the glare of the newspapers and media.

It was the first such approach we had had and it was coming from a national leader who had already demonstrated goodwill with his rapid move in re-instating Mr Peter Mutasa back onto the NSSA board with little fuss and fanfare. I have said this to Minister Zhuwao on at least one occasion and have no hesitation repeating over again: it was a noble gesture showing uncommon decency and leadership and one which really left me with no choice but to respond to positively.

Minister Zhuwao may modestly brush this aside but I do know that he had spoken to many different people on various matters related to NSSA before reaching out. He is that thorough and astute.

It is a refreshing approach and one which makes me proud to call myself Zimbabwean.

I agreed to meet him on arrival from Bulawayo, went over to his offices with my wife (unintentional but she had picked me up from the airport, the Minister unknown to me having sent his driver to do the same) and we talked.

At the very beginning of the conversation, he implored us to set aside the issues of laws broken or otherwise and instead focus on looking for a win-win situation for all parties.

The gist of his pitch was a desire to start his tenure without these unnecessary confrontations. He asked about my family and enquired from my wife how we were coping with the situation. This he didn't need to do - he knew neither my wife nor myself from a block of salt. Yet he did it. That is the measure of the man. No self-serving empty talk about empathy, ubuntu and compassion - he walks the talk. He made the point that in this very country, supposedly sworn enemies had and were happily working together: Zanu PF & ZAPU, Jonathan Moyo was one of the country's hardest working ministers despite history, former adversaries in the 2009-13 GNU etc. So there was no reason for the same to be said to be impossible at NSSA and it was in this spirit that he had already asked Mr Mutasa to come back.

Would I be willing to do the same?

I said it was something I could consider: prior to my summary dismissal, I had excellent working relationships with all at NSSA. Bar none.

He graciously advised that as a family, we best sleep over what he was proposing and if we are in agreement, reach out to Emerson and negotiate - without ego or a desire for vengeance or to be

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vindictive.

As a couple, we took his word to heart and I met with Emerson and Cynthia the following day. With Emerson, it was straightforward with the usual give and take of negotiation but no posturing and no drama. Between ourselves, Emerson always has worldly wisdom as he considers me his youngster. He made the point that one of the board members, Mr Biyam, had said to him that we were all employees and should not behave like we hated each other so much for God-knows-what to such an extent that we could not work together anymore.

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4. Payment directly to Sheriff of Zimbabwe Harare for any other costs of execution of writ that may arise. (I am not aware of any at present, neither to we expect any - Professor Madhuku can confirm this);
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Please do let me know if there is anything I have excluded or made an error on. I've copied Prof Madhuku who will draft the formal document(s) this morning.

Warm regards,
Chikuni

<Chikuni Mutiswa Document.docx>



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**BEFORE THE LABOUR OFFICER
MR NHANDARA**
In the matter between:

DAVID MAKWARA

CLAIMANT

And

NATIONAL SOCIAL SECURITY AUTHORITY

RESPONDENT

CLAIMANT'S STATEMENT OF CLAIM

1. The Claimant, David Makwara, was employed by the Respondent, NSSA, as Director-Investments with effect from 10th January 2018. A copy of his contract of employment is attached hereto marked **Annexure "1"**.
2. The Claimant holds a Bachelor of Commerce (Economics and Finance) and a Master of Business Administration and was employed as the Managing Director of Trade Finance Company prior to being employed by the Respondent. A copy of the Claimant's CV is attached hereto marked **Annexure "2"**. The Claimant has 20 years' experience in the investments environment.
3. The Claimant's contract of employment provided in clause 3 thereof that in the discharge of his duties he would be reporting to the General Manager/Chief Executive Officer of the Respondent.
4. Clause 3 further provided that "delivery" on the key duties and responsibilities set out in contract would *"be the basis of your (his) performance assessment"*.
5. Clause 5 of the contract of employment sets out the Claimant's key duties and responsibilities. These may be summarized as follows:
 - 5.1 **Investment Portfolio Management** – Development and Implementation of policy for Investments, Restructure the operation and Investment process to follow best practice, identify and manage

investment opportunities, monitor systems, procedures and human capital to ensure excellence in service delivery.

- 5.2 **Stakeholder Management** – Initiate and maintain a strong working relationship with management (both operation and Financial), manage other stakeholders as required from time to time, play a key role and involvement in the NSSA update meetings.
- 5.3 **Reporting**- Prepare NSSA presentations in order to obtain approvals, provide regular feedback on the Investment Portfolio, provide necessary input into annual and ad hoc reports.
6. Clause 2 provided that the Claimant would be required to serve a 3-month probation period and if he successfully completed the probation he would be confirmed.
7. Clause 1 provided that the Claimant was engaged for a fixed 3 year period effective from 10th January 2018.
8. On the 6th of April 2018 the Claimant received a letter from the Finance Director of the Respondent advising that he had not performed to the expected standard during the probation period and that his employment had consequently been terminated with immediate effect. The Finance Director signed the letter as the Acting General Manager/CEO. A copy of the letter is attached hereto marked **Annexure "3"**.
9. The legality of the termination was challenged. I attach hereto marked **Annexure "4"** a copy of a letter that was addressed to the Finance Director. It was contended in that letter as follows:

- 9.1 That the Finance Director had not assessed the Claimant and could not have done so as the positions held by the 2 were at par.
- 9.2 That the General Manager/CEO to whom the Claimant reported had assessed him and satisfied herself that he met the required performance standard for confirmation.
- 9.3 That the General Manager/CEO had confirmed the appointment of the Claimant to the position of Director-Investments prior to his receiving the letter of 6th April 2018.
- 9.4 That even if it were to be assumed that when the letter of the 6th of April 2018 was written the Claimant was still on probation, given the position held by him, his employment could not be summarily terminated even during probation. Same could only be terminated on good cause shown after due process had been complied with.
10. An Employee Probationary Report Form duly signed by the General Manager/CEO and by the Claimant was attached to the letter of the 16th of April 2018. A copy of the form is attached hereto marked **Annexure "5"**.
11. When a reply to the letter 16th April 2018, Annexure "4" hereto, was not received from the Respondent the Claimant raised a complaint of unfair labour practice/wrongful termination of employment by way of a letter dated 26th April 2018. A copy of the letter is attached hereto marked **Annexure "6"**.
12. The relief claimed was/is that the Claimant be reinstated to the position of Director-Investments with effect from the 6th of April 2018 without loss of salary and benefits or alternatively, if reinstatement was no longer tenable, that he be paid the remuneration he would have received but for the wrongful termination of his employment. The amount claimed is in the sum of US\$587 160.00. A schedule indicating how the amount is arrived at was attached to

the letter of the 26th of April 2018 and a copy of same is attached hereto marked **Annexure "7"**.

13. I attach hereto marked **Annexure "8"** a copy of an affidavit by one Elizabeth Chitiga who was the General Manager/CEO at the time I was employed. She was relieved of her duties immediately after confirming me to the position of Director-Investments.
14. I also attach marked **Annexure "9"** a copy of an affidavit by one Robin Vela who was a Non-Executive Director and Chairman of the Respondent's Board at the time I was employed. As stated in his affidavit he was relieved of his duties as Chairman and Director of the Respondent on the 27th of March 2018.
15. As is clear from the affidavits of Elizabeth Chitiga and Robin Vela I met the required performance standard during the probation period.
16. The Claimant successfully organised an Investments Strategy Workshop during the probation period. Same was held at Vumba from the 7th – 10th of February 2018 and was attended by the Respondent's directors and senior management. Attached hereto marked **Annexure "10"** is the investment strategy that was adopted at that workshop.
17. The Claimant also facilitated and made presentations at the workshop. Attached hereto **Annexure "11"** is a presentation he made.
18. The Claimant also prepared the speech that was presented by the Secretary of the Ministry of Labour and Social Welfare. A copy of the speech is attached hereto marked **Annexure "12"**.
19. As part of the preparations for the workshop the Claimant went through and approved the presentations that were made by the Chief Investments Officer, the Chief Strategic Assets Officer and the Chief Property Investments Officer.

20. The workshop was facilitated by a renowned business turnaround strategist/motivational speaker, one Milton Kamwendo. Attached hereto marked **Annexure "13"** is a copy of an email sent to the Claimant by Milton Kamwendo after the workshop.
21. Implementation of the strategy was interrupted by a directive from the Ministry of Public Service, Labour and Social Welfare that the Respondent was to suspend all new investments except those investments that fell under the Government 100 Day Plan. Attached hereto marked **Annexure "13"** is a copy of a letter that was received from the Ministry. The letter is dated 15th February 2018 and was written by the Secretary for the Ministry, who incidentally also attended the workshop.
22. The executives at the Respondent sought a review of the directive. Attached hereto marked **Annexure "15"** is a copy of a letter that was written to the Ministry by the General Manager/CEO on the 5th of March 2018.
23. During probation the Claimant also made presentations to the Respondent's Board Investment Committee on various issues pertaining to investments. Attached hereto marked **Annexures "16"** and **"17"** are copies of 2 presentations that were made and **Annexure "18"** is a summary report made by the Claimant to the Committee.
24. The Claimant also made presentations to the Respondent's main board. Attached hereto marked **Annexure "19"** is a presentation that was made. In one of the presentations an amendment to an Off Take Agreement between the Respondent and HCZ was made. The Board agreed with the recommendations made. Attached hereto marked **Annexure "20"** is a copy of the relevant resolution that was passed. A copy of a letter that was written to the Ministry of Public Service, Labour and Social Welfare following the

resolution is attached hereto marked **Annexure "21"**. The letter was a summary of the submission that was made to the Board by the Claimant.

25. During the probation period the Claimant did not receive any communication whatsoever that he was not discharging his duties competently and efficiently. He developed strategies, made representations and recommendations on issues pertaining to investments. His recommendations and strategies were taken on board and implemented. That all happened in the short period he was employed.
26. It is submitted that once the decision to confirm him was made by the General Manager/CEO and communicated to him the Claimant became a permanent employee of the Respondent. The Respondent could not at law immediately thereafter withdraw its decision or make a mutually inconsistent decision.
27. It is trite that if the basis of the termination of an employee's contract of employment is an alleged act of misconduct the relevant disciplinary procedure applicable to the employee and employer should be followed. The procedure could be contained in a code of conduct. If there is no code of conduct the procedure prescribed by the termination of employment regulations, SI 15/2006, should be followed.
28. Section 12B of the the **Labour Act** provides in relevant part as follows:
 - "(1) *Every employee has the right not to be unfairly dismissed.*
 - (2) *An employee is unfairly dismissed –*
 - (a) *if, subject to subsection (3), the employer fails to show that he dismissed the employee in terms of an employment code; or*

(b) *in the absence of an employment code, the employer shall comply with the model code made in terms of section 101(9)."*

29. In the case of **PG Industries (Private) Limited v Nkululeko Mabhena** SC 44/2003 the employee's employment was terminated on notice on the grounds that the employer was reorganising its structures and that it was not happy with the employee's performance. The Supreme Court said the following at page 4 of the cyclostyled judgment:

"The learned judge held that the Appellant had in its letter of termination given poor performance or incompetence on the part of Mabhena and reorganization as the reasons for its decision to terminate the contract of employment. As PG Industries was terminating Mabhena's employment on allegations that he was unable to do the work he held himself capable of doing satisfactorily, the Court a quo held that it had to follow the procedure for the termination of employment prescribed in the Code of Conduct. The Court a quo held that terminating an employee's contract of employment because of the reorganization of the business was retrenchment."

30. The Supreme Court agreed with the findings of the High Court and continued as follows at page 7 of the cyclostyled judgment:

"We cannot ignore the letter of termination of Mabhena's employment. PG Industries gave as one of the reasons for the termination the alleged incapacity on the part of Mabhena to perform his duties satisfactorily. It had made a finding of fault in the performance of his duties and acted on it as the reason for terminating his employment. Not only was PG Industries casting aspersions against the reputation of the employee but

went on to invoke a procedure for termination of employment which did not give him an opportunity to defend himself against the accusation of incompetence...

That procedure secured for Mabhena the right to be heard in defence of his reputation. The facts on which PG Industries concluded that he was incapable of performing his duties satisfactorily had to be disclosed to him so that the reasonableness of its attitude (sic) could be tested. The learned judge was correct in holding that the decision to terminate Mabhena's contract of employment on notice was in the circumstances unlawful. The decision was not based on the exercise of a contractual right to terminate on notice but on the finding that Mabhena was not capable of doing the work he contractually bound himself to do".

31. It is submitted that since the Respondent is alleging incompetence on the part of the Claimant it was obliged to institute disciplinary proceedings against him in terms of **Labour (National Employment Code of Conduct) Regulations, SI 15/2006**.
32. It is further submitted that even if it were to be assumed that when the letter of the 6th of April 2018 by the Finance Director, Annexure "3" hereto, was written the Claimant was still on probation he could not be summarily dismissed for the following reasons:
 - 32.1 His contract of employment provided that he had a right to be assessed during the probation period. The Respondent could only make an election not to confirm him after a proper assessment and after coming to the objective conclusion that he did not meet the performance standard required for the position. The Finance Director did not assess him. On the contrary, the General Manager/CEO assessed him and satisfied herself that he met the required performance standard.

32.2 At law an employee in the position of the Claimant may not have his employment summarily terminated even during probation. The Labour Officer is referred to the case of **Madawo v Interfresh Ltd** 2000 (1) ZLR 660 (H) where the High Court said the following at 664C-D:

"The court held that Muzondo enjoyed important rights other than the right to his salary including prospects for promotion and professional reputation which could materially be influenced by his research work undertaken by him and that he was not in the position of a clerk or other person similarly situated; and as such the university could only terminate his appointment prematurely by way of dismissal for good cause and in accordance with the prescribed procedures, but not unilaterally. It held that on a proper construction of the contract of employment the probationary appointment was not one that could be summarily terminated."

See also **Muzondo v University of Zimbabwe** 1981 ZLR 333.

33. The termination of the Claimant's contract of employment ought therefore to be declared unlawful and set aside. The Respondent should be directed to reinstate the Claimant to the position of Investments – Director with effect from 6th April 2018 without loss of salary and benefits. In the event that reinstatement is no longer tenable the Respondent should be ordered to pay damages to the Claimant for wrongful termination of employment in the sum of US\$587 160.00.
34. The method of computing damages for the wrongful termination of the employment of an employee on a fixed term of employment is simple and straight forward.

35. The Labour Officer is referred to the case of **Gauntlet Security Services v Leonard** 1997 (1) ZLR 583 (S) where Gubbay CJ said the following at 586C-D:

"Thus the general rule governing the measure of damages is applicable. The employee is entitled to be awarded the amount of wages or salary he would have earned save for the premature termination of his contract by the employer. He may also be compensated for the loss of any benefit to which he was contractually entitled and of which he was deprived in consequence of the breach."

36. See also **Zimbabwe Revenue Authority v Chester Mudzimuwaona** SC 4/18 where the Supreme Court said the following at page 8 of the cyclostyled judgment:

*"In casu, the contract of employment signed by the parties as outlined above, was for a duration of 36 months, which point was conceded by the respondent. This means that the relationship between the parties was expected to expire on the last day of the 36th month. The appellant submitted that based on the principles of law that one is compensated for the loss he suffered as a result of the breach, the respondent was entitled to be awarded the amount of wages or salary he would have earned save for the premature termination of the contract. This is the correct position. **Damages for unlawful termination in relation to an employee who was on a fixed term contract ought to be calculated in relation to unexpired period of that contract.** This position is fortified in **Myers v Abramson** 1952 (3) SA 121 (C) in which, in relation to damages for breach of a fixed term contract of employment, the court stated the following:*

'The measure of damages accorded such employee is, both in our law and in the English law, the actual loss suffered by him

represented by the sum due to him for the unexpired period of the contract less any sum he earned or could reasonably have earned during such latter period in similar employment.' (at 127 D-E).'

*The standard in **Myers v Abramson** intimates that an employee will be entitled to his proven actual damages, which is the loss of income for the unexpired period."* (Emphasis added.)

37. The damages payable to the Claimant would be the remuneration he would have received for the unexpired portion of his contract of employment. He was on a 3-year fixed term contract of employment which commenced on the 10th of January 2018 and was terminated on the 6th of April 2018. The remuneration is in the amount of US\$587 160.00. Kindly refer to Annexure "7" hereto kfor the breakdown of the amount.
38. Wherefore the Claimant claims reinstatement to the position of Director – Investments with effect from 6th April 2018 without loss of salary and benefits. Alternatively, that if reinstatement is no longer tenable that he be paid damages for wrongful termination of employment in the amount of US\$587 160.00. The Claimant also claims costs of suit.

DATED AT HARARE ON THIS 24TH DAY OF JULY 2018.

WINTERTONS

Claimant's Legal Practitioners
Beverley Corner
11 Selous Avenue
HARARE (AM/rsdz)

TO: THE LABOUR OFFICER
Mr Nhandara
Makombe Complex
HARARE

And

TO: NATIONAL SOCIAL SECURITY AUTHORITY
Respondent
c/o Mutamangira & Associates
Legal Practitioners
HARARE (MR MARARA)

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Robin Vela

From: Tirivavi James Chiuta <tjchiuta.dominium@gmail.com>
Sent: Thursday, 22 February 2018 11:09
To: Robin Vela
Subject: Gweru housing project Resolution
Attachments: Drawcard Offtake Agreement round robin resolution - 24.7.17.docx

Dear Chairman,

please find attached.

--

James T Chiuta

voice: +263 777 036982
whatsapp: +263 772 410570

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MEMORANDUM

TO : THE CHAIRPERSON - INVESTMENT & PROCUREMENT BOARD COMMITTEE

CC : ALL MEMBERS - INVESTMENT & PROCUREMENT BOARD COMMITTEE

FROM : INVESTMENTS DIVISION

DATE : 27 JULY 2017

SUBJECT : CONSIDERATION FOR THE METRO REALTY (PVT) LTD HOUSING DEVELOPMENT PROPOSAL

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BRIEF BACKGROUND

Management proposed an alternative housing delivery structure to the Investment and Procurement Committee wherein a Developer provides a turnkey solution of acquiring land, servicing it, constructing houses at his risk and sells completed units to NSSA at a fixed price at a future date. The Investment and Procurement Committee has approved the housing model.

Metro Realty (Private) Limited is the Contractor and Developer who have presented a proposal to management where it would develop certain housing stands in Chinhoyi. Management recommends that the Investment and Procurement Committee approve the transaction. The material terms agreed are;

- The land shall be ceded to NSSA by Metro Realty.
- Metro Realty will develop stand number 23868 State land Chinhoyi called a certain piece of land being, Remainder of ST Ives Being Stand 18145 to 18989 and 19001 to 19012.
- Metro Realty shall construct and deliver to NSSA 809 housing units to specification subject to the final Town Planning approval given in respect of the Project.
- Metro Realty shall furnish NSSA with an unconditional and irrevocable Performance Bond of US\$6,145 million.
- NSSA shall pay an off take deposit of US\$6,145 million to Metro Realty.
- The off take deposit shall be applied towards the purchase price.

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The Resolution:

That NSSA enters into an Off Take Agreement with Metro Realty (Private) Limited. Metro Realty (Private) Limited shall develop stands in Chinhoyi and sell to NSSA at a fixed price at a future date. The General Manager is authorized to sign all the necessary documents.

K. Chihota
Chief Property Investment Officer

Date

Support/Not Supported

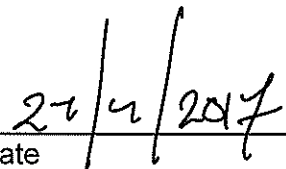
L. Chitiga
General Manager

Date

Approved/Not Approved



R. Vela
Chairperson - Investment &
Procurement Board Committee



Date

Approved/Not Approved

D. Tomana
Member - Investment &
Procurement Board Committee

Date

Approved/Not Approved

M. Mukondomi
Member - Investment &
Procurement Board Committee

Date

Approved/Not Approved

R. Gundane
**Member - Investment &
Procurement Board Committee**

Date

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BOARD REPORT

BOARD PROCUREMENT & INVESTMENTS COMMITTEEmeeting of 16 March 2017**General Issues Raised:**

- The committee noted that several issues remain unresolved from previous meetings and implored upon management, the need to achieve finality and move forward
- The committee recommended that management should, as a temporary measure, engage external counsel to deal with the long outstanding legal cases. This external counsel is to be paid on a success fee basis
- The committee also recommended that management engages external financial advisors on some of the transactions being contemplated (ZBFH/FBCH merger, FMH/Fidelity merger, RTG initiatives)
- The committee suggested that a breakaway session be scheduled, for the BIC and management, during which, the investment division strategy and other pertinent issues relating to the investments division would be discussed

Capital Bank

The Liquidation of Capital Bank is still pending in the courts. Patterson Timba is in possession of a court judgement entitling him to the 20% in FMH held by Capital Bank.

Resolution: *The NSSA Board Chairman will engage Mr. Timba and negotiate a settlement. Management to provide summary report on all Capital Bank issues for the Chairman.*

NSSA Bond

RBZ proposed NSSA to consider floating a bond in the local market that will be applied to the productive sector.

Resolution: *NSSA management to prepare a proposal on how the bond would be expected to work and what the proceeds could be used for*

CFI Holdings

The Authority partnered ZHL consolidating CFI equity holdings into an SPV, Stalap Investments. NSSA now has a 31% shareholding in Stalap which now holds 41% equity in CFI.

Resolution: *NSSA management to pursue the offer to CFI minority shareholders and proceed to capitalise the business for growth. NSSA management also authorised to make an offer to NDI and Fidelity, for their respective claims against Stalap Investments and to offer a premium on CFI share market price of up to 25%*

starafricacorporation

Management finalising the agreement pertaining to the US\$10m facility. No commitment to amend the conversion resolution for the US\$1.5m fresh capital sought by starafricacorporation has been secured from other shareholders such as Old Mutual.

Resolution: *BIC agreed to withhold release of funding until the conversion clause is amended as desired by NSSA and Old Mutual has confirmed its support for the same.*

CSC

Management had reviewed the turnaround proposal; with an evaluation outcome that the proposed strategies are not sustainable and viable. It was shared that a new Board was being constituted to appoint new management which would put in place a comprehensive turnaround strategy for re-evaluation by NSSA.

Treasury Bills

It was noted that the Authority's TB portfolio had grown to an excess of US\$230m due to the US\$180m settlement by Government. Management was mandated to propose a strategy to sweat the TBs to enhance income generation for the Authority.

RTG - US\$25m capital raise & FMHL offer to dispose 20% RTG Equity

RTG proposed to raise US\$25m through convertible debentures to restructure the balance sheet by settling debt and creditors worth US\$19m. US\$6m will be applied towards capital expenditure creating 55 extra rooms at A 'Zambezi River Lodge and Rainbow Towers. NSSA will be paid US\$14m towards the US\$15m debt from the proceeds of the capital raise. RTG management presented the proposal to secure in principle, support from NSSA as a major shareholder.

FMHL also offered NSSA their 19.9% equity in RTG for a value of US\$4.5m to comply with an IPEC directive order and the reclassification of the investment from associate to an available for sale investment.

Resolutions: *BIC resolved in principle, to support the capital raise; however, rejected the proposal to acquire RTG shares from FMHL at the offered value of US\$4.5m. NSSA management was tasked to re – engage FMHL for an alternative structure that will enable the Authority to have an enhanced equity bloc in RTG.*

Project Phoenix

Msasa Capital, on behalf of Brandserve (Barclays management) sought to secure an US\$11.5m financing to acquire 57.68% equity being sold by Barclays Plc. BIC tasked management to engage Msasa Capital to negotiate for enhancements to the proposal that guarantee performance and realisation of returns for NSSA.

Equities Trading Strategy

Management requested approval to increase level of equity in companies that declare consistent dividends to their shareholders.

Resolutions: *BIC approved limited equity purchases for up to US\$5m and that NSSA follow its rights*

BOARD REPORT

BOARD PROCUREMENT & INVESTMENTS COMMITTEE

meeting of 16 March 2017

and subscribes for new shares issued under the Econet Rights Offer

Zimplats Chegutu Housing Project

Vaka Africa sponsors to the housing project request for USD13.5 million facility. The project is a partnership between Zimplats and Chegutu Municipality to design and construct of 1,359 houses and 44 commercial stands on land measuring 860,469 square metres. Management sought an approval in principle by BIC to the proposed project. BIC indicated that management should provide additional information, including confirmation of the sponsors of the project and financial commitment by Zimplats.

Project Utopia – Insurance Cluster

Restructuring NSSA's insurance equity interests towards a consolidation of Fidelity, Nicoz and FMHL. The consolidation would be done around FMHL.

Resolutions: *BIC approved entering into an MOU with DBF Capital Partners to form a single voting bloc in Fidelity, making a joint offer to minorities and support the eventual merger of Fidelity and FMHL. The committee also approved the sale of Nicoz to FMH provided that Nicoz maintains its stock exchange listing*

Project utopia – Banking

FBCH made a formal offer to acquire NSSA's 37% equity in ZBFH with the intention to merge the two institutions.

Resolution: *BIC approved subject to an independent valuation at the expense of FBCH and commitment by FBCH management that the merged entity will pay dividends that exceed dividends currently being received from the two entities.*

Telecel

NSSA extended \$30 million to ZARNET for the acquisition of 60% stake in Telecel Zimbabwe secured by a transfer of rights agreement. Both parties agreed to revise of the terms of funding by extending the tenure to 3 years and incorporating POTRAZ - USF as guarantor to the transaction.

Resolution: *BIC approved the adoption of the revised term sheet.*

Recoveries from failed banks

NSSA has US\$36.5m amounts that remain unresolved with failed banks. The Committee noted little to no traction on recovering the value from some institutions which may have underlying assets.

Resolutions: *Management to recruit external legal counsel to recover the funds on a success based commission of 10% of recovered value.*

UPDATES

Project Utopia – Insurance Cluster

Nicoz Diamond draft circular was approved by the ZSE on the 22nd of March. The offer is now going ahead

BOARD REPORT

BOARD PROCUREMENT & INVESTMENTS COMMITTEE

meeting of 16 March 2017

Telecel

The revised term sheet was signed and lawyers are now preparing the requisite Cession Agreement.

ZBFH

We have sent a letter calling for the Company to convene an EGM.

INVESTMENT PROPERTIES

Glaudina Flats

The Board Investment Committee had previously discussed the proposal for the construction of 783 2 bed room flats on 3 infill sites in Glaudina. Management presented a final costed proposal requesting a \$ 22.4 million facility to be granted to the National Building Society along the same terms and conditions pertaining to the Chinhoyi Housing Project loan. The Committee approved the loan.

Glaudina Phase 2

The Glaudina farm measures 162 hectares and has a title deed issued to NSSA.

NSSA/FBC have developed 100 hectares on the land so far.

NSSA seeks to develop the remaining 64 hectares to produce 1600 new stands.

There have been several claims made by persons representing former Zapu members represented by the Nhaka YaBaba Trust. NSSA under the auspices of the Dep Min Matangaidze met with the claimants and brokered a tentative deal for presentation to all stakeholders for sign off.

The proposed agreement is for NSSA to transfer 50% of the remaining 64 hectares to the Trust in full and final settlement of all claims. The claimants would warrant this and offer indemnity from any other claimants. The Trust was willing to work with NSSA to centrally plan the development and servicing of the stands. They indicated it is possible for the Trust to cede their rights to the land and allow NSSA to develop all the land in return and receive 30% (240) of the serviced stands at no capital cost.

The Committee was concerned that any settlement could open up the Authority to further claims and a verification of the claimants was necessary.

Ximex Mall

Management presented a proposal for the construction of a shopping mall designed for SMME inclusion in the Harare City Centre on the site formerly occupied by Ximex Mall. The proposal detailed a capital investment of \$ 550 000 with a target return of 10% pa.

BOARD REPORT

BOARD PROCUREMENT & INVESTMENTS COMMITTEE

meeting of 16 March 2017

The Committee approved the investment.

Bulawayo Umgwanin

Management proposed an investment of \$ 3, 5 million to buy land from the City of Bulawayo and service the land and deliver 780 high density stands.

The Committee debated if NSSA or NBS should be involved in funding the improvement of land. The prevailing view was that in order to deliver 10 000 houses in 2017 and 100 000 in the next 5 years, the preferred model would be for NSSA/NBS to encourage contractors to build at their risk and NSSA/NBS provide an offtake agreement. The offtake agreement model was discussed with regards to two proposals presented in the Board Investment Finance Committee pack from the Budget Build Consortium and a \$ 2 billion facility from Jana Capital

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MINUTES OF INVESTMENTS & PROCUREMENT COMMITTEE MEETING HELD ON THURSDAY 22 JUNE 2017, IN THE MEZZANINE FLOOR, RAINBOW TOWERS, HARARE AT 1400HOURS.

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PRESENT

MR R. VELA	CHAIRPERSON	(RV)
MR R. GUNDANE	MEMBER	(RG)
MRS D. TOMANA	MEMBER	(TD)
MRS M. MUKONDOMI	MEMBER	(MM)
MR F. RUWENDE (FR)	BOARD APPOINTED INVESTMENT EXPERT (FR)	
MS L. CHITIGA	GENERAL MANAGER	(LC)

IN ATTENDANCE

MR E. MUNGWARIRI	CHIEF FINANCE & OPERATIONS OFFICER	(EM)
MR H. HUNGWE	CHIEF INVESTMENT OFFICER	(HH)
MR K. CHIHOTA	CHIEF PROPERTY INVESTMENT OFFICER	(KC)
MR C. NZIRADZEMHUKA	INVESTMENTS MANAGER	(CN)
MR J. CHIUTA	EXEC ASSISTANT TO THE GENERAL MANAGER	(JC)
MR T.L TAKAWIRA	LEGAL OFFICER (Minuting)	(TLT)

APOLOGIES:

NONE

Item		Action
1	<u>CONSTITUTION OF MEETING</u>	
	Notice of meeting having been circulated was taken as read. Members present constituted a quorum and the Chairman called the meeting to order at 1406 hours	
1.1	Agenda The agenda was adopted with amendments.	
	Opening Remarks The Chairman warned Committee members and Executive management to be careful on what they discussed outside the meetings and not breach confidentiality. He reported that Mr. Peter Gift Mutasa was	

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	<p>removed from the National Social Security (NSSA) Board for breaching confidentiality.</p>	
2	<p><u>ADOPTION OF MINUTES OF MEETING HELD ON 16 MARCH 2017</u></p> <p>On the proposal of Mr Richard Gundane and seconded by Mrs Memory Mukondomi the minutes of the meeting held on 16 March 2017 were adopted as a true and correct record of proceedings subject to the following corrections;</p> <p>Item 1.1, first paragraph, last sentence – by the deletion of the sentence that read, "...because he felt he had delivered and felt his probation was not supposed to be extended".</p> <p>Second paragraph, last sentence – to read, "The Authority was supposed to start closing on new investment deals."</p> <p>Item 4.4, first paragraph, second sentence - to start by reading, "NSSA advised OK Zimbabwe that ..."</p> <p>Item 5.10 –Mr Kura Chihota was going to assist with the wording.</p> <p>Item 5.11, second paragraph, second sentence – to read, "The Committee recommended further engagement subject to more information being supplied."</p>	
3	<p><u>MATTERS ARISING FROM MINUTES OF THE MEETING HELD ON 16 MARCH 2017</u></p>	
3.1	<p>Rainbow Tourism Group (RTG) Rental Arrears</p> <p>The Properties department engaged RTG and agreed on a payment plan. Intermittent payments were received from RTG and RTG management had requested for the restructuring of the debt. The original terms of the payment plan were that RTG was supposed to pay US\$65,000 per month and if they default then previous interest charges would be re-instituted</p>	
3.2	<p>Government Rental Arrears</p> <p>Management engaged the Minister of Finance and Economic Planning on Tuesday 20 June 2017 and the Minister promised to settle the arrear rentals by 30th of June 2017. The Committee encouraged Management to consider debt swap arrangements to avoid constantly lobbying the Ministry of Public Service, Labour and Social Welfare to assist in debt recovery. The Authority could also consider taking properties as part of the debt swap arrangements.</p>	

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3.3	<p>St Tropez & Icomb refurbishments</p> <p>Three units were refurbished at a total cost of US\$20,000 per unit. The refurbishments would be complete by the 23rd of June 2017. Refurbishment of the remaining units required to go through tender. The properties were rundown and vandalised upon the eviction of the previous tenants. The Committee enquired whether the cost of renovations could be recouped in the current economic environment. It was reported that the refurbishment of the properties supported NSSA's strategic thrust of housing development. In addition the legacy issues which led to the run down surrounding the flats required such a route.</p>	
3.4	<p>Replacement of Elevators at NSSA Buildings</p> <p>The tender was awarded to Schindler for US\$2 million. The company was Zimbabwean registered but had a warranty from Schindler International. The Committee queried why the cost had gone up. It was reported that NSSA House required 3 elevators, Compensation House Harare required three and Bulawayo Compensation House also required 3 elevators. All in all 10 elevators required to be installed. Management also reported that the tender was done previously and was won by Eleco Elevator Company. The Company did not eventually install the lifts after they failed to meet the conditions set by NSSA requiring an upfront performance bond. The dispute ended up in the High Court and judgment was granted in favour of NSSA on grounds that the parties had not signed the contract prepared by NSSA. When NSSA did the latest tender Eleco approached NSSA complaining that they had won the tender previously. NSSA dismissed their assertion based on the outcome of the High Court matter.</p>	
3.5	<p>Dubury Investments</p> <p>An initial meeting was held between NSSA and Dubury management. Dubury's feedback was that rental income from Joina City building was irregular and still very low to allow fixed repayments. Management advised the Committee that in its assessment, the investment in Joina City was an equity investment and not a loan. The Committee requested Management to place such cases into a special basket requiring special attention in the General Managers office.</p>	
3.6	<p>Agriculture support</p> <p>Management did not include a report in the Committee pack due to pending negotiations with the fertiliser companies.</p>	
3.7	<p>Capital Bank</p> <p>The Committee had requested management to engage a third party to act as go between in order to find an amicable settlement with Mr Patterson Fungai Timba. A mandate agreement was signed with Mr Elisha Moyo of Moyo and Jera Legal Practitioners. During the initial engagement Mr Timba indicated that he was happy to talk and to proceed with litigation as well. The Committee requested Management</p>	HH

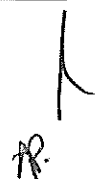
	<p>to come up with parameters for the negotiation and conclusion within 30 days. Mr Timba's claim was for about 10% shares in First Mutual Holdings Limited (FMHL) held by Capital Bank. His argument was that the former Capital Bank Directors who signed the composite agreement had been fired by RFHL but the Curator of Capital bank had a different view. Mr. Timba wrote to FMHL warning about alleged illegality of the actions of the former directors.</p> <p>The Committee requested Management to proceed with the liquidation of Capital Bank. Management reported that they had already submitted names of directors to constitute a new Capital Bank Board and facilitate the finalisation of the liquidation process.</p> <p>On the criminal case, claims were instituted against Mr. Timba through Dube, Manikai, Hwacha Legal Practitioners ("DMH") but they were put on hold to allow for the negotiations.</p> <p>Management reported that some of the cases had judgment passed, for instance;</p> <ol style="list-style-type: none"> 1. In the case between RFHL and the former directors. Management was going through the judgment and consulting the lawyers representing the former directors. 2. Mr Timba had a judgment in his favour entitling him to 10% shares in FMHL owned by Capital Bank. It was noted however, that he has failed to execute the judgment to date 3. FMHL also had a judgment against Mr Timba and were ready to attach the shares if Mr. Timba acquired them. <p>The Committee requested Management to get an independent professional firm to consult and assist in the management of the liquidation process. Opinion obtained to date said after surrender of licence Capital Bank became an ordinary company in terms of the Companies Act. The Committee requested Management to come up with a worst case scenario in 14 days and an acceptable proposal to settle the Capital Bank matters. If approved the proposal would be given to Mr Elisha Moyo, the mediator.</p> <p>Management were being advised by Mr Gerald Mlotshwa and Mr Tatenda Mawere. Dube Manikai and Hwacha Legal Practitioners were handling the criminal case. Mr Mlotshwa advocated for filing of an application for liquidation in the Bulawayo High Court without reconstituting the Board and Mr Mawere advocated for the appointment of a new Board for Capital Bank.</p> <p>The Committee made the following resolutions;</p>	
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	<ul style="list-style-type: none"> • That negotiations be concluded within the next two weeks, failing which management must resume criminal proceedings against Mr. Patterson Timba. • Approved the appointment of NSSA executives to the Capital Bank board in order to file for liquidation of the business and immediately pursue any existing debtors before they reach the prescription period. • Recommended the engagement of a professional firm or consultant to assess the current situation at Capital Bank. 	
3.8	<p>Interfin</p> <p>The Liquidator for Interfin, Mr Kudenga offered NSSA properties in settlement of monies owed to NSSA. The properties were being taken purely to mitigate losses. The Committee advised Management that the proposal should have included more detail like the size of the properties.</p> <p>Committee resolved to support management on the basis that the Authority was recouping some value that had been written off. The General Manager was given the authority to sign all necessary documents.</p>	
3.9	<p>Chinhoyi Housing Development</p> <p>Management advised that they were still in discussions with the Chinhoyi Town Council and no formal conclusion had been achieved as yet. The Committee was advised that the Municipality had promised to halt court proceedings and that discussions would take 90 days. In the related development, the management advised that SPB advised NBS that all previous tenders for the Chinhoyi project had expired.</p>	
3.10	<p>Glaudina NBS Housing Development</p> <p>Three blocks were being built on a pre-sale basis. The term sheet was signed and sent for US\$22million to National Building Society.</p> <p>Management reported that Glaudina was previously owned by ZAPU when it was still a farm. The representatives of the settlers on the land argued that they had been dispossessed of their property as NSSA secured title. The previous NSSA Management promised the settlers 19 stands as compromise settlement but 400 more people came claiming stands. Vice President, Honourable Phekelezela Mphoko was working on resolving the matter taking into account other ZAPU owned properties.</p>	
3.11	<p>XIMEX Mall Development</p> <p>The previous NSSA management applied for a permit to construct a 12 storey mall. The Properties department applied for a permit to set up a container mall. Harare Municipality director of Works turned down the proposal for containers arguing that it infringed the City Model By-laws. The Committee questioned the decision since there were existing</p>	

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	<p>container malls along Simon Vengai Muzenda Street in Harare. The Committee recommended that Management move to other towns who were willing to set up the container malls. They were requested to send the response from Harare Municipality to the Chairman so that he could engage the Minister of Local Government and National Housing.</p>	
3.12	<p>National Building Society (NBS) The internal audit team was looking at the procurement procedures followed on the acquisition of ICT system at NBS. It was further advised that the Procurement Executive and ICT Consultant went in on 22 June 2017 as part of the audit team. The General Manager and ICT Executive were made to go on leave to pave way for an audit of the ICT and Procurement procedures.</p>	
3.13	<p>Post Investments Monitoring The Committee stated that it was important for the management to closely promote and lobby for good corporate governance practices in investee companies. Management was advised that for OK Zimbabwe's upcoming 16th Annual General Meeting (AGM) to be held before September 2017, management should be cognisant of tenures served by some of the Board members due for re – election. Management was asked to reach out to other significant shareholders such as Investec's Mr. William Alexandra who have similar concerns.</p>	
3.14	<p>Recoveries From Failed Banking Institutions The Committee requested Management to consider engaging a law firm to recover debts from failed Banking Institutions. Management engaged Dube, Manikai and Hwacha with regard to recoveries from failed banks and they agreed to take up the mandate on a fee for success basis.</p>	
3.15	<p>ZB Financial Holdings An Annual General Meeting (AGM) was held wherein shareholders voted against the payment of a dividend to Transnational holdings as well as the issuance of new shares to Transnational Holdings. Shareholders also voted out all directors linked to Transnational Holdings. Mr Vingirayi was contemplating splitting ZB and for him to get back his Intermarket assets. The ZB Board is looking into this matter and will make a recommendation to shareholders</p>	
3.16	<p>Telecel Transaction The Committee was advised that the cession agreement was signed with the Universal Services Fund and the initial repayment of US\$7 million was paid. The Authority was expecting the payment of the first instalment of US\$3 million due at the end of June 2017.</p>	HH
3.17	<p>Zimplats – Chegutu Housing Project The Committee took note that NBS had to date not provided visible housing units. Management were encouraged to close in on the Zimplats</p>	HH

	<p>housing project. Zimplats was supposed to inject a deposit and there was need for a due diligence. Management were to interrogate the deal and bring a proposal for adoption.</p> <p>The Committee requested management to set priorities. There was need to engage external resources to help meet the hanging target.</p> <p>The Committee took a break from 1632 hours to 1642 hours.</p> <p>4 <u>DECLARATION OF INTEREST</u></p> <p>The members had no interest in the matters for discussion. Mr Herbert Hungwe declared that he was a close relative of the Rainbow Tourism Group Chief Executive Officer.</p> <p>5 <u>BUSINESS OF THE DAY</u></p> <p>5.1 <u>PROPERTIES REPORT</u></p> <p>The Authority had engaged debt collectors to follow up on unpaid rentals and there had been some progress. Some unrecoverable rentals were proposed for write off and these included previous tenants who were at Ximex Mall and St Tropez who could not be located.</p> <p>The Committee asked how arrear rentals were being collected by the managing agents, Dawn Properties. Management reported that if arrears were 120 days and more Dawn Properties would hand over the respective tenants to the lawyers. The Committee requested Management to secure an aged analysis of the debtors the managing agent. Further, Management were also requested to assess the performance of Dawn Properties on collections.</p> <p>Members were reminded that purchase of land and properties was ideal in the prevailing inflationary period as opposed to lending money.</p> <p>The Committee requested Management to explore mechanisms of how to recover outstanding receivables such as; the US\$36 million locked up in failed banks and US\$64 million in unpaid Contributions. There was need to come up with a list of what could be recovered early and to separate the Government debt. The Committee requested for a report in the next committee meeting.</p> <p>The Committee requested Management to prioritise the Capital Bank matters. The first thing required for the new Capital Bank Board was to list all the debtors and issue out letters of demand to stop prescription; as a bid to protect value.</p>	GM
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5.1.1	<p>Properties Highlights</p> <p>Properties department now required security or a performance guarantee before making any prepayments. It was observed that projects that went through tendering process were as there was a risk of delays or the appointment of undesirable contractors.</p>	
5.1.2	<p>Elevate Construction Consortium Proposal for the Development, Sale and Finance of 1000 Low Cost Housing</p> <p>A developer, Elevate Consortium proposed a 1000 unit development in Harare South on an Engineer/Procure/ Construct basis where NSSA commits to an offtake of all the stock and makes progress payments on agreed time lines. The project had an estimated value of US\$22 million. NSSA was required to pay an initial deposit of US\$5 million. Development of the project would take seven months.</p> <p>The parties were still discussing the security to be provided by the developer with a proposal that they get an undertaking of availability of land which will be paid off once NSSA makes payments. The transaction was going to result in NSSA creating an asset which could be sold to NBS. NSSA would be paid off by NBS over a couple of years.</p> <p>Some members requested that profits to NSSA be evident at every stage and not just at the shareholder level. NSSA was supposed to realise both development profit and book profit. Members were requested to also consider soft issues like creation of employment, and increased contributions to NSSA. The proposal was one way to quicken housing delivery and on-board a credible contractor to develop the land.</p> <p>The Committee approved the proposal subject to;</p> <ul style="list-style-type: none"> • An explanation on how the US\$5 million will be disbursed and an Investment Return Income (IRI). • Management reporting to two non-executive directors and the General Manager before actioning. • The General Manager was authorised to sign all the necessary documents. 	
5.1.3	<p>Metbank Proposal for Housing Delivery</p> <p>Management had received a proposal from Metbank whereby Metbank wanted to raise funds from local investors in order to finance housing delivery to the tune of US\$100 million. The funds raised would be availed to selected developers, while NSSA would be asked to provide Treasury Bills as a Security enhancement. Once details of the developers and specific projects are ready, Management would submit a recommendation to the Investments and Procurement Committee for approval.</p>	



5.1.4	<p>Bulawayo Land Development – Umgwanin</p> <p>The Bulawayo City Council had offered NSSA land to develop 850 stands in Umgwanin on the Bulawayo Plumtree Road. NSSA was going to come in as an infrastructure funding partner with a loan of US\$3,5 million to survey, service, subdivide and sell the land to NBS. The property will be marked up to whoever takes the stands from NSSA. NBS will fund the building.</p> <p>NBS indicates that they were confident of ample demand for accommodation in Bulawayo. The land had no known disputes. The City was offering the land at US\$500 000 and the US\$3 million was for servicing. Effectively they were offering a stand at US\$4,500.00. The risks were that the cost estimates were prepared by Bulawayo City Council and required independent verification. The City also insisted on running the procurement process for servicing of stands with local suppliers.</p> <p>The Committee requested management to request Bulawayo City Council to partner with a contractor to build the top structure and not just sell serviced stands</p>	KC
5.1.5	<p>Chisipite Mall Land Offer</p> <p>NSSA currently owned 3 pieces of land with a total size of 33 hectares along Enterprise Road, Chisipite. A developer, Prospun Investments, who were also the developers of Village Walk Borrowdale put an offer to NSSA for either an outright purchase of their land at US\$2million or NSSA puts land and takes pro-rated equity based on value of the land. The project was going to take 18 months to complete and Pick N Pay was the anchor tenant.</p> <p>The proposal was to have 50% debt and 50% equity. Members highlighted that NSSA should not be both; however, Management were supposed to look at third parties for financial funding.</p> <p>The Committee approved management;</p> <ul style="list-style-type: none"> • To enter into agreement for a joint venture providing land for the shopping mall and an additional equity injection. • To only concentrate on the land required for the development and keep the remainder. • On condition that the footprint of the land was availed. 	KC
5.1.6	<p>Pomona Mall Land Offer</p> <p>NSSA presently owned the existing Pomona Shopping Centre. The land next to the NSSA property was offered to NSSA for US\$1,2 million. The size of the land was the same as Pomona Shopping Centre. The offer presented an opportunity to develop larger mall since the access road was complete which allowed for easy vehicle and human passage. It</p>	KC

	<p>was noted that there was a huge appetite for space in the area. Management were going to workshop a structure and present to the Committee.</p> <p>The Committee approved the acquisition of the land. Management to motivate for further development after full feasibility studies.</p>	
5.1.7	<p>Proposal For Nationwide Shipping Container Malls NSSA had vacant parcels of land in most major areas which were costing the Authority rates and taxes. Management proposed the setting up of shipping container malls on the pieces of land and derive some value while awaiting the future development of the land. The Committee requested Management to work with the Ministry of Small to Medium Enterprises to get an appreciation of where there could be huge uptake of the containers and derive commercial success.</p> <p>The committee had approved US\$500,000.00 for shipping containers to be converted to small retail solutions for vendors. The roll out of the scheme will be nationwide starting with Chinhoyi.</p>	KC
5.1.8	<p>Ekusileni Medical Centre The Ministry of Health and Child Care was assisting NSSA to get tenants for the hospital. There was an urgent need to have the hospital operational. Management were requested to present a credible proposal to the Committee.</p>	KC
5.1.9	<p>Properties with Legal Issues The Properties Division was meeting with the Legal department monthly to discuss properties with legal issues. Discussion was held around the following;</p>	
5.1.9.1	<p>Twalumba Property The liquidators of Trust Bank asked NSSA to pay the Capital Gains Tax for the transfer of the property. The Legal and Litigation Committee directed NSSA to pay the CGT and take transfer of the property.</p>	KC
5.1.9.2	<p>Stand 7515 Rusape Management reported that the agreement of sale with Rusape Town Council was cancelled in April 2017 due to changes in the land area. The Committee requested for more details about the case and the reasons the agreement was cancelled.</p>	KC
5.1.9.3	<p>Hintoville Land Management wanted to finalise the deal with Chinhoyi Municipality for Brundish Park first before starting on Hintoville. A progress report was going to be presented in the next meeting. Chegutu City Council</p>	

	confirmed that land did not exist and asked NSSA to deal with the person who sold the land to it.	
5.1.9.4	Undeveloped land NSSA had huge pieces of undeveloped land and ran the risk of having the land repossessed. There was need for Management to come up with a strategy on how to approach City Councils and discuss the issue. Management was currently requesting for rates holiday and non-repossession for any land banks being acquired.	
5.1.11	List of NSSA Properties Management advised that they were reviewing property by property and would propose a strategy for each property. A proposal would be submitted at the next meeting. The Properties structure included KC and property asset manager and development engineer.	
5.2	<u>INVESTMENTS REPORT</u>	
5.2.1	Dashboard	
5.2.1.1	Telecel Transaction NSSA received the first deposit from Universal Services Fund (USF) for the Telecel Transaction.	
5.2.1.2	TB's Received from Government TB's received from Government skewed weighting towards TB's. The TB's were for 10 years and not 7 years as had been previously agreed.	
5.2.1.3	starafricacorporation Loan Restructuring NSSA and starafrica finalised the US\$1.5 million loan agreement. Disbursement were awaiting fulfilment of conditions precedent.	
5.2.1.4	SMEDCO SMEDCO was given TBs worth US\$5 million by the Government to capitalise the unit. Management recommended that NSSA purchases the USD\$5 million of Treasury Bills from SMEDCO at a 20% discount and that part of the proceeds be used to liquidate existing outstanding settlement from SMEDCO. The Committee approved the transaction and recommended that half of the Treasury Bills be sold to third parties at the same price in order to reduce the overall amount of treasury bills coming onto the portfolio.	HH

5.2.2	<p>Proposal For Energy Mezzanine Transactions</p> <p>Two investors approached the Authority with energy deals. Management were going to arrange a special Investments and Procurement Committee meeting to discuss the deals. The Committee requested that Management also include a discussion on properties and funds locked in troubled institutions during the same meeting.</p>	HH/JC
5.2.3	<p>Metbank Fertiliser Facility Restructuring</p> <p>Metbank has requested a restructuring of the facility due to a mismatch in cash flows received from underlying borrowers and repayments due to NSSA. They also requested for an increase of the facility back to US\$20 million. The top up was rejected. Management recommended that the facility tenor be extended by an additional 8 months in order to reduce pressure on Metbank.</p> <p>The Committee approved;</p> <ul style="list-style-type: none"> • The restructuring of the facility by extending the tenor for an additional 8 months as recommended by management. • A restructuring charge to be levied on Metbank. • Management to use the restructuring as an opportunity to have more stringent covenants added to the agreement. 	HH
5.2.4	<p>Equities Report</p> <p>US\$3,5 million worth of shares were purchased in the second quarter on 3 counters and the shares had appreciated to US\$6 million. Management requested an additional dispensation to purchase US\$5 million worth of equities. The General Manager had signing powers for investments up to US\$500,000 and the Chief Investment Officer had up to US\$250,000.</p> <p>The Committee approved the request for purchase of additional stocks for US\$5 million.</p>	
5.2.5	<p>Project Utopia</p> <p>NSSA had the intention of securing control of Fidelity Life Assurance (FLA) and Nicoz Diamond Insurance (NDI). Management engaged DBF Capital to form a voting pool related to FLA for which a draft MoU was proposed. The ultimate objective was to consolidate the units into First Mutual Holdings Limited (FMHL). Zimre Holdings Limited which has shareholding in the companies had agreed to dispose of their interest in NDI and FLA at UScents2.75 and UScents13.5, respectively.</p> <p>NSSA engaged the Securities Exchange Control (SEC) and the Zimbabwe Stock Exchange (ZSE) since the companies were already in a closed trading period. Both regulators sought proof that the discussions started before the closed period and would require ZHL to undertake the</p>	CN



	<p>necessary processes as required by the listings rules to dispose certain key assets. Once fulfilled, the transactions would be executed on the Board.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Approved the purchase of NDI and FLA from ZHL. • Requested that the Memorandum of Understanding with DBF Capital be presented to the Committee before sign off. 	
5.2.6	<p>RTG Equity Offer By First Mutual Holdings Limited (FMHL)</p> <p>FMHL offered to dispose their 20% equity at US cents 1.2. FMHL were under pressure to comply with a directive from the Insurance and Pensions Commission (IPEC) to reduce RTG equity to below 10%. Further, FMHL's underwriting capacity and risk ratings by Brokers was compromised as IPEC discounted the shares by 30% to formulate FMHL's risk based capital.</p> <p>Management recommended that NSSA purchases the 20% shareholding in RTG held by FMHL using treasury bills with NSSA retaining the right to sell the shares back to FMHL after three years. This was motivated by a view to addressing FMHL's challenges at the same time moving to increase influence and control of RTG, and subsequently effect changes required for the Hotel Group to improve performance.</p> <p>The Committee approved the transaction subject to the following conditions:</p> <ul style="list-style-type: none"> • Purchase to be based on market price. • Management must securing a whitewash resolution from the ZSE that NSSA will not have to do a mandatory offer to minorities upon acquisition. • Management must negotiate for the coupon on the treasury bills to remain with NSSA <p>Management was also asked to come up with a definitive road map for creating value from RTG.</p> <p>Mrs D. Tomana did not vote in favour.</p>	
5.2.7	<p>Brief On The Corporate Action Between First Banking Corporation Holding (FBCH) and Zimbank Financial Holdings (ZBFH)</p> <p>NSSA had 35.13% shareholding in FBCH and 37.97% in ZBFH. In March 2017, FBCH approached NSSA with a proposal to acquire NSSA equity in ZBFH without outlining the transaction structure. Discussions were held to explore the possible structures. The proposed structure was to</p>	

	<p>call for a scheme of arrangement in terms of Section 191 of the Companies Act.</p> <p>Management sought legal advice from Titan Law Chambers and were advised that the proposal was a viable way to execute the transaction. There was however a possibility that other ZBFH shareholders may file court applications opposing the transaction which could delay finalisation. This risk was however less problematic than for FBCH to carry out an offer to minorities and failing to secure at least 75% shareholding of ZBFH.</p> <p>The Committee approved the proposal and asked Management to explore the mechanisms of achieving the transaction. The update was for noting by the Committee.</p> <p>5.2.8 Proposed Lending To Nurture Finance For On Lending To Cattle Farmers</p> <p>Nurture Finance was an RBZ registered Micro Finance Institution which was seeking to raise US\$5 million for on lending to cattle farmers. The 2 year old company was currently operating on a shareholder loan of US\$1 million. Nurture provided working capital for farmers and has a breeding programme aimed at improving the quality of beef produced by the participating farmers. The choice of farmers was drawn country wide on recommendation of the Ministry of Agriculture and Rural Development. These farmers had received training for the requisite skills from a well organised certification programme run by Nurture Finance. Farmers who benefited from the programme would repay their loans through selling their cattle through CC Sales and Grills abattoirs in Bulawayo. It was noted that Nurture has equity interests in CC Sales (51%), Bulawayo Abattoirs (46%) and Nurture BX Genetics (100%).</p> <p>Management recommended that NSSA provides a loan of USD1 million due to the strategic link it provides towards the revival of CSC operations and general increase in the national herd.</p> <p>The Committee approved the transaction and recommended that management use this investment as a means to rope in development finance partners and donor funding for the project. Management was also asked to provide an update report in six months.</p> <p>The committee deferred the remaining matters.</p>	
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<p>6</p> <p>6.1</p> <p>6.2</p>	<p><u>ANY OTHER BUSINESS</u></p> <p>Committee Meetings The Committee resolved that the Investment and Procurement committee meetings should be split into 2 days to ensure that matters were adequately discussed</p> <p>Golf Day The Golf Day was going to be held on the 23rd of June 2017 and all the Board members were invited.</p> <p>There being no further business to discuss the meeting ended at 2112 hours.</p> <p>Signed as a true and correct record.</p> <p style="text-align: center;">This _____ day of _____ 2017</p> <p style="text-align: center;">_____ R. Vela (CHAIRMAN)</p>	
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MEMORANDUM

TO : THE CHAIRPERSON - INVESTMENT & PROCUREMENT BOARD COMMITTEE

CC : ALL MEMBERS - INVESTMENT & PROCUREMENT BOARD COMMITTEE

FROM : INVESTMENTS DIVISION

DATE : 26 JUNE 2017

SUBJECT : CONSIDERATION FOR THE DRAWCARD ENTERPRISES (PVT) LTD HOUSING DEVELOPMENT PROPOSAL

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BRIEF BACKGROUND

Management proposed an alternative housing delivery structure to the Investment and Procurement Committee wherein a Developer provides a turnkey solution of acquiring land, servicing it, constructing houses at his risk and sells completed units to NSSA at a fixed price at a future date. The Investment and Procurement Committee approved the housing model.

Drawcard (Private) Limited is a Contractor and Developer who presented a proposal to management where it would develop certain housing stands in Gweru. Management recommends that the Investment and Procurement Committee approve the transaction. The material terms agreed are;

- Drawcard will develop land in Gweru which is the remainder of Fife Scott Block In Extent 357.3 hectares
- Drawcard Enterprises shall construct and deliver to NSSA 1000 housing units to specification subject to the final Town Planning approval given in respect of the Project. The 1000 units shall be developed and delivered to NSSA in batches of 200 housing units.
- Drawcard shall furnish NSSA with a Mortgage Bond of US\$3,5 million over the land under development.
- In addition, Drawcard shall furnish NSSA with an unconditional and irrevocable Performance Bond of US\$3 million.
- NSSA shall pay an offtake deposit of US\$6.5 million to Drawcard Enterprises for the first batch of 200 housing units.
- The offtake deposit shall be applied towards the purchase price.

The Resolution:

That NSSA enters into an Offtake Agreement with Drawcard Enterprises (Private) Limited. Drawcard Enterprises (Private) Limited shall develop stands in Gweru and sell to NSSA at a fixed price at a future date. The General Manager is authorized to sign all the necessary documents.

K. Chihota
Chief Property Investment Officer

Date

Support/Not Supported

L. Chitiga
General Manager

Date

Approved/Not Approved

R. Vela
Chairperson - Investment &
Procurement Board Committee

Date

Approved/Not Approved

D. Tomana
Member - Investment &
Procurement Board Committee

Date

Approved/Not Approved

M. Mukondomi
Member - Investment &
Procurement Board Committee

Date

Approved/Not Approved

R. Gundane
Member - Investment &
Procurement Board Committee

Date



MINUTES OF THE 125TH NSSA BOARD OF DIRECTORS MEETING HELD IN THE 11TH FLOOR NSSA HOUSE BOARDROOM, CORNER SAM NUJOMA & SELOUS AVENUE, HARARE ON FRIDAY 30TH JUNE 2017 STARTING AT 0900 HOURS

PRESENT

MR R. VELA	(RV) :	CHAIRMAN
MRS D. TOMANA	(DT) :	VICE - CHAIRPERSON
MR R. GUNDANE	(RG) :	MEMBER
MR S.T. BIYAM	(STB) :	MEMBER
MRS N. MUKWEHWA	(NM) :	MEMBER
MR E. PHIRI	(EP) :	MEMBER
MS J. MATEKO	(JM) :	MEMBER
MRS M. MUKONDOMI	(MM) :	MEMBER
MR C. MUTISI	(CM) :	MEMBER
MS L. CHITIGA	(LC) :	GENERAL MANAGER

APOLOGIES

THERE WERE NO APOLOGIES.

IN ATTENDANCE

MR E. MUNGWARIRI	(EM) :	CHIEF FINANCE & OPERATIONS OFFICER
MR B. MATONGERA	(BM) :	CHIEF CONTRIBUTIONS AND COMPLIANCE OFFICER
MR H. HUNGWE	(HH) :	CHIEF INVESTMENTS OFFICER
DR B. I. NYEREYEGONA	(BN) :	CHIEF OSH AND REHABILITATION CENTRE OFFICER
MR S. MUPERI	(SM) :	ACTING CHIEF SOCIAL SECURITY OFFICER
MR A. NYAKONDA	(AN) :	CHIEF AUDIT EXECUTIVE
MR K. CHIHOTA	(KC) :	CHIEF PROPERTY INVESTMENTS OFFICER
MR C. NZIRADZEMHUKA	(CN) :	ACTING CHIEF STRATEGIC ASSETS OFFICER
MR J. CHIUTA	(JC) :	EXECUTIVE ASSISTANT TO THE GENERAL MANAGER

MS C.T MUGWIRA (CTM) : GROUP LEGAL ADVISOR & BOARD SECRETARIAL SERVICES EXECUTIVE (Minuting)
MR T.L. TAKAWIRA (TLT) : LEGAL OFFICER (Minuting)

Item		Action
1.	<p>Constitution of the meeting The notice of the meeting having been circulated was taken as read. Members present constituted a quorum and the Chairman called the meeting to order at 0901 hours.</p>	
2.	<p>Chairman's Welcome Remarks The Chairman welcomed everyone present. A special welcome was made to Ms Cynthia Tendai Mugwira, who would be joining the Authority on the 1st of July 2017 as the Group Legal Advisor and Board Secretarial Services Executive. The Chairman thanked Mr Takudzwa Takawira for the professional manner he had handled the duties of the Legal and Board Secretarial Services position. The Chairman also thanked Mrs Daphine Tomana for successfully taking up the role of Acting Chairperson, in May 2017. The Chairman congratulated Dr Betty Nyereyegona and Ms Liz Chitiga for successfully organising and hosting the NSSA Golf Day which was held on the 23rd of June 2017.</p> <p>Mrs Daphine Tomana joined the meeting at 0905 hours.</p>	
3.	<p>Opening Remarks The Chairman reminded members to be alert to issues of confidentiality of Board deliberations, especially following the removal of Mr Peter Gift Mutasa from the NSSA Board by the Minister for that reason. The Chairman advised that the Board should not be inclined to respond to speculation. That said, the Board should be concerned with the continual leak of unresolved Board matters which distracted them from the Board's ambitions and flew in the face of the undertakings members had given to each other, of collective responsibility. The collective responsibility should always put aside vested personal interests and work towards the delivery of a better NSSA for all. The Board members should debate robustly but any agreed resolutions were to be a collective responsibility. This advice was also extended to the management team and was more robustly mentioned in the Board Investments Committee meeting. The Board Chairman advised that he was sure he was correct in saying that the Board had considered passing a vote of no confidence in Mr Peter Gift Mutasa but at the time, the intended action was overtaken by events. The Board, however, fully supported the actions of the appointing authority and the consequent removal of Mr Peter Gift Mutasa.</p> <p>Mr Chakanyuka Nziradzemhuka joined the meeting at 0911 hours.</p> <p>The departure of Mr Peter Gift Mutasa affected some committees, namely Audit and Risk, ICT, Finance and Contributions and Actuarial, Benefits, Occupational Safety, Health and Rehabilitation Centre committees.</p> <p>The Board resolved that Councilor Charles Mutisi be appointed Chairman of the ICT, Finance and Contributions Committee and that Mrs. N. Mukwehwa be appointed as a member to the same Committee.</p>	

	<p>The position of the Chief Strategic Assets Officer was still to be filled but in the interim, Mr Chakanyuka Nziradzemhuka was appointed to the same position in an acting capacity. The Chairman was thankful to Mr Herbert Hungwe for handling the responsibilities of Chief Strategic Assets Officer prior to Mr Chakanyuka Nziradzemhuka's appointment.</p>	
4.	<p>Declaration of Directors' Interests</p> <p>Ms Jemina Mateko was appointed to the Zimbabwe Open University Council and Mr Eriya Phiri was appointed to the Public Service Training Advisory Board.</p>	
5.	<p>Approval of Previous Minutes</p> <p>Mr Charles Mutisi proposed the approval of the minutes and was seconded by Mrs Nester Mukwehwa. The minutes of the meeting held on the 28th March 2017 were approved as a true and correct record of proceedings, subject to the following minor corrections;</p> <p>Item 2 last sentence, the phrase "who was" should be deleted.</p> <p>Item 5 first sentence, the word "was" should be inserted between the words "and" and "second..."</p> <p>Item 7.6 first sentence, the word "should" should be replaced by the word, "may" and the phrase "of individual and ability of fund" should be inserted between the word "performance and "and ..."</p> <p>Item 8.6.1 third sentence, the word "was" should be replaced by the word, "went".</p> <p>Item 8.8.1 the word, "services" should read "service".</p>	
6	<p><u>MATTERS ARISING</u></p>	
6.1	<p>Ekusileni Medical Centre</p> <p>The Ministry of Health and Child Care (MoHCC) had placed an advertisement in the newspapers inviting prospective tenants in the medical fraternity to operate the Ekusileni Medical Centre. Two proposals were received by the Authority and more proposals were expected. The MoHCC appeared to be under the impression that the hospital belonged to them when in fact the MoHCC had only been engaged by the Authority for the purposes of assistance in securing a tenant.</p>	KC
6.2	<p>Chipinge Mall Project</p> <p>The mall had attracted few tenants. Econet Wireless Zimbabwe had taken up some space at Chipinge Mall which brought the total occupancy ratio to 59%.</p>	KC
6.3	<p>Stanbic Claim</p> <p>The Zimbabwe Asset Management Company (ZAMCO), had proposed to take over the Afreximbank debt as equity. The equity was to be sold to the Ministry of Defence (MoD) and the draft agreements were already in place. The finalisation of the transaction had stalled due to a former Africom Holdings Chief Executive Officer, who had filed a legal suit against some directors of Africom. The lawsuit further delayed the decision to release Treasury Bills (TB's) to the Authority by Stanbic Bank. The process had since resumed after the High Court passed judgment in favour of the MoD. The Board requested</p>	HH

	Management to guard against the release of any unsecured funds. Management was waiting for the 21 days period open for Mr Kwanayi Kashangure to appeal to the Supreme Court, to lapse. The Board would be advised once the period had lapsed.	
6.4	Woodlands Farm Land Compensation The proposed meeting to discuss compensation of the Woodlands farm was still pending with the Permanent Secretary in the Ministry of Lands and Rural Resettlement. The Authority had only been advised verbally of an alternative land offer by the Ministry of Lands and Rural Resettlement.	KC
6.5	National Health Insurance Scheme (NHIS) The Ministry of Public Service, Labour and Social Welfare had asked the Authority to momentarily shelve the National Health Insurance Scheme and to focus on the Voluntary Informal Sector Scheme. The Board was keen to have launched at least one scheme during its three year tenure. Mr Kura Chihota joined the meeting at 0936 hours.	SM
6.6	Chegutu Hintonville In December 2016, Management met Chegutu Municipality officials to clarify the ownership and to physically identify the Hintonville land. The Authority had purchased the land for Z\$10 million from Gabroc Investments in 2003. The land measured 526 hectares and was valued at US\$3.4 million in the Authority's books. A team led by the Board Chairman, had driven to Chegutu with Dr Phillip Chiyangwa representing Gabroc Investments. Dr Phillip Chiyangwa identified the Hintonville property and the team met with the Municipality officials to clarify how the property was sold to Gabroc. Dr Phillip Chiyangwa valued the property at US\$15 million. In the meeting, the Municipality Chamber Secretary advised the team that Chegutu Council did not have any record of the transaction. The onus was on Dr Phillip Chiyangwa to prove the existence and ownership of the land. Dr Phillip Chiyangwa had since provided the necessary documents to the Authority and the Council as proof. There were some records which were still missing but there was substantial information in what had been availed. The Chairman advised that the matter would soon be resolved.	KC
6.7	Chinhoyi Land Development (Brundish Park) There had been consensus reached between the Authority and the Chinhoyi Council on the basis of levying rates and taxes on the land. It was agreed that the property would be valued for rating purposes. Council had offered to transfer title sooner than the agreement stipulated. Transfer would be made directly to the Authority or its nominee.	KC
6.8	Telecel Update Zarnet had ceded its rights in the Telecel transaction to Universal Services Fund (USF). USF had paid the first instalment of US\$7 million to the Authority on the 15 th of June 2017. The first quarterly payment of US\$3,02 million was expected by the 30 th of June 2017.	HH
6.9	Mitigation Against Possible Inflation Due to Bond Notes The write up on the mitigatory measures was not included in the Board pack but would be circulated to members. The Authority had purchased shares on the Zimbabwe Stock Exchange (ZSE) worth US\$2 million as part of the strategy to reduce its cash holding, which was diminishing in value. The Authority's drive was to increase its equity investments in companies that generated dividend	HH KC CN

	<p>income. For example, Seedco had paid a dividend of US\$10 million and the Authority had received US\$1 million as its share of the dividend.</p> <p>Management was tasked to include portfolio compositions in the Investment policy. The Investment policy for the Authority was being reviewed but required the input of the Actuaries before finalisation.</p>	
6.10	<p>Data Clean Up</p> <p>Management was working with Atchison Actuaries ("the Actuaries") on the data clean up exercise. The Insurance and Pensions Commission (IPEC) and the Public Service Commission (PSC) had been engaged by the Actuaries to provide data. The preliminary findings from the Actuaries, showed that the working population was approximately 700,000 people based on the statistics availed by the Zimbabwe National Statistics Agency (Zimstat). The Authority in comparison, had about 1,3 million active members on its records. The disparity in numbers was an indication that the Authority's data was not accurate. It was critical that the benefits payroll be sanitised urgently.</p> <p>The benefits payroll was currently being administered by the Social Security Division but this was inappropriate. Management proposed that the payroll be administered by the Finance Division. A qualified Benefits Accountant had been recruited and would be joining the Authority on the 1st of September 2017. These changes would improve the management of the benefits payroll significantly.</p>	EM
6.11	<p>Voluntary Informal Sector Scheme</p> <p>A resource person from the Masvingo Regional Office was redeployed to run with the Informal Sector Scheme preparatory work. The Chairperson of the Actuarial, Benefits, OSH and Rehabilitation Centre Committee, Mr Richard Gundane, would provide the time frame for the implementation of the scheme. The Ministry of Public Service, Labour and Social Welfare had requested to have representation on the steering committee which had been set up to do the preparatory work to launch the scheme. Mrs Memory Mukondomi and Mrs Precious Sibiya were appointed to the steering committee as the Ministry's representatives.</p>	SM
6.12	<p>Elevators Repair and Maintenance</p> <p>The tender was awarded to Schindler Lifts Zimbabwe through the State Procurement Board (SPB) for the installation of 10 new elevators. The locations of the elevators would be 3 at NSSA House Harare, 3 at Compensation House Harare, 3 at Compensation House Bulawayo and 1 Fireman's elevator at Compensation House Bulawayo. The total cost of all the elevators was US\$1,7 million.</p>	KC
6.13	<p>Properties without Title Deeds</p> <p>The schedule of properties without title was presented at the Audit and Risk Committee meeting. The Board requested Management to work towards reducing the number of properties without title from the stated 19 to at least 10 properties by the next Board meeting scheduled for the 26th of September 2017. Where there are no specific agreements, there should be at least tangible documentation showing pending title to the property by the Authority.</p>	KC CTM
6.14	<p>Zimbabwe Revenue Authority (ZIMRA) Claims</p> <p>An additional US\$1,9 million had been handed over to the Authority's lawyers to follow up. A tax consultant had been engaged to assist in recovering US\$2,2</p>	EM

	million from ZIMRA and would be paid 1% as commission for the amount recovered. The Chief Finance and Operations Officer was tasked to produce a list of the claims being pursued.	
6.15	Occupational, Safety and Health Bill The draft Bill was awaiting presentation to the Parliament of Zimbabwe for discussion and approval.	BN
6.16	Collections and Claims Trend The recovery of long outstanding debts from State Owned Enterprises and failed banks was now being handled from the General Manager's office. The amount due from failed banks was US\$34 million and the amount due from State Owned Enterprises and Local Authorities was US\$41 million of which US\$3,6 million was in rental arrears. Management was tasked by the Investments and Procurement Committee to ensure that practical strategies were in place for the debt recovery.	JC LC
6.17	Interfin Debt Recovery The Investments and Procurement Committee had approved the takeover of the properties offered by Interfin as part settlement of the debt owing. The General Manager was authorised to sign off the agreements and all the necessary documents. The Board endorsed the resolution.	KC
6.18	Funeral Benefit Enhancement Management reported that the Funeral Benefit Enhancement did not require registration with the Insurance and Pensions Commission (IPEC). There was however, a need for more publicity, education and awareness campaigns to the public of the benefit.	SM BN
6.19	Rehabilitation Centre Upgrade A project proposal to start manufacturing prosthesis was drafted with the assistance of the Investments Division. A German manufacturer was contacted but had not yet sent an indication of the costs of running a workshop on prosthesis manufacturing. This was still work in progress and being followed up.	BN
6.20	Labour Cases Management was tasked to settle labour cases that they deemed could be settled out of court. The cases should be reduced from the stated 13 to at least 7, by the time of the next Board Meeting scheduled for the 26 th September, 2017.	CTM
6.21	Use of Law Firms in Debt Recovery There was a list of approved law firms that was compiled by the Legal department. All approved lawyers in that stead had signed "Fee for Success Contracts" with the Authority.	
6.22	NSSA Visibility The outreach programmes were on going and direct marketing was being promoted to increase the visibility of the NSSA brand. The incoming Marketing Executive was to be instrumental in improving the marketing of the new NSSA brand.	BN SM

6.23	Performance Bonus Management had responded to the letter from the Workers' Union lawyers pertaining to the demand for the payment of the 2016 bonus. There had been no response from the Workers' Union lawyers.	CTM
6.24	Awarding of Tenders The State Procurement Board (SPB) did not seem keen to meet with the Authority despite Management's efforts to schedule a meeting with them. The new Procurement and Administration Services Executive could be of use in breaking the impasse between the Authority and the SPB. The impasse was affecting progress of the Gladina and Chinhoyi projects.	EM
6.25	Government Monthly Contributions The Board was advised that the Ministry of Finance and Economic Development had provided budgetary support of US\$8,7 million to the Ministry of Public Service, Labour and Social Welfare to cater for the Authority's employer contributions for the months of February, March and April 2017. The Authority now awaited the release of the money. Bills for the ensuing months to June 2017 had been submitted to the Ministry of Public Service Labour and Social Welfare.	BM
6.26	Cold Storage Company (CSC) Proposal The Scheme of Arrangement meeting was held but due to the fact that a former employee of CSC had filed opposing papers in court, confirmation of the scheme meeting had been delayed. The Board advised that the CSC investment was of national strategic importance as it reflected an investment focus outside Harare and was strategic for employment creation which subsequently increased contributions to the Authority. Management was tasked to interrogate the CSC investment idea further and advise the Board if there was merit in pursuing the investment. A meeting was scheduled for the 25 th of July 2017 in Bulawayo for the Authority to be introduced to the current Board members. The meeting was facilitated by the Deputy Minister of Agriculture responsible for Livestock, Mr Paddington Zhanda.	CN
6.27	Invalidity Assessments The guidelines on invalidity assessments were drafted and circulated for peer review before adoption and roll out.	BN
6.28	Matay-Kingdom Update On the 15 th of June 2017, the Arbitrator requested to meet the lawyers representing the two parties involved in the Celestial Park dispute, with a view to set the date for a Hearing. The parties' lawyers were yet to meet, with the meeting likely to be held in August 2017 due to the fact that the Arbitrator had proceeded on vacation leave.	CTM
6.29	Website Costs Management clarified that the US\$7,500 charged for the website maintenance covered a 12 month period up to 30 June 2018 and was part of the full project fees tendered.	
6.30	Mr Mapani and Mr Vera Mr Mapani had failed to provide the Agreement of Sale with the potential buyer of his property and the matter was proceeding to trial in the High Court. Since Mr Shadreck Vera was late, the Authority lodged its claim with the Master of the	CTM

	High Court and the Executor of the Estate. The Estate was as yet to be wound up.	
6.31	<p>St Tropez</p> <p>Management wrote to the Zimbabwe Republic Police (ZRP), advising them that the money that had been paid as the purchase price for St Tropez by the ZRP had been refunded. The Authority did not have any obligations to the ZRP relating to the St Tropez apartments.</p>	
6.32	<p>US\$180 Million Treasury Bills (TB's)</p> <p>The value of the TB's delivered by the Reserve Bank of Zimbabwe (RBZ) had a short fall of US\$900,000 and the Authority had written to the Ministry of Finance and Economic Development demanding of the same. The Ministry of Finance and Economic Development had subsequently instructed the RBZ to pay the shortfall. Management had since advised the RBZ to have the payment made out to FBC Bank. The Board requested the Chief Investments Officer to come up with a strategy on what to do with the Authority's TBs held by FBC Bank since they were not paying interest on them. Management was tasked to engage the RBZ requesting them to change the tenor of the US\$180 million worth of TBs received from 10 years to 7 years as originally agreed.</p> <p>The Board resolved that Management writes to the Reserve Bank of Zimbabwe with a request for corrective action.</p>	HH
7.	<p><u>ACTUARIAL VALUATION REPORT</u></p> <p>The Actuarial report by Atchison Actuarial Services highlighted 3 major issues as follows:</p> <ul style="list-style-type: none"> a) Incomplete and inaccurate data received from the Authority and the mitigation measures taken to correct the data; b) Pensions and Other Benefits Scheme (POBS) actuarial report with recommendations on benefits and c) Accident Prevention and Worker's Compensation Insurance Scheme (AP&WCS) report with recommendations on benefits thereof. <p>The draft final report was circulated to the Board and the executive management. The general comment from the Actuaries was that social security schemes could not be fully funded like private schemes due to their public nature. The POBS actuarial valuation report showed what the impact would be on the Scheme if the minimum monthly pension was increased from US\$60 to US\$80 and to US\$100. The Actuaries advised that an increase to a minimum monthly pension of US\$100 would result in the Scheme's benefits and expenses exceeding total income in 2020 and was not sustainable. This increase could only be sustained if the retirement age was changed from 60 to 65 years and the increase effected in the next 3 years. An increase to a minimum monthly pension of US\$80 was recommended and could be sustained up to 2024 before contributions could be increased.</p> <p>The data from the Authority reflected that there were 2,68 million members, of which 1,34 million were active members and the other 1,34 million were inactive. The Actuaries were of the view that this scenario, where the number of active and non-active members was equal, was highly unlikely and made the accuracy of the data questionable. A more realistic total figure would have been</p>	EM

	between 700,000 to 1 million active members. This number was based on the Zimbabwe Statistics (Zimstat) survey carried out in 2014. The Actuaries recommended that Management urgently and most importantly, sanitised its data as a starting point for all other computations to be accurately worked out.	
7.1	<p>Conclusion and Recommendations</p> <p>a) The Actuaries be engaged after following the required procurement processes to clean up the Authority's data and ensure that it was accurate and complete. The Actuaries indicated that a realistic timeframe for this exercise to be completed was 6 months.</p> <p>b) The Authority had to ensure that all beneficiaries were registered on biometrics before increasing the minimum monthly pension.</p> <p>c) The Authority formulates a policy covering contributions and benefits reviews.</p> <p>d) The Authority should tighten controls in the processing of benefits to ensure only genuine beneficiaries were paid.</p> <p>e) The Authority to consider reviewing the retirement age from 60 years to 65 years. In the interim, the Authority could give those close to 60 years the option to choose to retire immediately or to continue to 65 years. The arduous occupation retirement age would be looked at on a sectorial basis.</p>	<p>EM</p> <p>BM SM</p> <p>SM</p> <p>SM</p>
7.2	<p>Informal Sector Scheme</p> <p>The Actuaries advised against including health coverage until the Informal Sector scheme had stabilised. The scheme had been designed to cover pension, funeral and health care benefits. The Board targeted introducing the scheme by September 2017.</p> <p>The Actuaries were excused from the meeting at 1157 hours.</p> <p>The Actuarial, Benefits and OSH Centre Committee then had a separate 15 minutes deliberation on the Actuaries presentation in order for it to make a recommendation to the Board.</p>	SM
8.	<u>ACTUARIAL, BENEFITS, OSH & REHABILITATION REPORT</u>	
8.1	<p>Minimum Pension Review</p> <p>The Committee recommended the increase of the minimum monthly pension to US\$80 from US\$60 and advised that if the retirement age was increased to 65 years, the Authority could consider increasing the pension to US\$100 in the next 3 years. The Minister of Public Service, Labour and Social Welfare wanted an increase to US\$100 and the Board was to explain that the US\$80 increase was a systematic step towards attaining the desired US\$100. The Minister would be requested to lobby for the increase of the pensionable age to 65 years to be in line with the Public Service retirement age. The minimum pension increase to US\$80 would be effective from 1 October 2017 and the other bracket of pensions currently earning above US\$80 would remain unchanged.</p> <p>Upon the Committee's recommendation, the Board resolved that the minimum retirement pension benefit be increased by 33.33% from US\$60 per month to US\$80 per month effective from 1st October 2017 to members who were registered and verified through the biometric enrolment exercise. The Minister of Public Service, Labour and Social Welfare would</p>	SM

	<p>thereafter be requested to motivate the alignment of the pensionable age for the Authority from 60 to 65 years, in accordance with the Public Service stipulated age.</p> <p>Management was requested to publish the names of members who had not enrolled on the biometric system in the press and other media on a monthly basis. Those members outside the borders could visit the Zimbabwean embassies in their respective countries, for the life certificate authentication process.</p> <p>Management was tasked to research on the minimum wage for farm workers, because it was believed to be below the proposed new minimum pension of US\$80. Raising the monthly minimum pension from US\$60 to US\$80 was likely to see some farm workers receiving a pension that exceeded the monthly salary they earned during the time they were gainfully employed. This would imply receiving more than the 100% replacement rate, which was inconsistent with pension principles and the social security concept.</p> <p>The Board however, resolved that this should not preclude them from earning a pension above their earnings.</p> <p>Ms Jemina Mateko was excused from the meeting at 1231 hours.</p>	SM
8.2	<p>US\$25 Retirement Grant</p> <p>The US\$25 retirement grant that was paid to pensioners at the time of adoption of the United States dollar was not based on the formula used to calculate grants. The pensioners were complaining that the amount paid was too low and wanted to be paid a reasonable amount similar to that which had been subsequently paid to other pensioners on the basis of a retirement grant formula. The number of pensioners affected was approximately 4,200 and the total amount was approximately US\$4 million. Management was requested to seek professional advice from the Actuaries on what the financial impact on the Scheme would be by paying this amount. The recommendations would then be considered by the Board in the next meeting.</p> <p>The Board resolved to give leave to the General Manager to appoint Actuaries who would conduct a data compilation and cleanup exercise, subject to all the necessary procurement procedures being followed.</p>	SM
9.	<p><u>AUDITED ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016</u></p> <p>The audited prior year (2015) financial statements had been reinstated to correct the overstatement on the ZB Financial Holdings profits. The Auditor General had given an unqualified audit opinion on the Authority's 2016 audited financial statements.</p> <p>Having considered the financial statements, the Board resolved that the Authority's 2016 audited financial statements be adopted.</p>	LC
10.	<p><u>ICT REPORT</u></p> <p>The Committee Chairman presented the ICT report which covered the following;</p>	

	<p>a) A legal opinion from Mawere Sibanda Legal Practitioners on TTCS' claim of Euro 3,7 million (US\$4,1 million);</p> <p>b) An independent review by Deloitte to determine whether the Authority was liable to pay Euro 3,7 million (US\$4,1 million);</p> <p>c) A cost benefit analysis report by PricewaterhouseCoopers (PWC);</p> <p>d) A review of the benefits payroll by Absolute Systems and Solutions.</p> <p>It was noted that the legal opinion was non-committal as it highlighted that both parties had strong arguments and the recommendation was either to negotiate or go for arbitration.</p> <p>The Deloitte report highlighted that the bill was overstated by Euro 2,4 million and left the decision to pay or not to pay to Management.</p> <p>The Board was concerned with the continued increase in the number of pensioners on the payroll. The increase started from the time the Authority migrated to Systems, Applications and Products (SAP) in February 2016. Management was tasked to urgently review the payroll and identify the cause of the increases. The Board was also concerned with the suitability of SAP system to social security.</p> <p>It was noted that SAP did not have a direct relationship with the Authority but had one with TTCS. Management was tasked to do a cost benefit analysis of continuing with SAP. It was further observed that the system required updating because it had reached its 5 year lifespan, which would entail significant additional costs to NSSA.</p> <p>It was resolved that Management should do a SAP cost benefit analysis and circulate it to members.</p> <p>The Board took a lunch break from 1353 hours to 1430 hours.</p>	
11.	<u>GENERAL MANAGER'S DASHBOARD</u>	
11.1	<p>Economic Environment</p> <p>The latest International Monetary Fund (IMF) global economic outlook raised the country's growth forecast to 2,0% from the previous -2,5%. There was an increase in the month on month inflation from 0,21% recorded in March 2017 to 0,48% recorded in April 2017. This was driven mainly by continuous increases in the prices of basic commodities. The increase in inflation was eroding the value of cash assets. The Management's strategy was to move away from holding cash assets to those which preserved value like property and equities. Cash shortages were also affecting mobile money payments which had initially brought relief to most pensioners. The Authority continued to experience an increase in the number and value of claims. The tough operating environment saw an increase in fraudulent claims and Management was enhancing the internal control systems to mitigate the losses risk.</p>	
11.2	<p>Restructuring</p> <p>The Security and Loss Control Manager, Mr Laxman Moyo and Security and Loss Control Officer, Mr Claudious Garwi would be joining the Authority on the 1st of July 2017 and would assist in enhancing security and mitigating undue losses to the Authority.</p>	

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	The Benefits department was to be restructured. The benefits payroll would be managed by a qualified accountant who would be reporting to the Chief Finance and Operations Officer and the Investigations Unit would be transferred to the Security and Loss Control Department.	
11.3	Service delivery Improvements in service delivery was on-going and the Authority was yet to reach the intended target levels. The website was being developed and was expected to go live by mid July 2017, after a final review by the incoming Public Relations and Marketing Executive.	BN
11.4	Based Reward System The non-payment of the 2016 bonus was a way of breaking from the old culture of entitlement as the Authority moved towards a performance based reward system which would commence on the 1 st July 2017.	
11.5	Revenue Collection Mr Barnabas Matongera and Mr James Chiuta were working on a strategy to recover US\$64 million owed by 50 top debtors.	BM
11.6	St Tropez Refurbishment Three demonstration units at St Tropez had been refurbished and valuations were being done by three independent professional valuers. The Icombe property had one unit that was refurbished. The total cost of refurbishing the four units was US\$72,000.	EM
11.7	Biometric Registration Campaign The Regional Offices would embark on intensive outreach programmes to register as many beneficiaries as possible before the deadline date of 30 September 2017 for biometric registration.	SM
11.8	Benefits Appeals At the last Appeals session, one case was upheld, two were referred for re-assessment and five were dismissed by the Legal and Litigation Appeals Board Committee.	
11.9	Mobile Money Ecocash was the most active of the three mobile money service providers. Payments of pension via mobile money platforms had assisted a number of pensioners due to its convenience. However, the shortage of physical cash was a concern for pensioners.	
11.10	Funeral Benefit Enhancement Pensioners had started accessing this benefit however, there was need to conduct extensive awareness campaigns as most pensioners were not aware of the Funeral Benefit enhancement that was introduced in April 2017.	SM
11.11	Voluntary Informal Sector Scheme The Actuaries were currently modelling the scheme which was expected to cover pension, health care and funeral benefits. The Actuaries had advised the Authority to rollout the benefits in stages with the health care to come in the later stages because most people who would register first would be those requiring medical assistance. This would threaten the viability of the fund as healthcare claims would be very high. A task team to spearhead the development and implementation of the scheme, which included members from	SM

	the Ministry of Small to Medium Enterprises and the Ministry of Public Service, Labour and Social Welfare was in place.	
11.12	Occupational Injuries There was an increase in road traffic accidents which prompted the Authority to increase awareness campaigns. The Authority was also prominent in the surveillance of Tuberculosis (TB) in the work place.	
11.13	Mobile Clinic Chest and pneumoconiosis examinations were conducted between January and May 2017 using the mobile clinic. Management reported that the Accident Prevention and Workers Compensation Scheme was now under the Occupational Safety and Health (OSH) Division.	
11.14	Rehabilitation Centre The number of referrals to the Rehabilitation Centre had increased significantly after the open day held on the 19 th of May 2017. There was concern that the Rehabilitation Centre was too far from Harare and it was proposed that a similar centre be established in Harare. Management would consider the Ruwa Rehabilitation Centre which was currently being run by the Ministry of Public Service, Labour and Social Welfare.	BN
11.15	Treasury Bills (TBs) Held By the Authority The Authority held US\$219,6 million worth of TBs with periods to maturity ranging from 103 days to 9,9 years. There was a need to derive income from these TBs by sweating them.	HH
11.16	Rent Arrears The Government owed the Authority US\$3,6 million in rental arrears. The Ministry of Public Service, Labour and Social Welfare was engaged to assist with the collection of these rental arrears. Other debtors were being followed up through the Authority's lawyers.	
11.17	National Building Society (NBS) Chinhoyi Housing Development The Environmental Management Agency (EMA) and the Chinhoyi Municipality had not approved the plan for the Chinhoyi Housing project. Management and the National Building Society were to engage the two entities and obtain all the required approvals.	KC
11.18	Fidelity Life Assurance Zimre Holdings Limited (ZHL) had agreed to sell its 21% shareholding in Fidelity Life Assurance and the process was expected to be concluded by the first week of July 2017. The transaction was part of the Authority's strategy to consolidate the insurance cluster involving Nicoz Diamond and First Mutual Holdings (FMH).	CN
11.19	Project Utopia FBC Holdings Limited (FBCHL) proposed to acquire the Authority's shareholding in ZB Financial Holdings Limited (ZBFHL) by way of a scheme of arrangement for all ZBFHL shareholders. The Authority was in support of the proposal and had given FBCHL management the go ahead to begin the relevant processes.	CN



11.20	ZB Financial Holdings (ZBFH) An Annual General Meeting (AGM) of ZBFH shareholders was held on the 12 th of May 2017 and the shareholders agreed that Transnational Holdings Limited (THL) should refund the dividend of the US\$658 000 it had been paid. It was further resolved that no additional shares in ZBFH should be issued to THL. Three independent directors were voted off the Board of ZBFHL.	HH
11.21	Stakeholders' Meeting The meeting was held at Celestial Park on the 29 th March 2017. The Authority's Chairman, Board and Executive Management were in attendance. The Zimbabwe Congress of Trade Unions (ZCTU) attended the stakeholders' meeting for the first time.	
11.22	Corporate Social Responsibility The repainting of Ward C9 at the Harare Hospital would be completed in the second week of July 2017.	BN
11.23	Zimbabwe International Trade Fair (ZITF) The Authority exhibited at the 2017 Zimbabwe International Trade Fair (ZITF) which was well attended. The Honourable Vice President Emmerson Mnangagwa visited the NSSA stand. It was agreed that there was a need for the Authority to acquire a bigger stand suitable for an organisation with the size and status of NSSA.	BN
11.24	Customer Outreach Programme The mobile clinic was being used for the outreach programmes. The mobile clinic had strategically partnered with the National Aids Council (NAC) in an effort to further disseminate information about the HIV pandemic and also to take advantage of the crowds they attracted to their events.	
11.25	NSSA Charity Golf Day The NSSA Charity Golf day was successfully held on the 23 rd of June 2017. Various stakeholders and corporates participated and donated to the cause. The funds raised were donated to 5 charity organisations in Harare who received US\$5,000 each and US\$1,500 was given to charity organisations in other regions. A total of 26 charities benefited from the Golf day donations which amounted to US\$83,450 before expenses of US\$33,450.	
11.26	Media Cocktail A media cocktail was held at Celestial Park and over 30 journalists attended. The event was a success and it allowed the media to have access to the Authority's senior executives. It was hoped that such events would improve the media's perception of the Authority.	
11.27	Remarks by the Board Members The General Manager was requested to ensure that Management cleared all the audit issues raised by both the internal and external auditors, especially those that were in the red zone. Management was tasked to engage the Zimbabwe Asset Management Company (ZAMCO) which was responsible for resuscitating ailing and closed companies and see if the Authority could get meaningful assets from these companies.	CN

	<p>The Funeral Benefit Enhancement required extensive marketing. The Marketing department was on-boarding Mr Tendai Mutseyekwa on 1 July 2017 as the Marketing, Communications, Public Relations and Corporate Social Responsibility Executive. It was hoped that he would solve the issues requiring the intervention of the Marketing department.</p> <p>The Occupational Safety and Health (OSH) division was required to engage and train the Public Service Commission officers on OSH issues. The Public Service was not covered under the Accident Preventions and Workers Compensation Scheme but could be considered on a notes-sharing basis.</p> <p>Mrs Tomana was excused from the meeting at 1530 hours.</p> <p>The Management reports were supposed to include the risk matrix and every executive member was supposed to address their issues before the next Board meeting.</p> <p>The Legal department was required to come up with a panel of lawyers and a policy on the payment of fees.</p>	BN
12.	<p><u>MANAGEMENT ACCOUNTS FOR THE PERIOD ENDING 31 MAY 2017</u></p> <p>The year to date contributions and premiums were US\$95,3 million and were 5% above the same period in the prior year. Government owed US\$12 million in employer contributions for the period from February to May 2017. The year to date claims expenses were US\$61,6 million and had increased by 34% compared to the same period in the prior year. The claims increase of 34% was high as compared to contributions and premiums, which had increased by 5%. This was of major concern and there was need to monitor closely the claims costs as they constituted the biggest cost for the Authority. Cumulative staff costs were US\$11,2 million and the amount included a once off retrenchment cost of US\$3,2 million. The cumulative staff costs were US\$1,6 million lower than the same period in the prior year. The savings were as a result of the restructuring exercise.</p>	BN
13.	<p><u>COMMITTEE CHAIRMEN'S REPORTS</u></p>	
13.1	<p><u>INVESTMENTS AND PROCUREMENT REPORT</u></p>	
13.1.1	<p>Capital Bank</p> <p>Mr Elisha Moyo was engaged to talk to Mr Paterson Timba with a view to broker an out of court settlement. The initial meeting was cordial and Mr Paterson Timba advised that he had been willing to talk all along. Another issue that Management were working on was the reconstitution of the Capital Bank board. An agreement was done to indemnify the former Capital Bank Directors. They were to re-constitute the Board and then resign after appointment of new board members who were going to be chosen from the Authority's executive management.</p> <p>The Authority's appointed "new" board was supposed to be clear on what was to be done and to expeditiously discharge their mandate. The liquidator would then take over thereafter.</p>	HH

13.1.2	Metbank Fertiliser Facility Metbank requested for a restructuring of the US\$20 million fertiliser facility due to a mismatch between cash inflows from the borrowers and repayments due to the Authority. Management recommended that the facility tenor be extended by an additional 8 months in order to reduce pressure on Metbank. The restructuring of the facility was approved by the Investments and Procurement Committee.	HH
13.1.3	Small to Medium Enterprises Development Corporation (SMEDCO) SMEDCO had received US\$5 million worth of Treasury Bills from the Government. Management recommended that the Authority purchase the TBs at a 20% discount and for SMEDCO to use the proceeds to liquidate the existing loan due to the Authority. The Investments and Procurement Committee approved the transaction and recommended that half of the TBs be sold to third parties at the same price in order to reduce the overall amount of TBs held by the Authority.	HH
13.1.4	Rainbow Tourism Group (RTG) Share Purchase The Authority had received an offer from First Mutual Holdings Limited (FMHL) to purchase FMHL's 20% shareholding in RTG. The Investments and Procurement Committee approved the purchase using TBs with a 10 year tenor based on the market value of RTG. Management were requested to obtain confirmation from the Zimbabwe Stock Exchange (ZSE) that the Authority would not be required to do a mandatory offer to minorities thereafter. The intention of the Authority was to take control of RTG through a share purchase and once done, the RTG Board would be reconstituted. This would include a change in the RTG Management as well.	CN
13.1.5	First Mutual Life Holdings (FMLH)/Nicoz Diamond Insurance (NDI)/ Fidelity Life Assurance (FLA) share transaction Zimre Holdings Limited had agreed to sell its shareholding in NDI and Fidelity to the Authority, subject to getting support of their bid to acquire ZPI shares from FLA. There was need to enter into a sale and purchase agreement whose execution would be subject to the approval of the Zimbabwe Stock Exchange (ZSE) and Securities Exchange Control (SEC), because Zimre Holdings Limited (ZHL) was already in a closed trading period.	CN
13.1.6	Nurture Investments Nurture Investments was a registered financial institution involved in lending cattle breeding stock to investors. Nurture Investments proposed a partnership with the Authority in order to grow the business wherein the Authority would be expected to inject US\$1 million as capital. Management reviewed the proposal and the Investments and Procurement Committee recommended that the project be pursued. The project would complement the Authority's drive to revive the Cold Storage Company (CSC).	CN
13.1.7	Interfin Bank Management recommended the purchase of properties offered by Interfin Bank's liquidator at the market value of US\$1,64 million. The General Manager was authorised to acquire the assets as partial settlement of the debt owed to the Authority by Interfin Bank. The total amount owed by Interfin Bank was US\$16 million.	HH KC

13.1.8	Derbyshire Project Proposal A developer, Elevate Consortium had proposed to develop 1,010 housing units in Harare South on an Engineer/Procure/ Construct basis where the Authority would commit to an offtake of all the housing stock and make progress payments on agreed time lines. The project's estimated costs were US\$22 million. The Investment and Procurement Committee requested Management to present agreement for their approval. Management was requested to provide a detailed breakdown and stage guarantees for the initial deposit.	KC
13.1.9	Umgwanini Project Proposal The Bulawayo Municipality had offered the Authority land to develop 850 stands. The Investments and Procurement Committee recommended that Management identifies, a contractor to partner the Bulawayo Municipality to build houses and not to just sell serviced stands.	KC
13.1.10	Chisipite Mall The Authority currently owned 3 pieces of land with a total size of 33 hectares along Enterprise Road. Prospun Investments who were the developer of Village Walk Borrowdale had put an offer to the Authority for either an outright purchase of the land at US\$2million or for the Authority to offer land and take equity on the development on a pro-rated basis. The project was going to take 18 months to complete and Pick N Pay would be the anchor tenant. Management's proposal was to participate in the project through a 50% debt and 50% equity structure. The Board requested that the Authority should consider one option and not both. The Authority was not supposed to be a financier all the time and Management were supposed to consider other third parties to finance the project. The Investments and Procurement Committee approved that: <ul style="list-style-type: none"> a) Management enters into an agreement for a joint venture providing land for the shopping mall and some cash as equity. b) Management offers the land required for the development only and retain the remainder. 	KC
13.1.11	Pomona Land The Authority was offered 8,900 square metres of land which was adjacent to the existing Authority's Pomona Centre. The Investments and Procurement Committee approved the acquisition of the land. Management was to then motivate for further development after full feasibility studies had been undertaken.	KC
13.1.12	Nationwide Shipping Containers The Investments and Procurement Committee had approved the allocation of US\$500,000 for the conversion and installation of shipping containers for use as retail shops by small and medium enterprises. The Committee approved the roll out of the project to other towns starting with Chinhoyi, whose municipality had already approved the installation of these structures.	KC
13.1.13	Twalumba Property The owner of the company Twalumba and Attachards was deceased. Several letters had been written to the company requesting that it pays the capital gains tax (CGT) to allow transfer of the property to the Authority. The lawyers representing the Authority had proposed that it considers paying the CGT to	KC

	have title. The Legal and Litigation Committee directed Management to pay the CGT and take transfer of the property.	
13.1.14	<p>Student Accommodation Joint Venture project between NSSA and Steynberg Earthmovers</p> <p>It was reported that the student enrolment at the National University of Science and Technology (NUST) outweighed the available accommodation on campus and most students were commuting from distant suburbs around the city. This arrangement strained the students financially and in terms of time. A proposal was made by Steynberg Earthmovers (Private) Limited which owned the land opposite NUST, to develop hostels that would be let out to students at affordable rentals. An amount of US\$1,9 million was required to construct a 480 bed hostel block and the Authority would be required to contribute 50%. The project would be a joint venture that would be evenly split, with the Authority retaining an option to exit.</p>	JC
13.1.15	<p>Proposed Properties Investments Model</p> <p>A new housing projects structure was being proposed for the Properties division. A contractor would be required to have title of a piece of land on which it would construct houses. The land would be ceded to the Authority as security of funds provided to develop the land and a performance guarantee would also be required for any funds provided over and above the value of the land. The houses would be sold to the Authority at an agreed fixed price. This investment model would not be subject to approval by the State Procurement Board.</p> <p>The Board resolved that Management should finalise with immediate effect the following projects:</p> <ul style="list-style-type: none"> a) Derbyshire – Eaglet Investments (Private) Limited; b) HAC – Housing Corporation Zimbabwe (Private) Limited; c) NUST Student Accommodation – Steynberg Earthmovers (Private) Limited and d) Pomona land acquisition. <p>The General Manager was authorised to sign all documents on behalf of the Authority.</p>	JC
14	<u>HUMAN RESOURCES REPORT</u>	
14.1	<p>Restructuring</p> <p>The second phase of restructuring was completed at the end of March 2017. A total number of 128 employees had exited the Authority via retrenchment at a cost of US\$5,522,259.</p>	
14.2	<p>NSSA Staff Pension Fund</p> <p>The Committee noted the Defined Benefits (DB) actuarial report and the recommended increase in the employer contribution. Management was tasked to work on a hybrid fund for Defined Contribution (DC) members to narrow the differential in pension benefits between DC and DB fund members. The Committee further advised that the Authority would not implement the recommended increase in employer contribution from 7.5% to 13.39% but that the Trustees should closely monitor the fund performance over the next 3 years and work on reducing the deficit.</p>	EM



14.3	<p>Staff Recruitment</p> <p>Four of the executive managers had completed their probation and had their permanent employment confirmed. On the 1st of July 2017, the Authority would officially on-board Ms Cynthia Tendai Mugwira as Group Legal Advisor and Board Secretarial Services Executive, Mrs Vimbai Dirorimwe-Hove as the Finance and Cost Management Executive, Mr Laxman Moyo as Security and Loss Control Manager and Mr Claudious Garwi as the Security and Loss Control Officer. From the 1st of August 2017, Mr Archiford Mundava and Mr Garikayi Sakala would be joining the Authority as the Development and Facilities Manager and Property Asset Manager respectively. Ms Barbra Gatsi and Ms Hope Mlilo would be joining the Authority on the 1st of September 2017 as Internal Audit Manager and Benefits Financial Accountant respectively.</p> <p>Mr Biyam was excused from the meeting at 1630 hours.</p>	
15.	<u>LEGAL AND LITIGATION COMMITTEE REPORT</u>	
15.1	<p>Appeal Cases</p> <p>There were still challenges being experienced with the invalidity assessment cases. The Board recommended that the Medical Board come up with a standard that would guide doctors on invalidity assessments. The Committee also dealt with issues of pensioners complaining and challenging the payment of the US\$25 Retirement Grant. The Board was advised that one Mrs Mbanje who was a former NSSA executive director appeared before the Committee and her appeal was rejected.</p>	BN
15.2	<p>Law Firms for NSSA</p> <p>Management was tasked to come up with a panel of law firms for the Authority. There was a need to manage legal costs. The Board also requested Management to come up with a schedule of monthly expenditure of legal costs for each department. This schedule would allow for an assessment of which area the costs were concentrated. The schedule was to be presented at the next Board meeting.</p>	CTM
16.	<u>PUBLIC RELATIONS, COMMUNICATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE</u>	
16.1	<p>Refurbishment of Ward C4 – Harare Hospital (Corporate Social Responsibility)</p> <p>The refurbishment of Ward C4 at Harare Hospital was progressing well and was scheduled to be completed in the third quarter of 2017. The Rehabilitation Centre open day was a success and there was a general appreciation from the public. The Public Relations, Communication and Corporate Social Responsibility Committee actively made the Authority brand visible.</p>	
17.	<u>ANY OTHER BUSINESS</u>	
17.1	<p>Investee Companies</p> <p>The Chairman reported that he had since his appointment sat on the First Mutual Holdings Limited and FBC Holdings Limited Boards. He now understood these entities well and had decided to step down from the Boards of those entities at the end of December 2017. This had been influenced by</p>	

	<p>corporate governance tenets and, his own desire to put an end to speculation that he may be compromised. The Chairman was engaging the Minister with a proposal to resign from the Boards of these entities on 6 months' notice.</p> <p>There being no further business the meeting ended at 1640 hours.</p> <p>Signed as a true and accurate record of proceedings on this 26th day of September 2017.</p> <p style="text-align: center;"><hr/>R. Vela (Chairman)</p>	
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Acronyms – List of Abbreviations

NSSA	National Social Security Authority
ICT	Information Communication Technology
OSH	Occupational Safety and Health
MoHCC	Ministry of Health and Child Care
ZAMCO	Zimbabwe Asset Management Company
TBs	Treasury Bills
MoD	Ministry of Defence
MoPSLSW	Ministry of Public Service, Labour and Social Welfare
SPB	State Procurement Board
CSC	Cold Storage Company
APWCS	Accident Prevention and Workers Compensation Scheme
RBZ	Reserve Bank of Zimbabwe
ZRP	Zimbabwe Republic Police
Zimstat	Zimbabwe Statistics
IPEC	Insurance & Pensions Commission
TTCS	Twenty Third Century Systems
SAP	Systems, Applications, Products
PWC	PricewaterhouseCoopers
TB	Tuberculosis
ZBFH	Zimbabwe Bank Financial Holdings
ZCTU	Zimbabwe Congress of Trade Unions
ZITF	Zimbabwe International Trade Fair
SMEDCO	Small Medium Enterprises Development Corporation
FML	First Mutual Life
NDI	Nicoz Diamond Insurance
ZHL	Zimre Holdings Limited
ZPI	Zimre Properties Investments
PR	Public Relations
CSR	Corporate Social Responsibility
FMHL	First Mutual Holdings Limited
FBCH	First Banking Corporation Holdings



MINUTES OF THE INVESTMENTS & PROCUREMENT COMMITTEE OF THE NSSA BOARD OF DIRECTORS HELD ON THE 11TH FLOOR NSSA HOUSE BOARDROOM, CNR SAM NUJOMA & SELOUS AVENUE, HARARE ON THURSDAY, 14 SEPTEMBER 2017 STARTING AT 0900 HOURS

PRESENT

R. VELA (RV) CHAIRPERSON
 R. GUNDANE (RG) MEMBER
 D. TOMANA (DT) MEMBER
 M. MUKONDOMI (MM) MEMBER
 F. RUWENDE (FR) BOARD APPOINTED INVESTMENT EXPERT
 L. CHITIGA (LC) GENERAL MANAGER

IN ATTENDANCE

E. MUNGWARIRI (EM) CHIEF FINANCE & OPERATIONS OFFICER
 H. HUNGWE (HH) CHIEF INVESTMENTS OFFICER
 K. CHIHOTA (KC) CHIEF PROPERTY INVESTMENTS OFFICER
 C. NZIRADZEMHUKA (CN) ACTING CHIEF STRATEGIC ASSETS OFFICER
 C. NYIKA (CN) SUPPLY CHAIN AND ADMINISTRATION SERVICES EXECUTIVE
 J. CHIUTA (JC) EXECUTIVE ASSISTANT TO THE GENERAL MANAGER
 C.T. MUGWIRA (CTM) GROUP LEGAL ADVISOR & BOARD SECRETARIAL SERVICES EXECUTIVE (Minuting)
 T. L. TAKAWIRA (TLT) LEGAL OFFICER

BY INVITATION

S. MUPERI (SM) A/CHIEF SOCIAL SECURITY OFFICER

APOLOGIES

None

Item No.	Description	Action
1.	CONSTITUTION OF THE MEETING The Notice of the meeting having been circulated was taken as read. Members present constituted a quorum and the Chairman called the meeting to order at 0906 hours.	
1.1	AGENDA The Chairperson had made changes to the Agenda partly, in order to accommodate the Acting Chief Social Security Officer who needed to attend to a bereavement in his family. Mrs. D. Tomana requested the Committee to have 2 separate meetings	

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	<p>as the Investments Board pack was too long. The members required focus and concentration because the issues on the agenda were complex and required careful consideration before a resolution could be passed. The meeting agreed to this request going forward. It was also agreed that for that particular meeting, before deciding to take a break the meeting, the Chairman would ensure that they try and work through as many of the issues as possible.</p>	
1.2	<p>DECLARATION OF INTEREST</p> <p>The Secretariat noted that there were several declarations of interest in the matters for discussion in the agenda. The General Manager advised that she was a former Director of Zimplats and Trust Bank, Mr R. Gundane was a Premier Service Medical Investments Board member, Group Legal Advisor and the Board Secretarial Services Executive was a former ZECO Board member, Mr R. Vela owns First Mile Properties which owns land next to Greendale Cemetery and which company invests in memorial parks, Mr. F. Ruwende is the Board Chairman of Fidelity Life Assurance Limited, and Mr. C. Nziradzemhuka is a First Mutual Holdings Limited Board Member.</p>	
1.3	<p>CHAIRMAN'S WELCOME REMARKS</p> <p>The Chairman welcomed everyone present. A special welcome was extended to Ms Cynthia Tendai Mugwira, the Group Legal Advisor and Board Secretarial Services, Mr Charles Nyika, the Supply Chain and Administration Services Executive. It was noted that the A/Social Security Officer had been invited to attend the meeting only to make a special presentation regarding the memorial parks.</p>	
1.3.1	<p>The Chair drew the attention of the Board to the environment NSSA was operating in, with 3 unofficial exchange rates of the USD, namely; Bond note rate, RTGS rate and real USD rate. The Investments team needs to be active, and preserve capital and enhance return all the while being cognisant of the environment and remaining responsible. Lessons should be learnt from 2008 and the Chair encouraged the members to protect the value that NSSA has.</p>	
1.3.2	<p>The Chairman disputed that NSSA does not have the Authority to grant loans and this has been confirmed by other lawyers. He encouraged members to go through and understand the current NSSA Investment Policy. Mr. R. Gundane raised that there was need to have the investment policy reviewed and that offshore investments should be included. The Chairman supported the point on the premise that the Government has embassies overseas and given that NSSA has pensioners outside the country; as and when they would be available for disposal it would</p>	

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	<p>be noble for NSSA to consider. It was suggested that a strategic session be held during the last quarter for 2017 or first quarter of 2018. The Board Secretarial Services Executive would find a date that would be convenient to all.</p>	
1.3.3	<p>The Chairman acknowledged receipt of letter from ZCTU to the General Manager which had made a request for information on investments and loans undertaken by the Authority. He urged the Committee to make decisions collectively and to have a clear conscience about those decisions.</p>	
1.3.4	<p>It had been agreed in the last Board Investments Committee that the meeting be split into 2 days instead of 1 day. The structure was proposed as the following;</p> <p>Day 1 – Properties division and General Manager’s office Day 2 – Strategic Investments and Investments</p> <p>Mr. R. Gundane proposed that the 2 days should not be consecutive but they must also then not be weeks apart. He urged members to be present always. He also requested the detailed summaries only to aid the members not go through all the papers in the meeting.</p> <p>Members advised that they assumed that MIC would have all issues approved before BIC. The Board Secretary was to include the MIC minutes in the BIC pack.</p> <p>It was resolved that Management Investments Committee will forward formally approved resolutions before they come to Board Investments Committee.</p> <p>Mrs Tomana queried on the BIC proposals and enquired if the proposals could be circulated by round robin. In the last quarter this was done. The Chairman acknowledged receipt of a pack for round robin which he had rejected because he wanted the issues to be deliberated in a full committee meeting. He acquiesced that issues that had been deliberated before could be done through round robin.</p> <p>There should be more frequent Management Investment Committee meetings before the Board Investments Committee. Members will be able to see deliberations through the minutes.</p>	
1.4	<p>NSSA Memorial Parks</p> <p>It was reported that the Social Security Division were requesting for the NSSA Board to approve the concept of operating memorial parks on idle land that NSSA already owns or new land that NSSA</p>	JC

	<p>may acquire for this purpose. When processing funeral benefits for the deceased pensioners, the division had identified a problem to do with burial space which problem presented an opportunity for NSSA. The Social Security Division team embarked on the study to see if it were possible for NSSA to offer a commercially viable solution to this problem. The findings from which the proposal was drawn revealed that there was a shortage of burial grounds in urban areas across the country. To this end, an opportunity presented itself for NSSA to convert certain portions of its idle land for the purposes of developing memorial parks.</p> <p>Deliberations</p> <p>The research highlighted the need for the Parks. Observations on the ground indicate that in Harare there is only Warren Hills, Granville, and Glen forest. Although the processes for funeral benefits usually meant that the beneficiaries would have cash, they would still be stranded whilst waiting for an opportunity for a burial space. There were also issues of on selling because some people had pre-bought graves for commercial purpose later and would then sell them to those who were in mourning at exorbitant prices. Harare South was pointed out as a potentially good site for such a Park.</p> <p>Management was advised to check on the basis for their findings. What was the quantum and what was the shortage? The members queried the logistics of the memorial parks, cultural issues around the burial sites and whether or not it may be more productive to partner with Nyaradzo or some other experts for the parks.</p> <p>The members enquired from Management on whether the memorial parks would be a benefit to pensioners or if this was an investment proposal to sit under NSSA's Investments departments. Management clarified that this was to eventually sit under NSSA's Investments.</p> <p>The Committee resolved to approve the proposal. They requested management to look at partnerships with other organisations e.g. FML and Nyaradzo where NSSA gets the requisite memorial park licenses on their selected pieces of land and find a partner to buy or lease the property as an additional funeral benefit enhancement initiative, NSSA could offer a discount to deceased pensioners.</p>	
3.	MATTERS ARISING FROM MINUTES OF THE MEETING HELD ON 22 JUNE 2017	
3.1	Elevate Construction Consortium Proposal for Development, Sale and Finance of 1000 Low Cost Houses	

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	<p>The developer requested an “inflation adjustment” clause. Management advised the intention of the offtake agreement concept is threatened by such a clause. The option would be to have an exit clause factored into the agreement. This would no longer be an offtake but a rights of first refusal agreement.</p> <p>The Committee resolved that the Authority would not give them an inflation adjustment clause. The Contractor should mitigate their own risk.</p>	
3.2	<p>Metbank Proposal for Housing Delivery</p> <p>In order to enable faster delivery, Metbank through Metro Realty, had entered into housing off take agreements with NSSA, similar to the agreement between NSSA and HCA.</p>	
3.3	<p>Bulawayo land Development –Umgwanin</p> <p>Management was seeking a contractor to work with. The desire of Management was to engage a Contractor for the completion of the top structure using the Offtake Agreement Model.</p> <p>NSSA was awaiting the nomination before commencing. The Authority would indicate their preferred contractors. The Chairman would help with linking Mr Malunga, the CEO of Masimba Holdings to Mr Chihota in order to progress this proposal.</p>	
3.4	<p>Chisipite Mall Land Offer</p> <p>The developer was currently costing the development and would propose the final numbers for the shareholders to agree to.</p> <p>NSSA needed to have its own ideas as to what the value of the land was and what would be required in order to develop the land.</p>	
3.5	<p>Pomona Mall Land Offer</p> <p>The seller was yet to present NSSA with a substantive offer. Members advised that if there was no prospect of success in acquiring title for NSSA, then it may be best to let it go.</p> <p>The discussion on the land near the Post office was that if it was upgraded by NSSA, it would have leverage over Sam Levy which has high rentals.</p>	

3.6	<p>Proposal for nationwide Shipping Container Malls</p> <p>The long awaited Prototype units would be delivered in Chinhoyi on the 7th of September 2017.</p> <p>It was reported that inputs were on the ground but the structures were not yet erected. The contractors had not pushed.</p> <p>This was to be monitored on a daily basis.</p>	
3.7	<p>Properties with Legal Issues</p> <p><u>Twalumba property</u> Capital Gains Tax were paid by NSSA and transfer was in progress.</p> <p><u>Stand 7515 in Rusape</u> The contract had been terminated.</p> <p><u>Hintonville</u> The land was still to obtain title from the City of Chegutu.</p>	
3.8	<p>Dubury Investments</p> <p>Discussions have commenced with management at Masawara Pvt Ltd for a possible conversion of NSSA's investment in Dubury into shareholding in Masawara. Preliminary indications were that Masawara was willing to consider this approach.</p> <p>A query was made as to whether it was debt or equity. Management advised that it was equity for all intents and purposes. Sable Chemical Company had ongoing discussions with Afreximbank which required some involvement from NSSA. Management intends to use these discussions as leverage to help secure a deal with Masawara on Dubury.</p>	
3.9	<p>Capital Bank</p> <p>Management reported that Mr Timba had in principle, agreed to go for arbitration, with the decision of the arbitrators being binding on the two parties. Mr Timba himself had approached the Ministry of Public Service, Labour and Social Welfare and the Chairman.</p> <p>NSSA had subsequently written to the RBZ Governor requesting access to the Capital Bank premises in order to begin the process of recovering outstanding debts.</p> <p>Members were advised that the assigned lawyer on Capital Bank matters was Gerald Mlotshwa of Titan law. An Extraordinary</p>	HH

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	meeting was going to be called soon to allow the process of reconstituting the Board to be formalised.	
3.10	<p>Starafriacorporation Loan Restructuring</p> <p>The transaction awaited completion of Conditions Precedent and shareholders' approval for the revised terms to the conversion factor of the US\$1.5 million facility on the 29th of September 2017 at their 83rd Annual General Meeting.</p> <p>It was reported that the Star Africa Share price had gone up by 57%. The share had become attractive and it was important for NSSA to find real intrinsic value in its investment.</p>	
3.11	<p>SMEDCO</p> <p>The SMEDCO management had said that in the absence of a board, they were unable to execute the transaction. The SMEDCO was trying to get approval from their parent ministry.</p> <p>A letter of demand was to be sent to SMEDCO for the outstanding amount.</p>	HH
3.12	<p>Special Investments & Procurement Committee Strategy Session</p> <p>The Group Legal Advisor and Board Secretarial Services reported that the meeting was postponed to a date to be advised. Management was urged to use this time to fully prepare for the impending session.</p>	
3.13	<p>Metbank Fertiliser Facility Restructuring</p> <p>The restructuring had been effected as approved?</p>	
3.14	<p>ZBFH Developments</p> <p>Following the conclusion of the ZBFH AGM, Mr Nick Vingirayi was now demanding demerger of the group and "return of his Intermarket assets". The ZBFH Board had engaged PWC as the financial advisors to determine feasibility of such a demerger and the valuation implication. FBCH remains keen to proceed with the merger but this would depend on the outcome of the demerger discussions. NSSA would only support a demerger if it made commercial sense and did not result in the unjust enrichment of any single shareholder</p>	

3.15	(Rainbow Tourism Group)- Equity Offer By First Mutual Holdings Limited (FMHL)	
	<p>The Authority received an offer from FML to acquire their 20% equity interests in ("RTG"). NSSA entered into a Memorandum of Agreement of Sale with FMHL subject to a white wash resolution not to make an offer to minorities from the ZSE. The proposal was currently under review and supported by precedent examples of waivers such as those extended to Natfoods, CAFCA and TA Holdings.</p>	
3.16	Proposed Lending to Nurture Finance for on lending to cattle farmers	
	<p>The facility documentation was finalised.</p>	
3.17	Government Rental Arrears	
	<p>It was reported that Mrs Mukondomi wrote to the Ministry of Finance for the issue to be considered in the Bill that was to go through Parliament. Members noted that the Ministry of Finance was being progressive.</p>	
3.18	St Tropez and Icomb refurbishment	
	<p>Management reported that Dawn property had suggested Owner's Assessment for upkeep of the property. The landscaping and security needed to be upgraded a decision was required on whether or not to go to phase 2. The committee noted its concern with the decision. The issues were; Is NSSA selling or leasing single units? Can FBC buy these units, NSSA had to answer if selling through FBC would be the best decision whether or not NBS could buy and mortgage off for \$100k was another decision that needed to be made.</p> <p>The Committee resolved to do a 2nd phase refurbishment of \$1,2 million and give NBS to sell at an average price of \$100 000.</p>	
3.19	Replacement of Elevators at NSSA Building	
	<p>The contracts for the installation of elevators had been signed and the Performance bond was now in place. The timeframes for the schedule would be given in the next meeting.</p>	
3.20	Interfin Properties	
	<p>Management reported that the process of transferring 9 properties was underway. The Chairman indicated that there are companies</p>	

	looking for business premises in Msasa and therefore there should be a quick uptake for the properties.	
3.21	Chinhoyi Housing Development Management reported that a letter of demand had been written to the Authority. The legal unit had made contact with the Professor.	
3.22	Glaudina NBS Housing Development NSSA owned the property and had title deeds. A group called Nhaka yaBaba Trust claimed they were given a portion of the land by the late Vice President Joshua Nkomo. The Vice President, Honourable Mphoko was going to discuss the matter with the President. He was in the process of compiling the list of Zapu properties. The housing development required a resolution.	
3.23	XIMEX Mall Development Management was going to send a letter from Harare Municipality immediately to the Chairman in order for them to engage the Minister of Local Government and National Housing. Secretariat was urged to pick out action items and send them through to Management within 2-3 weeks of meeting.	
3.24	Post Investments Monitoring The Committee urged the investments team to be consistent with its policy to ensure that best practices are adopted by all the Investee companies.	
3.25	Properties Report The new properties manager was working on the report. A detailed analysis would be presented in the next Board Investments Committee meeting.	
3.26	Undeveloped land The Authority was urged to be proactive with regards undeveloped land and to ensure that land belonging to NSSA would not be repossessed by City Councils. Management would engage the City Councils to ensure that there were no repossessions	

	BUSINESS OF THE DAY	
4.	INVESTMENTS REPORT	
4.1	Dashboard <p>Management recommended that the money market book be reduced to a level of around \$75 million such that it acts more as a liquidity buffer and not as a source of significant investment income. This was in view of the falling interest rates and expectations around increasing inflation. The Committee supported the recommendation from management</p>	
4.2	Counterparty Limits <p>The meeting was advised by Management that the money market portfolio is an investment avenue that is used to ensure that NSSA is liquid enough to meet liabilities and operational cost requirements without having to maintain idle balances. Maintaining a fully invested position would help in maximising investment returns.</p> <p>However restrictions on the money market with regards issues like bank limits and security requirements may at times cause the investments division to fail to place funds with the end result being an accumulation of idle balances for prolonged periods thereby resulting in opportunity cost.</p> <p>The investments division was faced with idle cash balances amounting to about \$28, million as bank limits have been exhausted and other banking institutions were not taking deposits from NSSA as they were of the view that the security cover of 1.43 times on Treasury Bills was excessive.</p> <p>The Committee approved management's recommendations that;</p> <ul style="list-style-type: none"> • The money market book be reduced in size to around \$75 million. • Trading Limits as proposed in the paper submitted by management be adopted. • Security cover on Treasury Bills be reduced from the current 1.43 times to between 1.1 and 1.3 times. This is in view of the narrowing of discount rates on Treasury Bills in the market. • Review of money market trading rates from the current 5% - 7% range to 3% - 5% depending on the internal rating of the counter-party 	

4.3	<p>Equities Investments</p> <p>It was reported to the members that the portfolio had gone up by 77% so far this year. Increase in prices appears to have driven by sentiment/speculation e.g. Star Africa up by 67% in one day, CFI up over 500% this year. Old Mutual premium now over 100%. The year to date dividend income was \$5.6 million. The Committee underscored its support for continued purchases of SEEDCO shares. The upcoming listing of SEEDCO on a foreign exchange is viewed as a positive development, which management must seek to maximise on.</p>	
4.4	<p>Turnall Update</p> <p>It was reported that through assistance from their Board Chairperson, the business had been able to source foreign currency to purchase key raw materials and was now sitting on a buffer of three months production worth of asbestos fibre. The business had also successfully negotiated a payment plan with ZIMRA and was in the process of negotiating with other creditors. Indications were that the business would need to raise funding of about USD3.5 million in order to ensure sustainability going forward. Management was looking at the housing delivery projects and the fact that Turnall might help in these ventures through the provision of construction materials.</p>	
4.5	<p>ZAMCO Update</p> <p>ZAMCO had requested, as a condition for taking over the remaining debt and converting it into equity, that Africom pay it an amount of US\$606 278.88 as compensation for expenses that it had incurred to date relating to the transaction. Africom does not have any money to pay ZAMCO and had approached NSSA and the Ministry of Defence for assistance. The Ministry of Defence had also indicated that they do not have the funds.</p> <p>The Committee approved management's recommendations of:</p> <p>Funding the outstanding obligation in order to facilitate for the release from the guarantee. Any payment made by NSSA in this regard would be conditional upon signing of legally binding documentation that releases NSSA from its obligations as a guarantor.</p> <p>Members noted that NSSA would like to expunge the debt but this should be done responsibly. Management were tasked to engage with the ZDF with a view of getting ZDF to pay part of the US\$606 278.88.</p>	HH

4.6	<p>CFI Update</p> <p>The rights issue was an option only if NSSA agreed to compromise. NSSA must decide on what it is focusing on as the rights issue must be more certain before a majority is obtained. CFI was a strategic asset as it spoke to the bread basket status such as Victoria Foods.</p>	
4.7	<p>Project utopia – insurance cluster</p>	
4.7.1	<p>Transaction 1: Securing Control of Nicoz Diamond and Fidelity Life</p> <p>It was reported that the Authority had successfully managed to secure a Memorandum of Agreement of Sale from Zimre Holdings Limited ("ZHL") to acquire their equity interests in Fidelity Life (20.56%) and Nicoz Diamond (30.03%) on the 13th of July 2017. The execution of the transactions remained outstanding and were subject to ZHL securing ZSE approval in terms of the listing rules, since the category ranking according to listing rules required shareholder approval. ZHL has been requested to provide evidence of shareholder support of at least 75% of shareholders to be granted approval, without issuing a circular to shareholders.</p> <p>The Authority is now awaiting Stock Exchange approval.</p>	
4.7.2	<p>Transaction 2: Nicoz Diamond Insurance (NDI)</p> <p>It was reported that on the 31st of July 2017, NSSA entered into a Sale and Purchase Agreement with FMHL for the disposal of the Authority's 50.89% interest in NDI. On the back of the agreement with ZHL, NSSA would pass that shareholding to FMHL as 80.92%, including ZHL's 30.03%. This would ease the merger of the two entities, a process which required at least 75% shareholder approval. NSSA would receive extra shareholding in FMHL as settlement increasing the level shareholding to 61.07%. Further, NSSA undertook to underwrite a US\$17.25 million capital raise by FMHL on a 90:10 basis in favour of NSSA with LHG Malta. The capital raise would further increase the Authority's equity in FMHL to 69.88%.</p> <p>The deal was now at implementation stage thereafter, major processes would be finalised.</p>	
4.7.3	<p>Transaction 3: Fidelity Life Assurance</p> <p>The Authority awaited the execution of transaction 1 above for continued discussions with FMHL on the implementation modalities of disposing the Fidelity equity, although there was significant concern on the quality of the book and the implications</p>	

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	<p>this may have on the merged business going forward. The appointment of a substantive executive would go a long way in easing the anxiety, as they would be driven to ensure value is delivered for shareholders.</p>	
4.8	<p>Zimplats Proposal</p> <p>It was reported by Management that Zimplats were looking for US\$11.5 million as a term loan facility. The funds would be used to develop 1,403 housing stands in Chegutu.</p> <p>Management recommended the approval of the facility, with a three year tenor, at an interest rate of 7% per annum.</p> <p>The Committee liked the deal but the inflation issue had to be managed. Management needed to enter into a structure that would preserve value for the Authority in the event of an increase in inflation.</p>	HH
4.9	<p>Debt Offset</p> <p>Management reported that NSSA was owed US\$15,699,789.60 by Interfin Banking Corporation (in liquidation) and US\$4,988,564.29 by Tetrad Investment Bank (under Judicial Management). Dr Philip Chiyangwa, through his investment vehicles, owed money to Interfin US\$7,281,758.81 and Tetrad US\$3,084,302.74. Dr Chiyangwa owned a piece of land measuring 193 Hectares, which he was willing to sell in order to extinguish his obligations to Tetrad and Interfin. The land is the sole asset of an entity called Jetmaster Properties, which in turn is 100% owned by the Philip Chiyangwa Family Trust.</p> <p>The value of the land was debatable but the objective of this transaction was for value protection and recovery for NSSA of the money locked up in the now defunct financial Institutions Interfin and Tetrad.</p> <p>The Committee agreed to the debt offset, subject to the following being undertaken;</p> <ul style="list-style-type: none"> • due diligence done on the title deeds and on Jet Master Properties being satisfactory, • Land evaluation done • Rates clearance, • Mr Kudenga agrees to NSSA's approach. 	HH
4.10	<p>NSSA Bond Proposal</p> <p>Members were advised that RBZ had invited NSSA to issue a US\$300 million, 5 year bond to the local investor community. The</p>	HH

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	<p>proceeds from the issuance would be used by the RBZ to finance the following facilities:</p> <ul style="list-style-type: none"> • Business linkages and value addition • Horticulture • Cross Border Facility • Tourism Support Facility • Women Empowerment Fund • Youth Empowerment Fund • People with Disabilities Fund <p>The Chairman had received a written offer from CBZ for \$300 million.</p> <p>The Committee resolved that NSSA should obtain a proposal that NSSA could buy into internally and that can be sold externally. The return to NSSA must be clear. NSSA should engage external advisors who would work on a success fee basis. The Chairman would engage the RBZ in order to get support for the appointment of the advisors without going through the normal procurement processes</p> <p>Management was also tasked to come up with a name and not just refer to it as the RBZ Bond.</p>	
5.	STRATEGIC INVESTMENTS	
5.1	<p>Project Mukando</p> <p>The Strategic Investments team prepared a concept paper for tabling and deliberation on investment opportunities in the Pharmaceuticals Sector. An indication was made that there is an opportunity to acquire shareholding in 3 of the significant players in the sector and to capitalise the 3 to increase research and development, production capacity and adherence to WHO requirements in order for them to tap into the UN funded programs and regional markets.</p> <p>C Nziradzemhuka was congratulated for thinking outside the box. A query raised by the members was, what is the objective and real return? Management advised that the idea was good for the National Health Insurance Scheme and Ekusileni.</p> <p>The Committee approved the project Mukando and now awaits another presentation on both the soft and hard issues once the due diligence activities have been done.</p>	

<p>5.2</p>	<p>Rainbow Tourism Group (RTG)</p> <p>Management was seeking the Committee's approval on the proposal to support Rainbow Tourism Group's ("RTG") balance sheet restructuring by way of a US\$22.5m capital raise in the form of a US\$7.5m rights issue and a US\$15m convertible debenture underwritten by ("NSSA").</p> <p>Initial problems were the shareholder conflict issues that were still unresolved. The Committee enquired whether there were no conflict of interest issues arising out of the transaction as NSSA was a related party.</p> <p>Management advised that according to the ZSE Listing rules, a waiver would be granted as the Authority was underwriting the capital raise. The Committee highlighted there was a need reconstitute the board and management.</p> <p>It was resolved that;</p> <ul style="list-style-type: none"> • NSSA supports and underwrites Rainbow Tourism Group's Balance Sheet Restructuring Proposal by raising \$22.5 million through rights issue linked debentures. • The capital raise would be subject to full and final settlement to NSSA and other financial lenders. 	
<p>5.3</p>	<p>Auto Tyres Zimbabwe (ATZ)</p> <p>An investment appraisal proposing to invest in ATZ after weighing the advantages and the risks was done. The team recommend that NSSA considers a hybrid investment which allows NSSA to enjoy a fixed income return while remaining with an option to participate in the upside created by the investment through an equity return variable.</p> <p>The Ministry of Industry and Trade wrote to ATZ advising that ATZ would be supported by government to protect them from cheap imports.</p> <p>It was resolved that;</p> <ul style="list-style-type: none"> • The project be declined due to observations of viability challenges of other tyre operations on the continent primarily due to the high levels of efficiency required to compete and defend markets due to cheaper imports. 	

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5.4	<p>Cold Storage Commission (CSC)</p> <p>Management presented a concept paper outlining the critical activities that would be required to initiate the revival of CSC. Further submission were made for consideration by the Committee in the form of;</p> <ul style="list-style-type: none"> • The activity timeline as the investment road map for NSSA, • The draft Share Subscription and Shareholders Agreement between NSSA and CSC, • A proposition to second a NSSA resource to CSC to understand the business operations and financial dealings more intimately since it's a business in distress. • Request for authority to avail transaction support funding. The Strategic Investments team requested for an amount of US\$1,000,000 be availed to enable implementation of the injection of capital into CSC by NSSA. The funds would be administered from an account within NSSA to meet payments as and when required. Activities to be implemented include conducting financial and technical due diligences, an audit of the company's financials, job evaluation and HR skills audit of the company, amongst others. <p>The Committee highlighted that the Ministry of Finance was the biggest Supporter in CSC. Some due diligence would need to be done and a recommendation was made to find a strategic, technical expert partner. ZAMBEEF is one good example of a PPP. The Procurement Executive indicated that NSSA as a state entity had to be smart about how it approached the implementation by securing a technical partner either through, 2 ways of doing this is looking for a partner;</p> <ul style="list-style-type: none"> - Joint Venture Agreement, an approach that would be guided by the Joint Venture Act, or - Unsolicited Expressions of Interest. <p>The Committee emphasised that CSC is a high profile national interest project and thus a critical sensitive investment. The transaction had to be done in a manner that is responsible.</p> <p>It was resolved that;</p> <ul style="list-style-type: none"> • Management pursue implementation of investment by officially regularising the 80% stake through agreements. Third party due diligence (financial and technical) would be required to ascertain quantum of investment needed. • Implementation of resolution would be conducted by the Board and Management. \$1 million was provided to ensure investment costs are provided for implementation, and an internal NSSA resource was to 	CN
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	<p>be assigned to Cold Storage Company to do a due diligence on the operations and structure of the business model of Cold Storage Company.</p>	
5.5	<p>Fidelity Life</p> <p>Management presented a mortgage pass through investment proposition, originated by Fidelity from underlying mortgages from their South View property development. Fidelity sought to raise US\$20 million from its \$33m debtors book for a discounted price of \$18m. Fidelity sought to use the proceeds to redeem the \$10m Athena Bond which is past due, complete onsite works (\$2m) and offsite works (\$6m) at Southview.</p> <p>Management noted the poor performance of the book, citing weak credit controls policies. Management recommended that the offer be turned declined with encouragement to defer disposal to address books weaknesses which compromise quality and pricing.</p> <p>Given the input and background from Mr. F. Ruwende, the Committee acknowledged and upheld management's recommendation; however management was encouraged to re-evaluate in view of the developments to address the concerns indicated.</p>	CN
5.6	<p>ZDF Project Finance</p> <p>Ministry of Defence ("MoD") requested project funding for on behalf of the Zimbabwe National Army ("ZNA") amounting to US\$7m. The facility sought is proposed to be payable over 5 years to enable them to establish a sustainable agro-based project that guarantees adequate food provision to the security forces at the Battlefields Farm. ZDF proposed that the facility would be secured by an irrevocable guarantee issued by the Ministry of Defence. The funding would be availed through Metbank Limited who are the appointed bankers and financial advisors of the ZNA</p> <p>Management indicated that in discussions with the Chief of Staff – Logistics Major. Gen. S. B. Moyo; there was scope to secure Treasury Bills as additional security. Further, ZNA was prepared to undertake to secure the Treasury Bills and to provide NSSA with Construction Regiments in lieu of repayments to service the loan for specific infrastructure projects (directly or through National Buildings Society ("NBS") and on agreed terms that are indexed to market parameters.</p> <p>Management were encouraged to leverage on this facility to negotiate with ZDF regarding the Africom obligation of US\$606, 278.88.</p>	CN

	<p>It was resolved that;</p> <p>NSSA advances \$7 million to fund ZDF agro-based project for 5 years secured by Treasury Bills with 5% per annum interest.</p>	
6	PROPERTIES	
6.1	<p>City of Masvingo</p> <p>It was reported that NSSA provided Masvingo Council \$ 3 million to upgrade water and sewer in the City and open up an area to the North West of the city called Runyayaro West for development of affordable housing. The funds were disbursed to the Municipality and they are up to date on servicing the loan. The contractor doing the work had not completed the assignment and the project stalled. Masvingo Council want to resuscitate the project and have requested a further \$ 1.6 million loan to complete the work.</p> <p>This was the 2nd time the Council were requesting for a loan and so far 2.9 million had been released. Management advised that the debt might be below 5 years this might be the opportunity to re-negotiate the whole deal.</p> <p>The Committee advised that the issue can be concluded through round robin. It was suggested to convert into stands may be NBS can uptake that is how the additional 1.6 million would be given.</p>	KC
6.2	<p>Ekusileni Project</p> <p>The Baines Avenue Imaging Group (incorporating BonVie HealthCare and Altfin) are a diagnostic and treatment based health care Group with operations across the country. They have approached NSSA to partner with them to operate Ekusileni Hospital on a joint venture basis. The estimated capital cost for the proposal is up to \$ 7 million.</p> <p>Ekusileni needs to be resolved. It has taken too long. This could be one of NSSA's big wins.</p>	KC
6.3	<p>N1 Hotel Redevelopment</p> <p>NSSA owns the property known as Connaught House, located on the corner of Rotten Row and Samora Machel Avenue. It had remained vacant after evicting the erratic lodge operator earlier in the year. The Nesbitt Group of Companies had approached the Authority to acquire the property and redevelop it into an N1</p>	KC

	<p>Budget Hotel. They currently have 3 operating properties in Victoria Falls, Bulawayo and Harare.</p> <p>The Nesbit's wished to acquire the asset outright. NSSA countered that selling the asset outright was not in the best interests of the Authority. The compromise structure was for Nesbit to inject cash and manage the upgrade of the building to their standard using their building team and established supply chain.</p> <p>NSSA would benefit from turning around a non-performing asset.</p>	
6.4	<p>Re-development of Travel Centre</p> <p>The Members turned down the project proposal.</p>	
6.5	<p>Village Walk Borrowdale</p> <p>Management reported that the project would cost \$60 million. The proposal was to buy out someone and develop further.</p>	
6.6	<p>Housing Offtake Projects</p> <p>The Housing Offtake figures should be in line with the number of units. A Member asked, where the HAC Project was at present. The details of the Offtake were that;</p> <ul style="list-style-type: none"> • Exposure was staggered. • A letter was to be written to HAC to indicate that Board Investments offtake was only for 2000 units. No further units would be constructed until the first lot was clear. This should be clarified with the developer. 	JC
6.7	<p>National Building Society (NBS)</p> <p>Management reported that the Authority wanted to provide funding for (NBS) to advance to independent developers who are entering into separate off-take arrangements where the contractors would construct a total of 4,315 houses to sell to them. The drawdowns would be managed by NBS.</p> <p>Investments was tasked show where the money would be coming from for the projects.</p> <p>The proposal was approved.</p> <p>The Committee approved to give authority to the General Manager to sign off on the resolutions.</p>	JC

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<p>6.8</p>	<p>SMM Holdings</p> <p>NSSA had engaged SMM to clear the \$7.8 million due via an asset/debt swap. SMM proposed that they cedes land to NSSA to clear the debt. SMM Cede land into 3 SPVs, one for a housing development scheme, the other for a solar power plant and a third one to establish a memorial park. NSSA would arrange for the funding for these projects, including having third parties involved. SMM would Cede part of their shares in the SPVs in lieu of their debt. The SPVs would carry out the three developments with the respective technical partners NSSA and SMM would have jointly sought.</p> <p>The Committee resolved that the proposal be approved.</p> <p>7. ANY OTHER BUSINESS</p> <p>There being no further business to discuss, the meeting ended at 1802 hours.</p> <p>Signed as a true and accurate record of the proceedings.</p> <p>This _____ day of _____ 2017</p> <p>_____</p> <p>R VELA (CHAIRPERSON)</p>	<p>JC</p>
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MINUTES OF THE 126TH NSSA BOARD OF DIRECTORS MEETING HELD IN THE 11TH FLOOR NSSA HOUSE BOARDROOM, CORNER SAM NUJOMA & SELOUS AVENUE, HARARE ON TUESDAY 26TH SEPTEMBER 2017 STARTING AT 0900 HOURS

PRESENT

MR R. VELA	(RV) :	CHAIRMAN
MRS D. TOMANA	(DT) :	VICE - CHAIRPERSON
MR R. GUNDANE	(RG) :	MEMBER
MR S.T. BIYAM	(STB) :	MEMBER
MRS N. MUKWEHWA	(NM) :	MEMBER
MS J. MATEKO	(JM) :	MEMBER
MRS M. MUKONDOMI	(MM) :	MEMBER
MR C. MUTISI	(CM) :	MEMBER
MR E. PHIRI	(EP) :	MEMBER
MS L. CHITIGA	(LC) :	GENERAL MANAGER

APOLOGIES

NONE

IN ATTENDANCE

MR E. MUNGWARIRI	(EM) :	CHIEF FINANCE & OPERATIONS OFFICER
MR B. MATONGERA	(BM) :	CHIEF CONTRIBUTIONS AND COMPLIANCE OFFICER
MR H. HUNGWE	(HH) :	CHIEF INVESTMENTS OFFICER
DR B. I. NYEREYEGONA	(BN) :	CHIEF OSH AND REHABILITATION CENTRE OFFICER
MR S. MUPERI	(SM) :	ACTING CHIEF SOCIAL SECURITY OFFICER
MR A. NYAKONDA	(AN) :	CHIEF AUDIT EXECUTIVE
MR K. CHIHOTA	(KC) :	CHIEF PROPERTY INVESTMENTS OFFICER
MR C. NZIRADZEMHUKA	(CN) :	ACTING CHIEF STRATEGIC ASSETS OFFICER
MR J. CHIUTA	(JC) :	EXECUTIVE ASSISTANT TO THE GENERAL MANAGER
MS C.T MUGWIRA	(CTM) :	GROUP LEGAL ADVISOR & BOARD SECRETARIAL SERVICES EXECUTIVE (Minuting)

Item		Action
1.	<p>Constitution of the meeting The notice of the meeting having been circulated was taken as read. Members present constituted a quorum and the Chairman called the meeting to order at 0902 hours.</p>	LC
1.2	<p>Chairman's Welcome Remarks The Chairman welcomed everyone present.</p>	
1.3	<p>Opening Remarks The Chairman advised members to be cognisant of the prevailing external factors in the economy and to discuss all issues openly as a Board.</p> <p>There was an aggressive drive on housing development of which NBS was actively involved. NBS had a target to deliver 10,000 houses by 2018.</p> <p>The Chairman advised that the first Informal Sector workshop was held at the Meikles Hotel on the 31st of August 2017. Upon confirmation from Mrs Mukondomi who had attended the workshop, the Chairman informed the Board that the workshop was well received and attended, considering that it was the first such workshop involving the stakeholders. The Authority's actuaries had also made a presentation at the workshop which was well received by the various stakeholders in attendance.</p> <p>The emergence of the parallel market necessitated that the Authority review its investments strategy. The Investments division had to urgently ensure that the type of assets held by the Authority protected value in times of high inflation and currency devaluation. The Chairman advised that the Authority had recovered \$10 million which had been held in failed banks through a debt/asset swop transaction. The Authority made the recovery through the acquisition of land in exchange of debt which it had previously written off. The Authority would write back the assets in the forthcoming 2017 financial statements.</p>	
1.3.1	<p>Recruitment The Security and Loss Control Manager, Mr Laxman Moyo and the Security and Loss Control Officer, Mr Cloudious Garwi joined the Authority on the 1st of July 2017. Thomas Munyoro, an Investments Manager joined the Authority effective from the 1st of August 2017. The Chairman advised that going forward, only selected Executives would attend future Board meetings. The General Manager would report to the Board with the assistance of the selected executive directors.</p> <p>The Chairman highlighted that the Authority continued to face serious challenges with the Systems, Applications and Products (SAP) system. It was hoped that the system would eventually work in accordance with the Authority requirements, once all the outstanding issues were resolved.</p>	
1.3.2	<p>Initiatives from Management There was an initiative from Management to host business luncheons with selected key business leaders. The luncheons would consist of informal networking sessions which would be an opportunity for the Board and Management to share the Authority's achievements and vision. The luncheons would also be an opportunity to hear the thoughts of the invited business leaders on the Authority and to share ideas on the economy.</p>	

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1.3.3	Board Training In 2015, the Auditor General made an observation that the Authority's Board had not been trained on how public entity boards should operate. Management was tasked to organise training for all the Board members as it was important that this issue not be raised again as an observation. There had been a lot of criticism around public entities, hence it was imperative that the Authority's Board be seen to be adhering to good corporate governance practices. The Minister of Public Service, Labour and Social Welfare, Honourable Priscah Mupfumira had commended the Board and Management for the effort they were putting in the correct and efficient running of the Authority. The Authority presented itself as one of the best run parastatals in the country.	CTM
1.3.4	Matters Arising Schedule The Chairman had observed that the matters arising schedule was long (37 pages) and had requested Management to highlight only the major issues and leaving the rest to be taken as read.	
1.3.5	Biometric Registration The Board was concerned with the large number of pensioners who were attendant at the NSSA House reception area. Management explained that, most of the people at the reception were coming to register for biometrics following the print and electronic media announcements by way of notices, reminding pensioners to attend at the Authority offices to register for biometrics before the deadline date of the 30 th of September 2017. Mrs Mukondomi highlighted that the Minister had advised Cabinet that all Ministers who were receiving NSSA pensions should register for biometrics. The Authority had requested, through the parent Ministry, to visit qualifying Ministers, Deputy Ministers and Permanent Secretaries in order to register them for biometrics.	SM
2.	Declaration of interests Mr Chakanyuka Nziradzemhuka and Mr James Chiuta were congratulated for having been appointed to the First Mutual Holdings and FBC Boards respectively.	
3.	Approval of Previous Minutes held on 30 June 2017 Mr Gundane proposed the approval of the minutes and was seconded by Mrs Mukondomi. The minutes of the meeting held on 30 June 2017 were approved as a true and correct record of proceedings.	
4.	Matters Arising from Minutes of Previous Meeting	
4.1	Ekusileni Medical Centre Management reported that the Baines Imaging Group (BIG) was being engaged as a potential joint venture partner to operate the hospital. The matter had been discussed by the Chairman with the Minister who then raised it in Cabinet. The Chairman noted that BIG was a credible entity.	KC
4.2	Chipinge Mall Project The occupancy rate for Chipinge Shopping Mall had improved from 51% in June 2017 to 53% in September 2017 after Netone became a tenant. The	KC

	property would be classified as a corporate social investment due to the low rental yields.	
4.3	Africom The Ministry of Defence had agreed to share the \$600,000 fee that was to be paid to ZAMCO as part of the process of converting the Africom debt into equity. The debt takeover agreements between ZAMCO and the Africom Lenders (Huawei and Stanbic) have also been prepared and were ready for signing.	HH
4.4	Woodlands Farm Land Compensation Management reported that the Authority had proposed alternative land as settlement for the dispossessed portion of Woodlands Farm. Negotiations were underway with the Ministry of Lands and Rural Development.	KC
4.5	Chegutu Hintonville Management reported that the Authority was awaiting the Ministry of Local Government's ratification of the sale of land by Chegutu Council to Gabroc Enterprises (Private) Limited. The Board emphasised that the matter was critical and had to be resolved urgently. Management was encouraged to be aggressive in their approach in the resolution of this matter. Management advised that some of the discussions pertaining to the issue had been on what's app with Dr Chiyangwa of Gabroc Enterprises (Private) Limited. Management was requested to ensure that all communication was formally written. The issue would require escalation to the Minister in writing if it was not resolved by the time of the next Board meeting. Management was tasked to create a file which was essential for record keeping and paper trail.	KC CTM
4.6	Chinhoyi Land Development (Brundish Park) Management reported that the Chinhoyi Council had reduced the outstanding rates to approximately \$750,000 from an original amount of \$1,4 million. Management were to seek permission from the Council to start developing the land whilst the Authority negotiated for a payment plan.	KC
4.7	Telecel Update Management reported that payments to date had been received timeously and the next payment of \$3,02 million was due on the 30 th of September 2017. To date, \$10.02 million had been received by the Authority.	HH
4.8	Asset Value Protection A draft Investment Policy (IPS) would be presented to the Board Investments and Procurement Committee at a special session to be convened either later this year or in early 2018. In the meantime, Management was in the process of reducing its investments in monetary assets and was actively pursuing a strategy to invest in real assets to protect value.	HH CN KC
4.9	Occupational Safety and Health (OSH) Draft Bill The draft Bill was still with the Attorney General and there was no progress.	
4.10	Contributions and Collections Management reported that the Authority would obtain written confirmation of debtors' balances from employers by year end. A number of employers had been contacting the Authority to confirm their debts.	BM

4.11	<p>Rehabilitation Centre</p> <p>Management reported that the German Social Accident Insurance (DGUV) which was headed by the current International Social Security Association (ISSA) President, Dr Breuer had identified Otto Bock as a potential supplier of components and partner in the manufacture of prosthetics at the Rehabilitation Centre. ISSA had invited the Authority to visit the supplier and some Rehabilitation Centres in Germany. The proposed visit was scheduled for November 2017. Management advised that the estimated cost of setting up the prosthetic workshop was \$150,000.</p> <p>The Board approved the trip to Germany.</p>	BN
4.12	<p>2016 Annual Bonus</p> <p>Management reported that 535 employees had filed a High Court Application to have their 2016 bonus paid. The Authority had filed its opposing papers and awaited for the legal process to take its course.</p>	EM
4.13	<p>State Procurement Board Issues</p> <p>Management had written to the State Procurement Board (SPB) requesting for a meeting but the latter had not responded. Mr Biyam and Mrs Mukwehwa were tasked by the Board to engage Ambassador Mutobi of the SPB. The Authority was concerned with some of the procurement processes and the decisions made by the SPB. The Authority needed to work in harmony with the SPB.</p>	EM
4.14	<p>Government Monthly Contributions</p> <p>The Authority had requested Government to pay its current contributions in cash instead of TBs. Government had paid the outstanding January and February 2017 contributions in cash.</p>	BM
4.15	<p>Cold Storage Company (CSC) Proposal</p> <p>Management advised that the scheme of arrangement was approved. In the meantime, Management were finalising the share subscription and shareholders' agreements to give effect to the Cabinet approval. The Board highlighted that whilst the investment was of national importance which should not fail, proper due diligence should be done.</p>	CN
4.16	<p>Invalidity Assessment</p> <p>Guidelines on the invalidity assessment as well as the disability assessment had been finalised after a peer review. The guidelines would be rolled out via road shows to doctors around the country with the assistance of the Zimbabwe Medical Association (ZIMA). These would provide guidance to doctors when assessing patients. Without such guidelines, various doctors were producing different assessments on the same member. This created problems as the member would appeal after having his/her invalidity claim turned down by the Authority. The Authority should not be viewed as not caring for its invalid members because of the doctors' different assessments. The Board tasked Management to check what other schemes were doing for invalidity assessments and where a member's claim was turned down, what alternative assistance the Authority could provide. It was suggested by Members that Labour relations legislation and policies should clearly provide for workers retiring on medical grounds in the same manner that retrenchment is clearly set out and provided for in the legislation.</p>	BN



4.17	Utilisation of Treasury Bills (TBs) Management had considered various initiatives that would see the Authority lending its TBs for a fee to selected entities. The Authority had declined a request for a TB loan from Metallon Gold because Metallon had been failing to adhere to a payment plan put in place by the Contributions, Collections and Compliance Division. As such, Management was of the view that it would not be prudent to take a \$10 million exposure on an entity that was failing to make a \$26,000 payment.	HH
4.18	Deaths Confirmation Management had engaged the Registrar General (RG) on the decentralisation of the RG's link for deceased persons to regional offices in order for the Authority to use the link to confirm validity of death claims as a way to mitigate the risk of paying fraudulent claims.	SM
4.19	Review of the Retirement Age Management advised that following the actuaries recommendation, the Authority had advised the Ministry that consideration could be given to increase the minimum pension from the approved \$80.00 to \$100.00 should the normal retirement age be changed from the current 60 years to 65 years. This would enable the Authority to review the minimum pension to also be in line with the public service retirement age.	SM
4.20	Biometric Registration Campaign The Board advised that the deadline for the Biometric Registration exercise was not going to change from the agreed date of the 30 th of September 2017. Beneficiaries who failed to register by that date would have their pension payments suspended. The payments would only be re-instated after the beneficiaries had registered.	
4.21	Fidelity Life Assurance Management reported that a Memorandum of Agreement of Sale had been signed, however the ZHL Board had since declined to dispose the shares to the Authority and were calling for a renegotiation of terms due to adverse market movements. Management was encouraged to be cognisant of the fact that the Authority had control of the financial markets and should be firm in its re - engagements.	CN
4.22	ZB Financial Holdings (ZBFH) Pricewaterhousecoopers (Pwc) the financial advisors to ZBFH, had still not submitted their report on the possible demerger of ZBFH. Management was in constant communication with ZBFH for updates on the matter and on the proposed way forward.	HH
4.23	Corporate Social Responsibility – Harare Hospital The refurbished Ward C4 would be handed over to the Harare Central Hospital on the 6 th October 2017 by the Minister of Public Service Labour and Social Welfare. Dr Betty Nyereyegona was commended for the job well done in managing the public relations of the hand over event.	BN
4.24	Rainbow Tourism Group (RTG) Management had approached the Zimbabwe Stock Exchange (ZSE) Listings Committee with a request to secure a waiver on making an offer to minorities. The Listings Committee authorised the Authority to proceed with the execution,	CN



	provided an offer to minorities would be made within six months. Management was encouraged to pursue the matter to enable the Authority to take control of RTG and effect requisite changes and strategies to create value from the investment.	
4.25	Derbyshire Project Proposal The contractor had raised the issue of inflation being a real threat to their business viability in light of the fixed pricing terms in the Offtake agreements. The agreed finalisation date was 29 September 2017. The proposed accommodation of inflation would be to shift from an offtake agreement to a "right of first refusal" agreement where the developer would construct the units and offer them to the Authority at the new price. The Authority had the right but not the obligation to buy the units at the market price prevailing at the time of intended sale.	KC
4.26	Pomona Land Purchase The seller had not produced satisfactory documentation for the legitimate sale and transfer of the Pomona land since the June 2016 Investments and Procurement Committee meeting. The Chairman requested that management should advise the sellers that if they did not perform timeously, NSSA would withdraw their readiness to accept an offer.	KC
4.27	Nationwide Shipping Containers The Chairman had a discussion with the Acting Town Clerk for Harare, Mrs Josephine Ncube to pursue the issue of land to be allocated for the installation of shipping containers. The allocation of the land was still awaited. Management had previously reported that they would have set up Container Parks by April 2017 with the first containers having been set at Ximex Mall in Harare. Another Container Park project was earmarked for Chinhoyi. Installation had been scheduled to be at the end of September 2017. This would no longer be possible since Chinhoyi Council was still to examine the prototype containers before approving the project.	KC
4.28	NUST Student Accommodation Management advised that construction work would start in December 2017. The project would be a benchmark for future projects if it was delivered successfully.	JC
4.29	Zimbabwe Revenue Authority (ZIMRA) Claims Management advised that the tax consultant was facing resistance from ZIMRA and had sought legal intervention. A letter had been sent to ZIMRA demanding payment of \$1,9 million relating to tax arising from the purchase of the Pomona property. The list of claims being pursued would be availed to the Board. The Board tasked Management to engage the ZIMRA Acting Commissioner General.	EM
5.	General Manager's Dashboard	
5.1	Economic Overview Management reported that the Authority was the only institution which had financed the production of fertiliser in support of Command Agriculture. This	

	<p>was commendable as it was a key factor in the success of this government initiative.</p> <p>The shortage of foreign currency had created a parallel market which was causing prices of goods to increase significantly. The economy was also experiencing cash shortages. This was negatively affecting people who were used to transacting in cash. Pensioners were having to spend long hours queueing for cash at banks.</p> <p>To preserve value, the Authority had changed its strategy on the housing projects it was financing. The Authority was now looking at renting to buy instead of an outright selling of the completed houses.</p>	
5.2	<p>SAP Project</p> <p>Management advised that a meeting with Twenty Third Century Systems (TTCS) was convened at the end of June 2017 at the request of the Minister. At the meeting, TTCS and NSSA were tasked to resolve all the outstanding SAP issues by the 6th of October 2017. Project teams were set up and SAP users compiled a list of outstanding issues which TTCS had to resolve. However, indications were that TTCS would seek an extension as they would not have cleared all the outstanding issues by the deadline date. The Board was extremely concerned at the indicators for an extension by TTCS. The ICT system was critical in the operations of the Authority and the Board was keen to conclude its term mandate in July 2018 by leaving an efficient, well-functioning ICT System in place.</p>	EM
5.3	<p>Service Delivery</p> <p>The turnaround time when dealing with pensioners' issues had improved judging by the fewer complaints being received by the Authority.</p> <p>The NSSA website was live and the public could now access it. The revamped website would greatly enhance service delivery.</p>	
5.4	<p>Database Upgrade</p> <p>The tender to upgrade the Authority's database was awarded to Comarton at a cost of \$450,000. The data upgrade is scheduled to be completed by the end of December 2017.</p>	EM
5.5	<p>Culture Change</p> <p>Management had done well to change the culture of entitlement which existed amongst employees to that of rewarding based on performance. The Authority still had a long way to go for employees to fully embrace the change.</p>	
5.6	<p>Revenue Recovery</p> <p>The Executive Assistant to the General Manager was working on a number of initiatives to recover \$36 million worth of investments locked in failed banks and contribution arrears from troubled public enterprises. The initiatives included a debt/asset swap with SMM Holdings that would see the recovery of \$7,8 million and a debt/asset swap with Chitungwiza, Kwekwe, Redcliff and Marondera Municipalities. The Board Chairman was commended for initiating the recovery of \$10 million from failed banks through an asset/debt swap deal.</p>	JC

5.7	Engagement of the ZIMRA Chief Executive Officer The General Manager was tasked to arrange a working lunch with the Chairman of ZIMRA. The NSSA Board Chairman, the Deputy Board Chairman, Mr Biyam and the General Manager would be invited to the engagement.	LC
5.8	Celestial Park Update The Zimbabwe Electricity Supply Authority (ZESA) was scheduled to start the installation of permanent power to Celestial Park on the 26th September 2017. The Chief Property Investments Officer indicated that the installation of permanent power would help in improving the occupancy rate by attracting more tenants.	KC
5.9	St Tropez Management reported that the NBS was overwhelmed with enquiries to purchase the St Tropez apartments. There were 240 people that had expressed interest in the apartments with some people offering \$120 000 voestoots. A consideration was made that, if sold as they were, they might not be attractive to other people. The Authority would also want to protect its reputation by refurbishing and selling world class apartments.	EM
5.10	Revenue Collections Contributions and premiums in the second quarter at \$70,3 million were 3,74% above a budget of \$67,7 million. Government had paid \$7,8 million in July 2017. Management acknowledged Mrs Mukondomi's assistance in getting the Government to clear its arrears. The Board asked if Management was comfortable to continue holding on to the TBs received from Government in light of the inflationary pressure prevailing in the economy. Management advised that it would continue holding the TBs to maturity but would work on sweating them to improve on returns.	
5.11	Pension claims Management reported that arrear payroll payments had declined. The decline resulted in a payroll decrease from \$10,2 million paid in July to \$10 million paid in August and to \$9,8 million paid in September 2017. The Authority had employed a Chartered Accountant who was responsible for the Benefits payroll. The benefits payroll was expected to increase by approximately \$1,6 million in October 2017 due to the increase in the minimum monthly pension pay-out from \$60 to \$80. The October 2017 payroll would only include beneficiaries who had registered for biometrics by the 30 th of September 2017. For the next three months, observations would be made on the impact of the biometric exercise. The Board advised that a responsible fund would not work on the basis of guess work, therefore it was critical to have the SAP system working properly. It was important to have a functioning ICT system before launching the Informal Sector Scheme. The new Scheme should not be convoluted into an ICT system that was already having problems. All banks with the exception of POSB had waived bank charges to pensioners. The Board requested Management to encourage pensioners to use other banks if POSB failed to waive bank charges.	EM
5.12	Occupational Safety and Health (OSH) Singapore Trip The Chief OSH and Rehabilitation Centre Officer reported that she had learnt new ideas arising from her trip to Singapore. The event in Singapore focused	BN

	<p>on Safety, Health and Well-being at workplaces. The Vision Zero Campaign which focuses on Safety, Health and Wellbeing was successfully launched at a conference held from the 4th to the 6th of October 2017. Management also advised that OSH programs would henceforth cascade down to the Informal Sector.</p>	
5.13	<p>Rehabilitation Centre – Charles Mungoshi</p> <p>Management reported that the Authority, as part of its corporate social responsibility was going to admit Mr Charles Mungoshi, a well-renowned local author, at the Rehabilitation Centre for physiotherapy. He would be at the Centre for two weeks. The initiative was part of marketing the Rehabilitation Centre.</p>	
5.14	<p>Investments Portfolio</p> <p>The total market value of the investment portfolio as at 31 August 2017 was approximately \$1,1 billion. An additional \$900,000 worth of TBs had been received from Government as final settlement of its arrears.</p>	
5.15	<p>Fixed Income Investments</p> <p>The fixed income investments value was \$513 million as at 31 August 2017. The Authority had supported Command Agriculture by availing \$20 million to ZFC and Windmill, through Metbank, to finance the purchase of fertiliser raw materials.</p>	
5.16	<p>The Investments Property Portfolio</p> <p>Management advised that its strategy was to reduce investments in monetary assets and buy property to protect value in the current economic environment where holding cash was risky. The Authority had invested \$56.4 million in housing.</p>	
5.17	<p>Beitbridge Hotel</p> <p>Management reported that a cost benefit analysis for the conversion of the Hotel conference rooms to a shopping mall would be completed by the end of September 2017. Management was requested to consider short, medium and long term options on how to utilise the Hotel. Management should engage with Legacy, a hotel managing company whose hotel in Beitbridge was closed, and see if the parties can come up with ideas on how to utilise the idle hotel properties in Beitbridge. Management was also advised to think outside the box and consider offering the hotel to other entities such as the churches in Zimbabwe which had large congregants.</p>	KC
5.18	<p>Cold Storage Company (CSC)</p> <p>Management reported that the Authority had been invited by Government to become an 80% equity shareholder in the Cold Storage Company. A shareholder subscription agreement was being finalised. The Human Resources, Nomination and Remuneration and also the Investments and Procurement Committees had approved the secondment of Mr James Chiwera to CSC for eighteen months effective from the 1st of October 2017. He would conduct due diligence on the company. Mr James Chiwera's secondment was a show of commitment by the Authority to resuscitate CSC.</p> <p>The amount of investment into CSC would be determined by the findings from the due diligence exercise and the final proffered business plan.</p>	CN

5.19	Rainbow Tourism Group (RTG) Management proposed a restructuring of the balance sheet through a capital raising exercise. The proposal was to raise \$22,5 million. Shareholders would be invited to participate in the rights issue to raise \$7,5 million which would be linked to a debenture issue of \$15 million. The long outstanding debt to the Authority of \$16,4 million would then be paid from the funds raised. The proposal had been approved by the Investments and Procurement Board Committee.	CN
5.20	Informal Sector Scheme Management reported that the scheme required innovative designing and modelling given the affordability and benefits structure issues that were raised by stakeholders at the Informal Sector workshop that was held at the Rainbow Towers on the 20 th of September 2017. It also came out clearly at the workshop that vigorous marketing, education and awareness campaigns were required, because the market lacked an understanding of what social security was about. To this end, the Authority would work on a structured marketing and stakeholder engagement strategy in order to effectively cover all specific sectors, bearing in mind that they are heterogeneous. The market also expressed the need for flexibility on contributions payments given the irregularity of their income flows. Potential members expressed that they would want the scheme to afford them short term contributions based loans to allow them to finance their businesses. The Board highlighted that microfinance business had become very profitable and gave an example of Old Mutual which was reportedly receiving good returns from the venture. However, microfinance was reported to be a high risk and high profit business. The target date for rolling out the Scheme was the 31 st December 2017. Mr Happy Mutungwazi had been transferred from the Masvingo Region to run with the project as its Business Development Manager.	SM
6.	BOARD COMMITTEE REPORTS	
6.1	ICT, Finance and Contributions Committee Report	
6.1.1	ICT Report The ICT, Finance and Contributions Committee Chairman reported on the importance of having a fully functional ICT system. The SAP system was giving numerous problems. TTCS were failing to resolve some of the critical outstanding issues despite having given assurances that they would resolve everything by the first week of October 2017. Out of the 200 issues raised as outstanding by the users, TTCS had only resolved 16. 2 items had been dropped and 182 issues were still outstanding with two weeks remaining to complete the project. EOH, a shareholder in TTCS had been brought to assist with the resolution of the issues. The General Manager had committed to provide additional resources to assist in completing the project on time. The Authority was not confident that the SAP system would operate as per expectations. It was also an expensive system to run. The intention was to have a different ICT system serving the Informal Sector Scheme. Internal Audit should be involved in the tender process for this system. A trip to Zambia, Kenya and Tanzania was to be undertaken by the NSSA ICT team to study the ICT systems used by the respective social security schemes in these countries. The Board resolved that;	EM

6.1.2	<ul style="list-style-type: none"> i) Twenty Third Century Systems' (TTCS') request for extension be allowed. The Systems, Applications and Products (SAP) exercise would be extended until 31st October 2017 to get the system to a user acceptable point. ii) An Informal Sector Module be developed by the NSSA ICT department. iii) The ICT Board Committee Chairperson, the ICT Consultant, the ICT Executive and other relevant persons would travel to Kenya, Tanzania, Zambia and Ghana. <p>Management Accounts For The Period Ending 31 August 2017</p> <p>The year to date contributions and premiums were \$165,7 million which was 8% below budget. Cumulative investments income was \$29,6 million which was 46% above budget.</p> <p>Included in investments income was the Starafrika uplift of \$2,7 million which arose from the conversion of a loan to equity and a capital uplift of \$7,8 million which arose from the Telecel transaction.</p> <p>The conversion of the Starafrika loan to equity would result in the Authority paying back to ZIMRA value added tax amounting to \$574,000 which it had initially claimed when it leased equipment to Starafrika.</p> <p>Cumulative claims costs at \$99,0 million were 9% below budget. Included in the claims costs is a provision of \$9,6 million to cover potential claims not submitted. Management advised that 18,000 pensioners had not registered for biometrics as at 30 September 2017 and their payments would be suspended in October. These suspensions should be accrued for in the October management accounts.</p> <p>Cumulative staff costs at \$16,5 million were 7% below budget. Cumulative administration costs at \$8,6 million were 18% below budget. Included in administration cost were consultancy fees paid to the actuaries amounting to \$478,000 for data required for actuarial valuation.</p> <p>The cumulative surplus was \$70,7 million versus a budget of \$63,1 million.</p> <p>The Audit and Risk Committee Chairman advised that there were three areas that Management needed to focus on to ensure sustainability of the Authority. These were:</p> <ul style="list-style-type: none"> i. Collection of all revenue and debts due to the Authority - Tight timelines should be set and debt collection efforts should be stepped up. This was very important in light of the increase of the minimum pension increase from \$60 to \$80 per month. ii. Sweating the balance sheet to maximise investment returns - The efforts to improve investment income were appreciated but there was still a lot of work to be done. iii. Adhering to policies and procedures - Collections had to be well managed bearing in mind the sensitivities associated with certain public entities. The Public Relations department should assist in managing sensitive entities. 	
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6.2	<p>Audit and Risk Committee Report</p> <p>The issues raised by the office of the Auditor General had to be followed up and be conclusively resolved by year end. All red zones should be cleared by the date of the next board meeting and if there are reasons why they cannot be cleared, these should be highlighted. The uncleared audit issues were well known to Management. The Hintonville and the ZIMRA issues required Management to engage at Executive level. Such form of engagement was useful in resolving most issues. There were issues to do with the image of NSSA such as the use of NSSA branded vehicles for what appears to be non-NSSA related business. Vehicles were being seen carrying people who had nothing to do with the Authority.</p> <p>There was a general concern over the state of non-compliance with audit issues. Management should ensure that this situation improves. The Auditor General's office looked at issues raised in the previous years and where no effort was made to resolve audit issues, they would issue a qualified opinion.</p> <p>The actuaries had highlighted that investment income was low. This should be of concern to Management.</p> <p>Employer inspections coverage was low and sometimes was concentrated in particular zones. Inspections must be done regularly without fear or favour and a schedule of inspections should be made available to the Board.</p> <p>Notwithstanding Mr Mutasa not being a member of the Audit and Risk Committee, the Committee was working. The Committee Chairman was encouraged to find an external and respected person who could sit on the Board Committee in a similar role like that of Mr Fungai Ruwende who sat on the Investments and Procurement Board Committee. If Mr Biyam was of the view that this was something he would be interested in pursuing, the Board Chairman would take it up with the Minister of Public Service, Labour and Social Welfare to advocate for the addition.</p>	
6.3	<p>Investments and Procurement Committee Report</p> <p>The Committee Chairman reported that investments were increasingly operating in a volatile environment. The idea of the "principles of responsible investments" would be discussed as the investments strategies were rolled out.</p>	
6.3.1	<p>Capital Bank</p> <p>The Investments and Procurement Board Committee had approved the appointment of a mediator, Mr. Elisha Moyo to talk to Mr Timba. This was subsequently superseded by a request for Arbitration by Mr. Timba but the subsequent correspondence between Mr. Timba and the Authority bore evidence of the fact that the arbitration route may not be successful. The exposure of Capital Bank and the Authority continued unabated until the matter was resolved. The legal processes were made to run as a parallel process to the mediation and arbitration processes. The liquidation of Capital Bank would be effected further to the Extraordinary General Meeting (EGM). The notice of the EGM would be advised and the Committee would be appraised of any developments.</p>	
6.3.2	<p>Debt Offset – Interfin/Tetrad Deal</p> <p>The Authority acquired Jetmaster (Private) Limited (the company), in a deal involving land swop for debt. The Authority sought two independent valuations which proffered higher values to the price offered by the Seller of \$15.5 million.</p>	

	<p>An independent due diligence was done on the company and a tax clearance was provided by ZIMRA. The Authority holds the original title deeds to the land. The transaction resulted in the recovery of \$10 million that had been locked in failed banks. The company's shareholders owed Interfin and Tetrad Banks which banks also owed the Authority. The debt /asset swop resulted in the Authority paying a cash outlay of \$5,5 million, with the balance of \$10 million being settled through the offset arrangement.</p>	
6.3.3	<p>NSSA Memorial Parks</p> <p>Management reported that the Authority was working on converting some of its idle land into Memorial Parks. The Authority would partner with reputable funeral service providers, some of whom had been looking for such land. There was potential for high returns from the business initiative.</p>	JC
6.4	<p>Actuarial, Benefits and OSH Committee Report</p>	
6.4.1	<p>Pension Increases above \$80</p> <p>The Committee Chairman advised that the actuaries had submitted an actuarial certificate and report recommending a 10% increase on a sliding scale for all pensioners whose pensions were above the minimum pension of \$80 per month.</p> <p>The Board resolved to consider the increase of pensions above the minimum pension of \$80 by 10% on a sliding scale in 2018.</p>	
6.4.2	<p>Retirement Grants</p> <p>Approximately 4,200 members, whose contributions were in Zimbabwe dollars were paid \$25 as a retirement grant at the time the country converted to using multiple currencies. The members were not happy with the payment as others who were paid later received higher amounts. The Committee had submitted a recommendation to the Board in the previous meeting to recalculate the retirement grants based on \$150 insurable earnings. This was in accordance with Statutory Instrument 60 of 2011. The recalculations would result in an additional total pay-out of approximately \$4 million to the affected members. The actuaries advised that the once off payment of this amount was sustainable. The Board was of the view that the impact of increasing the minimum monthly pension to \$80 was not yet fully known.</p> <p>The Board resolved to consider the approval to recalculate retirement grants based on \$150 insurable earnings in 2018.</p>	
6.4.3	<p>Increase of Accident Prevention and Workers' Compensation Scheme (AP&WCS) Pension</p> <p>A proposal was made to increase the minimum monthly AP&WCS pension from \$45 to \$80 and 5% for those above the minimum pension with effect from 1 October 2017. The Scheme was reported to be financially sound and would not get into a deficit over a 50 year horizon as reported by the actuaries. An actuarial valuation was done to assess the impact of increasing the pension at different levels. The August 2017 APWCS payroll was used to assess the impact of an increase on the pensions as recommended. The increase would result in an additional claims cost of \$161,400 which members were of the view that this should wait whilst the impact of the just increased pensionable minimum earnings had been ascertained.</p>	

	<p>The Board resolved to consider the increase of pension pay-outs by 5% for those receiving above the minimum pension of \$80 under the AP&WCS in 2018.</p>	
6.4.4	<p>Housing proposal for Paraplegics and Quadriplegics</p> <p>The Committee Chairman reported that the Authority had 220 paraplegic and quadriplegic disabled persons on its register. Management were seeking approval to construct specialised houses for this group and other disabled persons as assessed and recommended by a medical doctor. The Rehabilitation Centre costs had increased due to the fact that this group stayed longer at the centre than at their homes. The main reason they stayed longer was that the Centre had better facilities than their homes.</p> <p>The Board approved the construction of specialised houses for this disabled group. The details of how it would be done would be up to Management to decide. Management were requested to be responsible and should advise the Board of the social impact of this initiative.</p>	BN
6.5	<p>Human Resources Committee Report</p>	
6.5.1	<p>Recruitment Update</p> <p>The Committee Chairperson reported that 12 positions had been filled and recruitment for the remaining 8 roles being Risk Management Executive, Actuarial Executive, Chief Social Security Officer, Investments Manager, ICT Systems Service Manager, ICT Infrastructure Service Manager, Regional Manager Mutare and Regional Manager Chinhoyi would be completed by the 31st of October 2017.</p>	EM
6.5.2	<p>Performance Management</p> <p>Performance management had been implemented on the 1st of July 2017. Progress was being tracked monthly at an individual level and final assessments would be conducted at the end of the year.</p>	
6.5.3	<p>Employee 2016 bonus payment update</p> <p>The case was pending before the High Court. The Authority had filed its response through its lawyer, Mr Agmos Moyo of Kantor and Immerman and was now waiting for a hearing date.</p>	EM
6.6	<p>Legal and Appeals Committee Report</p> <p>The cumulative legal costs were \$504,039 as at 30 September 2017 against a budget of \$615,000. Management was working hard to reduce legal costs.</p>	
6.7	<p>Marketing, Public Relations and Corporate Social Responsibility Committee Report</p> <p>The Board members were invited to attend the Safety and Health At Work (SHAW) Conference which was to be held from the 4th to 6th October 2017.</p> <p>The Stoneridge ribbon cutting and Dzivarasekwa Ground Breaking ceremony was scheduled for the 6th of October 2017.</p> <p>The Marketing, Public Relations and Corporate Social Responsibility Executive was tasked to work on the Client Service Charter.</p>	JC

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6.7.1	<p>Zimbabwe Congress of Trade Unions (ZCTU)</p> <p>The Committee Chairperson reported that ZCTU had written a letter to NSSA on the 13th September 2017 requesting for information on the Authority's investments. The Marketing, Public Relations and Corporate Social Responsibility Executive had received several calls from journalists who wanted to know what the Authority's response to the letter was. Management had not responded to the letter but had escalated it to the Board for consideration. The Board advised Management to write a letter stating that the issues raised were now in the ambit of the Board. The letter would also advise that these issues were addressed at the various Stakeholder meetings that were used to engage the public and the stakeholders at large. Further, the Authority's Annual Report had details with regards to some of the queries raised in the letter. In the event that ZCTU were not satisfied with the outcome of the engagement at the workshop and the detail in the Annual Report, they could engage the Board Chairman. The Board urged Management to continue holding stakeholder meetings to appraise the public and stakeholders on the address of such issues.</p>	LC
7.	<p>ANY OTHER BUSINESS</p>	
7.1	<p>NSSA Bond</p> <p>The Reserve Bank of Zimbabwe (RBZ) Governor had written to the Authority requesting the Authority to raise funding through a bond facility of \$300 million. The Board requested Management to appoint an independent advisor to advise on how to go about arranging this facility. The SPB rules specified that to appoint an advisor, where costs exceeded \$10,000, an informal tender was supposed to be done. The Board expressed reservations about this requirement as the transaction was sensitive and required to be handled without publicity. The Board Chairman would engage the RBZ Governor to seek a special dispensation from SPB to appoint an advisor without going to tender. Imara and CBZ had expressed interest to work as the Authority's advisors. The Board Chairman advised that he would go with Mr Biyam to the next meeting with the RBZ Governor in order for Mr Biyam to properly articulate some of the issues he had brought up.</p> <p>There being no further business the meeting ended at 1537 hours.</p> <p>Signed as a true and accurate record of proceedings on this 30th day of November 2017.</p> <p style="text-align: center;">_____ R. Vela (Chairman)</p>	HH

Acronyms – List of Abbreviations

NSSA	National Social Security Authority
BIG	Baines Imaging Group
OSH	Occupational Safety and Health
ICT	Information Communication Technology
IPS	Investment Policy
ISSA	International Social Security Association
OSH	Occupational Safety and Health
SHAW	Safety and Health At Work
TBs	Treasury Bills
MoD	Ministry of Defence
MoPSLSW	Ministry of Public Service, Labour and Social Welfare
SPB	State Procurement Board
CSC	Cold Storage Company
APWCS	Accident Prevention and Workers Compensation Scheme
RBZ	Reserve Bank of Zimbabwe
TTCS	Twenty Third Century Systems
SAP	Systems, Applications, Products
PwC	PricewaterhouseCoopers
ZBFH	Zimbabwe Bank Financial Holdings
ZCTU	Zimbabwe Congress of Trade Unions
AA	Automobile Association
FML	First Mutual Life
NDI	Nicoz Diamond Insurance
NEDs	Non-Executive Directors
PR	Public Relations
NBS	National Building Society
CSR	Corporate Social Responsibility
FMHL	First Mutual Holdings Limited
ZCTU	Zimbabwe Congress of Trade Unions
FBCH	First Banking Corporation Holdings
ZFC	Zimbabwe Fertiliser Company
ZIMA	Zimbabwe Medical Association
ZSE	Zimbabwe Stock Exchange
ZESA	Zimbabwe Electricity Supply Authority
ZIMRA	Zimbabwe Revenue Authority



MINUTES OF THE INVESTMENTS & PROCUREMENT COMMITTEE OF THE NSSA BOARD OF DIRECTORS HELD ON THE 11TH FLOOR NSSA HOUSE BOARDROOM, CNR SAM NUJOMA & SELOUS AVENUE, HARARE ON THURSDAY, 16 NOVEMBER 2017 STARTING AT 0900 HOURS

PRESENT

R. VELA	(RV)	CHAIRPERSON
R. GUNDANE	(RG)	MEMBER
D. TOMANA	(DT)	MEMBER
M. MUKONDOMI	(MM)	MEMBER
P.G. MUTASA	(PGM)	MEMBER
L. CHITIGA	(LC)	GENERAL MANAGER

IN ATTENDANCE

E. MUNGWARIRI	(EM)	CHIEF FINANCE & OPERATIONS OFFICER
H. HUNGWE	(HH)	CHIEF INVESTMENTS OFFICER
K. CHIHOTA	(KC)	CHIEF PROPERTY INVESTMENTS OFFICER
C. NZIRADZEMHUKA	(CN)	CHIEF STRATEGIC INVESTMENTS OFFICER
C. NYIKA	(CN)	SUPPLY CHAIN AND ADMINISTRATION SERVICES EXECUTIVE
J. CHIUTA	(JC)	STRATEGIC ASSISTANT TO THE GENERAL MANAGER
T. MUNYORO	(TM)	INVESTMENTS MANAGER
C.T. MUGWIRA	(CTM)	GROUP LEGAL ADVISOR & BOARD SECRETARIAL SERVICES EXECUTIVE (Minuting)

APOLOGIES

F. RUWENDE	(FR)	BOARD APPOINTED INVESTMENT EXPERT
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Item No.	Description	Action
1.	CONSTITUTION OF THE MEETING The Notice of the meeting having been circulated was taken as read. Members present constituted a quorum and the Chairman called the meeting to order at 0901 hours.	
1.1	AGENDA The Chairman had made changes to the Agenda as follows; Companies update from item number No. 5 to item No. 1 Item No. 6: NBS becomes item No. 4	

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	Item No. 8: verbal update on the housing projects	
2.	<p>DECLARATION OF INTEREST</p> <p>The General Manager made a declaration that she was a former Non-Executive Director of Trust Bank which incorporated Transtobac. Mr. C. Nziradzemhuka also advised the meeting that his wife was employed by Coalzim Marketing (Pvt) Ltd whose owner had interests in Hopeville which would be discussed under the agenda item for NBS.</p>	
2.1	<p>CHAIRMAN'S WELCOME REMARKS</p> <p>The Chairman congratulated Mr Chakanyuka Nziradzemhuka on attaining the position of Chief Strategic Investments Officer and welcomed Mr Thomas Munyoro as an Investments Manager to the Committee meeting.</p> <p>The Chairman advised the Secretariat that moving forward, he would require that all minutes and discussions were recorded on audio. He stated that all issues and objections by the Members must be recorded as they are and quoted verbatim. The Chairman stated that Management in the Committee always wanted to distance themselves from the decisions made by the Committee. Management seemed to make it seem as though they were not part of the process and were only involved in these transactions by the Board Members. He also stressed that the Management Investments Committee Minutes should be included in the pack from now onwards. The Chairman requested that all the Investment & Procurement minutes be given to Mr Vela by Friday 24 November 2017. The minutes were to back date as far as July 2015 when the current Board was constituted.</p>	CTM
3.	<p>Approval of the Minutes of 14 September 2017</p> <p>Mr Gundane proposed the approval of the minutes and was seconded by Mrs Mukondomi. The minutes of the meeting held on the 14th of September 2017 were approved as a true and correct record of proceedings.</p>	JC
4.	MATTERS ARISING	
4.1	<p>Memorial Parks</p> <p>Management reported that NSSA had signed NDAs with four funeral companies namely; Nyaradzo, Doves, Moonlight and Kuwadzana. The proposals submitted by Nyaradzo and Kuwadzana indicated the desire to partner NSSA on a joint venture basis. Management awaited proposals from the remaining two companies before it committed to a partnership proposal. The chosen proposal would then be presented to the Committee as a recommendation.</p>	HH/ CTM
4.2	<p>Capital Bank</p> <p>Management reported that the Extraordinary General Meeting (EGM) was held on the 27th of October 2017. Mr. Timba had been notified of the intended EGM but he had refused to attend and had instead sent letters to the individual new Capital Bank Directors, threatening to take legal action against them in their individual capacities for allegedly pursuing the Capital Bank directorship illegally.</p>	

4.3	<p>SMEDCO</p> <p>The meeting was advised that the Authority had sent a letter of demand to SMEDCO and a meeting was held with the Chief Executive and Chief Finance Officers of SMEDCO. They had since written to NSSA requesting restructured repayment terms. Management reported that the figure SMEDCO had proffered was paltry. Management did not want the matter to turn litigious and had therefore indulged SMEDCO. The risk to NSSA was \$800 000 and that risk had pertained for +/- 12 months.</p>	HH
4.4	<p>Africom Debt</p> <p>Management reported that the Zimbabwe Defence Forces ("ZDF") had agreed to pay one half of the US\$600,000 outstanding debt on the condition that NSSA agreed to capitalise the amount onto the facility that had been negotiated between NSSA and the ZDF. NSSA had been agreeable to the proposal.</p> <p>Huawei had stalled progress on the signing of the agreements as they wanted assurances that they would be able to dispose the TBs that were to be issued to them by RBZ. Negotiations were ongoing and the Huawei team would consult its head office.</p>	KC
4.5	<p>Zimplats Proposal</p> <p>Management reported that the advisors on the original project finance structure had complained about being circumvented by Zimplats. NSSA Management had advised Zimplats that they would only proceed with the transaction if there was no controversy and all relevant parties had reached common ground. The Project had stalled and Management awaited information from the Impala Board.</p>	HH
4.6	<p>NSSA/Tetrad Debt Offset Transaction</p> <p>The valuation of the land had been carried out by external parties and the necessary agreements had been concluded. Jetmaster Properties (Pvt) Ltd was now firmly under the control of NSSA. NSSA had appointed the new Board to Jetmaster namely Emerson Mungwariri and Chakanyuka Nziradzemhuka with Cynthia Mugwira as the Company Secretary. The issue of vacant possession was still to be resolved. Tetrad had not withdrawn the proceedings in court as provided for in the agreement but the Chief Investments Officer was involved in negotiations with the Tetrad Chairman. There was an amount of \$3 million that was still sitting with the Deputy Sheriff.</p> <p>The Chairman emphasised that the debt set off was critical to claw back money sunk in a failed bank and this had been done by the uptake of land. Mrs Tomana expressed concern about the due diligence issues on the property. Management responded that they had carried out a Deeds search at the Deeds office. Mrs Tomana advised that if the due diligence had been sorted, she congratulated management for a job well done.</p>	CCN CCN
4.7	<p>NSSA Bond Proposal</p> <p>Management reported that initial discussions had been held with CBZ and Imara but the appointments had not yet been finalised. The Chairman advised that he would engage the Government and try and progress the matter.</p>	

4.8	<p>Project Mukando</p> <p>Management had approached KPMG as advisors to the disposing shareholder with an indicative non – binding offer that would be subject to relevant approvals for US\$2.2 million for 25.5%. The offer had been submitted to Varichem Holdings' other shareholders for consideration and approval of a due diligence process by NSSA. An approach was done to CAPS Holdings management who indicated that such conversations were being managed through the Ministry of Trade (Mrs Shonhiwa, Permanent Secretary) and the Reserve Bank of Zimbabwe through the Governor, Dr John Mangudya. The RBZ Governor had responded to an Expression of Interest extended by NSSA and indicated that he would revert once the transfer of shares had been effected from the former shareholders to Government and after consultations with Government.</p>	CCN
4.9	<p>Rainbow Tourism Group (RTG)</p> <p>Management reported that the Authority had executed the acquisition of control of RTG during the quarter and had initiated Board changes which resulted in the resignation of Ms T. Mlobane, Mr I. Haruperi and Mr S. Chibhanguza as Directors on that Board. NSSA and RTG management were in the process of a corporate action to restructure the balance sheet and to ensure that the business' capital structure was transformed. Focus was now being undertaken to identify key strategic areas that would enhance the performance of RTG with a primary focus on Victoria Falls and other complementary offerings.</p>	CCN
4.10	<p>Auto Tyres Zimbabwe (ATZ)</p> <p>The ATZ investment was commercially viable in the presence of a strong protectionist environment, especially against the cheap dumped tyre products and easy access to required foreign currency to ensure continuity in business operations and re-tooling. The existing conditions in respect of these key enablers weakened the argument of viability. Significant and specific undertakings were required from key stakeholders such as Government and the Reserve Bank to address these weaknesses for ATZ to have a viable case for revival.</p>	
4.11	<p>Cold Storage Commission (CSC)</p> <p>Management reported that the Authority had finalised the Share Subscription and Shareholders Agreement and submitted the agreements to the Ministry of Agriculture, through the office of Honourable Deputy Minister Paddy Zhanda. The agreements were in the process of being reviewed by the Attorney General's office and the Ministry of Finance before final sign-off. On follow up, as at the 1st of November 2017, the agreements were not yet ready. In the interim, James Chiwera (NSSA Investment representative) was conducting initial on site due diligence of all the CSC operational assets. This initiative would enable NSSA to understand the extent of intervention required from NSSA as an investor by the Company and its key stakeholders. A substantive report would be provided by Management once the due diligence exercise was complete.</p> <p>Management reported that the CSC management had indicated the need to conduct a valuation exercise for their property assets at a cost of US\$37,000 by Dawn Properties. The exercise would enable them to have more current valuations which they believed were now higher than the current numbers in their financial statements last audited in 2012. Further, CSC Management indicated that they had immediate orders from China</p>	



	<p>for beef and goat meat which required funding to the tune of US\$200,000. In their undertaking, they had advised that the orders were due for September 2018.</p> <p>Management reported that the Scheme of Arrangement had also not been registered with the Companies Registry. This was due to the fact that the wording had not been recorded properly in the scheme papers as provided upon sanction by the High Court. As such, DMH was in the process of rectifying the anomaly before the Scheme was registered. This remained an unfulfilled condition precedent in accordance with the Share Subscription and Shareholder's Agreement.</p>	
4.12	<p>Fidelity Life</p> <p>Fidelity Life had requested for a meeting with NSSA Management to introduce their new CFO and initiate dialogue on the following issues;</p> <ul style="list-style-type: none"> i) Potential transactions between NSSA and Fidelity Life in relation to property, ii) Fidelity Life's actual funding needs and the actual strategic thrust going forward, and iii) The indicative funding options for Fidelity Life. <p>Fidelity Life expressed a desire to engage NSSA on its intention to dispose certain property assets; such as, Langford Estate and South View to unlock liquidity and to meet pressing commitments towards the Athena Bond and principal repayments for the Langford debt. Indicatively, the company required between US\$6 - \$7million before the 31st December 2017 to meet these commitments. NSSA had extended assurance to Fidelity Life to support their turnaround initiatives, particularly with a funding plan that ensured the participation of all Shareholders. In the interim, NSSA would re- evaluate the proposed disposal of the debtors' book for Southview.</p> <p>Management stated to the meeting that Fidelity Life had also commissioned Actuaries to assist in the exercise that separated Shareholder funds from policy holder funds, which exercise was expected to be concluded by the end of November 2017. There had been indications that Shareholders may be called upon to provide funding for the potential shortfall on Shareholder funds. The company had also indicated that they would come up with a new strategic focus which they would be presented to their Board of Directors by early December 2017.</p>	CCN
4.13	<p>ZDF Project Finance</p> <p>The meeting was advised that the agreements were completed and a guarantor had been secured with an undertaking made to secure the Treasury Bills by the Ministry of Defence. This would complement the guarantee security arrangement. An initial drawdown of US\$2 608 527.00 had already been done through ZNA's bankers, Metbank. The object of the funding had been to reduce pressure on the fiscus by supporting ZNA's initiatives to being a self-sufficient institution in terms of food supplies and thus security. Management was working with the National Building Society on a structure where ZNA would provide civil and construction services in lieu of cash settlement in the numerous NBS housing construction projects.</p>	KC CN
4.14	<p>City of Masvingo Land</p> <p>NSSA Management had written to the City of Masvingo and had proposed that the additional \$1, 6 million which the City of Masvingo had stated was</p>	

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	the shortfall in the purchase price and the original \$3 million which was the amount paid by NSSA in the Sale, be settled by way of availing NSSA land to an equivalent value. The Council was yet to respond in writing and had been non-committal on the phone. The Chairman advised that the Authority's situation had become worse and not better. For every day that cash was not collected, that cash position lost value every day. He intoned Management that the City of Masvingo must be advised that NSSA cannot move forward and needed a resolution to this issue.	KC/ CN
4.15	Ekusileni Project The NSSA Investments Team had had a counter proposal for the joint venture. Orange Medical was developing a proposal for consideration by Committee. The Chairman stated that this process needed to be formalised. The Ekusileni Project was one of NSSA's legacy problems. The State Procurement Board had been hamstringing the issue for some time and it was imperative that the query, 'How can we go around it legally?' be addressed. Mr Charles Nyika reported that Baines Imaging Group should submit a proposal which could be taken to the Joint Venture Committee. This proposal would be useful only if Baines had been unsolicited. The Chairman reiterated that this issue needed to be closed.	KC KC/ JC KC/ JC
4.16	N1 Hotel Re-development Management reported that N1 refurbishment crew were to conduct a site inspection in November 2017. The inspection would be for sign off on the costings for the finalisation of the refurbishment.	 JC
4.17	Village Walk Borrowdale Management reported that the discussions were terminated as there had been no agreement with regards the property.	
4.18	Housing Offtake Projects – Housing Africa Corporation Management reported that the Developer had expressed concern around the issue of inflation. Management highlighted that works in November had been stalled due to the military intervention and so demo units which were meant for marketing purposes had taken longer to complete and present to the market. The Chairman asked Management for a copy of the Performance Bond and the due diligence on who owned the land. Management responded that in the Off Take files, the Performance Bond and the title for land was included for each project. In the offtake agreements there are bonds and title for land. The Chairman advised that these documents This should be placed in all the files.	 ALL
4.19	Housing Offtake Projects – Metro Realty Management reported that the servicing of the land had commenced. The Chairman asked who the Directors and Shareholders of the companies were. He requested Management that all the reports should be submitted and all the transactions must have due diligence. Mrs Tomana advised that this was a standing order for all BIC transactions.	 KC
4.20	National Building Society (NBS) Management reported that there were delays in disbursing funds to the Mutare housing project due to internal NBS processes. The processes had been completed but the delays meant that prices of building material had	 KC

	escalated. The contractor was now working on site establishment and purchase of materials. Construction work would commence in December.	
4.21	SMM Holdings Management reported that they had sent communication to SMM that they had received approval to proceed with the proposed structures. On the back of this commitment, SMM had approached the local authority to obtain all the permits necessary to develop affordable housing. SMM had engaged a technical partner who had developed a similar solar plant in the region to do a feasibility study and possibly partner them.	KC/ EM
4.22	Review of the NSSA Investment Policy A revised Investment Policy Statement would be presented at a specially convened strategic planning session to be held at the beginning of the new year	
4.23	Shipping Container Malls It was reported by Management that the Supplier had two containers at his yard. City of Chinhoyi had not provided the agreements to allow the containers to be brought to Chinhoyi. Management advised that they were also waiting for the new minister to give their insight. The chairman stated that the Container parks must be seen through. Ministry made policy but NSSA implemented that policy. The Container Malls had been approved by the Board as an investment. The General Manager reported that in her informal discussion with the Minister, she was of the view that NSSA should try and formalise the informal sector.	KC
4.24	Hintonville It was stated by the Chairman that this was a legacy issue and not a new matter.	
4.25	St Tropez issue It was reported that the State Procurement Board processes were slowing down the progress of the project in an environment where building materials were going up on a daily basis. The Chairman indicated that it would be advisable for management to continuously highlight such kind of bureaucratic practices at Policy level so that corrective measures can be taken, where possible. Procurement reported that the tender processes were likely to be completed in December 2017 but project activities would probably begin in January 2018. Management reported that Mr Mungwariri was working on a paper for the Ministry about the NSSA Act and the State Procurement Board issues which hampered progress. A member suggested that a Properties meeting be held separately from the rest of the Investments meeting. This would allow a proper interrogation of the property issues as the other investments issues were already taking much of the time in the meetings. With regards to progress on the housing project, a member suggested that a schedule from the contractors was to be included in the report. This would indicate to the Members the status of each project.	

4.26	<p>N1</p> <p>Management reported that the timeframe for the formal proposal to be submitted would be in the week ending 25 November 2017.</p> <p>Members advised that the matters arising in the property report should be concluded before the next meeting as there were too many carried over issues.</p>	HH
5	<u>BUSINESS OF THE DAY</u>	
5.1	<p>THE INVESTMENTS DASHBOARD</p> <p>The Chairman stated that, "the dashboard was fundamentally wrong". He stated that the dashboard seemed to be speaking to a certain narrative that was not correct. There were many figures in the dashboard that had been presented but there was no narrative to support the figures. The Chairman advised that, "there should be a narrative column to the dashboard. Also, Management should demarcate the dating of transactions in the column. For example, the Telecel deal was a performing deal and there should be a column that showed performance or the non-performance of deals. The Chairman stated that the RTG and SMEDCO deals were legacy transactions and therefore this should be clear in the narrative. Mr Hungwe was asked by the Chairman if there were some transactions that were not performing. Mr Hungwe responded that, with the exception of the RTG, SMEDCO and failed banks, other transaction were currently in compliance with agreed terms. The Chairman further stated that there should be a column that showed the security proffered in each of the transactions. Mrs Tomana asked Management if they were comfortable with the other deals and if they would perform as well. Mr Hungwe advised that to his knowledge, so far all the deals under his purview were on course and that if there was an issue of risk, Mr Hungwe would advise the Board. Mr Hungwe advised that he prepared the dashboard weekly and would be able to provide more up to date figures going forward if the committee so wished. The Chairman stated that management could make use of the narrative column to highlight any new issues that come up after the reporting date.</p>	KC
5.2	<p>Metbank</p> <p>Management reported that Metbank had formally written to NSSA and had requested for an extension on the TB loan that had been granted to them in November 2016. Metbank was in the process of concluding a transaction with Homelink and they still needed to be able to make use of NSSA's TBs until this transaction was concluded. Management advised that Metbank had now returned the TBs to NSSA.</p>	
5.3	<p>NBS Chinhoyi Housing Project</p> <p>The Chairman stated that there had been a narrative that reported that the amount in the project of \$5 million had been written off. Mr Chiuta reported that this was not true and he had spoken to NBS Management who advised that the project had gone through. The General Manager reported that there had been a paper done by Management advising that inflation would be detrimental to the housing projects and it was this paper that may have found its way to the media. She reiterated that there had been no write off of \$5 million on housing by NSSA and if it had been written off, it would have been written off to NBS since NSSA had loaned the money to NBS.</p>	HH

	<p>Mr Gundane requested for a pie chart which would reflect what was happening in the investments transactions.</p> <p>The Chairman reported that the Board Investments Retreat would be held in early 2018. The Group Legal Advisor and Board Secretarial Services Executive was tasked to engage the proposed facilitator, Mr. Milton Kamwendo.</p> <p>Mr. Mutasa advised that the Retreat would be welcome as it was important to understand the strategic thrust of investments management. He raised a query as to whether NSSA had learnt from the past. He queried if Management had external assistance to help them with their investments as this was critical. Mr. Mutasa advised that although it may be difficult in the circumstances, there must be a focus on the preservation of value. The General Manager reported that a Sub-committee had been formed at the Management Investments Committee which consisted of James Chiuta, Charles Nyika, Chakanyuka Nziradzemhuka and Thomas Munyoro to workshop the issue of value preservation. The findings would be brought to the Board Investments Committee. The trading portfolio and the strategic investments were also adhered to and monitored closely. Mr Mutasa advised that it was a good idea and if done well, then there would be understanding and clarity on Investments.</p>	
5.4	<p>Equities</p> <p>Management reported that the CFI shares had gone up by over 500%. The Portfolio benefited in terms of unrealised gains. Management reported that there was a need to have an interim position because the strategy would only come sometime in 2018. The Chairman asked Management if there had been any undue influence by the Board in the acquisition of any of the equities to which management responded that there had been none.</p>	
5.5	<p>Turnall</p> <p>Management reported that LHG Malta, a fellow shareholder in Turnall, had approached NSSA indicating their intention to work together with NSSA towards the recapitalization of the business in order to achieve a sustainable turnaround. NSSA was in support of the recapitalization of the business and awaited the submission of the formal proposal from Turnall.</p>	
5.6	<p>Africom</p> <p>Progress on conclusion of the Africom debt settlement agreements had stalled because Huawei wanted guarantees that NSSA would purchase treasury bills from it once these had been issued by the RBZ. The Chairman suggested that NSSA should offer to buy the treasury bills from Huawei at a 75% discount. .</p> <p>Management further advised that they had received a letter from the Ministry of Defence. As part of security arrangements for the guarantee on behalf of Africom, the MoD had previously pledged Long Chen Plaza to NSSA. The ZDF had now advised that they had made a mistake and were not supposed to have pledged the entire property to NSSA as there was another shareholder who owned 50% of Long Chen Plaza. However, Management advised that the bond and title deed only mentioned the MoD. ZDF wanted NSSA to release 50% of the property from the mortgage. Management sought to have the proposal ratified as the security was unlikely to be realised anyway. Management was advised to workshop the security aspect further then go through the Management</p>	HH/ CTM

	<p>Investments Committee and finally to the Board Investments Committee by way of round robin. The value of the 50% would then be worked out. Members reported that this scenario was similar to the Joina Centre deal and NSSA would not go back into such transactions that were risky and had no merit for the stakeholders. Mrs Mukondomi advised that the ZDF had other buildings and it was incumbent upon them to offer NSSA an alternative. Currently, NSSA held title deed and bond. Management was tasked to do a paper advancing the aspect of security.</p>	HH
5.7	<p>Capital Bank</p> <p>Management reported that the Extraordinary General Meeting had been held and Mr Timba had written to the five NSSA Executives threatening legal action. Legal Counsel advised that there was nothing wrong with the EGM. Mr Hungwe spoke to the RBZ who preferred that there was a court order or that both shareholders would go to the RBZ to obtain the keys. Mr Timba had apparently also asked for access, therefore the court route was the only way forward. The issues that were contentious in this case were over 84% shareholding in Capital Bank and the Composite Agreement. The Chairman advised that the issue should go to court. Mr Timba had intoned in various correspondence that he believed he had been illegally dispossessed of his control of FMHL. Mrs Tomana advised that her experience with the courts was that judges now demanded two parties to talk first before they appeared before the Judge. Mrs Tomana asked if there was a practical solution for consideration from investments before appearing in court. She queried if there was any way NSSA could make a proposal. Management advised that a Commercial Court would soon be set up which would assist with regards expertise that would come in from outside the judiciary. Mr Mutasa asked whether Management had engaged Advocate Thabani Mpofu, even without Mr Timba to try and progress the issue. The Chairman advised Mr Mutasa that the Arbitration did not take place as Mr Timba had shown disinterest in the process. If there was a solution that NSSA could sell, NSSA would be happy to so do. Mr Mutasa requested that the lawyers for the two parties sit down and have a discussion and try and meet each other halfway.</p> <p>It was resolved that Mr Mlotshwa and Advocate Tawanda Zhuwarara talk to Advocate Thabani Mpofu to find a resolution without the parties/clients present. Management had been threatened by Mr Timba. The Board resolved that Management should be indemnified. The Expenses that may come in any legal process had to be borne by the Authority.</p>	
5.8	<p>Sable Chemicals</p> <p>Management reported that the approval for \$9 million for Sable Chemicals had already been given. The Agreements were as yet to be provided.</p>	CCN/ CN
5.9	<p>US\$30 million TB Backed facility</p> <p>Management reported that there had been no progress as yet. The challenge was the lack of availability of Nostro funding and lack of committed funding from local financial institutions.</p>	
5.10	<p>ZB Financial Holdings</p> <p>There had been a cautionary statement that was issued. ZB Management was still engaged in ongoing talks regarding de-merger of the group. 8 options had been presented through the Advisors and two looked most</p>	

	<p>favourable. Management had asked the Advisors to explain their choice of option in order to have an understanding of the possible outcomes. NSSA management's view was that a share buyback involving Mr. Vingirai's 21% shareholding in ZBFH was with the cleanest and fastest way to proceed. Any transaction must not be done on expedience but should be concluded responsibly. Mr Mutasa stated that there may be an agency problem and enquired as to who the driver of this was - Management, the Board or Shareholders? He stated that NSSA should interrogate all processes and options with the hope that NSSA does not pursue the agenda of other shareholders. He reiterated that the commercial rationale was very critical. The Chairman advised that the ZB transaction was strategic in that the intent had been to amalgamate NSSA's interests in FBC together with ZB. This was the same as the case where NSSA now sought to consolidate its interests in the insurance sector. He further emphasised the confidentiality that The NSSA Board always emphasised as some of the issues under discussion in that Committee were very price sensitive. Management was advised to come up with something that would make Mr Vingirayi happy but that was also commercially responsible. This would assist in NSSA not getting itself into a resolution that would cause more litigation</p>	
5.11	<p>Fixed Income</p> <p>Management reported that on the back of depressed rates on the money market and other fixed income instruments, there was need to invest in treasury bills, at a discount so as to earn an enhanced investment return. This would be done by replacing recently matured Treasury Bills with Treasury Bills of similar or better yields either directly from the Government or from the secondary market, where discount rates averaged between 8% - 12%. This would imply that the Authority could realise double digit effective yields.</p> <p>The committee expressed concern about any approach that would result in even more treasury bills being purchased by the Authority. Management was however asked to look into the matter and provide sufficient justification should they decide to proceed with the proposed strategy</p>	CCN
6.	<p>STRATEGIC PORTFOLIO INVESTMENTS</p>	
6.1	<p>CFI Holdings Limited</p> <p>Management submitted a paper recommending the disposal of CFI Holdings shares in exchange for NDIL shares with ZHL following recent developments at the Company, the re – rating of the share price and exploratory option to swap for NDIL shares as ZHL had indicated they did not want to hold cash for settlement.</p> <p>Management reported that the level shareholder divergence was destroying the Company as;</p> <ol style="list-style-type: none"> 1. Messina Investments & Willoughby Investments are owned and controlled by Mr van Hoogstraten had requisitioned the resignation of two Stalap Investments Directors and the Chairperson, Mrs Grace Muradzikwa. Stalap had indicated that its Directors would not resign and instead would look to seek the removal of Mr. S. Chibhanguza on 	

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	<p>the basis of his being unfit and probity as a Director of the company due to his misdemeanours at CFI earlier in the year. Van Hoogstraten's investment vehicles and aligned shareholders held a 48% level of interest whilst Stalap on the other hand held 43% of CFI. Succumbing to the request Mrs. G. Muradzikwa had resigned with effect from the CFI Board on the 6th of November 2017.</p> <p>2. CFI Management had requested the majority shareholders (Stalap and Messina Investments) to support a US\$12 million capital raise initiative with proceeds deployed. Stalap had communicated the commitment to underwrite and to support the capital raise however, Messina Investments and related investors represented by Mr. van Hoogstraten had indicated that they would block the transaction as it required an ordinary resolution.</p>	CCN
	<p>The Chairman advised that CFI had a lot of politics but that the fights were not necessary. Whilst the prospects of disinvestment had to be done quickly he further suggested that NSSA had to be advised properly and in full and that there should be an independent person who would give advice to the NSSA Investments team which would help with picking any issues in the deal. The Chairman advised that Investments should have a list of investment advisors like that of the Legal Unit which had a list of legal advisors. Mr Nyika advised that this could be done. NSSA could write to SPB for a shortened period as anything above \$10 000 must go to SPB. Mr. Nyika was tasked to come up with a solution to the procurement issues which were frustrating. These were issues that were to be articulated in the call for a review of the NSSA Act and Investment Policy.</p>	CCN
6.2	<p>First Mutual and NDI</p> <p>Transaction 1: Securing Control of Nicoz Diamond and Fidelity Life Status: In progress</p> <p>ZHL had failed to honour the agreement signed on the 13th of July 2017 to dispose the NDI (30.03%) and Fidelity (20.56%) shares. They had cited the need to reduce exposure to cash proceeds given the market changes. NSSA management re-engaged with a proposition that would address their concerns; however ZHL had declined the suggested proposal. NSSA would proceed to implement the disposal of its 51% interest in NDIL to FMHL, and would continue to engage ZHL through various strategies to ensure the NDIL shares were either exchanged directly with FMHL for the latter's shares or with NSSA for a compromise consideration or exchange.</p> <p>Transaction 2: Disposal of Nicoz Diamond to and merger with FMHL Status: Concluded</p> <p>On the 31st of July 2017, NSSA entered into a Sale and Purchase Agreement with FMHL for the disposal of the Authority's 50.89% interest in Nicoz Diamond. NSSA and FMHL had agreed to proceed with the implementation of the disposal of the 50.89% officially, pending the</p>	

	<p>conclusion of transaction 1 above which would be between NSSA and ZHL directly or between FMHL and ZHL.</p> <p>Mrs Tomana queried why when the last time ZHL had shot NSSA down; why NSSA still engaged them? Management advised that the deal had now been restructured and shelved. There was a possibility for an arrangement for a joint agreement. The Chairman advised that an update would follow, but may have required approvals from the Ministry of Public Service, Labour and Social Welfare and Ministry of Finance. Due to the Government changes, the approval process could have to be restarted. Management was tasked to re-submit the papers to Mrs Mukondomi in order for her to re-commence the process.</p> <p>Mrs Mukondomi responded that according to the Public Finance Management Act, if the Ministry of Finance had not responded in 30 days, then it was deemed to have given its approval on the request.</p>	
6.3	<p>RTG</p> <p>The Authority had executed the acquisition of control of RTG during the quarter and had initiated Board changes which resulted in the resignation of Ms. T. Mlobane, Mr. I. Haruperi and Mr. S. Chibhanguza. NSSA and the RTG management were in the process of a corporate action to restructure the balance sheet and to ensure that the business' capital structure was transformed. Focus was now being undertaken to identify key strategic areas that would enhance the performance of RTG with a primary focus on Victoria Falls and other complementary offerings. Management indicated that the restructuring transaction would conclude by end of February 2018 after the EGM which would be handled in January 2018.</p>	
6.4	<p>CSC</p> <p>The Chairman advised that CSC was critical however, it was highlighted that the outgoing Minister of Labour had indicated that he was not sure whether NSSA should assume control of CSC or it remains under the control of the Ministry of Agriculture; or whether NBS should not be with the Ministry of Local Government. The General Manager echoed that the outgoing Minister had advised NSSA to leave that CSC Board in place and then create and invest in an SPV that would manage the CSC operations. In respect of the NBS opinion, the Chairman highlighted that the Old Mutual model was a case in point for reference where an Insurance and Pensions Group can own a Building Society. No decision had however been made yet but this was a live issue.</p> <p>A contextual background was given to Mr Mutasa as an update for him to appreciate the progress on the transaction thus far. Mr Mutasa advised that this sector had become informal as there were no longer any large scale cattle ranchers in Zimbabwe. As such the issue needed to be sorted out on that basis. The Chairman gave the example of Uber which did not own taxis but they had a whole fleet. This could be a possible structure for NSSA. Management was encouraged to engage the CSC Board in future as part of the business' strategy.</p>	CCN

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6.5	<p>National Building Society (NBS)</p> <p>NSSA had participated in the NBS Strategy Session where it was agreed that;</p> <ul style="list-style-type: none">i) NSSA would support NBS with requisite capital on the back of a capital preserving proposition which would be proffered by NBS.ii) NBS would capacitate their Human Capital with critical skills in Project Management and Corporate Finance. <p>NBS had advertised for the role of the Chief Projects Officer, the Head of Corporate Finance and the Managing Director.</p> <p>In their bid to secure capital support, NBS had had submitted a capitalisation request which was under review. NBS' request amounted to US\$85.3 million comprised as;</p> <table><tr><td>Conversion of the NSSA Staff Loan Book</td><td>US\$26.3million</td></tr><tr><td>Value preservation targeting 10 projects</td><td>US\$59.0 million</td></tr></table> <p>The US\$26.3 million would be converted into equity to boost the capital position of the bank whose capitalization had fallen below the Reserve Bank of Zimbabwe minimum threshold of US\$20 million. The US\$59 million was required as new injection comprised of debt (\$39 million) and equity (\$20 million) to acquire land and fund the servicing of 5,627 housing units.</p> <p>The members deliberations queried a number of issues in the proposal;</p> <ul style="list-style-type: none">a. The quest for preservation was not compelling enough as NSSA could find alternative investments to preserve value. At 5%, the RoE on the targeted investments was lower than the expected of 10% level.b. The level of concentration of investment in NBS was now heading for the US\$150million mark in projects; yet the Society's turnaround time on utilising the US\$78million funding line was progressing very slowly compromising the value extended. <p>There was need to understand the level of support that should be extended to NBS to achieve an acceptable performance level. As such it would be important to engage an independent consultant to undertake the exercise.</p> <p>The Committee resolved to approve the request to convert \$26 million loan to equity. The other requests were declined. NBS had to come up with a proper business case for the NSSA Board consideration.</p>	Conversion of the NSSA Staff Loan Book	US\$26.3million	Value preservation targeting 10 projects	US\$59.0 million	CCN
Conversion of the NSSA Staff Loan Book	US\$26.3million					
Value preservation targeting 10 projects	US\$59.0 million					
6.6	<p>Afreximbank</p> <p>Management reported that Afreximbank had launched a US\$300 million equity offering in the Republic of Mauritius using Depository Receipts (DRs) backed by the Bank's Class D shares. The Class D shares would be listed on the Stock Exchange of Mauritius (SEM). The DRs would also provide investors with exposure to a supranational African Bank involved in trade finance which allowed them to benefit from the trade opportunities that had grown between Africa and the rest of the world.</p> <p>Management had recommended NSSA's participation to the tune of US\$20million funding from either new inflows or from liquidation of certain</p>	CCN				

	<p>equity securities. The investment was worthwhile due to the decent returns in dividends and capital appreciation; as well as the social returns in the form of continued lending support from Afreximbank to the local economy where NSSA is generally invested. The Chief Strategic Investments Officer was tasked to write a memo to the Chairman for support and approval of the Reserve Bank of Zimbabwe.</p> <p>The committee resolved that; The Authority participate in the US\$300 million Afreximbank Depository Receipt Capital Raise to the level of US\$20million. This would translate to 465 Class D shares or 4 651 163 Depository Receipts.</p>	
6.7	<p>Auto Tyres Zimbabwe (ATZ)</p> <p>The matter had been tabled before the Committee before. The ATZ team argued that their investment was commercially viable in the presence of a strong protectionist environment, especially against the cheap dumped tyre products and easy access to required foreign currency to ensure continuity in business operations and re-tooling. The existing conditions in respect of these key enablers had weakened the argument of viability as significant and specific undertakings were required from key stakeholders such as Government and the Reserve Bank to address these weaknesses before ATZ could even present a case for revival. The deal was said to be strategic due to the placement of ATZ in Bulawayo.</p> <p>In view of the above, Management recommended that an investment in ATZ be considered on the back of irrevocable undertakings from the Government to protect the industry through import restrictions and quality control as well as the Reserve Bank in allocating foreign currency for re-tooling and raw materials. In the absence of such, the Committee was unanimous in that the investment had to be put on hold.</p> <p>Mrs Tomana expressed her concern that the Government did not give such guarantees especially since Government had relaxed Statutory Instrument 64. This would expose the deal because the protection could be done away with and if there was no such guarantees, the business would falter. This was the pushback. Mr Mutasa advised that the two issues that required comfort were that the ;</p> <ul style="list-style-type: none"> i) Protection issue was not guaranteed and ii) The market itself was not just for second hand tyres but brand new tyres. Zimbabwe did not have forex for the raw materials required for tyre manufacture which presented a challenge. <p>Despite there being recognition of the promoters business success stories in other enterprises; members unanimously declined the proposal as the conditions required were not within the control environment of the business; but fundamental macro –economic issues.</p>	JC
6.8	<p>starafricacorporation</p> <p>Management reported that the Authority was a shareholder in Star Africa Corporation (SAC) and had supported a Secondary Scheme of Arrangement which was implemented on the 3rd of February 2017, with a view of turning around the fortunes of the company. The plant which was under refurbishment had been completed according to SAC submissions, and Management reports indicated that production capacity had improved</p>	

	<p>by over 30%. As a result of the plant upgrade, restructuring and cost containment, SAC had achieved its first positive EBITDA since dollarization for the financial year-ended 31 March 2017. A stronger EBITDA performance had been forecast for the current year, however, despite the achievement, the company had been unable to meet its interest and capital obligations as per the Secondary Scheme of Arrangement.</p> <p>The Board of SAC had approached NSSA and other creditors and had requested that NSSA consider converting the SAC debt to equity. Indications were that all creditors except Zimbabwe Sugar Sales, would likely convert their debt to equity.</p> <p>Mrs Mukondomi said this transaction was back again and was a problem child. Converting debt to equity would not solve the issues and NSSA would have thrown itself into the deep end. The Chief Investments Officer responded that there was a conversion clause already and if the business collapsed, NSSA could be a creditor although the residual value therefrom was quite meaningless. The share price had moved considerably from when NSSA had first entered into the deal therefore there would be a gain for NSSA.</p> <p>Mr Mutasa, Mrs Tomana and Mr Vela had echoed the same sentiments in that there was, "no option but to give the conditional approval" due to the fact that, NSSA had already invested as much as it had into the venture and was keen to obtain some form of pay off.</p> <p>The Committee resolved to give a conditional approval which conditions included;</p> <ol style="list-style-type: none"> The board obtains approvals for conversion from the other significant bond holders, namely ZAMCO and Du Pont Restructuring of the ZSS facility to a 10 year tenure at an interest rate of 2.7% as proposed by the board; Board clearly spelling out the long term value proposition for SAC as a player in the sugar industry. 	CN
7.	<p>PROPERTIES</p> <p>The report for properties as discussed was to be scheduled for another day and would be dealt with separately.</p>	CN
8.	<p>Trust Bank – Transtobac</p> <p>NSSA was owed USD 4.6 million (principal, interest and penalty charges) by Trust Banking Corporation (Trust) through a loan that had been secured by the assets of Transtobac (Private) Limited namely; 34 Hillside Road Extension, Mukuvisi Woodlands, Msasa Remainder of Lot 14906 Salisbury Township measuring 34 ha and valued at \$7.5 M.</p> <p>Trust Bank was currently in liquidation and the appointed liquidator was the Deposit Protection Corporation who had assigned Brian Njikizana of KPMG as the liquidating agent.</p> <p>Management had proposed that NSSA enter into a three-way arrangement with Transtobac and Trust through their liquidating agents (KPMG) whereby;</p> <p>The Proposal</p> <ul style="list-style-type: none"> NSSA acquires up to 50% shareholding in Transtobac from Trust. 	

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	<ul style="list-style-type: none"> • The proceeds from the sale are used to clear the outstanding debt that Trust bank owes NSSA up to \$4.6 million. • The net position was that Trust Bank's debt is reduced or cleared while NSSA receives shares in Transtobac. <p>Additional gains for NSSA</p> <ul style="list-style-type: none"> • Transtobac was currently servicing the stand via a land/service swap with an independent contractor which would see the roll out of 446 residential stands and 57 industrial stands which would be distributed in proportion to one's respective shareholding. The expected appreciation in the land value once servicing had been completed was approximately 200%. <p>The Committee approved the proposal for NSSA to acquire Transtobac shares from Trust Bank equivalent to the value of the amounts owed by Trust Bank.</p>	
9.	<p>Housing Projects</p> <p>Management reported that the costs of developing projects had shot up and had almost trebled in price from suppliers. The cost of goods and labour had moved too. The analysis was on a case by case basis with some secured by pre-payment but even then there would be a price shift. The Strategic Assistant and Chief Properties Investments Officer had done a price index and the issue would be on the quality of the product and the quantity which was a huge problem. A Member stated that Housing Off-takes were done for a reason and that was the reason why payments were done upfront. The Contractors had been paid money that had value at the time. A Member asked if it may be prudent to perhaps we scale down the deal instead of committing money further. Mrs Tomana exclaimed that, NSSA had prepaid and the Contractors were conscious of this. The Contractors should have pre-purchased. Mrs Tomana stated that it may be that NSSA delivered. The Chairman said that since there was a contract, NSSA Management should engage them. The Chairman advised that it may be that there be the delivery of a smaller number of units based on the new pricing.</p> <p>Mr Gundane stated that NSSA had to adhere to the contract. Mrs Mukondomi advised that the SPB route was avoided due to the price variations hence going for the Offtake. She advised that it was important to stick to the contract. The Chairman was of the view that NSSA had done its part timeously and the Contractor must deliver.</p> <p>The Members agreed that Management had to rework a scenario which made sense for each case. The Authority was not to accept variations to the contracts given that the whole purpose of offtake agreements was to protect NSSA against such price increases.</p>	
10.	<p>PROCUREMENT</p>	
10.1	<p>Tender for the Installation of Lifts</p> <p>It was reported that a formal tender process had been completed and the contract was awarded to Schindler Lifts at a total cost of \$2,017,278. The contractor submitted its application for the allocation of foreign currency for</p>	

	<p>the purchase of component parts to Stanbic Bank. The total amount of foreign currency required to purchase the component parts was \$300,000.</p> <p>Management advised that payment would only be made subject to delivery. There were many companies that had failed to get delivery. They had to be put on terms of within 7 days and if they failed to deliver, Management had to shop elsewhere and move on.</p>	
10.2	<p>Bindura Shopping Mall</p> <p>It was reported that the tender evaluation processes for carrying out remedial works at Bindura Shopping Mall were in progress.</p>	
11.	<p>ANY OTHER BUSINESS</p>	
11.1	<p>One Stop Border Post Project</p> <p>It was reported that the Authority had received a request from the Ministry of Transport for NSSA to participate in the One Stop Border Post project whose funding was indicated to be US\$200 million. The Strategic Investments team had engaged the IDBZ and a non-binding EOI was extended to participate on financial close subject to NSSA governance processes. Once ready the transaction would be brought before the Management Investments Committee level and subsequently to the Board Investments Committee.</p> <p>There being no further business to discuss, the meeting ended at 1415 hours.</p> <p>Signed as a true and accurate record of the proceedings.</p> <p style="text-align: center;">This _____ day of _____ 2018</p> <p style="text-align: center;">_____ R VELA (CHAIRPERSON)</p>	

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Acronyms – List of Abbreviations

NSSA	National Social Security Authority
JV	Joint Venture
EGM	Extraordinary General Meeting
ZDF	Zimbabwe Defence Forces
TBs	Treasury Bills
RBZ	Reserve Bank of Zimbabwe
NDA's	Non-Disclosure Agreement
DMH	Dube Manikai & Hwacha
ZNA	Zimbabwe National Army
NBS	National Building Society
BIC	Board Investments Committee
MIC	Management Investments Committee
MoD	Ministry of Defence
EOI	Expression of Interest
IDBZ	Infrastructure Development Bank of Zimbabwe
CSC	Cold Storage Company
RTG	Rainbow Tourism Group

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MINUTES OF THE 127TH NSSA BOARD OF DIRECTORS MEETING HELD IN THE 11TH FLOOR NSSA HOUSE BOARDROOM, CORNER SAM NUJOMA & SELOUS AVENUE, HARARE ON THURSDAY 30TH NOVEMBER 2017 STARTING AT 0900 HOURS

PRESENT

MR R. VELA	(RV) :	CHAIRMAN
MRS D. TOMANA	(DT) :	VICE - CHAIRPERSON
MR R. GUNDANE	(RG) :	MEMBER
MR S.T. BIYAM	(STB) :	MEMBER
MRS N. MUKWEHWA	(NM) :	MEMBER
MS J. MATEKO	(JM) :	MEMBER
MRS M. MUKONDOMI	(MM) :	MEMBER
MR C. MUTISI	(CM) :	MEMBER
MR P. G. MUTASA	(PGM) :	MEMBER
MS L. CHITIGA	(LC) :	GENERAL MANAGER

APOLOGIES

MR E. PHIRI	(EP) :	MEMBER
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IN ATTENDANCE

MR E. MUNGWARIRI	(EM) :	DIRECTOR FINANCE AND OPERATIONS
MR B. MATONGERA	(BM) :	DIRECTOR CONTRIBUTIONS, COLLECTIONS AND COMPLIANCE
MS C.T MUGWIRA	(CTM) :	GROUP LEGAL ADVISOR & BOARD SECRETARIAL SERVICES EXECUTIVE (Minuting)

Item		Action
1.	<p>Constitution of the meeting The notice of the meeting having been circulated was taken as read. Members present constituted a quorum and the Chairman called the meeting to order at 0910 hours.</p>	
1.2	<p>Chairman's Welcome Remarks The Chairman welcomed everyone present and extended a special welcome to Mr Peter Gift Mutasa to the Board following his reinstatement on the 18th November 2017.</p>	
1.3	<p>Opening Remarks The Chairman highlighted that there was a new political dispensation and the Authority joined the people of Zimbabwe in celebrating the inauguration of His Excellency, Cde Emmerson Dambudzo Mnangagwa as the Head of State and Government, Commander in Chief of the Zimbabwe Defence Forces and President of the Republic of Zimbabwe.</p> <p>He noted that the last few months had seen extensive negative media coverage of NSSA. He emphasised that the Board must remain resolute and must persevere in executing its mandate well and responsibly. He emphasised that the executives were there to build the institution and preserve the Authority's legacy. The executives were responsible for upholding the values of the Authority as they were the ones who had a vested interest as they derived their income from the Authority and would be working for the Authority long after the Board had left. There had to be an inculcated culture of discussing and resolving matters internally as a NSSA family as opposed to doing it in the public domain.</p> <p>The Authority's outlook for 2017 was very positive. The projected surplus for 2017 was approximately \$160 million compared to \$105 million reported in the prior same period. NSSA's asset base was sitting at \$1.5 billion as at 31 October 2017.</p> <p>The Chairman reported that the Board training workshop went on very well. All members had attended save for Mr Eriya Phiri, Mr Sij Biyam and Mr Peter Gift Mutasa who were committed elsewhere. The Auditor General had raised the issue of the Board having not been trained and this had now been addressed.</p> <p>1.3.1 The matter of Chikuni Mutiswa Mr Chikuni Mutiswa had sought redress from the former Minister of Public Service, Labour and Social Welfare, Mr Patrick Zhuwao. He had entered into an out of court settlement with NSSA and was paid \$509 549 as full and final settlement of his labour dispute. Mrs Daphine Tomana and Mrs Nester Mukwehwa were congratulated on the successful conclusion of the matter.</p> <p>The Chairman urged members to discuss and make decisions collectively as a Board. He advised that the Cabinet was dissolved on the inauguration of the new President and currently, there was no Minister of Public Service, Labour and Social Welfare. The Permanent Secretary would be in authority temporarily until a new Minister was appointed.</p> <p>At the conclusion of the Chairman's opening remarks, he asked if the members had any further comments. Mrs Tomana raised an issue regarding instances</p>	

	<p>where a Minister would have given directives for certain decisions. She queried to what extent the Board would be protected. Her query arose from an incident where members of the Management from a certain public entity had been arrested for certain decisions and resolutions undertaken at the instance of the directives of the Minister of Local Government.</p> <p>The Chairman advised that, Mrs Daphine Tomana would be key in addressing this matter for the Board members as the lawyer on the Board. He further stated that he had always been very clear with the Board that whatever decision the Board made, the Board had to be able to defend its position. The Chairman advised that should it so happen that the Board found itself in such a situation, the Board could only produce a written directive to safeguard itself. The guiding principle of the members should always be the NSSA Act. He advised that the moment the Board acted outside the NSSA Act, the Board should be prepared to face the consequences. He reiterated that it was very clear that in everything that the Board resolved, the Board had acted within the NSSA Act. Even with the matter concerning the decision to settle Mr Chikuni Mutiswa out of Court, the decision had been unreservedly taken by the Board.</p> <p>Mr Richard Gundane queried the fact that an evaluation of the Board had not been undertaken at the end of the Board training session. The Chairman advised that there was an evaluation form that was to be availed to members at the end of the Board meeting. Members were to input and return the forms after the meeting to the Group Legal Advisor and Board Secretarial Services Executive.</p>	
2.	<p>Declaration of Interests</p> <p>The meeting was advised that Ms Liz Chitiga was a former Director of Trust Bank and that Mr Robin Vela had resigned from the boards of FBC Holdings, FBC Reinsurance, First Mutual Holdings, and First Mutual Health. He was no longer a board member on any of the NSSA investee companies and now only sat on the NSSA Board. This followed the announcement that he had made at the Board meeting of 30 June 2017 wherein he had advised of his intentions.</p>	
3.	<p>Approval of Previous Minutes</p>	
3.1	<p>Approval of Previous Minutes held on the 26th September 2017</p> <p>Mr Charles Mutisi proposed the approval of the minutes and was seconded by Ms Jemina Mateko. The minutes of the meeting held on the 26th September 2017 were approved as a true and correct record of proceedings.</p>	
3.2	<p>Approval of the Non-Executive Directors (NED) Minutes of 26th September and 10th November 2017</p> <p>Mrs Daphine Tomana proposed the approval of the minutes and was seconded by Mrs Nester Mukwehwa. The minutes of the Non-Executive Directors held on the 26th September 2017 and the Special Board meeting of the 10th November 2017 were approved as a true and correct record of proceedings.</p> <p>Mr Peter Gift Mutasa asked if the timing to increase NED fees was right, bearing in mind the changed administration. The Chairman advised that the issue had been debated at Board level and had been taken up to the Ministry which had agreed to the increase. The new fees had now been effected and were to prevail going forward.</p>	

4.	MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING	
4.1	<p>Chipinge Mall</p> <p>Management reported that tenancy was now at 59% and the Investment Properties unit had drafted a policy amendment to allow informal local traders to apply for leases. Mr Richard Gundane enquired if the Chipinge Mall project was just a Corporate Social Responsibility venture or if it would give returns and be accounted for as an investment. The General Manager advised that NSSA had two types of investments which were namely for investment returns and those for positive social impact. The Chipinge Mall was located in a town with low economic activity and would therefore not yield much by way of returns. It was therefore classified as a social impact investment.</p>	
4.2	<p>Africom Holdings</p> <p>Management reported that Huawei had held up the negotiation process by insisting that they wanted assurance that the Authority or another entity would buy the Treasury Bills (TBs) from them, once the TBs had been issued. The Authority had offered to buy the TBs at a 75% discount but that offer had been rejected and the negotiations were still ongoing. The Board was informed that Zimbabwe Asset Management Company (ZAMCO) would assume the total debt of approximately \$18 million which included \$1,8 million that had been paid by the Authority to Stanbic. ZAMCO through the RBZ was to then issue TBs to the lenders in exchange for the debt.</p>	DM
4.3	<p>Woodlands Farm Land Compensation</p> <p>Management reported that they were pursuing the execution of the verbal agreement of compensation of land from the Permanent Secretary of Lands through the line Ministry. The General Manager had written a letter to the Permanent Secretary for Lands requesting for the Authority to receive compensation by way of an alternate piece of land.</p>	DM
4.4	<p>Chegutu Hintonville</p> <p>Management reported that Gabroc Investments had instituted legal proceedings against the Chegutu Town Council and the Authority was cited as a second applicant. Gabroc Investments had further advised that at a Council meeting held on the 3rd of November 2017, the majority of the Councillors had voted to conclude the matter in favour of Gabroc Investments.</p> <p>Management had requested a copy of the minutes to confirm this position. A letter had been written to Dr Philip Chiyangwa requesting for minutes of the Chegutu meeting but these had not yet been availed. The Authority was advised to also reach out to Honourable Dexter Nduna as the member of Parliament for Chegutu to assist with closure of the matter.</p>	DM
4.5	<p>Chinhoyi Land Development (Brundish Park)</p> <p>Management advised that the Chief Property Investment Officer would visit Chinhoyi Council to resolve the rates issue which had stalled progress. The property was being developed by the National Building Society (NBS). The Board was advised that the matter concerning the development of the land was not what was reported in the media but was in fact a result of the Tender having been referred back to the State Procurement Board (SPB) because of the price escalation due to the difference between the NSSA feasibility pricing and the prices tendered by the market. The media had falsely reported that the Authority had lost money and was to write off the land.</p>	DM

4.6	Telecel Transaction Update Management reported that the Authority had received payment for the 4 th quarter which was due on the 31 st of December 2017. The total payments received to date were \$16.04 million and the outstanding balance was \$27 million.	DM
4.7	Asset Value Protection The Investment Policy would be presented at a strategy and training session that had been scheduled for January 2018. The process of divesting from monetary assets to real assets such as property and equities was ongoing. The equities market had retreated significantly over the past month but Management was of the view that there was still value in some of the counters.	DM
4.8	Contributions and Premiums Debtors Confirmation The Board was advised that the year- end confirmation of contributions and premiums debtors' balances would be done in January 2018.	BM
4.9	The NSSA Rehabilitation Centre A preliminary project plan for the establishment of a prosthetics workshop had been drafted with the assistance of the Chief Strategic Investments Officer. The plan would be concluded after the visit to Germany which was scheduled from the 11 th to the 15 th of December 2017. The Chief OSH and Rehabilitation Centre Officer, Chief Strategic Investments Officer and the Rehabilitation Centre Manager would constitute the team travelling to Germany. The plan for the project would be circulated to the relevant Board Committees once it had been completed.	BN/DM
4.10	2016 Annual Bonus Management requested the NSSA Workers' Union to withdraw the 2016 bonus case from the courts to enable both parties to negotiate a way forward regarding the payment of bonuses. The compromise was that if the case was withdrawn, the Authority would be able to award a bonus for 2017. At a Collective Bargaining Negotiating Council (CBNC) meeting held on the 22 nd of November 2017, the employees advised that they would not withdraw their case and stated that if Management wanted to pay a 2017 bonus, they should do so and not link that payment to the case that was already before the courts. The Board at its discretion, resolved to pay the workers a 13 th cheque for 2017 in recognition of the Authority's good performance as reflected in the financials. Mrs Daphine Tomana advised that as an option, individual letters may be written to staff asking them if they want to be paid a 2017 bonus and withdraw the court case as an individual. Mrs Nester Mukwehwa advised that the Ministry had already approved the 2017 bonus. She also emphasized that in 2016 the Board had exercised its discretion not to pay a bonus and in 2017, they again exercised their discretion to pay a bonus this time. Mr Peter Gift Mutasa advised that Management should not use the withdrawal of the court case as a condition to pay workers their 2017 bonus. The issue of fairness could be raised in this instance. The request by management for workers to withdraw their court case was an indication of flexing its power and would not go well for the Authority. The two bonus issues should be treated separately and the Board had to wait for the court to pronounce judgment with regards the 2016 bonus matter. The Board agreed that there would be no individual letters to be written to workers and that the issue of the two bonus payments would be treated separately.	CTM

	It was resolved that employees be paid a 13 th cheque as a bonus for 2017 and that the issue of the 2016 bonus and the 2017 bonus would be treated separately.	EM
4.11	State Procurement Board Issues The meeting was informed that there was a continued non-responsiveness by the SPB of issues raised with them which made procurement a very difficult task for the Authority. Mr Sij Biyam had been tasked to engage the Chairman of the SPB in order to facilitate conducive engagement with the Authority. The SPB Chairman had been contacted and a suitable date for a meeting between the General Manager, the Board Chairman and Mr Sij Biyam would soon be agreed on.	LC
4.12	Government Contributions Management reported that the Government had been paying its employee contributions on time. Only the employer part was in arrears with the October 2017 contributions still outstanding.	BM
4.13	Cold Storage Company (CSC) Proposal Management reported that the agreements for the share subscription were now with the Ministry of Finance and Economic Development. Once the agreements were signed off, the Authority would conduct a due diligence on CSC. Mr James Chiwera who had been assigned by Management to conduct a preliminary due diligence on CSC would compile a report to the Authority. In order to gain a better understanding of the CSC business, visits to Namibia, Botswana and Zambia would be arranged for the Authority to learn and copy what other countries were doing in that sector. The Chairman asked when approval to invest in CSC would be received from the Ministry of Finance and Economic Development. Mrs Memory Mukondomi advised that the last time she had checked, the matter was still waiting for the Minister of Finance and Economic Development's approval. The matter was very urgent and Mrs Memory Mukondomi would make a follow up.	DM
4.14	Rainbow Tourism Group (RTG) The Zimbabwe Stock Exchange (ZSE) granted the Authority a special 12 month renewable waiver on making an offer to the minority shareholders subject to the Authority demonstrating progress in implementing measures that would result in a dilution at a future point to below 35%. Management executed the acquisition of First Mutual Holdings Limited's 20% shareholding in RTG which culminated in Board changes at RTG. Further engagement had been made with the RTG Management in respect of their strategic thrust targeting the tourism value chain. Mr Sij Biyam, who was now the Chairman of the RTG Board, advised that in the week beginning the 4 th of December 2017, RTG would hold a strategy session and there would be a full brief thereafter to the Authority.	
4.15	Nationwide Shipping Containers Management reported that the City of Harare Council had verbally offered the Authority space at the corner of Samora Machel Avenue and Chinhoyi Streets to install containers for business use by small and medium enterprises. The City of Harare and the Authority were negotiating the rental rates and other requirements before the installations could be done. Management noted that the Chinhoyi Town installations had not progressed and the Chief Property	DM

	Investment Officer should engage Councillor Charles Mutisi for assistance in this regard.	
4.16	Data Clean Up Exercise Management reported that Comarton Consultants were on course with the data clean up exercise. A meeting was held on the 29 th November 2017 where Comarton had presented the data management platform they had developed and conducted training. Management anticipated that by the end of December 2017, the data clean up exercise would be concluded and a clean database would be in place.	EM
4.17	SMM Holdings and Trust Bank Debt Recovery The law firm Dube, Manikai and Hwacha was working for both parties that is the Authority and SMM Holdings in a transaction involving the recovery of contributions due to the Authority. The matter involved the provision of land to the Authority by SMM Holdings equivalent to the outstanding debt of \$7.8 million and the two parties would form a special purpose vehicle to put up a solar energy field. The transaction was at an advanced stage of finalisation. Valuations for the land were being done to determine the size of land to be transferred to the Authority once there was confirmation that the land could be used for the intended purpose. The Board was advised that Trust Bank had been engaged on the same basis and the matter would be settled out of court. The Authority would receive property valued at \$4.6 million which would offset the debt outstanding.	DM
4.18	Celestial Park – Installation of Permanent Power The installation of permanent power at Celestial Park was 90% complete with Zimbabwe Electricity Transmission and Distribution Company (ZETDC) still to confirm the specific connection point. ZETDC required the Authority to finance the establishment of a ring main in order to cater for other developments at a cost of \$390,000.	DM
4.19	Capital Bank Update Management reported that efforts for a mediated settlement as well as discussions around arbitration had not yielded any results, mainly due to inconsistent actions and unreasonable demands made by Mr. Patterson Timba. An Extraordinary General Meeting (EGM) for Capital Bank was held on the 27 th of October 2017 in order to confirm the appointment of the new non-executive directors of Capital Bank. Mr Patterson Timba had been notified of the EGM but had instead declined to attend. Efforts were now underway for an out of court engagement between the external legal counsel to both sides, namely, Messrs Gerald Mlotshwa and Advocate Thabani Mpofu. The Authority had written to the Reserve Bank of Zimbabwe requesting for permission to access the Capital Bank premises and a response was awaited. A new Capital Bank liquidation application would be submitted in the week beginning the 4 th of December 2017 and would replace the initial one which would be withdrawn by the Authority.	CTM
5.	General Manager's Dashboard	
5.1	Housing Projects Management advised that the Authority was going to upload the NSSA housing projects onto its website. It was imperative for the Authority to show that it was	DM

	<p>creating employment through these housing projects. Mr Peter Gift Mutasa suggested that the Authority should invite selected Trade Union leaders to tour some of the housing projects. The tour would be an opportunity for NSSA to show that through its projects, NSSA participated in much needed job creation and wealth for the workers. The Chairman requested that a team which comprised of the General Manager, Mr Peter Gift Mutasa and Mr Kurauone Chihota should take the Trade Union Heads to the housing project sites on a date to be advised.</p>	
5.2	<p>Government Contributions Arrears</p> <p>Management advised that Government was two months in contribution arrears for the employer part while the employee part was up to date. A special commendation was made to Mrs Memory Mukondomi for a sterling job in ensuring that the payments continued to be received from Government.</p>	BM
5.3	<p>Benefits Payments – Funeral Benefits Enhancement</p> <p>Management reported that there were five fraudulent claims that had been recorded by Ecosure. Management further reported that Ecosure had advised that they were incurring losses on the product and would want the product to be repriced. This was however a matter for Ecosure to sort out as they were responsible for their administration and data management. Management advised of its intention to include the Authority and NBS employees on the Funeral Benefit Enhancement cover provided by Ecosure. The younger employees would dilute the longevity risk which had proven too high for pensioners alone. The Chairman stated that if Ecosure was not willing to continue with the deal, then the Authority was free to retender for alternative service providers.</p>	
5.3.1	<p>Management reported that the Director - Contributions, Collections and Compliance and the Marketing, Public Relations, Communication and Corporate and Social Responsibility Executive had attended an East and Central Africa Social Security Association (ECASSA) sub regional meeting in Uganda which covered Tanzania, Rwanda, Burundi and Zambia. Zimbabwe took advantage of the invitation to register with this regional grouping. Uganda had been recognised as an International Social Security Association (ISSA) member and had won a global award on service excellence. Management advised that according to their findings, the benchmark for social security in Africa was Ghana. Management reported that the ECASSA Chairmanship rotated annually amongst its members. There was also a likelihood that Zimbabwe as a new member, would be requested to host the next meeting of ECASSA per the ECASSA's tradition.</p>	
5.3.2	<p>The Chairman suggested that there had to be a champion chosen from the executive team to focus on working towards achieving the world recognised Vision Zero status by the Authority within a given timeframe. The General Manager advised that there were ISSA guidelines that were in place and each division had been asked to review the guidelines in respect of the work of their respective divisions. Each division was to comply with ISSA during the course of 2018 with a view to ascertain ISO certification thereafter. Mrs Daphine Tomana asked if there was need to have particular executive team or person to focus on business development. Management advised there was a Business Development Manager involved in the Informal Sector Project. The Chairman reiterated that the skill was necessary considering the global developments in social security. It was an important point which had to be considered seriously by Management, in light of the given suggestions.</p>	

5.4	<p>Mobile Clinic</p> <p>Management reported that the Authority had embraced technology and hoped to progress to real-time feedback to the medical staff and their patients when the mobile clinic is in use irrespective of location. Facilities such as the running of patient medical tests were now being undertaken by the mobile clinic team when on the various mobile clinic visits. The Authority was working on new ideas which would be communicated to the Board once fully developed. Mr Peter Gift Mutasa highlighted that the tobacco sector was huge and it was an area that the Authority should monitor closely on health and safety matters. He advised that employers may not bring out the real issues with regards to the health and safety of the workers, yet it was common cause that the tobacco sector was fraught with many hazards and the workers in that sector might very well benefit from the mobile clinic. The Tobacco sector and others which may not yet have been mentioned, was a viable sector but viable sectors could be overlooked and it was important that the Authority should consider them. The Chairman emphasised that the Authority had to go beyond just patronage through the provision of the mobile clinic services but its activities had to be structured in a way that would make it self-sustaining. The General Manager reported that the mobile clinic was sustaining itself through charging the industry an amount that would cover the costs. The Chairman advised that the self-sustenance was important, especially when it was considered that the mobile clinic helped the Authority to comply with some of the Sustainable Development Goals (SDGs) requirements. The mobile clinic was a positive story for the Authority that should be well articulated and the message widely spread as part of the NSSA narrative.</p>	BM
5.5	<p>ZB Financial Holdings Limited (ZBFHL)</p> <p>Management reported that FBC Holdings Limited (FBCHL) was still keen to acquire ZBFHL subject to the outcome of the ongoing discussion around a possible demerger of ZBFHL. Mr Nicholas Vingirayi was demanding his assets back from ZBFHL. The Authority had resisted his demand and advised ZBFHL that it would only accept a proposal that articulated a clear commercial rational and ensures that all shareholders derived value and not just Mr Nicholas Vingirayi.</p>	DM
5.6	<p>Investment Properties Rental Arrears</p> <p>Mrs Daphine Tomana queried why rent arrears were so high at \$11,1 million and the rational to write off \$2,79 million. The write off was premature as alternative methods to recover the rentals had to be exhausted before recommending a write off. The Chairman suggested that some amounts may be written off to be prudent but the Authority should continue to pursue recovery of the same. An example was Chegutu, Hintonville where the Authority had written the land off but continued to pursue restitution.</p>	DM
5.7	<p>Corporate Social Responsibility</p> <p>Management reported that the refurbishment of the Harare Children's Home was in progress. The refurbishment was financed from the proceeds of the Charity Golf day of the 23rd of June 2017.</p>	LC
5.8	<p>Media Relations</p> <p>Management had engaged the Financial Gazette at Financial Gazette's request following negative media coverage by the latter. The Authority used this opportunity to tell its own narrative. Management intended to engage other media houses and narrate the same. Further to this, there was a cocktail</p>	

	<p>scheduled in December 2017 where the media fraternity was invited to familiarise and appreciate what the Authority was doing.</p> <p>Mr Sij Biyam raised concern over the slow speed at which media issues were being addressed and wondered if there was a way, with the assistance of the parent Ministry, that these issues could be progressed at a faster pace. It was the legacy issues that were key focus points of the negative publicity. Initiatives such as the ease of doing business had been tabled through the Office of the President and Cabinet and Mr Sij Biyam suggested that the Authority needed to go through a similar initiative as well, to ensure that the progress the Authority had made was not slowed down by the persisting negativity brought by the legacy issues. Mr Peter Gift Mutasa indicated that it was imperative that the media should not be muzzled as this would have negative repercussions on the Authority. He advised that the Authority had to encourage partnerships and obtain feedback in order to know where to improve bearing in mind what the media would have perceived to be constructive criticism coming from them.</p> <p>The General Manager advised that in having the media engagements, what the Authority requested for and required was responsible journalism. Management was adamant in that it would not bribe journalists to silence them but rather encouraged that journalists must be responsible and engage the Authority first before writing stories which were not factual. The General Manager emphasised that the negative journalism was undertaken without the adequate and contextual input from the Authority itself. The Board advised management that the new political dispensation required the Authority to generate new ideas and to be proactive rather than reactive, especially in light of the media attention around NSSA. Management reported that it was excited by the new dispensation and also welcomed suggestions on any new initiatives the Authority could take.</p>	
6.	Finance Report	
6.1	<p>Revenue</p> <p>Management reported that contributions and collections for October at \$26,5 million were 117% of budget. The amount included \$5,8 million received from Government to clear two months arrears. Investments income for the month at \$2,8 million was 99% of budget.</p> <p>Cumulatively collections and contributions were \$213,9 million against a budget of \$225,9 million. Cumulative investment income at \$44,6 million was 72% above budget.</p> <p>The Authority accounted for collections and premiums on a cash basis and only adjusted debtors' balances at year end. The Chairman expressed his unhappiness with the fact that the Authority continued to account for collections and premiums on a cash basis and tasked management to ensure that monthly billing was done and debtors' balances adjusted accordingly.</p> <p>Investment income had grown significantly due to the Telecel transaction gains of \$7 million realised to date and \$2,7 million uplift in the StarAfrica loan conversion.</p>	EM
6.2	<p>Claims costs</p> <p>Claims cost for the month of October were \$14,2 million and were 87% of budget. The impact of the minimum pension increase from \$60 to \$80 was an</p>	

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	<p>additional \$1,6 million to monthly claims cost. The Authority also continued to provide \$1,2 million for potential unpaid claims.</p> <p>The cumulative claims cost at \$125,3 million were 88% of budget. These were low partly due to the timing of the pension increases.</p>	
6.3	<p>Staff Costs and Administration</p> <p>Staff costs for the month at \$1,7 million were 88% of budget and cumulatively at \$19,7 million were 92% of budget.</p> <p>Administration costs for the month at \$3,9 million were 303% of budget and cumulatively were 104% of budget. Included in the administration costs was a write off of \$2,5 million being uncollectable garnishee payments to the Zimbabwe Revenue Authority (ZIMRA).</p>	
6.4	<p>Surplus</p> <p>Management advised that the forecast surplus for 2017 was \$166 million compared to a full year budget of \$141 million and prior year's surplus of \$95 million.</p> <p>The Board commended management for the outstanding financial performance in 2017.</p>	
7.	<p>2018 Proposed Budget</p> <p>Management presented the 2018 budget for consideration and approval by the Board. The budgeted total income of \$424 million was an increase of 9% from the 2017 forecast of \$391 million. The total budgeted operating costs at \$73 million were an increase of 18% from the 2017 forecast of \$62 million. Staff costs at \$23,7 million were budgeted to increase by 24% from 2017. The Board was of the view that the budgeted operating costs were too high and need to be reviewed objectively. Management reported that the budget might need to be reviewed in the 1st quarter of 2018 given the prevailing inflationary pressures.</p> <p>The Chairman requested management to present the 2017 actuals at the same time they presented the 2018 budget to the Board for approval. He advised that the ICT, Finance and Contributions Committee should interrogate the budget and ensure that all contentious areas are addressed before the Board meeting.</p> <p>The Board was not comfortable with the ICT capital expenditure budget of \$12,8 million which it viewed as high and had to be thoroughly interrogated. It was also important that the informal sector budget be presented to the ICT, Finance and Contributions Committee at their next meeting before coming to the Board for approval.</p> <p>The Chairman advised Mr Charles Mutisi and Mr Peter Gift Mutasa to take the lead in interrogating the 2018 budget at the next ICT, Finance and Contributions Committee as there were serious issues that the Committee needed to deal with.</p> <p>The Board resolved to adopt the budget as presented on condition that the ICT, Finance and Contributions Committee would review the revised budget in the first quarter of 2018.</p>	EM

8.	ICT Report	
8.1	<p>Informal Sector ICT System</p> <p>Management reported that the Systems, Applications and Products (SAP) system was currently not working and that the project implementation period was in excess of 48 months having been initially planned to be completed in 12 months. The Authority was not liable to pay the \$5,2 million billed by Twenty Third Century Systems (TTCS) for additional licences as the system was not commissioned. Management reported that TTCS was playing the political card as TTCS had approached senior politicians who were now calling the Chairman and asking why the Authority was refusing to pay TTCS. The Chairman advised that the demands were being made in spite of the fact that the system was not working. Mr Sij Biyam sought to understand what the Authority's contractual obligations with TTCS were and also that since it was now known that the system had failed to work as expected, what management was doing to ensure they implemented an ICT system fit for social security. It was important that the system that was chosen worked to the best advantage of the Authority and its stakeholders. Management reported that the findings from the recent trips to other countries on the continent showed that social security ICT system being used was Oracle based. The three countries visited, which are Tanzania, Kenya and Zambia were happy with the Oracle system. There were some minor issues concerning Oracle that had been encountered, but those countries who were making use of Oracle, were happy with the results. Mr Sij Biyam advised that he was happy to go with the suggested Oracle system.</p>	
8.1.1	<p>Mr Charles Mutisi advised that the Authority had no access codes to the SAP system. TTCS were threatening to shut SAP and the Board had to ensure the Authority's operations were not interrupted further to the decision to terminate SAP at this juncture. It was highlighted that the Authority's employees were extremely unhappy with the SAP system. Mr Charles Mutisi said that in all the three countries they had visited, their hosts were surprised that the Authority was using SAP to run social security. The Board was of the view that TTCS should be held accountable for the myriad of issues that remained unresolved with their system, instead of them instigating litigation against the Authority. TTCS had major delivery issues that were pending. If the matter turned litigious, then the political pressure had to be alleviated by the two parties going for arbitration. The Board was of the view that the legal and audit opinions that had been given, sufficed to ward off any external pressures and justified the matter proceeding to arbitration. The Chairman had expressed his reservations with TTCS because of the issue of licensing which he deemed very expensive. Mrs Nester Mukwehwa was of the view that having heard all the presentations made, the system would never work for social security, even after paying \$10 million. The full extent of the contentious issues should therefore be resolved at arbitration. The Board expected that there would be a lot of resistance from TTCS which might be very negative.</p>	
8.1.2	<p>Mrs Daphine Tomana enquired on what was stopping the Authority from terminating the TTCS contract. Management responded by saying that the Authority now had a backup system and therefore termination was possible, notwithstanding the pressure that was being exerted on the Chairman. Mr Sij Biyam requested the ICT, Finance and Contributions Committee to present a detailed report on the TTCS/SAP matter to the Board. The report would be instrumental in guiding the Board in making a final decision. Mr Charles Mutisi advised that there were comprehensive files that had been prepared that would be sent to offices such as that of the Auditor General and the President and</p>	

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	<p>Cabinet. Mrs Daphine Tomana added that the issues had been well articulated in the different Committees. The other concern that involved TTCS as raised by the Chairman was that SAP South Africa had been implicated in a case which involved pricing corruption. The case had been brought to light further to the exposition of the Gupta's corruption scandal in South Africa. SAP Germany had reported the matter to the USA Head Office. If the Authority were to make any payment to TTCS, that payment had to be approved by SAP Germany to avoid possible entanglements in the alleged corruption case. The Chairman advised that the Foreign Corruption Act which may be evoked in such dealings related to the members individually.</p>	
8.1.3	<p>Mr Peter Gift Mutasa stated that the Board had done everything it could and the only logical decision in light of all the given information was to sever ties with TTCS. He proposed that the NSSA legal unit and the external counsel advise on the consequences of terminating the system. The other critical issue was to ensure that there was a backup system which was a good alternative to the SAP system and to ensure that the NSSA core functions did not collapse once the SAP system was shut down.</p>	
8.1.4	<p>The ICT, Finance and Contributions and the Legal and Litigation Committees were tasked to urgently work on the matter as it had serious implications. The ICT, Finance and Contributions Committee would call for an urgent meeting with management in order to be given assurance that there would be no interruption or inconvenience with regards to the December 2017 pensioners' payments. This would be a grave matter of national interest if pensioners were not paid because of the decision the Board made on SAP.</p>	
8.1.5	<p>The ICT, Finance and Contributions Committee was required to be very clear with regards to sending out the Request For Proposal (RFP) for a new system. Mrs Daphine Tomana and the Group Legal Advisor and Board Secretarial Services Executive were tasked to engage the selected external legal counsel who was Mr Edwin Manikai of Dube, Manikai and Hwacha to formulate a legal opinion on whether or not NSSA could terminate the TTCS agreement and what the consequences thereof might be. The Chairman would engage Mr Edwin Manikai and advise him of the urgency of the matter.</p> <p>The termination would only be communicated to TTCS once the legal opinion and management had presented a credible ICT contingency plan to ensure critical function remained operational. A draft termination letter from the lawyers was to be submitted to the Board first, before approval for release to TTCS.</p> <p>The Board resolved the following;</p> <ul style="list-style-type: none"> i) To terminate the TTCS system subject to a legal opinion from the internal and the external counsel on the implications of termination forthwith; ii) Management to submit comprehensive paper detailing all the issues that had come with the SAP system and the contingency plan for the Authority. iii) The RFP was to be released and the Authority was to start the process of acquiring an alternative ICT system. 	<p>CTM</p> <p>EM</p> <p>EM</p>

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9.	Audit and Risk Report	
9.1	Tetrad Bank Tetrad were disputing the sale price of properties held by the Authority as security and approached the courts for restitution. Management reported that the matter was due to be heard in the Supreme Court with the Authority being represented by Advocate Zhuwarara. A parallel process of negotiation between the Tetrad Chairman and the buyer of the property was also underway in order to resolve the matter.	CTM
9.2	Hintonville Land Management reported that it was working with Mr Philip Chiyangwa to resolve the matter where land was still to be transferred to the Authority. The Authority had become a joinder to legal proceedings instituted by Mr Philip Chiyangwa against the Chegutu Town Council in order to get the land back. Hintonville was a legacy issue and its successful closure would assist in quelling the negative media that made headlines about the Authority.	CTM
9.3	Beitbridge Hotel Management advised that it continued to pursue its search for tenants or some other viable use for the hotel. The Beitbridge Town Council was yet to conduct a valuation of rates for the property and no bills had been received as yet by the Authority. All movable assets that had been in the property had been removed. The Authority was currently expending in insurance, water and electricity on the building which amounted to \$18,480. The monthly water and electricity costs alone were about \$2,600.	DM
9.4	Collection of P4 Forms The NSSA Inspectors were continuing with the P4 form collection exercise. The Contributions and Compliance Division had engaged various stakeholders such as Paynet and the Employer Confederation of Zimbabwe (EMCOZ) in an effort to improve compliance.	BM
10.	Internal Audit Report The Audit and Risk Committee Chairman reported that the issue of fraudulent death claims was serious and unfortunately, a reality. The low cure rate of matters raised by the Auditor General was a cause for concern as the Authority was entering another audit period. It was therefore imperative that the uncured issues had to be cured as a matter of urgency. Management was advised to ensure that the responsible executives cure the issues by set timelines. The General Manager responded that most of the issues had been cured with the exception of properties. The majority of the uncured issues in the Properties division were concerned with the issue of title. The ICT department had a whole new team and it would be a while before the team could familiarise and cure all the ICT issues. The Chairman emphasised that the cured issues should be noted and the status of the uncured issues reported to Mr Sij Biyam. Mrs Daphine Tomana asked what the internal audit issues were as they were not addressed in the report. Mr Sij Biyam advised that the issues were those that were taken up by each executive and would therefore be followed up internally.	ALL
10.1	Proposed 2018 Annual Internal Audit Plan The proposed risk based audit plan to guide internal audit activities from January 2018 was reviewed and approved by the Committee for adoption by the Board. According to the audit plan, high risk areas such as Contributions, ICT, Investments and Benefits, would be reviewed twice during the year.	

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	<p>The audit plan was risk based and was aligned to the NSSA Corporate Strategy. The plan would have scheduled follow ups on Internal Audit and Auditor General issues. The plan had been drafted after consultations with all divisions within the Authority.</p> <p>The cross cutting themes on all audits included: data integrity, service delivery, cost control, reconciliations, regulatory compliance, process automation and efficiencies and data disaster recovery.</p> <p>The Board resolved to adopt the Internal Audit plan</p>	
11.	<p>Investments and Procurement Report</p> <p>The Chairman advised that there would be an Investments Retreat from the 7th to the 11th February 2018. The retreat will be driven by the investments team. The retreat was compulsory for the Board Investments and Procurement Committee Members given that investments were key for the delivery of the Authority's mandate. The Board as a whole was however encouraged to attend. The Chairman stated that one of the key aspects raised by the former Minister Patrick Zhuwao was whether or not the Authority was invested in the right areas. The issue of NBS doing housing under the Authority had been brought into focus by the Minister. However the business model had been proven to work, an example being of Old Mutual's interest in CABS and so was the Authority's interest in NBS.</p> <p>The Chairman was of the view that the more the Board and Management understood investments, the investments transactions would be better appreciated and there would be less issues on NSSA investments. The idea was to maximise returns on the investments that the Authority entered into. The Chairman advised that the new Investment Policy would be presented and interrogated by participants at the retreat and adopted after incorporating the comments raised therein. The General Manager underscored that there had not been a single loss on any of the investments since the appointment of the current Board. Mr Sij Biyam pointed out that there was public misconception about the investments undertaken by the Board as there were legacy issues that the Board had had to deal with. The Board had been progressive and had created value whilst at the same time the Board had managed to recover value on the legacy issues.</p>	
12.	<p>Actuarial, Social Security, OSH and Rehabilitation Centre Report</p>	
12.1	<p>Actuaries Report</p> <p>Management reported that following the completion of the actuarial valuation of NSSA schemes as at 31 December 2016, it was observed that the schemes were able to afford to pay a 13th cheque as a bonus payable to all registered beneficiaries in December 2017. The actuaries' assessment showed that adopting a policy to pay a 13th cheque as an annual bonus to registered beneficiaries was affordable, given the current levels of pension pay-outs as well as the reported actuarial valuation results.</p> <p>The Board resolved to make the payment of the 13th cheque for 2017 as a bonus to pensioners. The payment was to be made as a once off and was at the discretion of the Board.</p>	

12.2	<p>OSH Bill Study Visits</p> <p>The Ministry of Labour and Social Welfare had requested for funded study visits to South Africa and Zambia. The study visits were recommended by the Office of the President and Cabinet (OPC) at their feedback session during the consultative process. One of the areas of concern by the OPC was the separation of duties between the NSSA Board and the OSH Advisory Council, which would be established by the new Act. The study visits would assist in the filling of information gaps and would finalise the drafting process of the Bill and promulgate it into law. It was noted that the funding was not budgeted for and the estimated costs were \$30,326.</p> <p>Mr Sij Biyam stated that the concern with the visits was on the composition of the delegation. All the social partners in the tripartite must be involved in the study visits. The stated delegation according to the proposal consisted of the Ministry's legal department, Zimbabwe Occupational, Safety and Health Council (ZOSHC), labour organisations, two persons from the drafting division of the Attorney General's office and the NSSA Officers but not all the tripartite members were represented. The General Manager had responded that the list and the budgetary figure was misleading as it was calculated before the inclusion of the other tripartite officials. The figure was an estimate and it would be approximated once the matter was concluded. Mrs Nester Mukwehwa advised that since the funding had not been budgeted for, a virement could be made or the budget would be factored into the forthcoming 2018 budget. Members also advised that ZOSHC had to meet and agree on how they would arrange for their inclusion in the trip as they had not been included in the preliminary preparations. Management advised that the matter was urgent as the Bill had stalled because of the delayed visits.</p> <p>The Board resolved that;</p> <p>The study visits were approved on the basis that the budget would be capped at \$50 000 subject to the changes as a result of all the Tripartite persons being included in the composition of the delegation.</p> <p>The General Manager reported that NSSA was now part of the Vision Zero Campaign launched by the ILO and ISSA which would be rolled out in 2018. Some aspects of Vision Zero were demonstrated at the 9 – 11 November 2017 Board training session.</p> <p>A paper would be done for the Board, which paper would articulate the reasons informing the Authority for coming up with the Informal Sector Scheme.</p>	BM
13.	<p>Human Resources Report</p> <p>The Human Resources Committee recommended payment of a bonus to staff in light of the favourable performance of the Authority in 2017. The total amount payable would be \$1,8 million of which \$1 million would be paid to management and \$800 000 to all non-managerial staff. The bonus would be paid together with the December 2017 salary. The Ministry approval had already been obtained and \$1,8 million was within the 2017 budget of \$4,5 million.</p> <p>The Board exercised its discretion and approved the payment of a 13th cheque to non-managerial employees and a performance related bonus to managerial employees</p>	EM

14.	Legal Report	
14.1	<p>Tetrad/Interfin/NSSA Debt Swap Tripartite Agreement</p> <p>In a bid to minimise its losses, NSSA, the Judicial Manager for Tetrad Bank and Mr Chiyangwa, a debtor of Tetrad Bank, entered into a debt swap arrangement. The Judicial Manager wanted NSSA to pay the \$3 million in the debt offset arrangement. NSSA had turned down the proposal and requested instead that the \$3 million be paid from the money held by the Deputy Sheriff. This would leave NSSA with a balance of \$1.9 million which the Investments team proposed to be recovered by getting approximately 5% of the shareholding in the soon to be established new Tetrad Investment Bank. NSSA was to be treated as a concurrent debtor in light of the fact that it no longer had security on the amount that was still outstanding. The transaction had been concluded successfully. The outstanding \$1.9 million would be catered for by NSSA becoming a concurrent creditor as was the norm with normal creditors in the liquidation process. Mr Peter Gift Mutasa emphasised that there was a need to analyse the risk to the Authority of the transactions that NSSA entered into especially with regards the choice of transactions, as the media was closely watching.</p>	DM CTM
15.	<p>Marketing, Public Relations, Communication and CSR</p> <p>The meeting was informed that there had been negative media coverage such as the recruitment article which stated the names of individuals. The General Manager advised that a stakeholder engagement would be held in the 1st quarter of 2018 to address negative issues reported in the media and clear any misconceptions. The Harare Hospital refurbishment was evidence of the Authority having done a great service to the nation and it was such services that should be given media limelight. The Authority in this regard had received a message of appreciation from the Harare Hospital Board.</p> <p>The General Manager advised that there had been a desire to rebrand and a budget for this had been put together in 2017. A Member queried if there had been a company that had been previously engaged by NSSA to conduct a rebrand of the Authority. Management reported that the Marketing, Public Relations, Communication and CSR Executive had reviewed the contract with the media agency to confirm if it covered rebranding and had discovered that the contract had been for public relations and media only. The Marketing, Public Relations, Communication and CSR Division would now work on a document for the rebranding of the Authority, which document would go through the Marketing, Public Relations, Communication and CSR Committee for approval.</p>	LC
16.	<p>The Chairman's Statement</p> <p>The Chairman advised that his 4th quarter statement was another form of media address as it gave important information about the Authority to the public. The Board deliberated on the Chairman's statement and approved its publication subject to corrections. The statement was to be published on the morning of the 1st December 2017.</p>	

	<p>Management was advised to circulate the Chairman's statement to all staff first before circulating it to the media and the Authority stakeholders.</p> <p>Management was advised to send a congratulatory message to His Excellency the Honourable President Emmerson Dambudzo Mnangagwa, on his inauguration.</p> <p>There being no further business the meeting ended at 16.50 hours.</p> <p>Signed as a true and accurate record of proceedings on this 29th day of March 2018.</p> <p style="text-align: center;">_____ R. Vela (Chairman)</p>	
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Acronyms – List of Abbreviations

NSSA	National Social Security Authority
ICT	Information Communication Technology
OSH	Occupational Safety and Health
TBs	Treasury Bills
SPB	State Procurement Board
CSC	Cold Storage Company
APWCS	Accident Prevention and Workers Compensation Scheme
RBZ	Reserve Bank of Zimbabwe
ZRP	Zimbabwe Republic Police
TTCS	Twenty Third Century Systems
SAP	Systems, Applications, Products
NED	Non-Executive Director
ZESA	Zimbabwe Electricity Supply Authority
RTG	Rainbow Tourism Group
EGM	Extraordinary General Meeting
ISSA	International Social Security Association
RFP	Request For Proposal
EMCOZ	Employers Confederation of Zimbabwe
CSR	Corporate Social Responsibility
FMHL	First Mutual Holdings Limited
ZBFHL	ZB Financial Holdings Limited
ZSE	Zimbabwe Stock Exchange
ILO	International Labour Organisation
SMM	Shabanie Mashava Mines
ISSA	International Social Security Association



INVESTMENT POLICY STATEMENT EXCEPTS

PURPOSE OF SUBMISSION

The purpose is to highlight the amendments and addition to the Investment Policy Statement after incorporating guidance received from the Investment Strategy in Vumba

BACKGROUND TO THE INVESTMENT POLICY STATEMENT

The Investment Policy Statement was presented and extensively discussed at the Investment Strategy Retreat in Vumba in February 2018. While the whole policy was reviewed, the following key areas of the Investment Policy Statement have been revised to take into account the contributions received in Vumba:

UPDATES TO THE INVESTMENT POLICY

Section 6: Articulation of the liability profile for the schemes which form the basis of the asset allocation.

The first draft of the Policy did not include the liability profile from Actuaries. The Pension and Other Benefits Scheme's liabilities are very sensitive to inflation and have been growing rapidly over the years. This Liability profile provided the basis of the asset allocation detailed in section 10.3 (page 14) of the Investment Policy.

The liability profile for the Accident Prevention and Workers Compensation Scheme (AP&WCS) showed that although the scheme's liabilities are generally short term in nature, the scheme was financially strong and was unlikely to face solvency challenges due to the design of the scheme. The implications were that an appropriate investment portfolio was one which was aggressive enough to pursue higher returns while returning reasonable liquidity. This profile provided the basis of the asset allocation in section 10.4 (page 15).

Section 7: Clear articulation of the impact and sustainable investing

The revised policy clearly articulates the need for NSSA to invest some of its funds in areas that provide impact to the economy. Specifically section 7.4 (page 11) provides that "Impact investing shall focus on economic infrastructure, social infrastructure, job creation, sustainable future, reducing poverty, empowerment, SME Funding, solving social problems and contributes to Gross Domestic Product ("GDP")"

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The revised policy in section 7.5.1 (page 11) now requires the Authority to incorporate sustainable and responsible investing principles in its activities by taking into account environmental, social and governance dimensions.

Section 10: Revised Asset allocation

We carried out a survey of actual asset allocation among other social security schemes in Africa so as to benchmark ourselves. We reviewed asset allocations for social security and pension schemes in Ghana (SSNIT), Tanzania (NSSF), Tanzania (PSPF) and Uganda (NSSF) and the Government Employees Pension Fund (constitute 88.1% of PIC South Africa's assets).

Table 1: A comparison of asset allocation across a select African Countries

Asset Class	Uganda	Ghana	Kenya	Tanzania	GEPF (PIC - SA)	NSSA - POBS
Fixed Income	81%	36%	48%	37%	37%	20%
Equities	9%	43%	31%	57%	53%	35%
Real Estate	10%	18%	21%	6%	5%	35%
Alternative		2%			5%	10%
Total	100%	100%	100%	100%	100%	100%

Our finding shows that asset allocations vary widely from across the schemes depending on a number of factors that include each schemes' mandate, policies of the host government, the macroeconomic environment, each schemes' liability profile and level of development of financial markets in each country.

We propose a broad asset categories of Fixed Income, Equities Real Estate and Alternative Investments so that the sub-asset classes will only be used to reflect the tactical and strategic focus. While we take into account the actuarial recommendations on the asset allocation limits, we propose slight variation to the actuarial recommendation by suggesting a higher allocation to alternative investments which will believe are a key source of investment growth going forward. We however propose a lower allocation to real estate given the low returns expected from this asset class. The table 2 below articulates the proposed asset allocation and tactical ranges for POBS.

Table 2 : Comparison of Actuarial Recommendation and the proposed asset allocation - POBS

Asset Class	Actuarial Recommendation	Recommended Asset Allocation	Tactical Range
Fixed income	24%	20%	10-35%
Equities	37%	35%	20-50%
Real Estate	39%	35%	30-40%
Alternative Investments	0.6%	10%	0-15%
Total	100%	100%	

Table 3: Accident Prevention and Workers Compensation Scheme (AP&WCS) proposed asset allocation

Asset Class	Recommended Asset Allocation	Tactical Range
Fixed income	30%	15-35%
Equities	35%	25-45%
Real Estate	25%	20-40%
Alternative Investments	10%	0-15%
Total	100%	

Section 13: Addition of Targeted investment sectors

While the first draft of the investment policy was silent on the target sectors, we revised to the policy to provide guidelines on the sectors that the Authority will invest in. Section 13 (page 19) of the revised policy includes the following target sectors: Agriculture, Mining, Energy, Insurance and Financial Services, Infrastructure, Tourism, Offshore, Housing, privatization bulk water and social infrastructure.

Section 15.3: Inclusion of peer group review for performance evaluation

We incorporated the need to benchmark our performance against other peer social security schemes in clause 15.3.1 (page 27) of the revised policy.

Section 18: Revision of the Monitoring and evaluation guidelines

While the first draft of the investment policy had provision for monitoring, this section was reviewed to add independence assurance to be provided by internal and external audit and the Board Audit and Risk Committee.

Section 20: Providing for Independent valuation and Validation of Performance

We revised the policy to provide for independent performance validation and valuation of investment assets in clause 20 (page 30) of the revised policy provides

DECISION REQUIRED

Management is seeking the approval of the revised Investment Policy Statement.

18.



"N"

Reserve Bank of Zimbabwe, 80 Samora Machel Avenue, P.O. Box 1283, Harare, Zimbabwe,
Tel: 263-4-703000, Fax: 263-4-707800, Telex: 26033, 26075 RESZIM ZW, Website: www.rbz.co.zw

21 October 2016

The Chief Investment Officer
National Social Security Authority
Cnr Sam Nujoma and Selous Avenue
P.O. Box CY 1387
HARARE

Attention: Mr. H. Hungwe

Dear Sir

RE: REQUEST FOR GUIDANCE ON METBANK LIMITED

1. Your letter dated 20 October 2016 refers.
2. We hereby confirm that Metbank Limited's core capital position as at 30 September 2016, is in compliance with the current minimum regulatory capital of \$25 million for commercial banks.
3. We also confirm that there are no significant issues of supervisory concern.
4. Should you require further clarification, please do not hesitate to contact the undersigned.

Yours faithfully

N. Mataruka
Director
Bank Supervision



Handwritten initials or signature

20 October 2016

The Registrar of Banks
Bank Supervision and Surveillance Division
Reserve Bank of Zimbabwe
80 Samora Machel Avenue
HARARE

Dear Mr N. Mataruka,

REQUEST FOR GUIDANCE ON METBANK LIMITED

We are in the process of considering an application from Metbank Limited, for funding to support various initiatives that Metbank intends to participate in, such as agriculture financing. The size of the facility being sought from us is about USD20 million

We hereby seek guidance from the Reserve Bank of Zimbabwe on whether Metbank is in a sound financial condition and whether you would recommend that we consider such a transaction.

Metbank has cleared us to seek this information from you, hence we are keeping them in the loop by way of copy of this letter.

We undertake to treat information received from you in the strictest of confidence and will not share it with any third parties.

Yours Faithfully,

Herbert Hungwe

Chief Investment Officer

A handwritten signature in black ink, appearing to be 'H. H.' or similar, located in the bottom right corner of the page.

h. 18.