



CRAN

Communications Regulatory Authority of Namibia

INTEGRATED ANNUAL REPORT 2021







The world is driven by innovation and the digital information technology that accompanies it.



The shift to a hyper-connected world is a formidable opportunity for billions of citizens to have improved access to education, health, employment, and financial services.

ABOUT THE THEME

Enabling information communication technology for sustainable and inclusive economic development.

The COVID-19 pandemic has introduced numerous challenges to the Information and Communication Technologies (ICT) industry, which has consequently accelerated the need for accessible, affordable, and quality ICT services to drive connectivity at both local and global levels. Since physical human contact remains a challenge amidst the pandemic, many, if not all, industries and sectors have been transformed, and continue to evolve as we all strive to make our world safer, better and more connected through technological innovations.

As Namibia and all citizens of the world remain challenged by the measures implemented across the globe to contain and end the pandemic, recovering from these disruptions requires robust innovation, particularly in the areas of innovative technological solutions for a better future that brings with it a new reality. At the heart of technological and digital innovations stand a number of key technological enablers. First are mobile phones and the internet, connecting individuals and businesses with information and providing them with financial services.

A second enabler is the safe storage and processing of large volumes of digital data. Finally, advances such as cloud computing, machine learning, distributed ledger technology, and biometric technologies (whereby technology allows for transactions and data to be recorded, shared, and synchronised across a distributed network of different network participants) all play a role.

The world is driven by innovation and the digital information technology that accompanies it. This drive is a necessary component of any effort to address challenges such as food security, education, health, energy, and competitiveness. As technology rapidly changes to enable a smarter and more equitable world, the focus is on the foundational elements of an ICT regulatory framework that makes provision for infrastructure sharing, digital sound broadcasting, and access to affordable and high-quality ICT products and services for an inclusive and transformed sector.

The shift to a hyperconnected world is a formidable opportunity for billions of citizens to have improved access to education, health, employment, and financial services. The COVID-19 pandemic has driven the global ICT industry, governments and citizens to find innovative technological solutions to manage the health crisis, provide aid to families, and support remote learning for public and private education systems.

The continuous evolution and convergence of the telecommunications industry necessitates that CRAN remains abreast of all technological developments and the constantly evolving needs of ICT consumers. This requires CRAN to be proactive and forward-looking in order to ensure that the development of this sector is not hindered by outdated or obsolete legal and regulatory frameworks. Given the global nature of the regulated sector, CRAN intends to focus on harmonising the regulatory framework by aligning it with international and regional best practices for the socio-economic benefit of all Namibians.



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STRATEGIC THEMES

Strategic collaboration



Operational excellence



Innovation



Sustainability



CAPITALS

Financial



Manufactured



Intellectual



Human



Social and relationship



Natural



OUR KEY STAKEHOLDERS

Licensees



Board of Directors and employees



Labour unions



Government ministries



ICT Parliamentary Standing Committee



Global/regional associations



CSI beneficiaries



Investors, banks and funding agencies



Consumers, media and NGOs



We encourage you, as one of our interested stakeholders, to share your views and comments on this report to the Corporate Communications department at: communications@cran.na

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INTRODUCTION

ABOUT THIS REPORT

Scope, boundary and reporting cycle

The commitment made during the previous reporting year to move towards integrated reporting was reinforced this year with executive management and all contributors participating in training workshops on integrated reporting, with particular analysis and focus placed on materiality matters. The adoption of the principles of integrated reporting and the <IR> Framework has provided a better picture of the total value we generate for society and the economy.

Aligning our disclosure practices with the global governance shift towards integrated reporting is an integral part of our vision of sustaining socio-economic development in the country through the creation of telecommunications services and networks, broadcasting services, postal services, and the use and allocation of radio spectrum in Namibia.

CRAN's 2021 Integrated Annual Report provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance, covering the financial year ended 31 March 2021.

We endeavour to illustrate a comprehensive review of the business by analysing our performance against the organisation's strategic objectives, highlighting successes and challenges experienced this year. In assessing the issues that materially impact value creation, we have included the significant risks and impacts associated with our activities over the short-term (less than 12 months), medium-term (three to five years) and long-term (beyond five years).

This report focuses on the main operations and activities that contribute to CRAN's performance. Unless otherwise stated, all performance data is for the 12-month period ended 31 March 2021.

Materiality process

This report focuses on those matters that we identify as being most material to our capacity to create value and to deliver on our core purpose.

In order to identify and include these in our integrated annual report, we ran an independently facilitated materiality discussion with our executive and management teams.

The workshops included detailed consideration of the following issues:

- ▶ Our business model and how CRAN creates value.
- ▶ *Outcomes*: The significant impacts and influence of our activities on the six capitals.
- ▶ The external environment: The material risks and opportunities impacting value.
- ▶ *Stakeholders*: The material interests of our key stakeholders.
- ▶ *Strategy*: The implications of (and for) our strategy. The results of this materiality process informed the content and structure of this integrated annual report.

External audit and combined assurance statement

An independent audit of the organisation's annual financial statements was performed by SGA Chartered Accountants and Auditors, Windhoek. The rest of this report has not been subjected to independent audit or review. Any information reported, other than that mentioned above, is derived from the Authority's own internal records and from information available within the public domain.

CRAN has adopted a combined assurance model that facilitates a coordinated approach to all assurance and governance activities. Our Audit and Risk Committee

provides internal assurance to the Board on the execution of CRAN's combined assurance plan on an annual basis.

The Authority's financial, operating, compliance and risk management controls enable an effectively governed environment that supports the integrity of information used by CRAN for internal decision making and external reports.

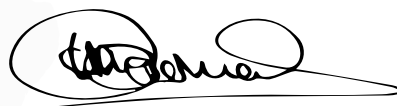
Statement of the Board of Directors

CRAN's 2021 Integrated Annual Report is an expression of our commitment to move towards integrated reporting and, by so doing, upholding good governance, transparency and accountability.

The Board acknowledges its responsibility for ensuring the integrity of this Integrated Report, which in the Board's opinion, provides a fair and balanced account of the Authority's performance on those material matters that it has assessed as having a bearing on the Authority's capacity to create value over the short, medium, and long-term.

This report has been prepared in accordance with the IIRC's International <IR> Framework, and complies with the recommendations of Corporate Governance Code of Namibia (NamCode) and King IV, Principle 5.

The report, including the Annual Financial Statements of the Authority for the year ended 31 March 2021, was approved by the Board of Directors on 08 December 2021, and signed on its behalf by:



Heinrich Mihe Gaomab II
Chairperson of the Board

ABOUT CRAN

Who we are

The Communications Regulatory Authority of Namibia (CRAN) is an independent regulator established under Section 4 of the Communications Act (No. 8 of 2009) to regulate, supervise and promote the provision of telecommunications services and networks, broadcasting services, postal services, and the use and allocation of radio spectrum in Namibia.

Regulations for these sectors are developed by CRAN, licences are issued to telecommunications and broadcasting service providers, Licensee compliance with the rules and regulations in place is monitored, and the radio spectrum is effectively planned and controlled.

Our core purpose, vision, mission and values

CRAN's core purpose is to support the Namibian government in providing for its citizens and sustaining socio-economic development through the creation of telecommunications, broadcasting, and postal services.

As a public enterprise, we are committed to delivering societal value through our core purpose and the attainment of national development plans and international and regional agendas. This represents the cornerstone of CRAN's contribution to the development of Namibia's ICT and Postal sectors; supporting government, communities, businesses and individuals to build a better future.

We are committed to safeguarding our consumers against unfair business practices and poor-quality services provided by telecommunications, broadcasting, and postal services Licensees, and facilitating the process of resolving such complaints in a timely and efficient manner.



Our vision

"Access, quality and affordability for all"
- To be a dynamic regulator of the Information and Communications Technology (ICT) sector that is transforming Namibia and its peoples into an active knowledge-based society that derives the full socio-economic benefits of ICTs.



Our mission

"To regulate the ICT and Postal sectors for the socio-economic benefit of all Namibians" - To purposefully regulate electronic communications services and networks and postal services, and the spectrum, so that all Namibians derive the full socio-economic benefits of ICTs.



Our values

Accountability

Account for our actions and decisions, taking ownership in a transparent and integrated manner in all our dealings.

Passion

Passion about our purpose, brand, people and stakeholders.

Teamwork

Harness the power of working together to meet our strategic objectives in a cohesive and collaborative manner.

Respect

Maintain cordial relations with our diverse internal and external stakeholders.

Innovation

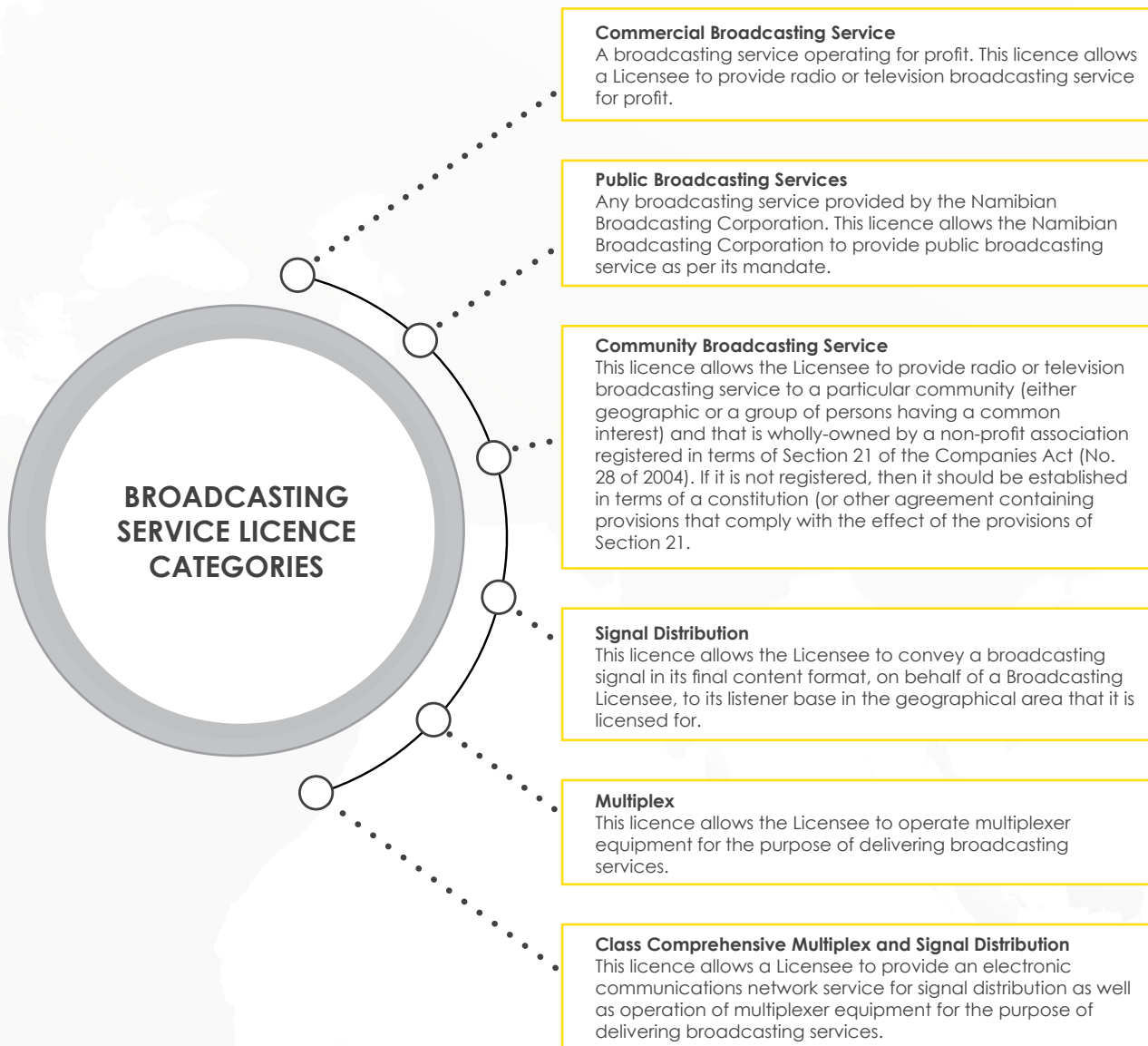
Be innovative in evolving and diverse ICT and Postal sectors.

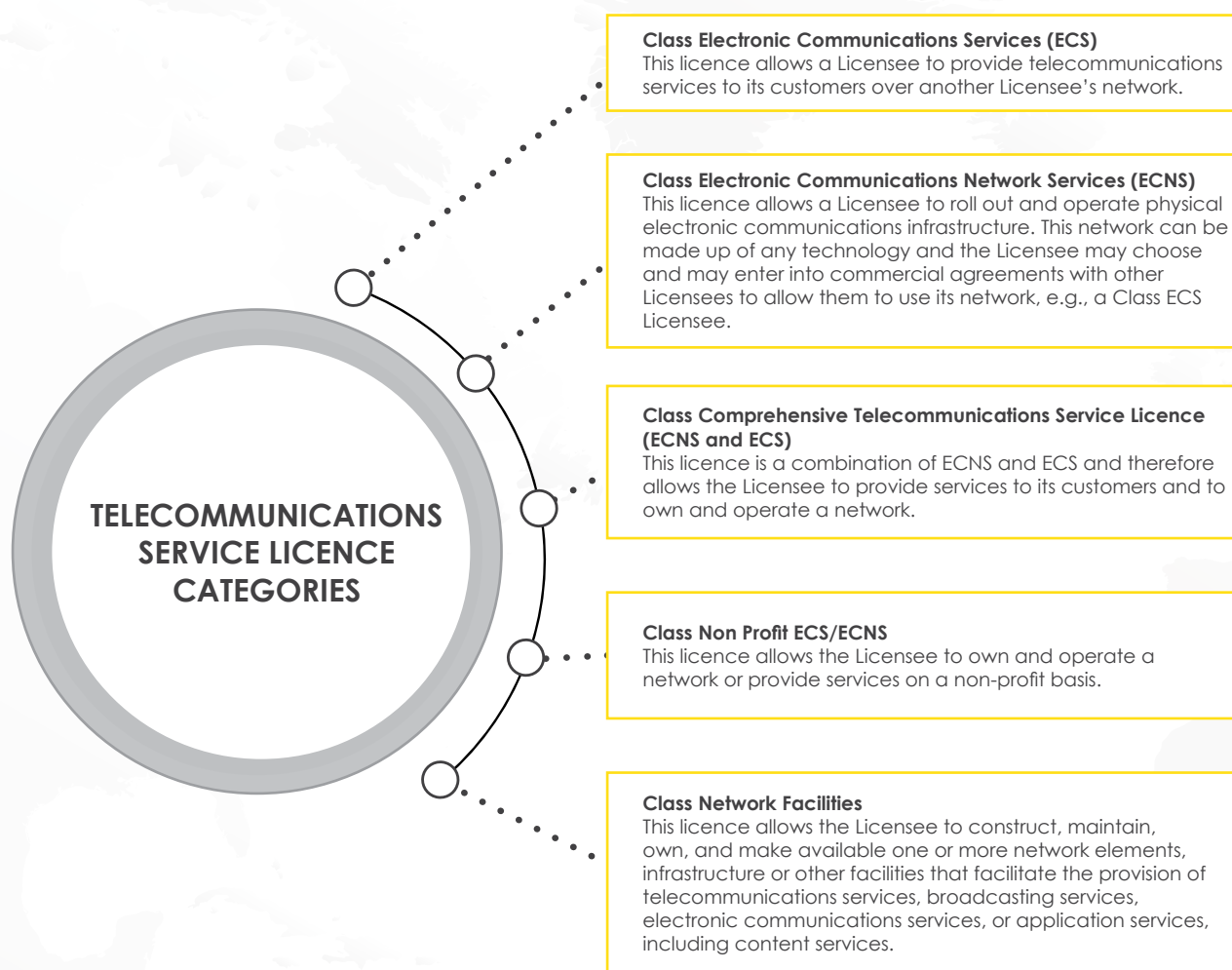
Our strategy (at a glance)



What we do: Our operations

CRAN is mandated to regulate telecommunication services and networks, broadcasting services, postal services and the use and allocation of radio spectrum. We are furthermore mandated by the Communications Act (No. 8 of 2009) to grant, review, amend, transfer, suspend and revoke licences in the areas of broadcasting, postal and telecommunications services in Namibia. CRAN's licensing regime is technology service neutral, allowing the end user to have more choices in service offerings.



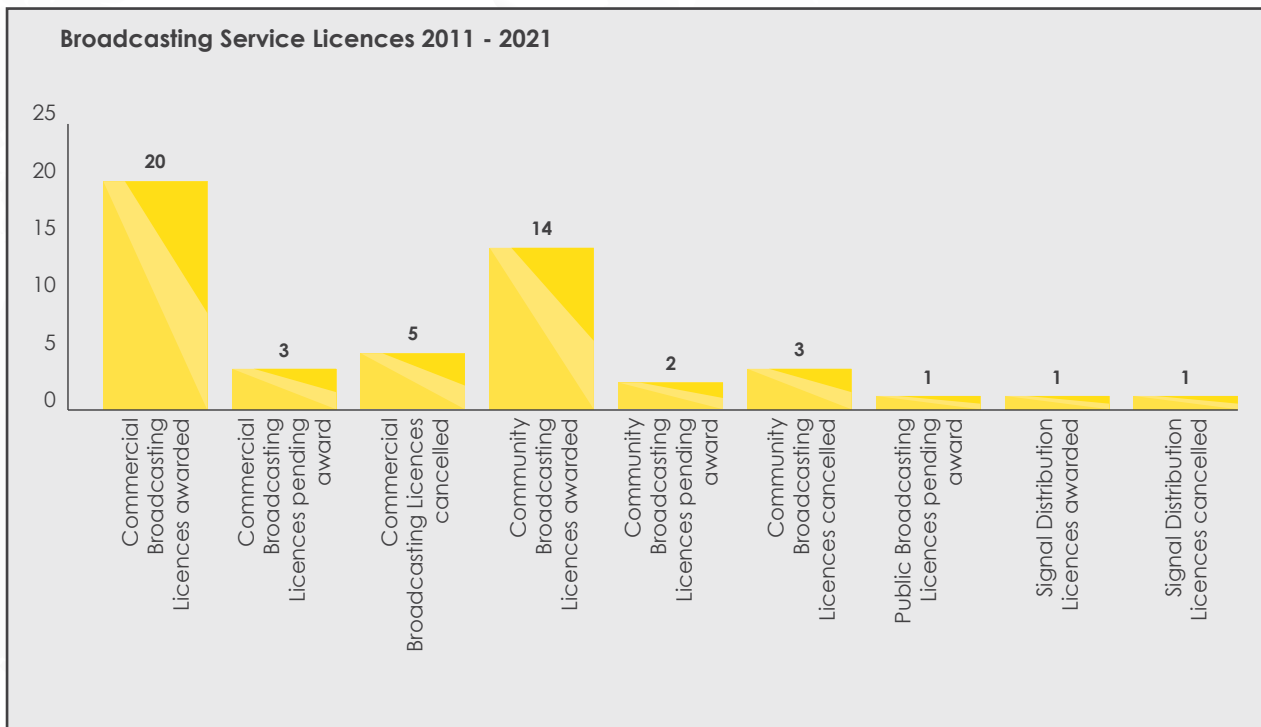


Broadcasting Service Licences

Seven new applications for Broadcasting Service Licences were received for consideration by the Authority during the period under review, five of which were for Commercial Broadcasting and two for Community Broadcasting. One of the six new applications was approved and one application was declined. The consideration process of five applications is pending due to public commentary being awaited in response to the notice placed in the *Government Gazette*. It should be noted that one Broadcasting Service Licence lapsed without commencing with the provision of broadcasting services.

The Authority received a further three applications for renewal of Broadcasting Service Licences, of which one was for Community Broadcasting and two for Commercial Broadcasting. The Authority approved one application for the renewal of a Community Broadcasting Service Licence.

There are currently 35 Broadcasting Service Licensees providing broadcasting services, and one Signal Distribution Service Licensee in Namibia.



The applicability of Chapter VI to the Namibian Broadcasting Corporation (NBC) was published in *Government Gazette* No. 7431, General Notice No. 327 on 31 December 2020. The Authority commenced with the licensing process of the NBC in accordance with the provision of Section 93 of the Communications Act (No. 8 of 2009).

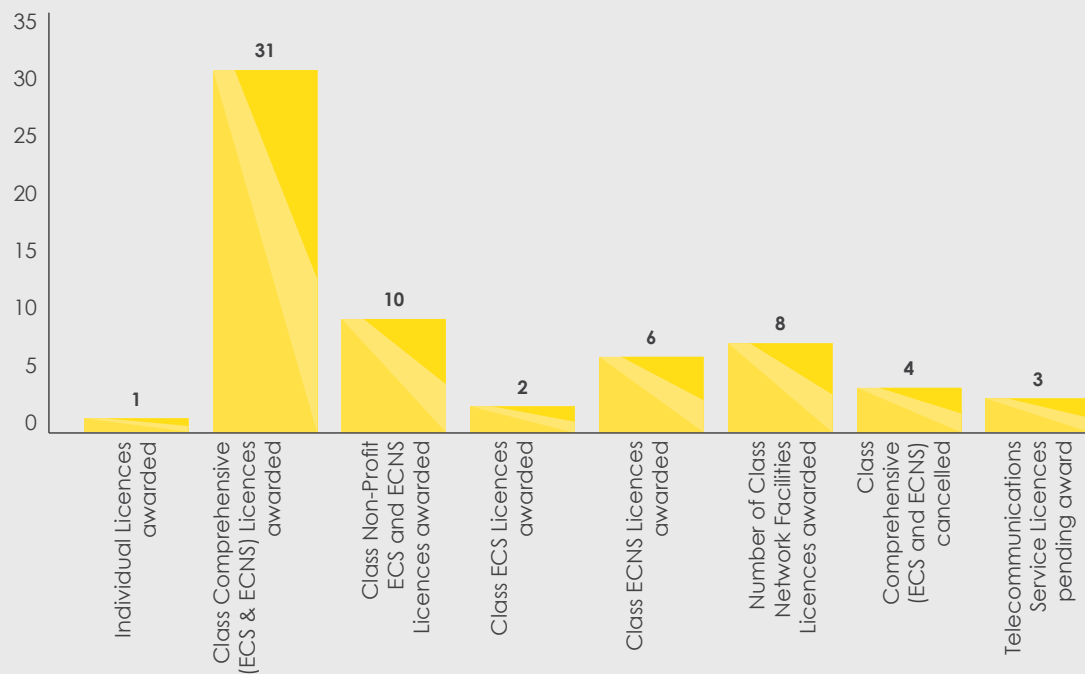
Telecommunications Service Licences

Nineteen (19) new applications for Telecommunications Service Licences were received for consideration by the Authority during the period under review, eight of which were for Class Comprehensive Electronic Communications Service (ECS) and Electronic Communications Network Service (ECNS) Licences, three for Class ECNS Licences, three for Class Network Facilities Licences, and three for Class Non-Profit ECS/ECNS Licences. The Authority awarded 16 Telecommunications Service Licences and declined two applications. The

consideration process of three applications is pending due to public comment being awaited in response to the notice placed in the *Government Gazette*. The Authority further reconsidered its decision on the lapsing of three Telecommunications Service Licences.

The Authority has awarded 58 Telecommunications Service Licences to date, as shown in the graph on the next page.

Telecommunications Service Licences 2011 - 2021



Postal Services

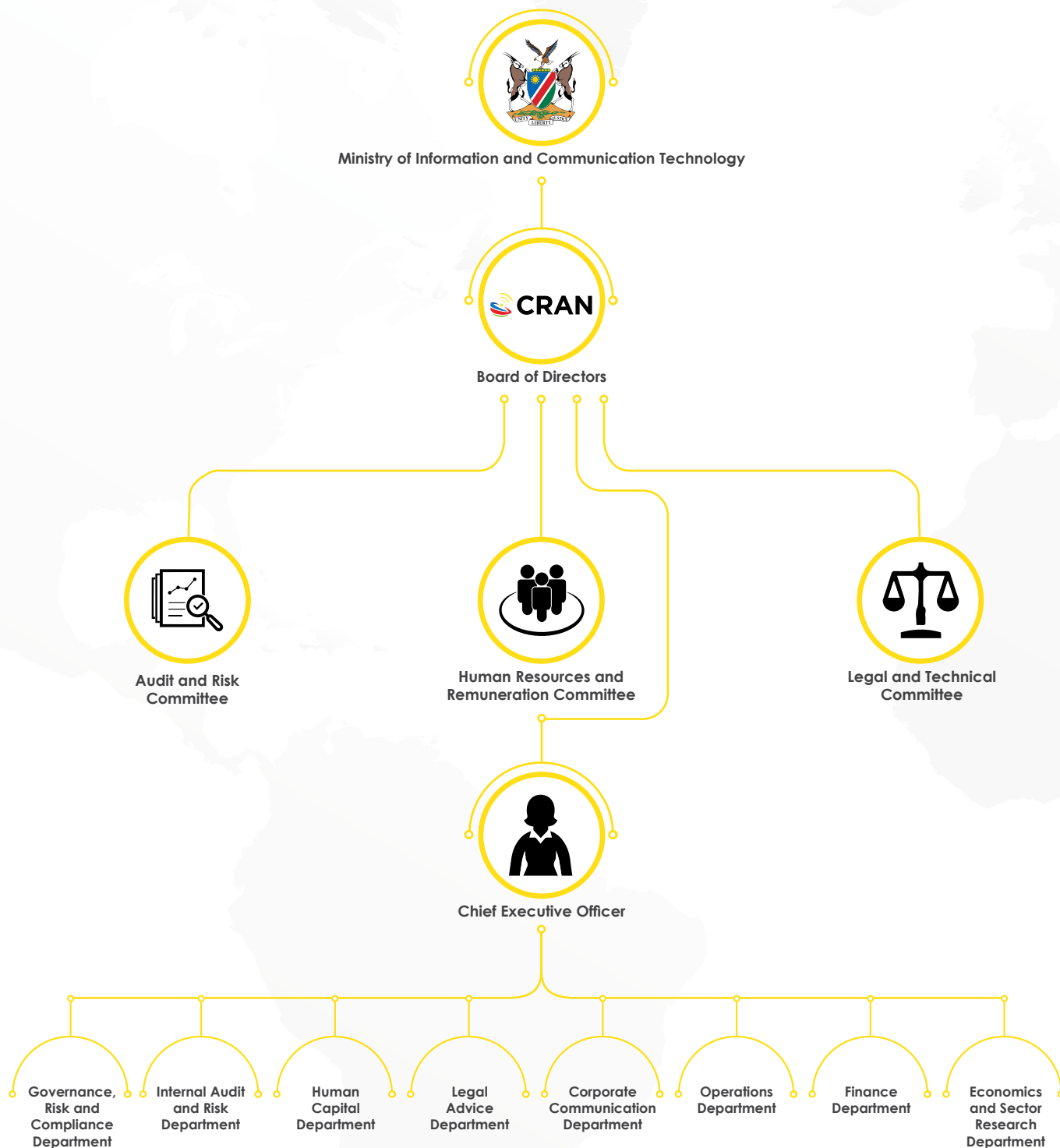
During the period under review, the Authority awarded one Designated Postal Operator Service Licence to Namibia Post Ltd.



Our contribution to national, regional and international agendas

Agenda	CRAN'S corresponding contribution
Ministry of Information and Communication Technology (MICT) Strategic Plan 2017-2022	CRAN will support the MICT's strategic plan through the implementation of various strategic objectives detailed in this report. CRAN will enhance the existing regulatory framework and develop new interventions for the ICT and Postal sectors to contribute to the provision of access to quality, reliable and affordable services and to enable sector reform.
Namibia's Fifth National Development Plan (NDP5)	CRAN will contribute to the NDP5 through the implementation of various strategic objectives detailed in this report by contributing to Namibia's socio-economic development.
Harambee Prosperity Plan (HPP II)	CRAN will support the goals of the HPP II through the implementation of various strategic objectives detailed in this report. This will contribute to Namibia's socio-economic development and create a regulatory framework that facilitates access to broadband and digital broadcasting services as per the targets set out in the HPP II.
Vision 2030	CRAN will contribute to the implementation of Vision 2030 through various strategic objectives as detailed in this report by developing a comprehensive regulatory framework for the ICT and Postal sectors and by contributing to the provisioning of access to quality, reliable and affordable ICT and Postal services.
SADC Vision	CRAN will support the implementation of the SADC Digital 2027 Vision, projects identified by the SADC ICT Ministers as part of the SADC Regional Initiatives of the 4th Industrial Revolution, the SADC Postal Strategy, and the SADC E-Commerce Strategy through various strategic objectives to facilitate the provision of access to quality, reliable and affordable services and to enable sector reform.
International Telecommunications Union (ITU)	CRAN will support the implementation of the ITU Strategic Plan and WTDC-17 Action Plan through the development of a comprehensive regulatory framework for the ICT sector, contributing to the provisioning of access to quality, reliable and affordable services and enabling sector reform.
Universal Postal Union (UPU)	CRAN will support the implementation of UPU's Strategic Plan through the development of a regulatory framework for the Postal sector.
United Nations' Sustainable Development Goals (SDGs)	Information Communication Technologies (ICTs) play an essential role in achieving the Sustainable Development Goal (SDG) for industry innovation and infrastructure as set out by the United Nations and act as the enablers for achieving all other SDGs. CRAN has a pivotal role to play in facilitating the achievement of the SDG's through its functions within the ICT sector.

Our corporate structure



Our milestones from (2011 - 2021)

• 2009 •

- Between January 2009 to October 2016, **Termination rates** in Namibia decreased from **N\$ 1.06c to N\$ 0.10c** for mobile and fixed operators alike in order to ensure fair competition and consumer protection in the telecommunications sector.

• 2011 •

- From 2011, and up to the end of the financial year (ended 31 March 2021), CRAN has issued **58 Telecommunications Service Licences, 14 Community Broadcasting Service Licences, and 20 Commercial Broadcasting Service Licences.**

• 2013 •

- CRAN was instrumental in drafting and implementing regulatory frameworks and policy guidelines for Digital Terrestrial Television (DTT)** to support **the migration from analogue to digital television. Namibia became the 1st country in SADC to migrate** from analogue television to DTT **by the ITU deadline of 17 June 2015**, providing digital television broadcasting services to more than **70% of the population** as provided by NBC and MultiChoice Namibia's GoTV bouquet.
- CRAN proudly launched its **first consumer campaign, "Consumer is King"**, aimed at creating **awareness about consumer complaints procedures, CRAN's mandate and its purpose**, and the Communications Act (No. 8 of 2009). Stakeholders were also educated about CRAN's licence application procedures.
- The regulations setting out **Cost Accounting Procedures and Reporting** were published to ensure that every Licensee keeps separate accounts for their telecommunications services and complies with data collection efforts.
- Regulations setting out licence conditions for Spectrum Use Licences were issued to ensure the efficient use by Licensees of spectrum and adherence to the technical conditions attached to broadcasting and telecommunications Spectrum Use Licences and the Frequency Band Plan of Namibia.

• 2014 •

- CRAN commenced with the **Consumer Protection Regulations** aimed at safeguarding consumer interests and guaranteeing accessible, transparent and efficient compensation for consumers who are mistreated in the ICT marketplace.

• 2015 •

- A complaint was submitted to the Authority against a service provider in terms of the Consumer Protection Regulations, which disputed the service provider's claims that their internet service is the fastest in Namibia and that their internet is unlimited.

After due investigations, the Authority ordered that the advertisement by the service provider stating that it has the fastest internet in Namibia and that its 3G and 4G services are unlimited is misleading

and constitutes false advertising and is therefore prohibited as this a direct contravention of Section 79 of the Communications Act. The service provider was directed to refrain from using the word "unlimited" in any of its advertising of internet services, which are subject to limitations and to Fair and Acceptable Use Policy. The service provider was furthermore ordered to communicate any limitation(s) upfront, rather than concealing them in its policies and fine prints. The Authority ordered that the advertisement be withdrawn by the service provider and that it be replaced with wording that accurately reflects the service and product offering.

Licensees have been prohibited from false advertisement and all advertising should accurately reflect the essence of the Fair Usage Policy.

• 2015 • (continued)

- CRAN commenced with drafting the **Broadcasting Code** to ensure independent regulation of broadcasting services, access to broadcasting services, and broadcasting content serving the public interest. The Broadcasting Code came into effect on 24 May 2019. Broadcasters have already submitted their local content policies in terms of Rule 26 of the Broadcasting Code. All other provisions of the Code are enforceable, apart from local content requirements, as per Rule 27(3), which requires that "the local content requirements set out in this rule become enforceable:
 - a) For an existing Broadcasting Licensee, on the date of the third anniversary of the commencement date of this Broadcasting Code;
 - b) For NBC, after a period of three years from the date determined by the Minister in accordance with Section 93 of the Act;
 - c) For a Broadcasting Licensee to whom a Broadcasting Licence was issued subsequent to the commencement of this Broadcasting Code, after a period of three years from the date of commencement of its Broadcasting Licence."
- Draft regulations in respect of the **Universal Service Fund** and **Universal Access and Service**, aimed at closing the digital divide gap between rural and urban areas, were published in June 2015 and were finalised during December 2016.
- A **new licence category**, the **Network Facilities Licence**, was introduced, which allows the Licensee to construct, maintain, own and make available one or more network elements, infrastructure, or other facilities that facilitate the provision of telecommunications services, broadcasting services, electronic communications services, or application services, including content services.
- At regional level, a Communications Regulators' Association of Southern Africa (CRASA) Roaming Task Team (CRTT) was established to oversee and guide the implementation of the **SADC Home and Away Roaming Project**. Namibia, Botswana, Zambia and Zimbabwe started with the implementation of the pilot project and have reduced roaming charges effective November 2015.
- **Quality of Service** - Regulations were **implemented on 21 April 2015** for which the main purpose is to **enforce compliance with the minimum standards set in these regulations for network quality, service quality, billing and customer service**. Quality of Service drive testing is conducted in addition to the bi-annual reports submitted by Licensees and an analysis is done on the quality of service information gathered from the Licensees in order to make an assessment and ensure compliance by Licensees with the Regulations on Quality of Service.

• 2016 •

- CRAN successfully rolled out a nationwide **Consumer Education Campaign**, entitled **OWN it! The Right To Connect**, which aims to **empower, inform, and engage consumers on the regulatory process**. It further aims to create **awareness about consumer rights, responsibilities, obligations and CRAN's mandate**.
- The **National Numbering Plan** for Namibia was finalised and is a pre-requisite for number portability, which allows fixed and mobile numbers to move from one Licensee to another while maintaining the same number, thereby levelling the playing field between operators.
- CRAN served as Chair on the executive committee of CRASA in 2016 and as Vice-Chair until March 2018. During this time, various initiatives and milestones, such as **market studies on Financial Inclusion of Postal Services** and the **review of the SADC Frequency Band Plan**, have been achieved. Capacity building and training on various regulatory aspects to ensure harmonisation and timely implementation of up-to-date regulatory frameworks in the region were also conducted.
- CRAN embarked on the **coverage for roll out obligations for broadband and telecommunication services** around the country through various **interventions**. These interventions include imposing additional obligations on the Licensees applying for **additional 3G spectrum allocation to accelerate coverage to under and unserved areas and to improve the quality of service in order to meet the objectives of the Harambee Prosperity Plan (HPP II) and Ministerial targets set therein**.
- **Infrastructure Sharing Regulations** to create a framework for all **Licensees to share passive infrastructure**, such as tower space, wireless and fibre transmission networks, **and active infrastructure** such as central databases and platforms, were implemented and published. Enforcement of these regulations will make provision for sharing of infrastructure between Licensees on a non-discriminatory basis, ensuring that **costs are reasonable** and that **the barrier of entry to the market for new entrants is lowered**.

• 2016 • (continued)

- The enforcement of **Type Approval** regulations commenced after allowing the industry a grace period of 22 months to adhere to these regulations as published in January 2015. These regulations **ensure the importation of telecommunications** equipment that **meet international standards** and curb the **influx of outdated, counterfeit and grey products into the market**.
- An **interactive portal** was launched that enables Licensees to **submit data online**, including all information as required in terms of the regulations setting out Cost Accounting Procedures and Reporting requirements.
- **CRAN was rated 82nd out of 189 countries worldwide** and placed **10th in Africa** and **4th in SADC** according to ITU's collection of data up to 2015, based on the **ITU ICT tracker for regulators**.
- **CRAN was classified as a 3rd generation regulator** in 2016, based on its actions **taken and regulatory framework put into place enabling investment, innovation** and access through a dual focus on stimulating competition in services and content delivery and consumer protection.
- CRAN **revamped its website** in 2016 to include new robust functionalities to provide critical information, news, events and documents about CRAN and the ICT industry.

• 2017 •

- The Authority took a decision against a service provider after a consumer complaint was lodged regarding the extension of lapsing contracts.

The Authority directed that the service provider was obligated to amend its terms and conditions in its standard subscriber service agreement to provide for a duty on the part of the service provider to notify the consumer, in writing, within 30 days of the expiry of the duration of the Agreement, that it would lapse on a specified date and that it would advise the consumer of their right to extend the Agreement by a further contract period, in which event the Subscriber would be entitled to an offer for a new handset.

The Authority further ordered that where the Agreement is not extended but nevertheless continues to operate indefinitely, the subscriber shall be automatically transferred to a Standard Package with a reduced subscription and no handset.

Consumers now receive communication, in writing, from their service provider regarding the expiration of their contracts, and are automatically transferred to a standard package should they not extend or cancel the agreement.

- CRAN received two awards in 2017. One award was for the **company that employs the most student interns** in the country, from the **Institute of People Management (IPM)**. The **Golden Key Award** was awarded to CRAN for being the **most open and transparent public institution**, with universal access to information, from the **Media Institute of Southern Africa (MISA)**.

• 2018 •

- CRAN rolled out **Regulations for Postal Services**, which will result in the provision of Namibia Post Ltd. (NamPost) with a Public Operator Postal Licence and will eventually include the courier service providers.
- CRAN published its **Spectrum Assignment Strategy** and commenced review of its spectrum regulatory framework with the publication of the regulations prescribing procedures regarding Application for and Amendment, Renewal or Transfer of Spectrum as published in *Government Gazette* No. 6888, General Notice No. 105 dated 29 April 2019.

• 2019 •

- CRAN received an award for being the **Best Exhibitor in the ICT industry** at the **Ongwediva Annual Trade Fair (OATF)**. CRAN's main focus at the trade fair was to create awareness about Consumer Protection on consumers' ICT rights and responsibilities.
- The **Number Portability** Regulations were published, providing for the implementation of number portability by all holders of both Individual or Class Comprehensive Telecommunications Service Licences (ECS & ECNS) and number licences. Implementation of number portability is to be completed by the end of April 2021. As at end of March 2021 the Number Portability Regulations were put on hold until further notice.

• 2020 •

- **On 1 April 2020** CRAN gave notice of its first **spectrum auction** to assign the 800 MHz spectrum band for IMT services via competitive bidding. The spectrum auction was to be concluded during the year under review and will allow for the rollout of broadband services in line with the National Broadband Policy.
- A critical framework/initiative developed in 2020 was the **Frequency Channelling Plan for Digital Sound Broadcasting**. This Plan would allow for the freeing up of more spectrum, which will result in the expansion of broadcasting services in accordance with the targets as set out in the HPP II and the ITU GEO6, to which Namibia is a signatory.
- CRAN launched its **revamped website** on 11 July 2020. The new and revamped stakeholder information tool provides critical information, news and documents.
- On 19 August 2020 CRAN issued its first **Postal Services Licence to Namibia Post Ltd.**
- On 19 August 2020 CRAN released the **1st spectrum band in the digital divide** through the auction of a spectrum licence in the 800 MHz spectrum band.

Memorandums of Understanding with various institutions

Namibia Statistics Agency (NSA)

Aimed at collaborating to advance common goals in the areas of data collection and analysis in telecommunications services and networks, broadcasting, postal and the allocation of radio spectrum.

National Commission on Research, Science and Technology (NCRST)

To identify roles and responsibilities in the planning of collaborative research and development and educational and training activities.

Ministry of Finance: Directorate of Customs and Excise:

Promote cooperation and coordination when dealing with equipment approvals and standards at various border posts within and around the Republic of Namibia.

Bank of Namibia (BON):

To establish the manner in which the regulators will interact and cooperate with each other in respect to investigations, analysis, and the handling of mobile network operators, money market, SIM registration, etc.

Namibian Police Force (NAMPOL):

To assist the Authority in the investigation of regulatory offences.

Namibian Competition Commission (NaCC):

To manage and facilitate cooperation and consultation in respect to competition matters in the ICT industry.

United Nations Educational, Scientific and Cultural Organisation (UNESCO):

To establish a framework for cooperation in order to achieve a common objective of providing substantial development benefits for the broadcasting sector.

Namibia Public Workers Union (NAPWU):

To effectively manage industrial relations between CRAN and NAPWU in order to develop and foster a fair and equitable relationship between the two parties.

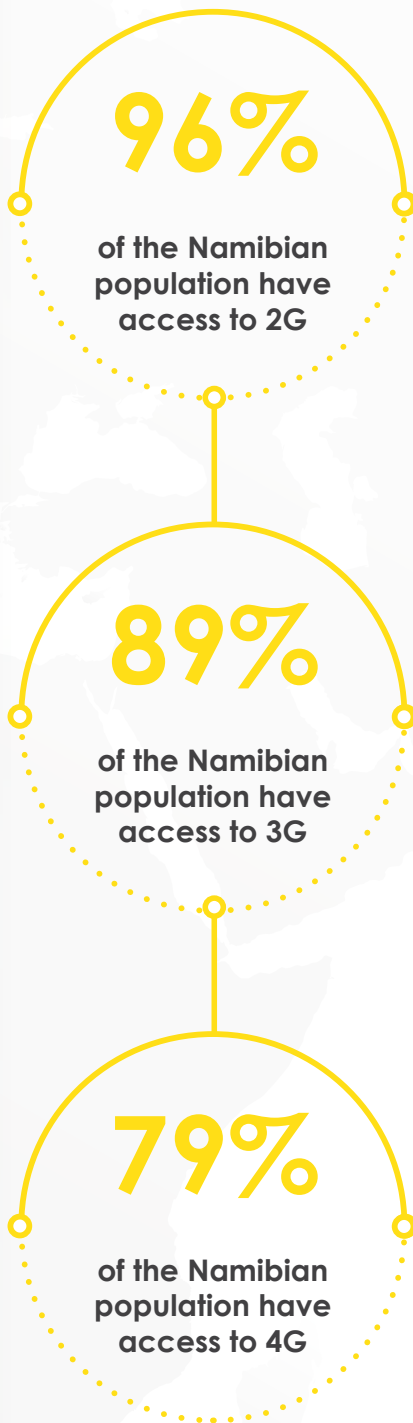
Namibia University of Science and Technology (NUST), University of Namibia (UNAM) and International University of Management (IUM):

To coordinate internships and capacity building.



OUR BUSINESS

OUR BUSINESS MODEL



CRAN creates value to the economy by opening up the sector to more competition which, in turn, leads to lower prices and improved quality of service through increased competition.

How we create value

We seek to deliver on our core purpose through our four strategic themes and several strategic objectives, supported by key initiatives in various stages of implementation. To turn our strategy into action, our business model depicts the process of value creation through the six capitals listed on the next page on which we depend.

Value creation is, however, impacted by our external environment and the inherent risks facing the Authority. We have mitigated any potential risks within our span of control as described on pages 46 to 49 to ensure resilience and the ability to create value in the short, medium, and long-term.

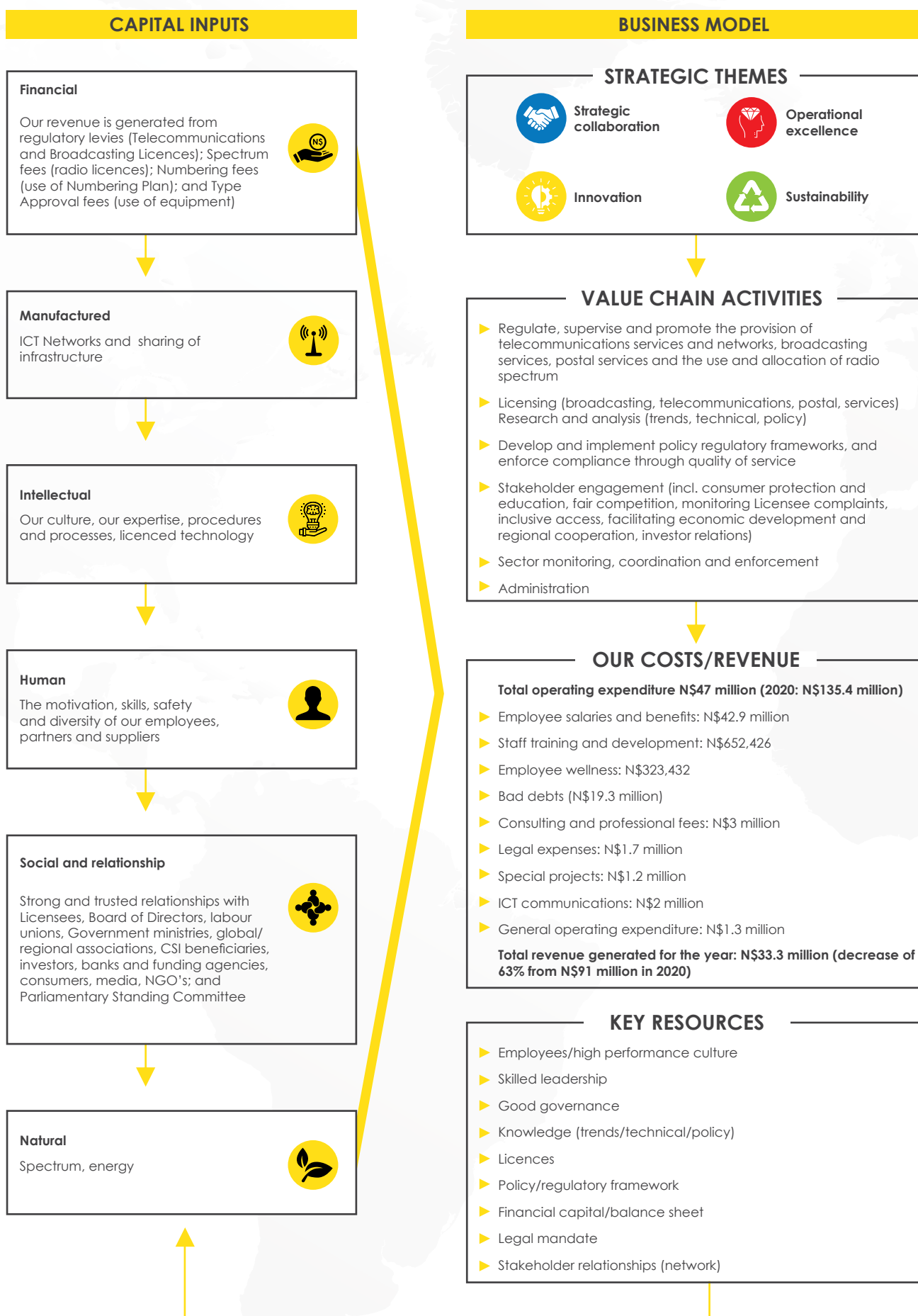
How we sustain value

CRAN fosters an enabling environment for investment in the ICT sector and provisioning of innovative and high quality telecommunications, broadcasting, and postal services by providing regulatory certainty through its service technology neutral regulatory framework.

According to the Namibia Statistics Agency's Annual National Accounts Publication 2020, the Information and Communication sector recorded a growth of 17.4% in real value for 2020. The positive performance within the sector is attributed to increased activity in the usage of data and voice minutes as demand surged for data and calls due to workers increasingly working from their homes coupled with academic institutions switching from face to face tuition to online learning.

High quality and affordable telecommunications services boost the productivity of various services leading to higher growth, more employment, and ultimately more economic added value due to ease of communication and connectivity.

Business model - How we create value



Business model - How we sustain value

OUTCOMES

The internal and external consequences, positive and negative, for the capitals as a result of our business activities and outputs



FINANCIAL

- ▶ Regulatory levies
- ▶ Spectrum fees
- ▶ Numbering fees
- ▶ Type Approval fees
- ▶ Termination rates
- ▶ Positive contribution to the growth of the ICT sector and the economy as a whole
- ▶ Adherence to the IFRS
- ▶ Safeguarding the assets of the Authority
- ▶ Actively managing the Finance function



MANUFACTURED

- ▶ Provision of licences (spectrum, broadcasting, telecommunications, postal services)
- ▶ Monitoring sites and vehicles
- ▶ Depreciation of assets



INTELLECTUAL

- ▶ Best practice governance framework and systems
- ▶ IT Systems/portals
- ▶ Sector knowledge (trends, technical, policy)
- ▶ Policy/regulatory frameworks
- ▶ Organisational culture
- ▶ Our brand
- ▶ Our skilled and experienced employees



HUMAN

- ▶ Employment creation/retention, remuneration and benefits
- ▶ Career succession
- ▶ Employee safety and wellness initiatives
- ▶ Training and skills development
- ▶ High performance workforce
- ▶ Frozen positions (cost-cutting)
- ▶ Low staff turnover
- ▶ MOPE guidelines on classifications

17.4%

ICT sector growth

35

Broadcasting Service Licences

1

Signal Distribution Licence

0.62%

Staff turnover

58

Telecommunications Service Licences



NATURAL

- ▶ Compliance and monitoring of relevant policies and procedures
- ▶ Spectrum resources
- ▶ Numbering resources



SOCIAL AND RELATIONSHIP

- ▶ Data/service availability
- ▶ Total licences awarded to date: 35 Broadcasting Service Licences, 58 Telecommunications Service Licences, 1 signal distribution Service Licence, and 1 Designated Postal Operator Service Licence.
- ▶ Stakeholder engagement and collaboration
- ▶ Fair competition and inclusive development
- ▶ Job creation (direct and indirect)
- ▶ Protecting consumer rights/advocacy
- ▶ Economic development
- ▶ Internship programmes
- ▶ CSI contributions
- ▶ Privacy/cyber security
- ▶ Labour disputes

Telecommunications and postal services

Telecommunications

Namibia has invested heavily in the modernisation and expansion of its telecommunications, with the current ICT penetration statistics and infrastructure map clearly showing the fast pace at which ICT is developing throughout the country.

Indicator	Measures
Mobile operators	4
Fixed line operators	1
International voice gateway licences	1
International data gateway licences	4
Mobile subscribers	2,898,125
Fixed line subscribers	140,370
Fixed teledensity	5.6
Mobile teledensity	115.72
Fastest mobile internet access	Fiber
Internet users per 100 inhabitants (CRAN)	71.02
Internet users (CRAN)	1,843,627
Broadband internet subscribers per 100 inhabitants (CRAN)	70.47

International satellite services link Namibia to telecommunication services worldwide. Telecom Namibia Ltd. and MTC are Namibia's national telecommunications operators. Namibia boasts a 89% digital telecommunications infrastructure, which provides direct dialling to most places in the world.

Mobile Population Coverage

Mobile Telecommunications Ltd. (MTC) and Telecom Namibia Ltd. have extensive network coverage in all of Namibia's regions. Both MTC and Telecom Namibia Ltd. are national mobile broadband operators, covering all of Namibia's regions, while MTC clearly has a larger footprint. Population coverage for Namibia is 96% for 2G, 89% for 3G and 79% for 4G.

On the following page is the complete ICT infrastructure map of all ICT infrastructures currently deployed in Namibia.

Namibia has cellular coverage in most towns and road coverage along virtually all of the major routes in the country. Namibia's cellular network service providers are MTC, Paratus Telecommunications (Pty) Ltd. (Paratus), Telecom Namibia Ltd. and MTN Business Solutions Namibia (Pty) Ltd.

• OUR LEADERSHIP

Chairperson's Statement

ICT continues to be an important enabler of, and a contributing factor to, economic growth. Although poor economic performance was observed across the economy during the 2020/2021 financial year, the ICT sector showed strong growth as demand for data services and internet connectivity grew steadily during the COVID-19 pandemic. The sector registered a strong growth of 17.4%, in real value.

I am pleased to present CRAN's first Integrated Annual Report for the year ended 31 March 2021, written for all of our stakeholders who have an interest in CRAN's governance, performance, strategy, and ability to generate long-term value. The Board and Executive Management acknowledges the value of integrated reporting in promoting a more cohesive and efficient approach to corporate reporting and the improved quality of information provided to our shareholder, the Ministry of Information and Communication Technology (MICT), and our stakeholders.

Moving towards a fully integrated report will ensure our stakeholders and shareholders understand CRAN's value creation process and business model. This will also build trust with our stakeholders both internally and externally and secure the organisation's reputation.

Reflecting on 2020/2021

The COVID-19 pandemic has during the 2020/2021 financial year demonstrated that the ICT sector, through the provision of e-services, ensures that all other sectors continue their business operations efficiently and effectively despite the disruptions caused by the pandemic. This prompts a re-evaluation of the perspective of the ICT sector, and an appreciation for the direct contribution it makes to the socio-economic development of the country. As a result, CRAN is pursuing a policy that would bring about a mind-shift in perspective to foster appreciation of the ICT sector as a direct economic enabler for the country.



Heinrich Mihe Gaomab II

The contribution made by the ICT sector to the GDP of the country grew phenomenally during the reporting period, from the usual annual contribution of 11%, to 17.4% in real value (as reported in the Namibia Statistics Agency's Annual National Accounts Publication 2020). The positive performance in the sector is attributed to increased activities in the usage of data and voice minutes as demand surged for data and calls due to workers increasingly working from their homes instead of offices, coupled by demand from academic institutions as they switched from face-to-face teaching to online learning.

Our response to COVID-19

As a direct result of the pandemic, organisations worldwide have had to change how they operate in order to achieve their goals. Companies will have to essentially reinvent themselves through new operating models, capitalising on this malleable moment and the resulting spread of agile processes and nimbler ways and methods of working with increased speed and productivity. It has been encouraging to note the proactive and swift measures taken by CRAN in response to the increased demand for data and digital services, ensuring the wellbeing of our employees, ensuring the stability of the ICT network, ensuring that the needs of ICT consumers were met, working with the Government in supporting COVID-19 response measures, and providing additional Spectrum to Licensees.

CRAN, in consultation with Telecommunications Service Licensees, approved two toll free emergency numbers, 0800 100 100 and 911, for reporting COVID-19 incidences.

This initiative was welcomed by Namibians and was well utilised nationally by members of the public.

The Authority will continue to support the Government in minimising the impact of the pandemic by fulfilling its mandate to regulate, supervise and promote the provision of telecommunications services and networks, broadcasting services, postal services, and the use and allocation of radio spectrum in Namibia. We will continue to protect the well-being of our employees and ensure the resilience of Namibia's ICT infrastructure.

Challenges and opportunities

Overcoming the challenges presented during the year had much to do with the dedication of a skilled and specialised Board and workforce and the high-performance and ethical culture prevailing throughout the organisation.

The most significant challenges faced during the year were the COVID-19 pandemic, financial constraints, and litigation. These challenges understandably create uncertainty where the execution of the strategy and mandate is concerned. Measures are, however, in place to ensure business continuity as we strive to implement the strategy and mandate as cost effectively as possible. CRAN has observed important additional challenges in the low ICT literacy and understanding of the relevance of ICT, as well as high import taxes on ICT equipment, issues which many believe to be outside of the realm of CRAN's mandate but are nevertheless of relevance. There is much to be addressed in this regard.

While the COVID-19 pandemic caused immense trauma and disruption in our business and personal lives, it also introduced opportunities for growth in the ICT industry amidst the challenges, and encouraged us and the industry as a whole to improve quality of service in provision of telecommunications and digital services.

Our 2020 – 2023 Strategy

CRAN's strategy focuses on operational excellence and execution of its mandate effectively and efficiently. As reported on by the CEO, CRAN will soon embark on a review of the current strategy to ensure responsiveness to an ever-evolving external environment and the dynamics of a transforming ICT sector.

The year was filled with unexpected disruptions, but this did not deter CRAN from making headway on key projects earmarked for 2021 and beyond. One such project was the assignment of 800 MHz spectrum band for IMT services, allowing the rollout of broadband services in line with the National Broadcasting Policy. Furthermore, the Frequency Channeling Plan for Digital Sound Broadcasting was developed by CRAN to free up more spectrum, and the first Postal Services Licence was issued by CRAN to Namibia Post Ltd. We were also pleased with the revamp and rollout of CRAN's website

during the year, which played a key role in disseminating information during the lockdown.

CRAN's performance against its 2020 – 2023 Strategic Plan and specific commitments over the remaining period of the strategic cycle are reviewed in more detail throughout this report. All stakeholders are encouraged to read the report and provide feedback on CRAN's performance and its plans for the future.

Our contribution to the Sustainability Development Goals (SDGs), Vision 2030, NDP5 and HPP II

The SDGs, Vision 2030, NDP5 and HPP II all have specific milestones pertaining to the development and utilisation of ICTs. Vision 2030 particularly highlights that the ICT sector should be the most important economically strong sector in Namibia by 2030. There is a demand driven need to transform Namibia into a knowledge-based economy. As the regulator, we have internalised the national milestones in respect of the development of the ICT industry into policies and regulatory frameworks in order to achieve those milestones. We have also advanced this through the implementation of licence conditions, the regulation of infrastructure sharing, consumer protection and work done on the commencement of the Universal Access and Service.

Under the framework of Vision 2030, NDP5, and HPP II policy objectives on digitisation, there is no doubt that the Authority plays a crucial and enabling role in the implementation of key objectives of the development agenda for the country for long term growth and sustainability.

The policy objectives of these national development plans continue to build on an ICT blueprint and share a common thread of implementing and leveraging ICT in the broadest sense to achieve national, ambitious, and reachable goals.

Governance

In addition to providing an effective stewardship and oversight function, our role as the Board is to ensure that a strong culture of ethics and good governance is embedded across the organisation, along with a clear commitment to our core purpose. It is critically important that we demand high ethical standards and conduct not only of all our employees, but also of all our service providers. It was pleasing this year to witness the active role that EXCO has played in engaging with our stakeholders and employees in continuing to promote the corporate values of the organisation.

I am privileged to have Board members that represent the strong diversity of skills and experience needed to govern the operations of CRAN effectively and to ensure that we fulfil our core purpose. The Board is well supported by a strong EXCO team which adds further depth and diversity in the core disciplines required to achieve CRAN's performance and strategic objectives.

Performance and Governance Agreement

The Board signed a Performance and Governance agreement with the MICT on 12 October 2020. The agreement serves as a tool through which the Government holds public office bearers accountable for terms as listed under the agreement and allows for monitoring and evaluating the performance and affairs of a public entity. With the signing of this agreement, the Board collectively undertook to proactively account to robust, timely and transparent delivery of its mandate in the best interest of all Namibians.

Appointment of Chief Executive Officer

A special welcome is extended to CRAN's Chief Executive Officer, Ms. Emilia Nghikembua, who joined CRAN in 2011 as Legal Assistant and moved on to the position of Legal Advisor and then as Head: Legal Advice, until her appointment as CEO on 01 January 2021. Ms. Nghikembua was selected as the best candidate for this position as she possesses the required experience and skills, is dynamic, and will bring new energy necessary during these unprecedented and trying times.

Memorandum of Understanding

A Memorandum of Understanding (MoU) was entered into with the Namibian Civil Aviation Authority (NCAA) and agreed upon by legal teams from CRAN and NCAA. The agreement enables the regulations and governing relationship between the two entities pertaining to all communications en-route, during approach, when landing, and during take-off of aircrafts in the Namibian skies. This was a highly necessary and impactful agreement.

Celebratory events

CRAN raised awareness of important celebratory days that acknowledge the importance of accessible and affordable information for all. These included World Telecommunication Day, International Day for Universal Access to Information, and World Post Day. The celebration of these awareness days is important as they are an essential element in providing access to ICT and its sub-sectors, namely, postal, telecommunications, and broadcasting.

Infrastructure development and sharing

There has never been a greater need for the ICT sector, as the enabler of e-learning, information dissemination, and for connecting people who could not meet face-to-face, to create easy, affordable, and quality access to ICT products and services. Infrastructure development and sharing is therefore a key enabler for the implementation of e-Services like e-Governance, e-Learning, e-Health and e-Commerce.

Pillar 4 of the HPP II specifically focuses on infrastructure development as a catalyst for economic growth, social progression, and a contributor to global competitiveness and investment attractions, which falls directly

under CRAN's mandate. Goal 4 specifies *Expanding Coverage for ICT* by expanding coverage of ICT through the implementation of an *Open Access Network* infrastructure sharing regime in a bid to champion Universal Broadband Access by 2025; facilitation of a safe and robust ICT ecosystem; and attaining 95% digital television broadcasting network to all Namibian households by 2025.

Section 50 of the Communications Act (No. 8 of 2009) imposes an obligation on dominant Licensees to share infrastructure with other Licensees or carriers, whereas CRAN's Infrastructure Sharing Regulations, introduced in October 2016, creates the regulatory framework for the non-discriminatory and non-exclusive sharing of passive and active telecommunications infrastructure by dominant Licensees.

An *Open Access Network* Infrastructure sharing regime will fuel economic growth by reducing investment costs for ICT services and provide for equal access to all Licensees in order to level the playing field. This would also support national development goals in making Namibia a lucrative investment option internationally and raising the standard of living for all Namibians through job creation and broadband access for all. It would furthermore support SDG 9 by focusing on building resilient infrastructure, promoting sustainable industrialisation, and fostering innovation.

An inclusive society

CRAN seeks to address the "digital divide" and to promote a society in which the information and communications technology sector is a key enabler of social development and economic growth for individuals, households and businesses, regardless of economic status or geographic location, in a service sector-led economy.

To close this gap, often referred to as the "digital divide," a market data study is being undertaken to identify those areas in Namibia that are unserved and underserved with telecommunications services and broadband. The analysis will focus on the cost of buying data in Namibia compared to other SADC countries and how to make access to data more affordable. Tentative results of the study indicate that the absence of competition in Namibia has led to higher broadband prices, in the past four years, contrary to global trends.

Currently, Namibia has 96% 2G population coverage, 89% 3G population coverage, and 79% 4G population coverage. The Kunene, Kavango West and Omaheke regions have less than 50% 4G population coverage. Ideally, it should be at 98%. CRAN is also in the process of establishing the Universal Service Fund (USF), which will be utilised to roll out universal access and services initiatives to breach the digital gap. The Fund will focus on new Radio Access Network (RAN) sites to provide

4G coverage to secondary schools and clinics that are currently outside of 3G or 4G coverage.

Future sustainability

Moving into 2021 and beyond, and amidst the challenges and uncertainty ahead, CRAN remains committed towards Namibia's sustainable socio-economic development and will continue to reach out to facilitate the adaptation of technological information to take Namibia into the future.

Several challenges in terms of expansion and market entry however remain, among which include barriers by dominant players, no virtual network operator (MVNO) in the country yet, no active sharing (national roaming), limited spectrum below 1 GHz bands, limited infrastructure sharing, and high cost to provide service into unserved rural areas with a reluctance from dominant players to share active and passive infrastructure.

In order to achieve high broadband speeds and quality of service, and their associated economic benefits, substantial investments in the ICT sector are required for long term sustainability. While Namibia lost its leading role in the ICT sector in Africa as recently as five years ago, this can be regained through restructuring of the sector and investigating ways to attract private sector investment and improve the level of competition.

We need to reposition CRAN from an administrative licensing regulator, to being a regulator that creates tangible value for our consumers and creates a positive and long term impact to the socio-economic growth of the country. We have seen this evidenced during the year under review with the strong contribution made by the ICT sector to GDP, and further evidenced in the value created and presented to consumers. While we have noted the increased contribution of the ICT sector to GDP is encouraging, we have, however, noted that ICT sector revenues, shareholder's equity and assets declined between 2012 and 2020, while net profits increased slightly.

We also position ourselves to proactively respond to new technological innovations, trends and demands, and together with the MICT, are working on 5G and cybercrime/cybersecurity initiatives to ensure technological innovation. Furthermore, the regulator makes provision for the issuance of technology-neutral licences such that industry operators may provide ICT services without limitation.

Moving to a more competitive and connected world, we will ensure that the regulatory framework is always responsive to technological innovation and reform. Our regulatory framework is, as far as possible, aligned to the International Telecommunications Union (ITU) standards,

which assists the Authority in reviewing and developing innovative regulatory frameworks based on international ICT best practice.

Appreciation

I wish to express my gratitude to my colleagues on the Board and sub-committees for their unwavering support and commitment to the execution of our 2020 – 2023 Strategic Plan and the future aspirations of the ICT industry for the good of our nation and its people.

I would also like to thank the CRAN executive team and all of CRAN's employees for their collective contribution to seeing a difficult year through with us. The low staff turnover of 0.62%, from 4.76% the previous year, is most pleasing and indicative of employees pulling together as a team through a turbulent operating environment.

I would also like to thank the MICT, Licensees and all other key stakeholders whom I have engaged with during the year as CRAN Board member. We appreciate your support and look forward to continuing to work with you towards achieving our vision – access, quality and affordability for all.

We look forward to renewed growth founded on our capacity for innovation and long-term sustainability.



As the world dives into the digital age, people are increasingly moving towards a digital economy and using digital platforms that transcend time and space to seek information and to share stories. Since the Authority's existence, Namibia's ICT growth has actively followed this global trend.

Heinrich Mihe Gaomab II
Chairperson of the Board

Board of Directors



Qualifications:
MSc (Quantitative Development Economics); BCom (Hons)

Heinrich Mihe Gaomab II (51)
Independent non-executive Chairperson
Joined the Board on 1 July 2019

Value added to the Board: Corporate governance, strategic leadership, business ethics, institutional change management and organisational transformation, audit and financial management, relationship management, reputational management, and executive management.

Other current roles: Chief Executive Officer at Namibia Industrial Development Agency (NIDA); Chairman of the Committee on Operations and Development Effectiveness (CODE); Member of the Audit and Finance, Ethics Committee, African Development Bank Group; Director of the Institute of Governance of Namibia and Institute of Directors; Founding President of the Namibia Economic Society.

Previous roles: Executive Director, African Development Bank Group; Alternate Executive Director, African Development Bank; Chairman of the Board of Trustees, Government Institutions Pension Fund; Commissioner of the National Planning Commission; Chief Executive Officer/Secretary to the Commission, Namibian Competition Commission; Member of the Vice-President's Council on Economic Matters; Vice-President of the Group of Experts on Competition Policy and Law at the United Nations Conference on Trade and Development (UNCTAD); Deputy Director, Policy Development, Research and Regional Integration, Southern African Customs Union (SACU); Manager and Principal Economist, Policy Research and Macroeconomic Modelling and Forecasting Division(s), Research Department, Bank of Namibia.



Qualifications: B.Juris; LLB (Bachelor of Laws); LLM (International Trade Investment and Business Law – Cum Laude); Postgraduate Diploma (Economics for Competition Law)

Vivienne Katjiuongua (45)
Independent non-executive Vice-Chairperson
Joined the Board on 1 July 2019

Chairperson of the Legal and Technical Committee
Member of the Audit and Risk Committee

Value added to the Board: Professional legal counsel

Other current roles: Chief Executive Officer at Business and Intellectual Property Authority (BIPA); Member of the Law Society of Namibia and admitted as Legal Practitioner; Member of the Center for American and International Law (Texas, USA); Member of Business Rescue Task Force (Namibia).

Previous roles: Chief Legal Advisor and Company Secretary at Business and Intellectual Property Authority (BIPA); Advisor to the Executive Director of International Trade Centre (ITC), Geneva, Switzerland; Member of the Executive Committee of the African Union Regional Sports Council (Region 5) and Vice-Chairperson of the Regional Anti-doping Organisation, Gaborone, Botswana; Chairperson and Board member of the Namibia Sports Commission, Namibia; Director of Restrictive Business Practices at the Namibia Competition Commission; Trade Advisor to Namibia Agronomic Board (Agricultural Trade Forum); Principal Legal Officer at Government Attorneys.



Qualifications: Doctor of Philosophy (Information Systems); MSc (Computer Science)

Tulimevava Mufeti (42)
Independent non-executive Director
Joined the Board on 1 July 2019

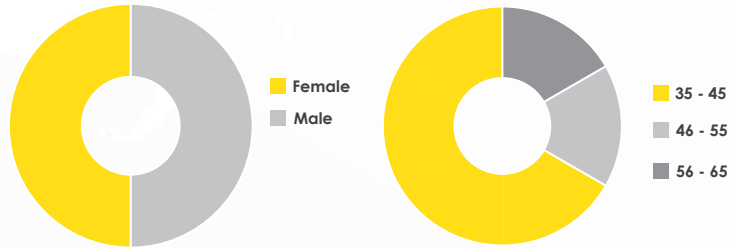
Chairperson of the Human Resources and Remuneration Committee
Member of the Legal and Technical Committee

Value added to the Board: ICT Technologies, Software Development and Information and Communications Technology for Development Research.

Other current roles: Associate Professor: Computing, University of Namibia (UNAM).

Previous roles: Associate Dean, School of Computing, UNAM; Head: Department of Information Systems, Head: Department of Computer Science, UNAM; Acting Coordinator: Interactive MultiMedia Unit (IMMU).

Age and gender diversity



Gerhard Coeln (63)

Independent non-executive Director
Joined the Board on 1 July 2019

Member of the Legal and Technical Committee
Member of the Audit and Risk Committee

Value added to the Board: Supports business development through electricity infrastructure; management of assets, financial and human resources, strategic and scenario planning, corporate development, and operation of businesses.

Other current roles: Consultant in electricity distribution and supply industry development and restructuring at local, regional, and national level.

Previous roles: Engineer: power systems and electricity networks at Henning Seelenbinder and Partners; Engineer at Municipality of Walvis Bay, Electricity department; conducted Coastal Power Station Feasibility Study in 1998; participated in the restructuring of the Electricity Supply Industry (ESI) in Namibia; Founding CEO of Erongo Regional Electricity Distributor (RED); Public Private Partnership with Rural Maintenance (Pty) Ltd. to craft strategies for municipalities' electricity departments in South Africa.

Qualifications: MBA; BSc (Electrical and Electronic Engineering)



Dorethy Elizabeth Smit (42)

Independent non-executive Director
Joined the Board on 1 July 2019

Chairperson of the Audit and Risk Committee
Member of the Human Resources and Remuneration Committee

Value added to the Board: Accounting and auditing.

Other current roles: Consultant and Entrepreneur; Member of the Institute of Chartered Accounts of Namibia (ICAN), South African Institute of Chartered Accounts (SAICA) and the Public Accountants and Auditor's Board (PAAB).

Previous roles: Chief Financial Officer, Oryx Properties Ltd.; Employer Trustee, Chairperson and Principal Officer, Nedbank Namibia Pension Fund; Chief Financial Officer, Nedbank Namibia Ltd.

Qualifications: BCom Hons (Accounting); BCom (Accounting); Chartered Accountant (South African Institute of Chartered Accountants)



Thomas Hangula Mbome (36)

Independent non-executive Director
Joined the Board on 1 July 2019

Member of the Legal and Technical Committee
Member of the Human Resources and Remuneration Committee

Value added to the Board: ICT, with extensive knowledge on both Ethernet and Wireless Local Area Network (LAN), Computer Networking and background on Computer Forensics.

Other current roles: Data Administrator, Office of the President; Committee Member of the Training, Editorial, Certification, Advocacy and Quality Assurance Committee, at Namibia Institute of Corporate Governance.

Previous roles: LAN and Wireless Hotspot Technician, Telecom Namibia Ltd.; Internet Protocol Technician, Telecom Namibia Ltd.; Computer Technician.

Qualifications: BSc (Systems Administration and Networks); National Diploma (Information Systems Administration)

Chief Executive Officer's Report

“An effective CEO, especially for an ICT regulator, is someone that can direct and harness the power of collaborative regulation which enables investment, innovation, competition and content delivery, consumer protection and the attainment of socio-economic goals.”

A year of resilience in a difficult environment

The year under review presented several challenges, especially in the last quarter of the financial year (January to March 2021), which coincided with my appointment as CEO on 01 January 2021. The year was characterised by immense challenges posed by the COVID-19 pandemic, which profoundly impacted our business and personal lives. The trauma experienced by those who lost loved ones, friends, and colleagues is distressing. I hope the coming year will bring restoration, healing and a sense of building anew.

As the communications regulator, we are keenly aware of our responsibility to respond swiftly to the accelerated need for digitalisation, as evidenced by the increased adoption and usage of services by Telecommunications Licensees. Our team responded quickly and ensured the continuity of our operations and the maintenance of the network through providing additional Spectrum to Licensees temporarily. The demand for accessing information was especially notable in the health, education, and communications sectors. The growing utilisation of e-Learning and the need for educational institutions to provide learners with education through online platforms is of strategic significance to CRAN and requires an adjustment of our policies and regulations.

The CRAN website was revamped in July 2020 and served as an important means of disseminating critical information, news, and documents to all stakeholders and interested parties. Likewise, CRAN, in consultation with Telecommunications Service Licensees, approved two toll-free emergency numbers for the reporting, monitoring, and management of the COVID-19 pandemic. The emergency toll-free numbers are active on all cell phone networks in Namibia and are free of charge within the borders of the Republic of Namibia.

The year was fraught with increased cyber-security issues and attempts made by individuals to gain access



Emilia Nghikembua

to consumers personal data. The need, therefore, for a comprehensive cybersecurity framework including data protection and privacy laws has become essential, and it is hoped that this matter will, through the promulgation of the Electronic Transactions and Cybercrime Bill, be resolved soon.

My journey with CRAN over the years

I joined CRAN in 2011 as Legal Assistant and moved on to the position of Legal Advisor and then as Head: Legal Advice, until my appointment as CEO on 01 January 2021. I look forward to celebrating CRAN's upcoming 10th year anniversary with my colleagues on 18 May 2021.

Looking back over the years there has been much to learn and build from. From when CRAN opened its doors on 18 May 2011, as a small State-owned Enterprise with only five employees, to a current workforce of 62 employees as of 31 March 2021, CRAN can certainly be proud of its growth and numerous key achievements.

CRAN has a well-defined vision, mission, values, and eagerness to grow. After ten years of hard work and determination, CRAN remains just as ambitious and has gained in human capital, knowledge, and skills, to fulfil its mandate. Since its inception in 2011, CRAN has provided a wide array of telecommunications,

broadcasting and postal services throughout Namibia, with 35 Broadcasting Service Licensees, one Signal Distribution Licensee and 58 Telecommunications Service Licensees. Several key milestones have been achieved by CRAN over the years, an account of which is provided on page 17 to 20.

Digital technologies have become an increasingly critical enabler of connectivity. Due to the disruptive experience of the COVID-19 pandemic, the world has learnt first-hand just how essential digital technologies are for the functioning of our economies, societies and individual lives. The pandemic has also laid bare the blunt realities of the digital divide, especially within developing economies such as Namibia, and has brought to the forefront the need for, and importance of, having affordable and reliable digital infrastructure in place throughout the country.

Expansion comes at a cost though, and it may not always be economically viable for operators to consider expansion in the underserved and unserved areas. For this reason, the Universal Service Fund and Universal Access and Services regulations were implemented in December 2016.

Apart from the cost of expansion, it is my view that there is a joint social obligation on behalf of the Government, CRAN and all Licensees to invest sufficient resources into providing services to underserved and unserved areas, which may not be economically viable in the short-term. Social conscience dictates the necessity for promoting economic activity in these areas through empowering and providing communities with access to technology for long-term and sustainable socio-economic benefit.

Ensuring quality of service

Quality of service regulations has been in place since 2015 to ensure compliance. These regulations set the minimum parameters for network quality, service quality, billing and customer service. Licensees were engaged on matters such as the need for additional spectrum to ease congestion on the network during the increased demand for telecommunications services, and non-compliance with reporting requirements were discussed, and amicably resolved.

Our performance against strategy

Significant attention was dedicated to developing the 2020 - 2023 Strategic Plan, but, as with all strategies, they are living documents and need to be regularly reviewed to ensure that the strategic objectives and initiatives are

fully responsive to the evolving environment in which we operate. A materiality process to determine the broad themes under which our material matters could be classified, was conducted as part of an integrated thinking and training workshop attended by executive management and contributors to the integrated reporting process. A description of each of the five broad themes and our strategic response thereto is provided on page 41 to 45.

Executive management will, during the 2022/2023 financial year, review the 2020 - 2023 Strategic Plan with a focus on our business model and our value creation process over the next strategic planning cycle (2023 – 2026). Several issues such as universal service, research and development, market data studies, termination rates, and taxation in the ICT industry will receive attention.

As indicated in the Chairperson's statement, organisations will always face challenges, most of which are not insurmountable. We were not immune to the economic downturn, and despite a growing ICT sector, affordability remains a concern. With less disposable income available by consumers to spend on these critical services, it is our responsibility to ensure that they remain affordable.

With a responsive strategy, strong leadership from the Board, a committed executive management team, and a dedicated workforce, I am confident we will forge ahead and tackle all the challenges posed with confidence and energy.

In considering the four strategic themes, allow me to provide a summary.

Strategic collaboration – Because we regulate the industry for the public interest, stakeholder engagement and enforcement and striving towards the impactful regulations for this critical and robust sector is receiving my full attention. Expanding our stakeholder base to include the critical sectors of the economy that depend on a reliable network such as financial institutions that need a guaranteed network for providing an efficient service to clientele during this time is essential. Of course, continued attention to the needs of the education, health and communications sector remained a priority. The collective collaborations of our stakeholders towards a common vision for the ICT industry has resulted in renewed enthusiasm for dynamic growth. Our stakeholders can be assured that we are responsive to

their needs and expectations which will be incorporated into the stakeholder engagement plan to be rolled out in the coming year.

CRAN held its annual stakeholder engagement event by hosting an ICT Stakeholder Round Table Panel discussion on 31 March 2021 in Windhoek. The discussion dialogued the regulatory elements required to achieve a digital economy in Namibia and attain 100% broadband coverage as set out in the Harambee Prosperity Plan II. CRAN partnered with various telecommunications and broadcasting stakeholders to disseminate Child Online Protection messages via online platforms, email, SMS, and local radio stations, from 15 February to 21 March 2021, and created awareness among children, parents and caregivers on the risks of internet usage.

Operational excellence – CRAN is required to provide an efficient and effective service to current and potential Licensees and other key stakeholders. Valuable progress has been made, as described on page 74 to 87, including the three-year business process re-engineering project undertaken in December 2020 that will improve operational efficiency. Phase 1 of the project has commenced with an analysis of all existing business processes being conducted.

Due to the nature of our industry, our organisational structure needs reviewing in order for CRAN to become more responsive to advances in technology and to the evolution of our mandate through dynamic market forces. The new organisational structure needs to be fit-for-purpose and responsive to our strategy.

Innovation – As a regulator we need to be proactive while simultaneously ensuring that we are leading the ICT industry into the future. Due to the disruptive nature of technology, we also need to ensure that we respond to evolving market dynamics. For example, we introduced research and development as a key component to addressing innovation in the organisational structure. We try not to define innovation based only on technology, but to incorporate innovation into our day-to-day activities.

Sustainability - To achieve our mandate and strategic goals, and to secure our independence, CRAN needs to be well resourced.

CRAN operates within an extremely difficult external environment, and routinely faces legal challenges impacting on its sustainability. This requires us to harness

our available resources, technology, and highly skilled workforce, to safeguard our sustainability over the short, medium and long-term. I have our employees to thank for remaining motivated and focused on overcoming these obstacles.

Reduction in revenue continues to be affected by the 11 June 2018 Supreme Court decision that declared Section 23(2)(a) and Regulation 6 as unconstitutional and that the Authority could no longer raise revenue on that basis from that date onwards. Revenue for the year under review decreased by 63%, from N\$91 million in 2020 to N\$33.3 million in 2021, with spectrum fees, numbering fees, and type approval fees now contributing to 100% of the revenue.

This has impacted CRAN's sustainability and the ability to defray the cost of regulation as our main source of revenue is the collection of regulatory levies. Provisions for the levy are, however, currently under review under the Communications Amendment Act (No. 6 of 2020) as published in the Government Gazette on 15 July 2020.

Various cost cutting measures were introduced during the year, and a debt collection strategy developed to recover substantial amounts of money owed to CRAN. Engagements with other operators is ongoing and I am confident that we will continue sustaining the organisation and regenerate the projects aimed at expanding the ICT industry.

Looking ahead

As I complete my first 90 days in office, I remain committed to creating a framework that will enable Namibia to realise the objectives of the Fourth Industrial Revolution (4IR). 4IR is a technology-driven change, with opportunities to help policy-makers to harness converging technologies in order to create an inclusive, human-centred future by looking beyond technology.

I will remain resolute in transforming CRAN into an effective and developmental regulator. These objectives will be achieved through CRAN's existing foundations, which are CRAN's mandate, values, vision and mission.

I plan to realign the organisation by re-energising the team, re-structuring the organisation as mentioned, and refocusing our attention to pertinent issues facing the critical and robust ICT industry, such as access to sufficient spectrum to ensure service provision, compliance with quality of service parameters to enhance customer experience, strengthening stakeholder engagement,

improving employee engagement through the CRAN value initiative, enhancing the execution of CRAN's mandate to include mandate centric objectives, implementing the balanced scorecard, and cultivating value and infrastructure sharing to expand service provision and choice for the consumer.

Consumer protection and advocacy remains an integral element of CRAN's mandate to regulate, supervise and promote the provision of telecommunication services and networks, broadcasting services, postal services and the use and allocation of radio spectrum in Namibia. We will continue to inform, educate and engage our consumers in the regulatory process to ensure that they are empowered to make the right choices with respect to ICT needs. I remain committed to being transparent and to continue to strive towards creating a knowledge-based and innovative environment in our collective quest to achieve CRAN's strategic plan objectives and mandate.

Access and affordability will remain an ongoing strategic objective, and of particular concern to me is the lack of access and affordability of data to schools. Of the approximately 1,800 schools in the country, only 400 schools have data lines, which are often disconnected due to lack of affordability. This is a dire situation and needs intervention by the Authority.

Appreciation

I would like to extend my heartfelt appreciation to the Board and all my colleagues for their encouragement and support not only in my new role as CEO, but for the support extended to me in my previous roles with CRAN over the years.

I look forward to a fruitful working relationship with all our valued stakeholders and the continuous support to CRAN and the ICT industry. Our collective collaborations have resulted in CRAN overcoming several challenges during the year and intent on meeting its obligations as set out in our mandate.



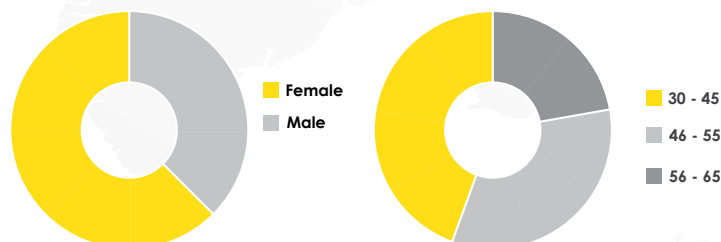
Emilia Nghikembua
Chief Executive Officer

"My vision for the ICT industry is to create a framework that enables Namibia to realise the objectives of the Fourth Industrial Revolution."



Executive Management Committee (EXCO)

Age and gender diversity



Emilia N Nghikembua (35)
Chief Executive Officer (January 2021)

Head: Legal Advice (until 31 December 2020)
Joined EXCO on 1 March 2015

Qualifications: LLM (Cum Laude); MA (ICT Policy, Regulation and Management)
Specific areas of expertise: Law; ICT policy, regulation and management; board governance and strategic leadership.



Jochen Rudolf Traut (61)
Chief Operations Officer (Acting CEO April to December 2020)

Joined EXCO on 11 December 2011

Qualifications: BCom; National Diploma (Technology); Senior Management Development Programme (SMDP); Postgraduate Diploma (Telecommunication Management).
Specific areas of expertise: Technical, operational and strategic expertise in spectrum management; licensing infrastructure sharing; broad-band policies; numbering; type approval and quality of service; cyber security; broadcasting; postal and courier services and Universal Access.



Ronel le Grange (55)
Head: Electronic Communications

Joined EXCO on 21 February 2012

Qualifications: Postgraduate Certificate (International Management); Diploma (Mobile Telecommunications - with merit); BAEd.
Specific areas of expertise: National, regional and international expertise in Spectrum Management; licensing infrastructure sharing; numbering; type approval, cyber security and quality of service.



Justus Tjituka (58)
Head: Finance

Joined EXCO on 2 February 2012

Qualifications: MBA (Financial Management); BA (Accounting, Business Management and Computer Science); Postgraduate Certificate (ICT Policy, Regulation and Management); Postgraduate Certificate (Project Management).
Specific areas of expertise: Financial and management accounting; annual financial statements; investments and liquidity management; financial planning and control; costing and budgeting; systems implementation; procurement and logistics management.



Helene Vosloo (52)
Head: Economics and Sector Research

Joined EXCO on 1 February 2012

Qualifications: BCom (Hons); MBA.

Specific areas of expertise: Economist in the regulatory environment having worked at the Electricity Control Board and CRAN. Also serving currently on the ECB Board of Directors.



Lucrezia Henckert-Louw (43)
Head: Human Capital

Joined EXCO on 3 January 2012

Qualifications: BTech (Human Resources Management); Senior Management Development Programme (SMDP).

Specific areas of expertise: Human Capital generalist, specialising in recruitment, benefits management, organisational development; change management; labour relations; policy development; organisational wellness; talent management, strategic management and leadership.



Desery Haimbodi (30)
Acting Head: Internal Audit

Joined EXCO on 01 May 2018 (in an acting capacity)

Qualifications: BTech (Accounting and Finance).

Specific areas of expertise: Risk identification and assessment; effectiveness of controls and compliance with procedures and regulations.



Katrina C. Siken (46)
Head: Corporate Communication

Joined EXCO on 16 March 2015

Qualifications: BA (Hons - Integrated Organisational Communication); BA (Communication Science – with distinction).

Specific areas of expertise: Stakeholder engagement; reputation management; brand management; and corporate communication management.



Tanswell Davies (36)
Governance Executive

Joined EXCO on 13 February 2015

Qualifications: BJuris; LLB. Admitted Legal Practitioner of the Namibian High Court.

Specific areas of expertise: Corporate law, governance, ICT law, disciplinary matters and workplace disputes, and High Court litigation.



OUR OPERATING CONTEXT

OUR EXTERNAL ENVIRONMENT

Material trends impacting value creation

The executive management team conducted a materiality workshop during the year to identify those matters that may influence the ability of CRAN to create value in the short, medium and long term. Applying an integrated thinking process facilitated the determination of our material matters within our operating context and external environment and the impact on our business model.

Identifying our materiality matters facilitates the development and execution of our strategy and leverages on the opportunities presented. It enables the

alignment of our priorities to those of our stakeholders and, in particular, the development agendas of our country. Through this alignment we are able to reposition the ICT sector for sustained growth and value creation for all.

During the materiality process, five broad themes under which our material matters could be classified stood out. These themes include:

Economic environment

The Namibian economy has been in a recession since 2016. However, ICT services has been one of the few sectors that were able to positively contribute towards the Namibian economy. The information and communication sector recorded a strong growth in real value added of 17.4% in 2020 compared to an increase of 11.9% recorded in 2019. This positive performance is attributed to increased usage of data and voice as people switched to working from the office to working from home during COVID-19.

This positive contribution is expected to continue in 2021, but may decline once employees return to their respective places of employment. ICT is a significant contributor to the Namibian economy and will continue to contribute positively to the national GDP.

Implications for value

- ICT is an economic enabler and therefore CRAN needs to make decisions that avoids regulatory risk and that leads to employment creation and value addition to Namibia's GDP.

Our strategic response

- CRAN continued to issue Telecommunications and Broadcasting Service Licences to applicants who demonstrate the capacity to meaningfully contribute to the industry. This contributes towards Namibia's productivity rate as information and technology is an enabler to all economic activities. CRAN is therefore encouraging infrastructure sharing, rural roll-out of services and investment, lower tariffs and a more competitive industry.

COVID-19 disruptions

The year under review was filled with unexpected disruptions, caused primarily by the unforeseen, unprecedented and catastrophic COVID-19 pandemic. This brought to the fore, more than ever before, the critical role that institutions such as CRAN have in facilitating safe online interactions that are secure, reliable, accessible, affordable, and protected.

Implications for value

- There has never been a greater need for the ICT sector to create an easier, more affordable, and higher quality access to ICT products and services, and to become an enabler of e-learning, information dissemination, connecting people who could otherwise not meet face-to-face. CRAN has thus recognised the need for further development in this field and commits itself to adjusting its policy and regulations to provide for this need.

Our strategic response

- CRAN, in consultation with various Telecommunications Services Licensees, approved two toll free emergency numbers, 0800 100 100 and 911, for reporting COVID-19 incidences. This initiative was welcomed by Namibians and was utilised nationally by members of the public, proving to be a successful initiative.
- We proactively and urgently re-evaluated our strategy to ensure the safety and well-being of employees, whilst continuing to harness the power of digital technologies and keeping all ICT consumers and stakeholders connected. National health protocols were adhered to, with work-from-home initiatives encouraged to minimise the spread of the pandemic.
- Temporary spectrum was provided to Licensees.

Regulatory and policy environment

The primary responsibility of the Authority is to regulate the telecommunications, broadcasting and postal services in compliance with the Communications Act (No. 8 of 2009) and to advocate for subordinate legislation and policies that ensure fair and transparent operations by all Licensees for the benefit of consumers, whilst creating a competitive environment for the advancement of the ICT sector in Namibia.

Implications for value

- In a world where technology urges the tides of change ever forward, it is of primary importance that regulations are current and relevant and that they support national development goals and the provision of high quality, accessible, and affordable ICT for all Namibians.

Our strategic response

- CRAN is committed to realising national policy objectives, such as the HPP II activities, through prioritisation in planning of our short to medium-term goals and strategic actions to accelerate national development towards Vision 2030 and prosperity for all. As such, Pillar 4 of the HPP II, which encompasses *Infrastructure Development* as a catalyst for economic growth, social progression, and a contributor to global competitiveness and investment attraction, falls under CRAN's mandate and the strategic goal of *expanding coverage for ICT* through:
 - The Implementation of an 'Open Access Network' infrastructure sharing regime in a bid to champion Universal Broadband Access by 2025.
 - Facilitation of a safe and robust ICT ecosystem.
 - Attaining 95% Digital Television broadcasting network to all Namibian households by 2025.

Several strategic initiatives have been put in place to support HPP II Pillar 4, as follows:

Infrastructure Sharing Regulatory Framework

Our strategy highlights the implementation of the *Infrastructure Sharing* regulations as a priority. Section 50 of the Communications Act (No. 8 of 2009) imposes an obligation on dominant Licensees to share infrastructure with other Licensees or carriers.

Infrastructure sharing has a number of advantages to the communications market, such as:

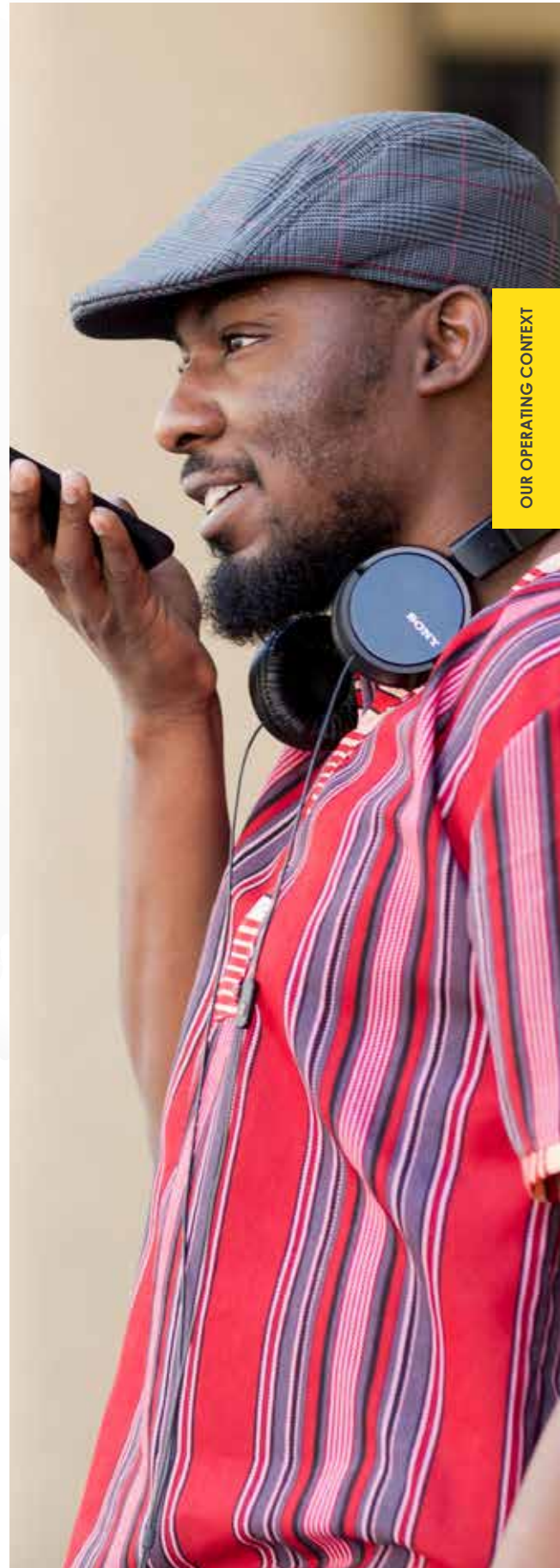
- The reduction in investment requirements for infrastructure investments.
- The promotion of competition.
- The release of capital for strategic investments and new services.
- An increase in services and products available to consumers.
- The decrease in the barriers to market entry for new players.

CRAN's Infrastructure Sharing Regulations, introduced in October 2016, satisfies these obligations by creating a regulatory framework for the non-discriminatory and non-exclusive sharing of passive and active telecommunications infrastructure by dominant Licensees.

We have observed that dominant Licensees have generally welcomed the sharing of passive infrastructure (such as ducts, poles, buildings, sites, masts, power supply, shelters, buildings, air-conditioning, etc.) and that no disputes have been declared in this regard.

Active infrastructure sharing (such as a facility or equipment used in the provision of a telecommunications service including all features, functions and capabilities that are provided by means of such facility or equipment) is crucial for open-access sharing to reduce costs to the benefit of consumers and can only happen when a Licensee can utilise the same radio network of another operator, such as national roaming or a Mobile Virtual Network Operator (MVNO).

We have noted that active infrastructure sharing in Namibia is currently limited, with most disputes declared by Licensees pertaining to active infrastructure sharing. Of concern is the unwillingness of dominant Licensees to implement active sharing, especially with new entrants in the market. This hampers the attainment of the HPP II objectives, and a mitigation plan will thus be formulated by CRAN to enforce dominant Licensees to comply with the framework on active infrastructure sharing through the applicable regulatory framework for Infrastructure Sharing.





All strategic initiatives have been underpinned by robust measures to ensure that together we harness the power of digital technology and connect for a better future.

Facilitate a safe and robust ICT ecosystem

Cyber-attacks have increasingly become the norm and, as the regulator of telecommunications service providers, CRAN is required to implement provisions and functions in forthcoming legislation to make ICT services more secure, reliable and trusted. There is currently one Act; the Electronic Transactions Act (ETA), and two Bills; the Cybercrime Bill and the Data Protection Bill, that address the issue of a secure ICT network in Namibia.

Not all parts of the ETA needed to fully realise digital signature in Namibia have been promulgated. The Cybercrime Bill will require the Authority to set up a National Security and Cyber Incidence Response Team (NSCIRT) for computer and/or information systems in Namibia. Its functions would be to collect relevant information relating to security and stability, co-ordinate with other bodies to promote security and stability of information systems, and take all necessary steps to facilitate the detection of offences involving the use of information systems, amongst others. The draft Data Protection Bill (from 2013) seeks to create provisions for the use, processing, and collection of personal information in order to protect citizens' right to privacy. There is a need to finalise the instruments that will enable the legislative framework and expedite the creation of the NSCIRT. CRAN is actively participating in the consultation process to ensure that the two bills currently being reviewed address and consider all issues pertaining to keeping ICT safe from cyber-attacks.

Attain 95% Digital Television Broadcasting Network to all Namibian Households by 2025

Ten years ago the Government, together with the NBC and the Authority, undertook a Digital Terrestrial Television (DTT) project, a major technological advancement over the previous analogue television technology. Unfortunately, due to financial constraints, the project was halted, with a decision made by NBC to instead move to a Direct-to-the-Home (DTH) digital television broadcasting solution, which allows NBC to broadcast its programmes to its viewers in Namibia through the use of satellite broadcasting systems (similar to MultiChoice Namibia).

As soon as NBC establishes this DTH satellite distribution network the current 80% geographical and population coverage will potentially increase to 100% by 2025 as envisaged in the HPP II, depending on available funding.

The role of the Authority will be to ensure that NBC acquires the necessary spectrum assignments once applied for by the NBC to implement the planned DTH solution.

Social and technology environment

The impact of the COVID-19 pandemic on the social and technological environment was evident and caused economic hardships for many Namibians. During this period the reliance and expectations by individuals and businesses on ICT increased significantly, creating an opportunity for the sector to add value through commerce, health and education. ICT products and services created immense value through connecting businesses and people in a safe, accessible manner within a quality service delivery framework during a time when physical interaction was not possible.

Implications for value

- The pandemic has increased the demand for high quality, accessible and affordable ICT products and services. The regulatory framework must therefore be responsive to meet the needs and expectations of Namibian ICT consumers who rely on technology as a socio-economic enabler.

Our strategic response

- Additional spectrum was provided to Licensees on a temporary basis to relieve the congestion on the network, and two toll-free emergency numbers were approved by CRAN for the reporting, monitoring and management of the COVID-19 pandemic.

Competitive environment

Although many licences have been issued for both the commercial telecommunications and broadcasting sectors, there is still a lack of effective competition in the ICT sector. There is a lack of effective competition especially for the telecommunications market. This leads to higher prices and poor quality of service.

Implications for value

- A consequence of affordable access to high quality broadband is economic growth and job creation.

Our strategic response

- The ICT sector enables other economic sectors by facilitating access to information and the co-ordination of economic activity. In order to achieve high broadband speeds and quality of service, and their associated economic benefits, substantial investments are required. Namibia's ICT sector was one of the leaders in Africa as recently as five years ago but due to high broadband prices and low speeds in comparison to other SADC countries, this position is lost.

MANAGING OUR MATERIAL RISKS

Governance of risk

The Board is responsible for the governance of risk within the organisation. The Board has appointed an Audit and Risk Committee to assist it in carrying out this responsibility. CRAN has adopted an Enterprise-wide Risk Management (ERM) process, executed through integrating threat identification and management processes into the daily activities and strategies of CRAN.

Key focus areas for 2021/2022 – Risk Management Committee













The Risk Management Committee was established to coordinate enterprise risk management, business continuity, and compliance, and to enhance collaboration across the Authority concerning identifying, reviewing and challenging risks arising from our business activities. The establishment of the Committee will strengthen CRAN's ability to manage risk proactively and embed a risk management culture throughout the Authority.















Risk Champions were appointed for each respective department to attend to the risk registers and administer the compliance database. They furthermore carry the responsibility of instilling a risk and compliance awareness culture within their respective department.






Key risks

Our risk management process has revealed the following top ten risks showing their context and opportunities, together with risk response, velocity, and the value creation capital impacted. The table on the next page presents risks that have an inherently high risk-rating value concerning the execution of CRAN's mandate and sustainability and presents mitigation measures to address these.

Top ten risk register 2020/2021

No	Risk	Context	Opportunity	Risk response	Speed of impact	Impact on the capitals
1	Regulatory fees and levies	Lack of billing of regulatory levies due to Supreme Court ruling on Section 23(2)(a) of the Communications Act (No. 8 of 2009) as unconstitutional. <u>Possible loss:</u> Inability to sustain business operations and ultimately failing to deliver on the mandate. Also, legal dispute initiated by Licensees who are in disagreement with the proposed levies.	<ul style="list-style-type: none"> Consultation session with Licensees to build a healthy relationship 	<ul style="list-style-type: none"> Consultations with Licensees on proposed regulatory levies Amend Communications Act (No. 8 of 2009) to allow for wider revenue generation streams 	Short-term	   
2	Regulatory compliance	The Authority should ensure the Licensees are conducting their operations as per the licence conditions awarded. However, with the existing controls in place and the limited resources, there is a threat of ineffective and inadequate compliance monitoring by way of untimely investigation of violations and offences. <u>Possible loss:</u> Loss of revenue from penalties and levies from regulatory offences. Ineffective consumer protection from exploitation by Licensees.	<ul style="list-style-type: none"> Improve the credibility of the Authority 	<ul style="list-style-type: none"> Trained investigation Officers Recruitment of full-time Investigative Officer Expansion of monitoring network Full utilisation of Automated Spectrum Monitoring System 	Short-term	  
3	Litigation	Licensees legally challenging the regulatory legislation and/or the Authority's decisions. <u>Possible loss:</u> Financial loss through litigations and reduction in credibility and trust in the Authority.	<ul style="list-style-type: none"> Improve regulatory legislation 	<ul style="list-style-type: none"> Appointment of external legal representation Training of internal legal personnel Continual review of regulatory legislation 	Medium-term	 
4	Spectrum	An increase in demand for internet data caused by the COVID-19 pandemic poses a threat of misuse of spectrum by the Licensees. This puts pressure on the Authority to perform extensive monitoring, given the fact that the Authority has inadequate spectrum monitoring resources. Further, the spectrum bill-run is not automated, which poses a threat of errors. <u>Possible loss:</u> Inappropriate use of spectrum resources, loss of revenue from fines and penalties resulting from regulatory offenses.	<ul style="list-style-type: none"> Full utilisation of Automated Spectrum Monitoring System 	<ul style="list-style-type: none"> Commission of new monitoring site in Walvis Bay Expansion of monitoring networks Routine maintenance on existing monitoring sites 	Short-term	  

5	Cyber Security law	<p>Cyber-attacks on private and public institutions as well as individuals should be detected and intercepted timeously. While the Authority is expected to develop effective protective measures in this regard, a lack of resources poses the threat of the inability to effectively execute the Cyber Security law.</p> <p><u>Possible loss:</u> Loss of credibility and trust in the Authority.</p>	<ul style="list-style-type: none"> Contribute to the achievement of national objectives Grow revenue streams Improve data information that will assist in developing and improving regulatory framework 	<ul style="list-style-type: none"> Develop operational plan for National Security and Cyber Incident Response Team (NSCIRT) 	Long-term	    
6	Employee engagement	<p>Tension/strenuous relationships between Management and Workers Opinion Representative Committee (WURCOM) as a result of ongoing employee benefits negotiations.</p> <p><u>Possible loss:</u> Loss of talent, employee dis-engagement and low productivity, Labour disputes and/or reputational damage due to potential strikes.</p>	<ul style="list-style-type: none"> Improve employee engagement and morale Avoid reputation damage that may possibly arise from a strike Use as a tool to justify Regulatory Levy charges, which is revenue used for remuneration benefits 	<ul style="list-style-type: none"> Work hand in hand with the Union (WURCOM) by having a consultative relationship Conduct internal ethics workshops Team Building Initiative (Team Wi-Fi Values Initiative) Negotiations with Union 	Medium-term	  
7	Resilience of business	<p>Majority of the business activities are conducted in a leased building, which limits the implementation of safer emergency strategies. Also, COVID-19 has adversely affected employees' health and it has the potential to cause loss of key talent, which may be difficult for the organisation to recover from.</p> <p><u>Possible loss:</u> Delay in operations due to inability to recover from disruption.</p>	<ul style="list-style-type: none"> Improve staff morale which may increase productivity Reduce possibility of severe workplace injury and/or fatalities 	<ul style="list-style-type: none"> Conduct business impact analysis that will be used to develop the BCM Plans will be based on that assessment Operationalise the Health and Safety Committee Appointment and training of Health and Safety Representatives Monitoring the implementation of the Succession Plan 	Medium-term	  
8	Information Technology (IT) Security	<p>The IT support is sourced from a Licensee which exposes the Authority to threat of information security as they may have access to confidential information.</p> <p><u>Possible loss:</u> Data system exposed to manipulation and/or corruption.</p>	<ul style="list-style-type: none"> Obtain in-house IT infrastructure support and only outsource internet and telephone connectivity. 	<ul style="list-style-type: none"> Develop IT Governance framework 	Medium-term	  

9	Universal Access Services (UAS) Fund	<p>The disruption of the COVID-19 pandemic on the way of life has exponentially driven the need for internet connectivity in underserved areas. Through the UAS, the Authority can enable the provision of resources to assist in improving the social economic standards of Namibians. Similarly, the challenge of regulatory levies has adversely affected the collection UAS funds and resulted in the inability to effectively deliver on the mandate.</p> <p><u>Possible loss:</u> Loss of credibility and trust in the Authority.</p>	<ul style="list-style-type: none"> Contribute to the achievement of national objectives 	<ul style="list-style-type: none"> Consultations with Licensees on proposed levies billing 	Long-term	  
10	Data management	<p>The growth in business operations triggers the need to manage data more effectively to enable efficiency, particularly in the Legislative Sector Reform and Economic and Sector Research Units. The Authority lacks a centralised data management system and processes that can fill this gap.</p> <p><u>Possible loss:</u> Operational delays and inefficiencies, leakage of confidential data and reputation damages.</p>	<ul style="list-style-type: none"> Efficiency in the operations and improve in the quality of output Improve access to information 	<ul style="list-style-type: none"> Data management system planned for the 2022 - 2023 financial year 	Long -term	 

Looking ahead to 2022



The organisation intends to procure the assistance of consultants to develop Business Continuity Plans (BCP) in order to improve the Authority's resilience to incidents that negatively affect strategy and operations.






OUR KEY RELATIONSHIPS

CRAN has cultivated strong relationships with employees and external stakeholders and acknowledges the importance of healthy relationships that form the foundation of actualising CRAN's future. Stakeholder engagement has remained a crucial function that requires proactive implementation of various interventions in order to achieve meaningful dialogue with the Ministry of Information and Communication Technology (MICT) as our shareholder, as well as all other stakeholder groups and ICT consumers.

It is incumbent upon the Authority to ensure that stakeholders and ICT consumers have the necessary access to information concerning their rights and obligations and that they are informed about CRAN's activities in the ICT sector.

In the table below, we briefly outline those stakeholder groups who have a substantive impact on our ability to create value, outlining their contribution to value creation, our means of engaging with them, and the stakeholders' primary interests relating to our business activities.

Our Stakeholders	Contribution to value creation	How we engage
 Licensees (telecommunications, broadcasters, postal)	<ul style="list-style-type: none"> Regulatory certainty Contribution to SDGs 	<ul style="list-style-type: none"> Public consultation Invitation of written comments Face-to-face meetings
	Priority interests: Equitable access to spectrum and numbering resources, regulatory framework	
	Our response: Review of regulatory framework in accordance with international trends, provide access to spectrum through the relevant regulatory process, preparation of new frameworks in line with upcoming legislation	
 Board of Directors and Employees	<ul style="list-style-type: none"> Implement CRAN's Strategic Plan to attain a conducive regulatory environment for all stakeholders 	<ul style="list-style-type: none"> Annual reports, website, CRANicles newsletter, radio, TV and newspaper interviews, email correspondence and social media platforms
	Priority interests: Consumer awareness and advocacy, stakeholder engagement, internal and external communication, events management, advertising, brand/image reputation management and relationship management	
	Our response: To provide timely, accurate and objective information to enable stakeholders to meet their operational objectives to receive the full benefits of ICTs	

 Labour Unions (NAPWU, WURCOM)	<ul style="list-style-type: none"> Manage industrial relations, foster a fair and equitable relationship 	<ul style="list-style-type: none"> Notice board, snapper frames, CRANicles newsletter, letters, email correspondence and social media platforms
	Priority interests: To represent the interests of its members within the bargaining unit, for the purpose of improved relations	
	Our response: Recognise NAPWU as the exclusive bargaining agent for CRAN employees in job grades A1 to D2	
 Government Ministries (MoPE, MICT, MoGECW)	<ul style="list-style-type: none"> To support the strategic importance of CRAN's mandate as outlined in the Communications Act (No. 8 of 2009) and Public Enterprises Act (No. 1 of 2019) 	<ul style="list-style-type: none"> Annual reports, notice board, snapper frames, public hearings, meetings/workshops/conferences, website, CRANicles newsletter, public/stakeholder notices, <i>Government Gazettes</i>, radio, TV and newspaper interviews, letters, email correspondence and social media platforms
 ICT Parliamentary Standing Committee		
 Global/Regional Associations (ITU, UPU, CRASA, SADC)	<ul style="list-style-type: none"> Regional/international harmonisation and innovation 	<ul style="list-style-type: none"> Annual reports, meetings/workshops/conferences, website, CRANicles newsletter, media statements, letters, email correspondence and social media platforms
 CSI Beneficiaries	<ul style="list-style-type: none"> To create a positive impact for the organisation and the CSI beneficiaries 	<ul style="list-style-type: none"> Annual reports, website, CRANicles newsletter, media statements, letters, email correspondence and social media platforms

 Investors, banks and funding agencies	<ul style="list-style-type: none"> Improve the sustainability of CRAN through increase sources of income and improve cost efficiencies 	<ul style="list-style-type: none"> Annual reports, meetings/ workshops/conferences, website, CRANicles newsletter, media statements, letters, email correspondence and social media platforms
	Priority interests: CRAN's revenue streamlines and financial sustainability	
	Our response: Implement cost cutting measures to ensure business sustainability with income generated by alternative revenue streams	
 Consumers, media and NGOs	<ul style="list-style-type: none"> Informed, engaged and empowered consumers Accurate and proactive dissemination of information, and a positive image and reputation 	<ul style="list-style-type: none"> Annual reports, meetings/ workshops/conferences, website, CRANicles newsletter, media statements, letters, email correspondence and social media platforms
	Priority interests: CRAN (who we are and what we do), market development, fair competition, Universal Service and Access, Spectrum Management, Monitoring, Compliance and Enforcement, cyber security and consumer advocacy	
	Our response: Ensure that consumers receive the full benefits of competitive communications services and protect them from exploitation and abuse, and ensure that they are informed, empowered and engaged by ensuring they have access to information about CRAN's activities	

Responding to stakeholder expectations

- ▶ Stakeholder engagement and customer satisfaction remains a key focus area for the organisation. The Corporate Communication Department therefore continues to proactively engage with Licensees, consumers, MOU partners, and other key stakeholders who are impacted by CRAN's activities in order to better understand and respond to stakeholder concerns and interests.
- ▶ Integrating ICT in all sectors of the mainstream economy is a critical factor in transforming Namibia into a knowledge-based and digital economy. In its commitment to achieving this vision, CRAN will continue to forge strong partnerships with key stakeholders, explore new opportunities, and effectively address challenges posed going forward.
- ▶ Negative media publicity attributed to outdated regulations pertaining to the Communications Act and court case litigations as presented to the ICT Parliamentary Committee were dispelled through timely, accurate responses and proactive dissemination of information.
- ▶ Several strategic initiatives, as described under Strategic Theme 1: Strategic collaboration on page 66 and 67, and undertaken during the year under review, have resulted in a positive shift in the image and reputation of CRAN.





OUR CORPORATE GOVERNANCE

OUR CORPORATE GOVERNANCE

CRAN, as a public enterprise, is governed by various legislation, including the Communications Act (No. 8 of 2009), the Public Enterprises Governance Act (No. 1 of 2019) (including Directives issued by the Ministry of Public Enterprises), and the Procurement Act (No. 15 of 2015). CRAN is further governed by a number of internal policies relating to finance, human resources, internal audit, and electronic communications.

The Board and Board Committees' mandates, functions, and responsibilities are governed by the Board Charter and sub-Board Committees' terms of reference, which is derived from the relevant legislation governing CRAN. CRAN also has a Delegation of Authority Policy in

place, which delegates certain functions and duties to management and sub-management committees in line with the applicable legislation, policies and governance frameworks.

Emphasis continued to be placed on meeting the strategic objective of enhancing the existing governance frameworks during the year under review. An Internal Policy Review Workshop was held with EXCO to revise all outdated internal policies, thereby ensuring alignment with best practices. In addition, the terms of reference for the Board Committees, including the Governance Policy and Procedures, were revised and approved. All draft policies and procedures have subsequently been submitted to the Board for consideration and approval.

Board governance framework

MINISTRY OF INFORMATION AND TECHNOLOGY AND MINISTRY OF PUBLIC ENTERPRISES

Communications Act (including Regulations)	Public Enterprises Governance Act (including Regulations and Directives)
<ul style="list-style-type: none"> Established CRAN as ICT Regulatory Authority Appoints Board of Directors 	Regulates: <ul style="list-style-type: none"> Board and company performance Strategic Plan / Business Plan Budget Remuneration of CEO, EXCO and Board Annual report Investment Board travels

BOARD OF DIRECTORS

Appointed by MICT and MOPE

Governed by:

- Board Charter
- Governance Policy (King IV Report)
- Delegation of Authority Policy
- Performance / Governance Agreements
- Implement Delegation of Authority Policy
- Implement Policy Development Guidelines
- Internal policies (HR, Finance, Internal Audit, Communication, Operational, Risk Compliance)
- Strategic Plan
- Appoints CEO and EXCO

BOARD SUB-COMMITTEES

Makes recommendations to the Board

Legal and Technical	Audit and Risk	HR REMCO
Four Members	Three Members	Three Members
Terms of Reference	Terms of Reference	Terms of Reference
<ul style="list-style-type: none"> Licensing Tariffs Legal matters Regulations Consumer complaints Licensee disputes Enforcement 	<ul style="list-style-type: none"> Internal Audit matters External Audit matters Financial matters Risk management Internal control IT Annual reporting Combined assurance Compliance management 	<ul style="list-style-type: none"> Human Resource matters Remuneration matters Performance Professional development and training Organisational structure
Standing annual submissions	Standing annual submissions	Standing annual submissions
<ul style="list-style-type: none"> Update on litigation matters 	<ul style="list-style-type: none"> Budget Annual Report Management accounts Risk register Internal audit and risk reports Annual financial statements 	<ul style="list-style-type: none"> Annual CPI Performance bonuses Annual training plan Wage mandate Organisational structure

CEO

Appointed by the Board

Head of management

Responsible:

Execution of strategic plan, operational plan, budget, and governance
Accounting Officer; Procurement matters

EXECUTIVE MANAGEMENT COMMITTEE

Appointed by the CEO and the Board

Recommend to Board:

Strategy and business plan
Management accounts
Annual budget
Operational plan
Organisational structure
Annual financial statements
Policy
Annual report
Professional development and training plan

Responsible for:

Strategic plan implementation
Execution of policies
CEO Report
Implementation of Communications Act and Regulations
Implementation of PEGA
Risk management

MANAGEMENT SUB-COMMITTEES

Procurement Committee	Affirmative Action Committee
Regulatory Affairs Committees (Enforcement and Adjudication, Licensing, Legislative Drafting and Sector reform, Tariff Evaluation)	Occupational Health and Safety Committee
Job Evaluation Committee	Talent Management
CRAN Wage Negotiation Committee	Ad Hoc Bid Evaluation Committees
Investment Committee	Performance Moderation Committee
Ad Hoc Disciplinary Committees	Risk Management Committee

MIDDLE MANAGEMENT COMMITTEE
Reports to EXCO


Board mandate, powers and functions

Board of Directors

Chairperson: Heinrich Mihe Gaomab II

The CRAN Board of Directors is mandated to oversee the regulation of the communications industry in the Republic of Namibia in accordance with the provisions of the Communications Act in an objective, fair, transparent and ethical manner, based on the principles of good corporate governance and administrative justice.

The Board of Directors is also the custodian of CRAN's Strategic Plan and will ensure that the strategic objectives, in terms of the Plan, are effectively managed and implemented.

The Board is a non-executive Board and, as such, does not perform any management or operational functions or assume any management or operational responsibilities. The Board has an objective and independent leadership directive and provides strategic direction to management for the effective implementation of CRAN's Strategic Plan and the attainment of the objectives of the Act.

Board Committees

To assist the Board in discharging its responsibilities, certain functions are delegated to the three Board committees, constituted by the Board as illustrated below. The Chairperson of the Board is not a member of any of the constituted committees.

Human Resources and Remuneration Committee Committee members

Tulimevava Mufeti (Chairperson)
Dorethy Smit
Thomas Mbome

- Advise and recommend on policy and strategy for the remuneration and incentivisation of CRAN's employees
- Undertake an annual review of the remuneration packages and advise the Board on the annual adjustments that might be necessary
- Review any proposed changes to the organisational structure of CRAN
- Monitor and oversee all transformation and affirmative action issues.
- Review the Human Resources policies and procedures of CRAN
- Advise the Board on performance related salary increases for all employees
- Monitor the employee training and development programmes
- Monitor and oversee all labour relations issues

Audit and Risk Committee Committee members

Dorethy Smit (Chairperson)
Vivienne Katjiuongua
Gerhard Coeln

- Examine CRAN's financial statements, including statements of the Universal Service Fund (USF)
- Review and recommend the annual budget of CRAN for approval
- Oversee the Internal Audit function of CRAN
- Recommend the appointment of external auditors and oversee the external audit process
- Oversee, develop, and monitor the implementation of CRAN's IT governance framework
- Make recommendations to the Board concerning CRAN's Risk Management policy and strategy
- Monitor the implementation of the Risk Management policy and strategy by management
- Review the annual financial statements, risk management reports, and other reports and information falling within the scope of its responsibilities
- Oversee the implementation of an effective compliance framework and process

Legal and Technical Committee Committee members

Vivienne Katjiuongua (Chairperson)
Tulimevava Mufeti
Gerhard Coeln
Thomas Mbome

- Consider regulations drafted under the Communications Act, (No. 8 of 2009)
- Consider licence and spectrum licence applications
- Consider disputes including both consumer complaints and Licensee disputes
- Consider all compliance and enforcement matters
- Consider and advise on the initiation, opposition, settling, or withdrawing of legal proceedings by or against CRAN
- Consider all tariff and rate applications
- Consider the proposals of management on the outcome of investigations as conducted by CRAN
- Consider spectrum management policies and strategies as they may arise before final submission to the Board

Governance Executive: Role and responsibilities

The Governance Executive is appointed by the CEO and the Board and is responsible for, amongst other duties, providing administrative support to the Chairperson and the Board. He/she reports administratively to the CEO and functionally to the Board. The Governance Executive is also responsible for assisting the Chairperson in ensuring the proper conduct of Board and Committee meetings, facilitating the induction of newly appointed Board members, and supporting the Board as a whole in effectively discharging its responsibilities.

The Governance Executive is also responsible to the Board for ensuring that Board procedures are followed and that all applicable legal, policy and governance requirements are properly complied with.

The Governance Executive is required to act as a central source of guidance and advice to the Board and must provide both the Board as a whole, and members individually, with the appropriate guidance on how their responsibilities may optimally be discharged in the best interest of CRAN.

The Governance Executive is also responsible for the Risk, compliance and business continuity in the organisation.

Disclosure of interest

The Chairperson of the Board is a non-executive Board member of Capricorn Group Holdings Ltd., which is the parent company of Capricorn Connect (Pty) Ltd. Capricorn Connect is a Licensee regulated by the Authority.

Paratus Namibia Holdings Ltd. is one of Dorethy Smit's clients. Dr. Tulimevava Mufeti is an employee of the University of Namibia. The University has signed a Memorandum of Understanding (MoU) with the Authority, prior to Dr. Mufeti's appointment on the Board, to provide for internships at CRAN. UNAM is a Licensee of CRAN.

Attendance at Board and Board Committee meetings

During the period under review, CRAN held five Board meetings, four Legal and Technical Committee meetings, five Audit and Risk Committee meetings, and six Human Resources and Remuneration Committee meetings. All minutes, in respect of these meetings, were approved and signed off by the Board and committees.

The attendance at meetings during the year under review was as follows:

Director	Category	Board Meeting	Board Policy Workshop	Special Board Meeting	Legal and Technical Committee	Audit and Risk Committee	Human Resources and Remuneration Committee
	Meetings held	5	2	2	4	5	6
Heinrich Gaomab II	Non-executive Chairperson (from 1 July 2019)	Chair 5	1	Chair 2			
Vivienne Katjiuongua	Non-executive vice-Chairperson (from 1 July 2019)	5	2	2	Chair 4	4	
Dr. Tulimevava Mufeti	Independent non-executive Director (from 1 July 2019)	5	2	2	4		Chair 6
Dorethy Smit	Independent non-executive Director (from 1 July 2019)	5	2	2		Chair 5	6
Thomas Mbome	Independent non-executive Director (from 1 July 2019)	5	2	2	4		5
Gerhard Coeln	Independent non-executive Director (from 1 July 2019)	5	2	2	3	5	

Code of conduct and business ethics

CRAN has a Business Ethics and Code of Conduct Framework in place to ensure that its employees uphold, at all times, the highest ethical standards of conduct in the achievement of the objectives of the Communications Act, and to fulfil CRAN's Vision, Mission and Values.

The Business Ethics and Code of Conduct Framework promotes ethical behaviour by all CRAN's stakeholders; ensures legal compliance by all Board members, staff members, suppliers, contractors and other stakeholders; builds sound labour relationships and a harmonious work environment; and promotes the practice of good corporate governance and leadership.

- The Board developed and revised the following governance policies in the interest of improving the governance environment within the organisation:
 - The Board Charter that sets out the mandate and functions of the Board and respective sub-Board committees.
 - The Governance Policy that prescribes the governance procedures within the organisation and adopts the principles of the King IV Code on Corporate Governance.
 - The Delegation of Authority Policy that sets out the delegation matrix within the organisation.
 - Policy Development Guidelines that prescribes the process for the development of new policy directives with the organisation.
- The Board signed its Governance and Performance Agreements with the Portfolio Minister on 12 October 2020, which agreements are effective 01 July 2021. The Agreements sets out the key performance indicators for the Board in terms of financial soundness, performance of core regulatory functions, business efficiency, corporate governance and fiduciary responsibilities. The performance agreements have been aligned with the aspirations of the Portfolio Minister.
- The Board attended the Telecommunications and Policy Regulatory Management training programme with the University of Witwatersrand during August 2020, September 2020 and October 2020. The training covered aspects of ICT policy and regulation.
- The Board attended a corporate governance training session with the Ministry of Public Enterprises on 29 and 30 June 2020. The training covered corporate governance best practices, especially with regard to the governing of public enterprises such as CRAN.

Governance activities for the year 2020/2021

The Authority procured the Convene E-Board management system to support good corporate governance practices and decision-making processes, enhance effective leadership, improve communication, and enhance productivity. The system will empower the Board and Management with the right tools, insight, and analytics to securely access board materials, track company performance, and gather real-time information on competitive news and regulatory filings. It will furthermore assist the Board and Management to securely build, share and collaborate on Board meetings and materials, such as approval process management, role-based permissions, member directory, building committees, forming contacts, and creating regular reports. It is also intended to provide mobile access for real-time updates.

Policies reviewed and approved

The following policies were reviewed and approved by the Board in the interest of improving the governance environment within the organisation and to align them with best practices:

- ▶ Budgeting Policy and Procedures
- ▶ Accounts Payable Policy
- ▶ Revenue and Credit Management Policy
- ▶ Subsistence Allowance, Travel and Accommodation Policy
- ▶ Leave Policy
- ▶ Employee Retention Policy
- ▶ Internship Policy
- ▶ Professional Development and Training Policy
- ▶ Employee Remuneration Policy
- ▶ Performance Management Policy

Board appointments

The Board appointed Ms. Emilia Nghikembua as substantive CEO for a period of five years from 01 January 2021 to 31 December 2025.

Looking ahead to 2022

We will, during 2022, pursue the development and implementation of a governance change management plan that will incorporate a framework and action plan with the purpose of fostering a culture of sound corporate governance best practices within the organisation.

The implementation of the change management plan is expected to:

- Bridge the gap between the current internal reality of corporate governance practice in the organisation and the desired result being fully compliant with the principles and practices of sound corporate governance.
- To have a more effective governance framework and practices in place that is integrated and applied throughout the whole organisation. This change will extend the accountability in respect of governance practice, address any shortcomings in the governance framework, and improve governance practices at management committees' level.
- Ensure a more integrated approach to reporting in accordance with the IIRF (International Integrated Reporting Framework).
- Have sub-management and middle-management committees in place that are properly constituted and governed by formal terms of references and consistent and transparent rules and protocols.
- Ensure a clear understanding of corporate governance rules, protocols and procedures by all levels of employees within the organisation.
- Ensure a clear understanding of the role of the Board vis-à-vis the role of management.
- Address the issue of non-compliance with internal policies and processes and to ensure appreciation and adherence of internal policies and the Code of Ethics.
- Ensure alignment of the organisation in terms of the different levels of employees, authority, committees and business processes.
- Address the challenges and shortcomings identified during the assessment of the organisational governance framework.

A photograph of a workspace on a wooden desk. In the top left, a white cup of black coffee. Below it, a spiral-bound notebook with a black pen and a pair of black-rimmed glasses. To the right, a tablet computer displays a complex network diagram with white lines and blue circles on a dark background. A hand is visible at the bottom, interacting with the tablet.

STRATEGIC REPOSITIONING: OUR STRATEGIC PLAN (2020 - 2023)

DELIVERING ON OUR STRATEGY

CRAN's Strategic Plan for 2020 – 2023 encompasses four strategic themes namely; strategic collaboration, operational excellence, innovation, and sustainability. The themes are actualised through several strategic objectives which are aimed at:

- Achieving relevant, mutually beneficial and fair stakeholder relationships.
- Ensuring a well-resourced organisation with aligned processes, providing quality output to the benefit of the industry and stakeholders.
- Promoting innovation that will lead to flexible solutions and frameworks building trust through improved turnaround times and improved quality processes based on relevant resources within the legislative framework.
- Harnessing financial, human and technological resources to ensure the sustainability of CRAN over time.

The main objective is to attain the desired strategic objectives as set out in the 3rd Strategic Plan of CRAN as this enables CRAN to develop and implement a regulatory framework that will address the various challenges currently faced by the industry. It will also ensure robust compliance and enforcement and sound governance of the ICT and Postal Sectors in Namibia for the benefit of all Namibians.

Executive management undertook an evaluation of the progress of each strategic objective, with corrective steps identified to ensure implementation of the strategic initiatives. The strategic review meeting furthermore identified challenges experienced during the year under review and recommended actions to overcome them.

An implementation plan will be compiled from the key issues identified in the coming financial year that will be used to measure progress of all strategic initiatives on against specific targets set on a quarterly basis.



Strategic theme 1: Strategic collaboration

Strategic Objective	Strategic Initiatives	Key Performance Indicator	Accountability
Improve brand awareness	Develop stakeholder engagement plan	% successful implementation of brand awareness campaigns/ stakeholder satisfaction surveys	Head: Corporate Communications
Improve information sharing	Communication plan (three years) including brand awareness and information sharing and use available technology as an information sharing tool	% implementation of Communication plan Actual vs planned campaign/ projects Increase % in stakeholder satisfaction	Head: Corporate Communications
Increase customer satisfaction	Design, improvement and collection of data and reporting on customer satisfaction index and develop initiatives to improve the satisfaction rate if needed	Conduct customer satisfaction survey and report	CEO
Increase stakeholder satisfaction			



Strategic theme 2: Operational Excellence

Strategic Objective	Strategic Initiatives	Key Performance Indicator	Accountability
Improve frameworks, systems and tools	Existing projects (ASMS & SAGE integration)	% of completion of integration between ASMS and SAGE X3	Electronic Communications, Finance, Economics
	Upgrade existing systems	% of completion of existing system upgrades	
	Data collection improvement	% of data collection improvements	
	Public Key Infrastructure (PKI)	% of completion of implementation of PKI	
	NSCIRT implementation	% of completion of implementation of NSCIRT	
	E-Signature Accreditation	% of completion of implementation of Accreditation of E-signatures	
	Upgrade existing systems	% of completion of implementation of Accreditation of E-signatures	
Improve quality management and systems	Develop internal compliance framework to ensure better enforcement	% improvement in compliance	COO
Improve business processes	Business process re-engineering project	Planned vs actual on execution and resourcing of project	COO
Improve the organisational structure	New project to review the structure	Planned vs actual on execution and resourcing of projects	CEO
Improve employee engagement	Employee engagement survey	% increase in employee engagement survey	Head: Human Capital
	Increase information sharing platforms		
	Engagement gap audit/assessment		
Improve knowledge and skills	Skills audit	% number of employee participants in skills audit conducted	Head: Human Capital
	Succession planning		
	Training plan	% change in identified knowledge gaps	
	Performance management	Plan vs actual on execution of training	
	Cross-functional training		
	Learning organisation (research and development initiatives)	% change to meet deadlines Plan vs actual	



Strategic theme 3: Innovation

Strategic Objective	Strategic Initiatives	Key Performance Indicator	Accountability
Improve frameworks, systems and tools	New projects: Business intelligence PKI NSCIRT implementation E-signature accreditation	Planned vs actual on execution and resourcing of projects	COO, Electronic Communications, Legal



Strategic theme 4: Sustainability

Strategic Objective	Strategic Initiatives	Key Performance Indicator	Accountability
Improve cost efficiencies/reduce costs	Review current systems and implement improvements/change of systems Raise awareness on procurement processes Asset transfer Internal data management	Actual vs target Number of awareness workshops with departments % of NCC assets transferred N/A	Head: Finance
Increase income	Improve collection of income	% Increase in Income collection % Reduction in bad debts	Head: Finance



Strategic theme 1: Strategic collaboration

Achievement of relevant mutually beneficial stakeholder relationships

VALUE CREATION TARGETS

- ▲ Successful implementation of the corporate communications strategy and engagement plan, brand awareness campaign and stakeholder satisfaction surveys.
- ▲ A corporate communications strategy and plan responsive to stakeholder needs and expectations.

Improve brand awareness and information sharing

As CRAN continuously develops, reviews and improves its regulatory framework, it is necessary to establish brand awareness among the various stakeholders. Brand awareness is a crucial business tool that enables stakeholders to understand the values, mission, vision and mandate and ultimately create association to who CRAN is and what it does.

Brand awareness initiatives that are proactively and successfully delivered would lead to creating a positive image and reputation for CRAN. Thus, brand awareness is necessary for promoting various achievements and for positioning the CRAN brand in a positive manner.

Creating brand awareness would further lead to CRAN serving ICT consumers who are empowered, engaged and informed on their rights and obligations.

OUR 2021 PERFORMANCE

- ▶ Stakeholder engagement plan - The Draft Communication Plan is 50% complete and will be finalised in the next FY.
- ▶ Commenced with various stakeholder engagement initiatives based on available budget and in line with the draft plan.
- ▶ Hosted the Child online Protection Campaign.
- ▶ #LEVELUP&VOICEIT! awareness campaign which provided information on consumer protection.

Increase customer and stakeholder satisfaction

CRAN is mandated to ensure consumer advocacy in respect of price, quality, a variety of service, and user equipment. Strong focus was therefore placed during the year under review on strategic collaboration involving consumer advocacy and stakeholder engagement and the preferred means of communication.

The Corporate Communication Department provides timely, accurate, and objective information to enable stakeholders to meet their operational objectives as well as to enable them to receive the full benefits of ICTs. The Corporate Communication Department continually and meaningfully engages stakeholders through the effective and proactive use of several communication tools such as the website, newsletters, public notices, social media platforms, and the annual report.

Looking ahead to 2022

We will:

- Finalise the Corporate Communication Plan (September 2021).
- Finalise the Stakeholder Engagement (September 2021).
- Implement the following stakeholder engagement initiatives as set out in the engagement plan in FY2021/2022:
 - o Online consumer awareness campaigns and road shows (during the latter half of 2021 and the first quarter of 2022).
 - o The brand awareness campaign and online Stakeholder Sessions is scheduled for completion by October 2022.
 - o Annual Stakeholder Engagement Initiative (February 2022).
 - o Conduct a stakeholder and customer satisfaction survey/s by September 2021.
 - o Continue to create brand awareness and education of consumers on their rights and obligations in order to enhance and maintain a positive image of CRAN through various existing channels of communication and implement, as far as possible, the objectives as set out in the strategic plan. In addition, the department will remain committed to sharing accurate, reliable and relevant information with various stakeholders and to respond to stakeholder concerns, interests and expectations.

An important intervention on the horizon is the establishment and implementation of the Universal Access and Service Fund, which will improve access to information, especially in the unserved and under-served areas. In implementing several initiatives, CRAN is guided by its value proposition, which seek to promote trust and maintain cordial relations with our stakeholders, build brand loyalty and recognition, stimulate innovation, and endorse accountability.



Engaging with a broad range of stakeholders is an ongoing process, requiring continuous appropriate communication with the aim of ensuring that all ICT consumers and stakeholders receive the full benefits of competitive communications services, that they are protected from exploitation and abuse, and that they are informed, empowered and engaged through access to information about CRAN and its role.





Strategic theme 2: Operational Excellence

A well-resourced organisation with aligned processes, providing quality output to the benefit of the industry

VALUE CREATION TARGETS

- ▲ Successful implementation and improvement of frameworks, systems and tools.
- ▲ Knowledgeable employees to empower effectively carry out the mandate.
- ▲ Attain (100%) integration between ASMS and SAGE X3.
- ▲ Upgrade existing systems as per budget provisions.
- ▲ Improve on data collection from industry.
- ▲ Finalisation of Regulations on reporting obligations.
- ▲ Update of portals as required by business needs.
- ▲ Update all broadcasting portals and all telco portals in line with the Data Collection Regulations.
- ▲ Finalisation of Universal Access and Service (UAS) Portal.
- ▲ Implementation of PKI and NSCIRT.
- ▲ Implementation of Accreditation of E-signatures.
- ▲ Knowledge building and successful implementation and improvement of regulatory frameworks, internal IT systems and monitoring tools to empower CRAN's workforce to implements it's mandate effectively.
- ▲ Building an extensive ICT industry database through data collection via reporting obligations to support evidence based decision making in implementation of Namibia's development goals.

OUR 2021 PERFORMANCE

- ▶ Commenced integration of ASMS and SAGE X3.
- ▶ Upgraded existing systems through implementation of e-board management system and IT trouble ticketing systems, revamping of website, and implementation of quality of service tools for drive testing.
- ▶ Improve data collection through finalisation of Regulations on Reporting Obligations.
- ▶ Commenced development of internal compliance framework to ensure better enforcement.
- ▶ Commenced business process re-engineering project to be completed over a period of three years.

Improve frameworks, systems and tools

Regulating a dynamic economic sector requires CRAN to strive to continuously develop, review and improve its regulatory framework in addition to its internal systems and tools. During this strategic period, CRAN will complete various internal improvements of its systems and tools with the aim of improving efficiency.

Improve quality management system

Quality management is a continuous effort by CRAN to ensure long-term stakeholder and customer satisfaction. Quality management ensures an improved working culture, processes, services and systems to ensure long-term sustainability.

Improve business processes

Business process re-engineering is conducted for improved support of an organisation's mandate and the optimisation of costs to ensure sustainability.

Looking ahead to 2022

The following deliverables will be attended to in the FY2021/22 as per budget provision:

- Actual completion of all 9 phases of the organisational structure project plan is scheduled for completion by 31 July 2021.
- Finalise integration of ASMS and SAGE X3.
- Implement quality of service tools for drive testing
- Upgrade existing systems through replacement of end-of-life servers and overhauling of Walvis Bay monitoring site.
- Finalise portal for collection of broadcasting and postal data.
- Finalise the development of an internal compliance framework to ensure better enforcement.
- Compliance audit to be included in the FY 2022/2023 Internal Audit plan.
- Continued implementation of business process re-engineering as per second year of project plan.

Expected outcomes:

- Enhanced internal efficiency leading to higher levels of service delivery to the public through expansion of CRAN's IT systems.
- Improved monitoring of spectrum utilisation and standard of service delivery by Licensees allowing enforcement of the regulatory framework to the benefit of the consumer.
- Improved governance framework upholding CRAN's values and transparent decision making.
- A regulatory framework cognisant of its impact on the environment and social well-being of Namibians in ensuring access to telecommunications, broadcasting and postal services.



OUR HUMAN CAPITAL

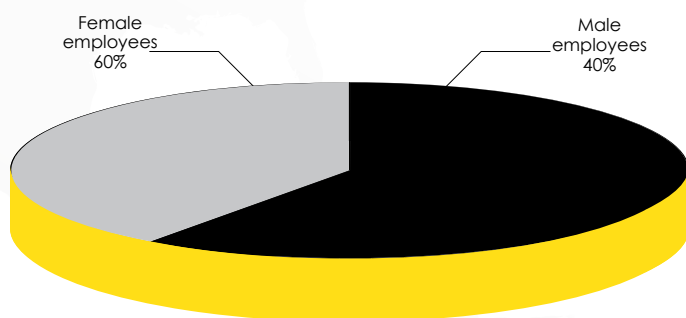
Our Human Capital philosophy is to create an environment where people thrive, by developing and retaining a high performing culture through mentoring and coaching. This will lead to a passionate workforce that lives out our core values thereby enabling the organisation to become an employer of choice

VALUE CREATION TARGETS

- ▲ An organisational structure designed with the ability to execute CRAN's mandate.
- ▲ An engaged workforce that is passionate about the CRAN brand.

Staff complement

The Authority had 62 employees as at 31 March 2021.



Staff recruitment

The table below indicates statistics on the employees recruited between 31 March 2020 to 01 April 2021.

Description	Statistics
Total number of employees	1
Number of males	-
Number of females	-
Number of employees with disabilities	-
Number of temporary employees/interns	1

OUR 2021 PERFORMANCE

- Our ability to pull together and deliver throughout the COVID-19 pandemic was a major achievement this year.
- We continued to deliver against our core focus areas of skills development, performance management, and enabling a healthy organisation.

Promotions

The table below indicates statistics on the employees promoted between 30 March 2020 to 01 April 2021.

Description	Statistics
Total number of employees	2
Number of males	-
Number of females	2
Number of employees with disabilities	-
Number of temporary employees/interns	-

Resignations

The table below indicates statistics on the employees who resigned between 30 March 2020 to 01 April 2021.

Description	Statistics
Total number of employees	1
Number of males	1
Number of females	-
Number of employees with disabilities	-
Number of temporary employees/interns	-

Staff turnover

Staff turnover for the period under review reduced from the previous period's 4.76%, to 0.62%.

Improve the organisational structure

- The Authority embarked on a project to improve its organisational structure in line with its strategic plan and to increase organisational efficiency and effectiveness, ensuring efficient use of human and other CRAN resources. CRAN is committed to building a more focused, responsive, and results oriented organisation in order to achieve its strategic objectives.
- CRAN aims to improve the structure to ensure that roles and functions are aligned with the strategic plan in a manner that allows it to manage its operations effectively and efficiently.
- Three out of the nine phases of the organisational structure project plan were completed by 31 March 2021. The project is set to be finalised and rolled out by 31 December 2022.

Improve employee engagement

The purpose of this objective is to equip managers with the relevant skills to enhance relationships and increase engagement. We recognise that engaged employees are often passionate about their jobs, resulting in innovation that is in turn required to regulate the dynamic ICT and Postal sectors.

- The employee engagement survey for the period 2020/2021 was concluded, with a participation rate of 50%, signifying a decline from the previous period. Various interventions to address the gaps identified in the survey are planned for implementation in the coming year.

Increase information sharing platforms

CRAN intends to share accurate, reliable and relevant information to various stakeholders in order to steer the business in one direction. This would allow for the coordination of the business strategic intent, creating a clear understanding of roles and responsibilities that will lead to an integrated and coherent team.

Creating information sharing platforms will allow CRAN to be positioned as a transparent organisation that is trusted and supported and well positioned with its various stakeholders. In creating these platforms, the organisation aims to increase the survey's employee engagement index, as well as increase trust levels across all levels in the organisation.

- Capacitate managers across all levels, including EXCO, to engage employees effectively through the transfer of timeous information, effective coaching and mentoring, and problem solving to ensure that team goals and objectives are met.
 - One staff meeting per quarter.
 - Values campaign launch.
 - One assimilation meeting with CEO per department.
 - Important communications through WhatsApp Broadcast Group.
 - Regular and timely CEO/Human Capital information memos on matters of general concern to staff.

Improve knowledge and skills

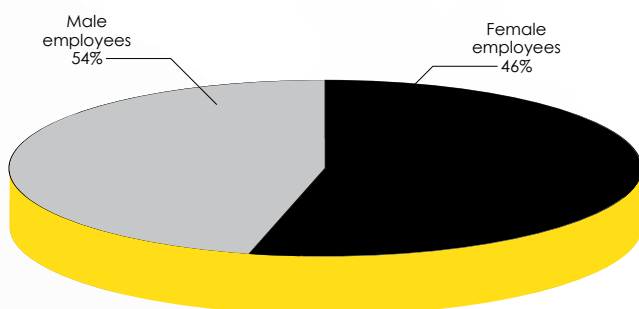
CRAN operates in a fast-paced environment where information becomes available at an equally fast rate. As a result, knowledge and skills become necessary to provide quality regulation and ensure that employees are capacitated by providing them with the required knowledge and skills.

The following objectives were set to improve knowledge and skills of employees through:

- *Succession plan* - CRAN embarked on a succession plan with the aim of ensuring that there is a sufficient skills gap to allow for business continuity. Critical positions were identified, with 16 employees identified as part of the implementation of the succession plan (Phase 1). This process will entail a skills audit, psychometric assessments, and mentorship agreements.
- *Training and development plan* - Employee training needs are identified each year and training interventions are determined to meet the training requirements. Seventy-seven percent of the planned trainings were completed during the review period.

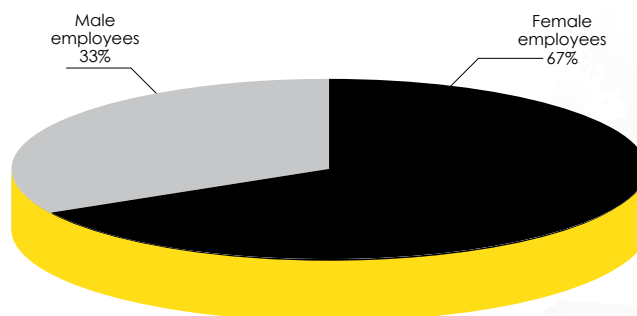
- *Professional Development* - This is a development process through which CRAN develops, enhances and improves the skills, competencies and overall participation of employees within the work or business-related congresses, seminars, workshops, online courses, and training.

The graph below indicates statistics regarding employees who have attended professional development training during the period 31 March 2020 to 01 April 2021.



- *Staff Development* - Staff development is encouraged by offering formal studies for employees to obtain formal qualifications.

The graph below indicates statistics related to employees who had formal training through staff development between 31 March 2020 to 01 April 2021.



Cascading of the Tier Two level of the balanced scorecard was completed during this period. The new individual performance contracts will be crafted based on the departmental objectives as identified in Tier 2. The Individual Level Performance contracts commenced during the period in question and will be finalised in the new financial period.

- *Performance management* - Performance management is a valuable tool that the organisation uses to monitor and track achievements at the individual and organisational levels.

To meet CRAN's strategic objectives, EXCO regularly undertakes several research and development projects. The following research papers were completed:

- Position paper on IMT -2020 (5G).
- Position paper on the regulation of courier services in Namibia.

Looking ahead to 2022

We will, during the coming year, focus on improving employee participation through employee engagement surveys and implement interventions as described below to address the gaps as identified in aforementioned surveys.

- Implement change management initiatives to ensure smooth transition and implementation of the new organisational structure.
- Conduct an employee engagement survey for the 2021/2022 financial year and produce a report by 31 March 2022.
- Regular and timely CEO/Human Capital information memos on matters of general concern to staff.
- Implement training and development plan to address the skills gap as identified in the organisational wide skills audit Phase 2, with the aim of 80% implementation of the training and development plan as approved by the Board.
- Implementation of the balanced scorecard methodology. Cascading of the Tier Two level of the balanced scorecard was completed during this period. The new individual performance contracts will be crafted based on the departmental objectives as identified in Tier 2. The Individual Level Performance contracts commenced during the period in question and will be finalised in the new financial period.
- Establishment of the Performance Moderation Committee to evaluate performance reviews.
- Spectrum Management training by Head: Electronics Communications to Operations, Legal Advice, and Finance and Economics Departments in the first quarter of 2022.
- Economic Regulation in the ICT Sector training by Head: Economics and Sector Research to Operations, Legal Advice, Finance and Economics Departments, and Communications Department in the second quarter of 2022.
- Rules of Natural Justice in Decision-making for Regulators training by Head: Legal Advice to Operations, Legal Advice, and Finance and Economics Departments in the third quarter of 2022.
 - Completion of CIRT paper
 - Data study





Strategic theme 3: Innovation

Innovation will lead to flexible solutions and frameworks building trust through improved turnaround times and improved quality processes based on relevant resources

VALUE CREATION TARGETS

- ▲ Forward-looking Regulatory Framework to enhance innovation and adaptation of new technologies, applications and services aimed at attaining development goals in a sustainable manner.
- ▲ Diverse products and services increasing consumer choice in the sector.
- ▲ Innovation leads to increased competition, and lower prices of products and services to consumer.
- ▲ A strong, competitive and robust sector.
- ▲ Implement and maintain a safe and secure environment to build trust in the use of ICT services throughout Namibia.

Improve frameworks, systems and tools

Regulating a dynamic economic sector requires CRAN to strive to continuously develop, review and improve its regulatory framework in addition to its internal systems and tools. Importantly, CRAN would prepare for and implement its mandate, as contained in the Electronic Transactions Act and Cyber Crime Bill, once the two Bills are approved by Parliament. In doing so, CRAN would promote trust and security in the use of ICT services and strive to promote growth in the digital economy of Namibia.

Internal processes

Focusing on the improvement and streamlining of internal processes to avoid duplication and result in improved efficiency.

OUR 2021 PERFORMANCE

- ▶ Commenced preparation for implementation of national cyber security and incidence response team through contributing to consultations on the Cyber-crime and Data Protection Bills to ensure an internally aligned robust legislative framework.
- ▶ The business process re-engineering project commenced in December 2020 with an analysis of all existing business processes being conducted. This project will provide insight into business performance and how to improve operational efficiency.

Develop, review and improve the regulatory framework - legislative drafting

The table below indicates the status of implementation of the Legislative Drafting Plan as at 31 March 2021.

Regulations/Legislation	Description	Status
Amendment to Cost Accounting Regulations (Regulations Prescribing Reporting Obligations for Licensees)	Regulations in terms of Section 129(1)(f) of the Communications Act (the Act) which aims to harmonise all data collection activities by the Authority and make provision for the method of collecting data through the data portal.	Finalised. Final publication <i>Government Gazette</i> No. 7445, General Notice No. 24 dated 02 February 2021
Amendment to Spectrum Licensing Procedure Regulations	Amendment in terms of regulation 4(3) of the Regulations Regarding Rule-Making Procedures to ensure that the regulations conform with the list of Radio Apparatus Exempt from Spectrum Licence to the International Telecommunications (ITU) standards.	Finalised. Final publication <i>Government Gazette</i> No. 7196, General Notice No. 150 dated 29 April 2020
Amendment to Regulations Prescribing The National Numbering Plan for use in the provision of Telecommunications Services in the Republic of Namibia, Numbering Licence Fees and Procedures for Number Licences	Amendment in terms of Sections 81(5) and 129 of the Act. The amendment seeks to review and set the reference value for chargeable quantity of numbers in order to reflect the value of numbers allocated in terms of these regulations.	Finalised. Final publication <i>Government Gazette</i> No. 7196, General Notice No. 150 dated 29 April 2020
Penalty Regulations	Drafted in terms of Section 129(2) to harmonise the enforcement mechanisms by providing criteria when deciding on the imposition of a penalty for purposes of transparency, consistency and fair practice.	Finalised. Final publication <i>Government Gazette</i> No. 7179, General Notice No. 159 dated 29 April 2020
Proposed Frequency Channelling Plan in respect of Digital Sound and Analogue Frequency Modulation Radio Broadcasting	Drafted in terms of Section 100. The Frequency Plan seeks to define how the radio spectrum must be used. The Frequency Plan aims at ensuring that the radio frequency spectrum is utilised and managed in an orderly, efficient and effective manner, and that congestion in the use of frequencies is reduced. It also protects frequency users from any interference or other inability to make use of the frequencies assigned to them.	Finalised. Final publication <i>Government Gazette</i> No. 7300, General Notice No. 320 dated 07 August 2020
Regulations setting out Fees for Spectrum Licences, Certificates and Examinations	Drafted in terms of Section 101 of the Act, to introduce a formulae based spectrum fees for specific spectrum fee categories as well as an introduction of full cost recovery on spectrum management as set out in CRAN's spectrum assignment strategy to ensure sustainability of CRAN and the replacement of existing spectrum fees in its entirety.	Finalised. <i>Government Gazette</i> No. 7359, General Notice No. 417 dated 14 October 2020
Amendment of Rule-Making Procedure Regulations	Amendment in terms of Section 30 of the Act with the aim of ensuring that the regulations are in line with Section 129 of the Act and set out a process for requests for reconsideration made in terms of these regulations.	Rule-making process ongoing

Regulations in terms of Section 68(1) – (Regulations Prescribing Functions of Carriers in respect of Installation and Maintenance of Telecommunications Facilities)	Drafted in terms of Section 129 read with Section 68(2), to make the rights granted to the carriers by Part 5 of Chapter 5 of the Act to install certain telecommunications facilities applicable to other telecommunications facilities. The regulations also set out the manner, form and period of notice to be given by a carrier to a landowner in connection with installation or maintenance of telecommunications facilities; as well as set out the procedure to be followed and consultations to be held between a carrier and the landowner.	Rule-making process ongoing
Updated Frequency Band Plan (WRC 19)	Drafted in terms of Section 100(4) of the Act with the aim of prescribing the Frequency Band of Namibia, thus repealing the Frequency Band Plan of 2016.	
Regulations setting out Licence Fees and Regulatory Levies for Broadcasting and Telecommunications Service	Drafted in terms of Section 129 to impose application, grant/issue, renewal, transfer and amendment fees as well as regulatory levy on providers of communications services for the purposes of covering the Authority's regulatory cost.	Rule-making process ongoing
Amendment of the Regulations Prescribing Procedures Regarding Application for, and Amendment, Renewal, Transfer and Cancellation of Spectrum Licences	Amendment in terms of Section 101(14) and Section 101(16) read with Section 129 to allow for the publication in the <i>Government Gazette</i> and public comments on applications for amendment of Spectrum Licences, amendments to Spectrum Licences done by the Authority and the withdrawal of Spectrum Licences. The amendment further seeks to replace the table for Spectrum Licence exempt spectrum in Annexure B to incorporate the final Act of WRC-19 and align with the SADC SRD guidelines.	Rule-making process ongoing
Amendment of the Regulations Prescribing Procedures Regarding Application for, and Amendment, Renewal, Transfer and Cancellation of Spectrum Licences	Amendment in terms of Section 101(14) and Section 101(16) read with Section 129 to allow for the publication in the <i>Government Gazette</i> and public comments on applications for amendment of Spectrum Licences, amendments to Spectrum Licences done by the Authority and the withdrawal of Spectrum Licences. The amendment further seeks to replace the table for Spectrum Licence exempt spectrum in Annexure B to incorporate the final Act of WRC-19 and align with the SADC SRD guidelines.	Regulations finalised and published in <i>Government Gazette</i> No. 7613, General Notice No. 456 dated 30 August 2020
Conditions in terms of Section 72(4) of Part 6 of the Communications Act	Drafted in terms of Section 72(4) of the Act relating to matters prescribed by the Minister responsible for communications by virtue of the regulations in terms of Part 6 of Chapter V of the Act, to impose further conditions in accordance with the aforesaid Section 72(4) on the service providers defined by regulation 1 of the regulations.	Rule-making process ongoing

Protecting consumers against unfair practices through our regulatory framework

The Authority is mandated by the Communications Act (No. 8 of 2009) to protect consumers in the telecommunications, broadcasting and postal sectors against unfair consumer practices. In implementing this mandate, the Authority enacted the Regulations Regarding Procedures for the Adjudication of Disputes (Adjudication Regulations). These Regulations set out the procedures and mechanisms for the resolution of complaints and requests for adjudication received by the Authority.

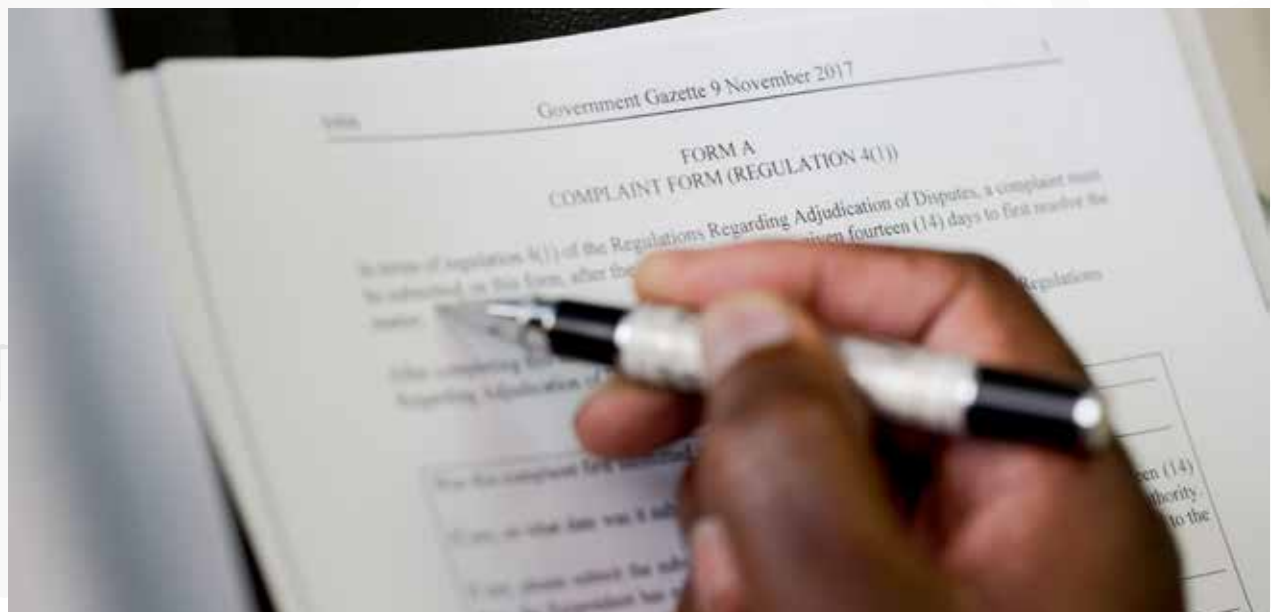
The reports submitted by Licensees are analysed on a regular basis and a trend analysis formulated to improve interventions for consumer protection and ensure compliance with Section 79 of the Act. The trend analysis is also used to make short and long term strategic objectives on consumer protection.

The consumer complaints trend analysis conducted for the period 1 February to 31 January 2021 demonstrated that most Telecommunication Licensees and Broadcasting Licensees, received a vast number of consumer complaints directly from consumers, the majority of which were resolved internally within 14 days. No consumer complaints were submitted to the Authority against the Broadcasting Licensees.

The Authority is not only instrumental in resolving disputes between consumers and Licensees, but also in assisting Licensees to handle and resolve complaints in an effective and efficient manner.

Consumer protection remains at the core of the Authority's mandate.

The Authority is not only instrumental in resolving disputes between consumers and Licensees, but also in assisting Licensees to handle and resolve complaints in an effective and efficient manner.



Analysis of reports submitted by Telecommunications Service Licensees

During the period 01 February 2020 to 31 January 2021, the Authority had 55 Telecommunication Service Licensees. The Authority requested the Licensees to submit their annual consumer complaints reports and their internal procedures for the resolution of disputes for the period 01 February 2020 to 31 January 2021.

Twenty-nine (29) of the 55 Telecommunication Service Licensees held either a Class Comprehensive ECS Licence, a Class Network Facilities Licence, or Full Service Licence (ECS, ECNS), resulting in an obligation to Licensees to comply with Regulation 8. The remainder of the Licensees hold a Class Non-Profit ECNS Licence, or have not commenced services and are not obligated to submit consumer complaint reports

On 30 December 2020, the Authority requested all Licensees to submit their annual consumer complaint reports on or before 31 January 2021 and followed up with a reminder on 11 and 29 January 2021.

As observed in the table on the next page, out of 29 Telecommunications Service Licensees that are obliged to submit their annual consumer complaint reports, 25 submitted their reports. Three Licensees namely: Q-Kon Telecom (Namibia); IXP Namibia; and Sat-Com (Pty) Ltd. failed to comply with the Regulations.

Annual Consumer Complaint Reports

The table on the following page depicts the number of complaints received by the Telecommunications Service Licensees directly from consumers, and the time frame during which these complaints were finalised by the Licensees. The obligation on Licensees is that they deal with complaints within 14 days once received. If Licensees fail to finalise the complaint, they ought to advise the consumer to approach the Authority for relief.

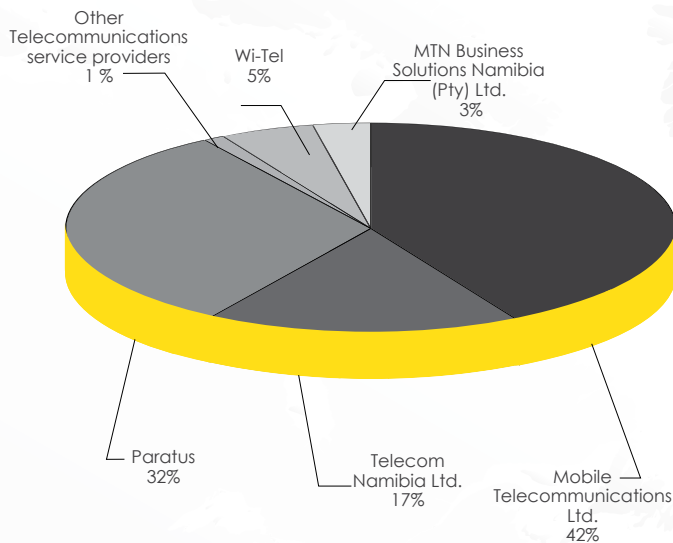
The Authority received 19 consumer complaints directly during the period under review. Of the 19 complaints received, 11 complaints (57.9%) were against Telecom Namibia Ltd.; seven were against MTC (36%); and one (5.3%) against MTN Business Solutions Namibia (Pty) Ltd. respectively.



Complaints submitted directly to Licensees

Licensee	Total number of customers	Complaints received	Resolved within 14 days	Resolved after 14 days	Complaints not resolved	Complaints delivered to CRAN
Mobile Telecommunications Ltd.	2,575,589	20,734	20,727	0	7	7
Telecom Namibia Ltd.	443,293	8,660	7,318	4,641	1,348	11
Paratus Telecommunications (Pty) Ltd. (Paratus)	7,863	15,646	15,646	0	0	0
Africa Online (Pty) Ltd.	-	0	0	0	0	0
Converged Telecommunications CC	-	3	3	0	0	0
Salt Essential CC	-	4	4	0	0	0
Dimension Data Namibia (Pty) Ltd.	-	0	0	0	0	0
Wi-Tel	1,850	2,459	2,459	0	0	0
MTN Business Solutions Namibia (Pty) Ltd.	1,217	1,401	1,396	8	1	1
Telepassport Namibia (Pty) Ltd.	-	40	40	0	0	0
Misty Bay Investment 140 CC	189	42	42	0	0	0
Bidvest Namibia IT (Pty) Ltd.	-	5	5	0	0	0
Demshi Investment Holdings	-					
Omnitel Namibia (Pty) Ltd.	-	5	4	1	0	0
IT Guru Solutions CC	290	40	40	0	0	0
Coastal Network Solutions	-	28	28	0	0	0
Powercom (Pty)Ltd.	-	4	2	2	0	0
Namibia Power Corporation (Pty) Ltd. (NamPower)	-	0	0	0	0	0
Blue Telecommunications Namibia (Pty) Ltd.	-	142	0	0	0	0
Focus Engineering Services CC	-	0	0	0	0	0
Oblixx Communications Networks CC	-	0	0	0	0	0
Capricorn Connect (Pty) Ltd.	-	0	0	0	0	0
Integrated Communication Systems CC	-	0	0	0	0	0
Virtua Technologies (Pty) Ltd.		0	0	0	0	0
Data Continuity Namibia (Pty) Ltd.	-	0	0	0	0	0
Loc8 Mobile (Pty) Ltd.	-	0	0	0	0	0

Percentage of complaints received by Licensees



As indicated in the above graph, MTC received the most complaints at 42% (2020: 54%), followed by Paratus at 32 % (2020: 34%) and Telecom Namibia Ltd. at 17% (2020: 10%), Wi-Tel 5 %, and MTN Business Solutions (Pty) Ltd. 3%. The remaining Licensees constituted less than 1% of all complaints received. While MTC received the most complaints during the year under review, it should be taken into consideration that this Licensee has the largest customer base of all Licensee's in the country.

The graph below illustrates the percentage of complaints received by the Licensees relative to the total number of customers they have. The number of customers are calculated as the number of active SIM cards as well as subscriptions (such as FTTH).



Paratus recorded the highest complaints received relative to its number of customers (198% for every 100 customers), followed by Wi-Tel (132 % for every 100 customers). This could indicate that, for example, one customer lodged more than one complaint to the Licensee during the period under review, or submitted the same complaint a number of times because it was not dealt with satisfactory within the 14 days period. Alternatively, it could indicate that the customer expected the complaint to be resolved in a different manner.

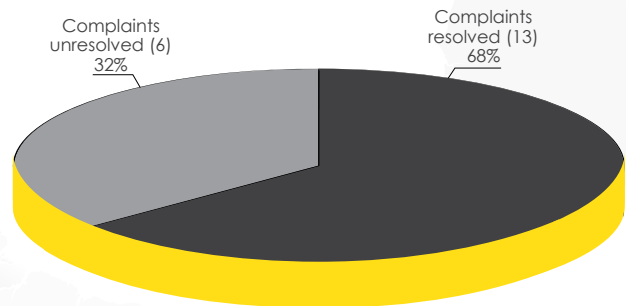
While MTC received more complaints in total figures than all of the other Licensees combined, this number only represents a mere 0.8 % of their customers, meaning that MTC managed to resolve most of the complaints received within 14 days.

Complaints referred to the Authority

The Authority received 19 complaints against telecommunication service Licensees during the period under review. Of the 19 complaints, 11 are from Telecom Namibia Ltd., seven from MTC and one from MTN Business Solutions Namibia (Pty) Ltd.

As at 31 January 2021, 13 complaints were resolved (68%) and six complaints were unresolved (32%). This is summarised in the graph below:

Complaints received by the Authority against Telecommunications Service Licensees



A comparison of these statistics with those of the 2019/2020 period, reflect that the total number of complaints resolved by the Authority from consumers decreased by 10.5% from 78.5 % to 68% and that the number of complaints unresolved by the Authority increased by 10.5% from 21.5 % to 32 %.

Of the resolved complaints, nine were received from Telecom Namibia Ltd., three from MTC and one from MTN Business Solutions Namibia (Pty) Ltd. Of the unresolved complaints, two are from Telecom Namibia Ltd. and four from MTC.

The Authority also received general complaints against non Licensees, to which it does not have jurisdiction to adjudicate the disputes. These complaints do not form part of the statistics in this report.

Type of complaints received by the Authority against Telecommunications Service Licensees

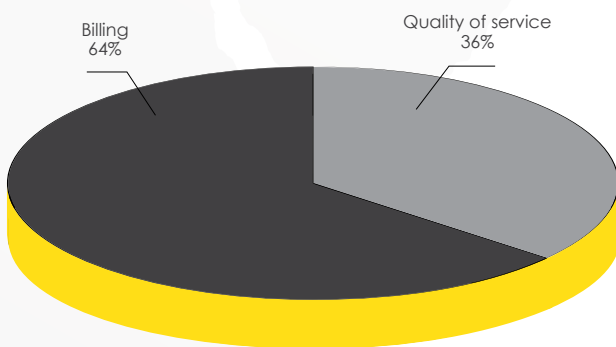
Of the 19 complaints received by the Authority (as indicated earlier in this report), 11 complaints (57.9%) were against Telecom Namibia Ltd.; seven were against MTC (36%); and one (5.3%) against MTN Business Solutions Namibia (Pty) Ltd. respectively.

The types of complaints received by the Authority against the three Telecommunications Services Licensees is depicted on the following pages.

Telecom Namibia Ltd.

Of the 11 complaints received against Telecom Namibia Ltd., seven of them (64%) relate to billing and four (36%) relate to quality of service. These disputes relate mainly to errors made in charging and/or invoices being challenged and the quality of service; more specifically the network quality or poor service connection.

Types of complaints received against Telecom Namibia Ltd.



A comparative analysis between the reporting period 2019/2020 and the reporting period 2020/2021 indicates:

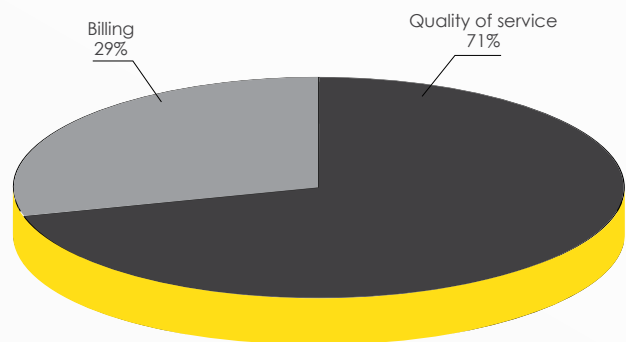
- A 22% increase in billing complaints received against Telecom Namibia Ltd.; and
- A 21.8% decrease in the number of complaints submitted pertaining to quality of service which mainly relates to slow internet connections.

MTC

Of the seven complaints received against MTC, two of them (29%) relate to billing charges and customer service, more particularly automatic renewal and the charges that emanate from non- termination. Moreover, the five (71%) complaints received relate to quality of service, more particularly customer services and disputes emanating from the subscription agreement.

The graph below indicates the nature of consumer complaints against MTC.

Types of complaints received against MTC



A comparative analysis between the reporting period 2019/2020 and 2020/2021 indicates:

- A 5% increase in the total number of billing complaints submitted to the Authority against MTC; and
- A 4% decrease in the total number of quality of service complaints submitted to the Authority against MTC.

MTN Business Solutions Namibia (Pty) Ltd.

One complaint was received against MTN Business Solutions Namibia (Pty) Ltd. relating to the quality of service and customer service, specifically slow internet which complaint was resolved to the customer's satisfaction. The Authority had not received any complaints against MTN Business Solutions Namibia (Pty) Ltd. for the period 2019/2020 and therefore, no comparison can be made.

Telecommunication Service Licensees internal consumer complaint procedures

Only the Telecommunications Service Licensees as indicated in the table on page 79 submitted internal procedures for the resolution of complaints submitted directly to them by consumers.

It is worth mentioning that these Licensees submissions were compliant to the provisions of Regulation 8.

Broadcasting Service Licensees complaints statistics

During the period 1 February 2020 to 31 January 2021, the Authority had 35 Broadcasting Service Licensees. The Authority requested these broadcasting Licensees to submit their annual consumer complaints reports for the period 1 February 2020 to 31 January 2021.

The following Licensees as listed below did not submit reports and internal complaints procedures:

- Namibia Broadcasting Corporation
- Oranjemund Radio
- Hardap Radio
- Media for Christ
- Kunene Community Radio
- Usakos Radio Station
- Nexit Investment CC
- Omaheke Community Radio

Complaints submitted directly to Licensees

The table below depicts the number of complaints received by the Broadcasting Service Licensees directly from their consumers:

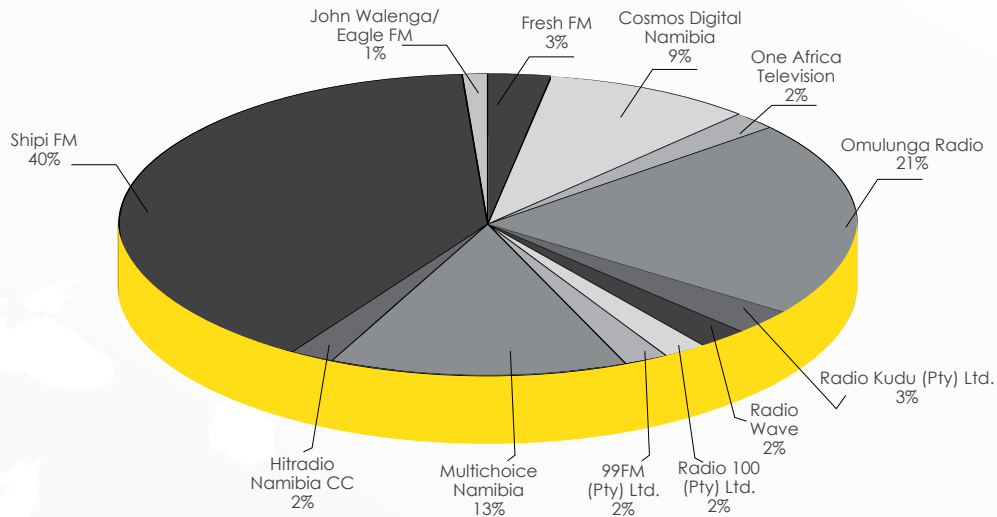
Complaints received by Broadcasting Licensees

Licensee	Complaints received	Resolved within 14 days	Resolved after 14 days	Complaints not resolved	Complaints delivered to CRAN
Fresh FM	4	4	0	0	0
Cosmos Digital Namibia (Pty) Ltd.	12	12	0	0	0
Katutura Community Radio	0	0	0	0	0
One Africa Television (Pty) Ltd.	3	3	0	0	0
Omulunga Radio (Pty) Ltd.	26	25	1	0	0
Trinity Broadcasting	0	0	0	0	0
Radio Kudu (Pty) Ltd.	4	4	4	0	0
Radio Wave CC	3	3	0	0	0
Radio 100 (Pty) Ltd.	2	2	0	0	0
University of Namibia	0	0	0	0	0
West Coast FM (Pty) Ltd.	0	0	0	0	0
99FM (Pty) Ltd.	2	2	0	0	0
Multichoice Namibia (Pty) Ltd.	16	11	3	2	1
Hitradio Namibia CC	3	3	0	0	0
Carol Ann van der Walt	0	0	0	0	0
Shipi FM	50	50	0	0	0
Shal'om Messenger Ministries	0	0	0	0	0
Trustco Administrative Support Services (Pty) Ltd.	0	0	0	0	0
Radiance Consulting and Trading Services/Rapids FM	0	0	0	0	0
Southern Sun Media Trust/ Karas FM	1	1	0	0	0
Satelio Television Namibia	0	0	0	0	0
Adventist Development and Relief Agencies	0	0	0	0	0
Namibian College of Open Learning	0	0	0	0	0
John Walenga/Eagle FM	1	1	0	0	0
Universal Media CC	0	0	0	0	0
Gospel Mission Ministries	0	0	0	0	0
Otji Investment CC	0	0	0	0	0

According to Regulation 8(3) of the Adjudication Regulations, the Licensees are required to resolve the complaints within 14 days upon receipt from the consumer.

The table on the previous page shows that most Broadcasting Licensees resolved the complaints submitted to them within 14 days, apart from Multichoice Namibia which had two unresolved matters of which one was referred to the Authority.

Complaints received by Broadcasting Licensees



The graph above shows the complaints received by Broadcasting Licensees from consumers. The statistics received by the Authority indicates a total number of 74 consumer complaints received by the Broadcasting Licensees collectively which is a significant decline from the 294 complaints received during the previous year of review.

Shipi FM received 40% of the recorded complaints, followed by Omulunga Radio and Multichoice Namibia with 21% and 13% respectively.

Consumer complaints referred to the Authority

During the period of review, there was one consumer complaint submitted to the Authority against Multichoice. This complaint was however deemed not to be within the mandate of CRAN to adjudicate on.

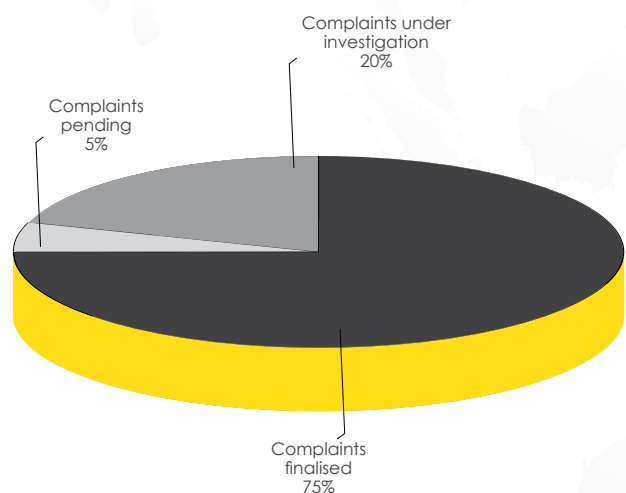
Broadcasting Licensees internal consumer complaint procedures

Of the 35 Broadcasting Licensees, only 27 (indicated on page 82) submitted internal procedures for the resolution of complaints submitted directly to them by consumers, as required.

It is worth mentioning that these Licensees submissions were compliant with Regulation 8.

Interference

As illustrated in the chart below, 20 complaints pertaining to interference with radio transmission were received by CRAN during the period under review. Fifteen (15) of the complaints have been finalised, with one pending, and four still under investigation.



Licensee disputes

The following matters are disputes between Licensees that the Authority adjudicated upon during the period under review:

No.	Complainant	Operator	Nature of complaint	Outcomes / status / decision	Next steps
1.	City of Windhoek (CoW)	Paratus	Section 69 dispute	CRAN jurisdiction to hear the dispute confirmed	On hold pending outcome of Supreme Court Appeal
2.	MTN Business Solutions Namibia (Pty) Ltd.	Telecom	Infrastructure sharing	Pending period of reconsideration for the recusal application and appointment of new Chairperson	Pending
3.	MTN Business Solutions Namibia (Pty) Ltd.	MTC	Infrastructure sharing	Pending procurement process to appoint consultant	Pending
4.	Telecom Namibia Ltd.	CoW	Licensee dispute	Decision published in the <i>Government Gazette</i> in October 2020	Finalised

Litigation matters

The following matters, which involve the Authority, are currently pending before the Court:

Court case	Nature of proceedings and status	Amount in dispute	Status Update
CRAN//Telecom Namibia Ltd., AG, MICT, MTC, Dimension Data, Media Network for Christ (I4114/2015) HC-MD-CIV-ACT-OTH-2019/01370	This matter involves the payment of outstanding Licensee Fees. On 16 December 2015 combined summons were filed in the High Court of Namibia by CRAN against Telecom Namibia Ltd. for the payment of outstanding regulatory levies and penalties for the period 31 March 2012 to 31 March 2015. CRAN further issued summons against Telecom Namibia Ltd. for the payment of outstanding regulatory levies from 31 March 2016 to 31 March 2018.	N\$124,875,885.00 Levies and N\$29,138,437.50 Penalties	The Court ruled on 26 November 2020, that the action instituted under case number I 4114/2015 is consolidated to HC-MD-CIV-ACT-OTH-2019/01370 and the consolidated matter shall be dealt with under case number HC-MD-CIV-ACT-OTH-2019/01370 as an e-justice file. Postponed to 22 April 2021 for possible court connected mediation.
CRAN//MTC (March 2016-2018 levies) HC-MD-CIV-ACT-OTH-2019/01367	On 28 March 2019, CRAN issued summons against MTC for the payment of outstanding regulatory levies from 31 March 2017 to 31 March 2019.	N\$97,269,143.84	An application for leave to appeal the exception ruling was filed. Hearing set for 07 May 2021.
Paratus Telecommunications (Pty) Ltd./CoW, CRAN	Paratus has approached the High Court to seek an order, interdicting and restraining CoW from obstructing and interfering its operations in the installation of the fibre optic cable. The said application was filed on 26 February 2020 and was also served on the Authority as a third Respondent on the same day. It is vital to point out that no relief is sought against the Authority	N/A	CoW has filed an appeal in the Supreme Court. The Authority is cited only as a party of interest and has not filed any papers in this matter.

Paratus Telecommunications (Pty) Ltd./ Communications Regulatory Authority of Namibia and others (In re COW decision to award licence) HC-MD-CIV-MOT-GEN-2020/00288	CRAN received a Notice of Motion on 25 August 2020 of an application filed by Paratus against CRAN. Paratus is seeking the court to review and set aside, alternatively declare in contravention of Article 18 of the Constitution: 1. The awarding of a Telecommunications Service Licence to the CoW. 2. The decision to uphold its decision to award the Telecommunications Service Licence to the CoW.	N/A	The matter is set down for a case management conference hearing for 06 May 2021.
CRAN//MTC HC-MD-CIV-MOT-GEN-2020/00526	On 14 December 2020, MTC filed an application to challenge the constitutionality of the amended Section 23 of the Communication Act	N/A	Matter referred to Case Management Conference for 12 May 2021.
Mobile Telecommunications Ltd./CRAN (HC-MD-CIV-MOT-REV-2020/00016)	On 30 August 2019 CRAN notified MTC of the chargeable fees that MTC must pay to CRAN for the use of the numbering resources allocated to them as at the end of September 2018. MTC replied on 03 October 2019 that it will not settle the invoices as they were issued out of the prescribed time and therefore CRAN "has tacitly waived their right to receive payment". On 22 January 2020, MTC lodged an application to challenge the said debt.	N\$18,772,362.99	A settlement agreement was reached and made an order of court on 25 February 2021. Matter struck from the roll.
CRAN//MTC HC-MD-CIV-ACT-OTH-2020/03633	CRAN issued summons against MTC for payment of outstanding invoices issued for the use of numbering resources and interest thereon due on 03 October 2019 and 18 January 2020.	N\$39,067,513.99	A Settlement agreement was reached and made an order of the court on 25 February 2021 and the matter was thus struck from the roll.
CRAN//Telecom Namibia Ltd. (HC-MD-CIV-ACT-OTH-2020/03640)	CRAN issued summons against Telecom Namibia Ltd. for payment of outstanding invoices issued for the use of numbering resources and interest thereon due on 03 October 2019 and 19 January 2020.	N\$51,119,782.00	A settlement agreement was reached and made an order of the court on 25 February 2021 and the matter was thus struck from the roll.

Regulatory summons

During the period under review CRAN issued 19 regulatory summons, all of which have been finalised. The total amount of fines issued and paid by 12 of the Licensees was N\$791,000.00. Seven Licensees pleaded not guilty, with the explanation accepted by the Authority.



Looking ahead to 2022

We will:

- Submit funding proposal to MICT for implementation of National Cyber Security and Incidence Response Team (NSCIRT) together with budget and operational plan. Implementation of NSCIRT will commence upon allocation of capital and operational funding as per funding request submitted.
- Commence preparation for implementation of Public Key Infrastructure (KPI) and e-signature upon enabling of Section 20 of the Electronic Transactions Act and publication of regulations by the Minister of ICT.
- Acquire business intelligence tools based on outcome of analysis of current performance and business processes. Implementation of the business intelligence tools will enhance the monitoring of operational performance and improve efficiency.
- Commence with the implementation of CRAN's mandate in terms of Section 20 of the Electronic Communications Act upon publication of the regulations and enabling of this section by the Minister of ICT.
- Establish effective measures to monitor and receive the reports from Licensees. The portal currently in place will be finalised and put online to allow Licensees to submit the information required online.
- Issue summons against the Licensees who do not submit their annual consumer complaint reports and/or internal consumer complaint procedures for non-compliance with the Regulations Regarding Procedures for the Adjudication of Disputes in terms of Section 114(2) and 116 of the Communications Act (No. 8 of 2009).



Strategic theme 4: Sustainability

Harnessing financial, human and technological resources to safeguard the sustainability of CRAN over time

VALUE CREATION TARGETS

- ▲ Collections on regulatory Levies, Numbering Plan, Spectrum Bill Run, Spectrum Auction.
- ▲ Reductions in bad debts written off.
- ▲ IDU: upgrade, reports customisation.
- ▲ ASMS: module modifications (journals, reports and integration).
- ▲ SAGE X3 (Contract management and fixed assets bar code scanning).
- ▲ Linked to the Business Process Re-engineering Project.

By improving the internal processes CRAN would become an effective and efficient Regulator. CRAN is a prudent regulator that is continuously striving to use its resources in an effective way and reduce the overall cost of regulation on the industry whilst maintaining sufficient income to regulate the ICT industry. This would assist in improving the sustainability of CRAN over the short, medium and long term.

Our 2021 performance

Budget commentary

Budget implementation is closely monitored through monthly variance reports distributed to management and quarterly management accounts distributed to the Board and Management for their information, review and action, ultimately ensuring compliance with internal budgetary requirements as well as ensuring financial transparency, accountability and informed decision making.

The total revenue for the review period of N\$33.3 million was 33% (N\$16.3 million) less than the budget of N\$49.5 million. This variance is a result of the High Court decision that declared the revenue regulations as unconstitutional. Revenues from Telecommunications, Broadcasting and Numbering Plan were severely affected as a result.

A total expenditure of N\$66.2 million was incurred for the same period, which represents a 23.5% (N\$20.3 million) saving over the budget of N\$86.4 million. This signifies the success of the costs savings measures that were put in place.

Financial results

The Authority recorded a total comprehensive loss of N\$9.7 million for the review period, representing a decrease of 74.3% from the prior year's loss of N\$37.7 million. The decrease is ascribed to the writing off of increases in bad debts related to the Numbering Plan, as well as decreases in regulatory levy income, numbering plan invoices, and type approval fees.

	2021 N\$'000	2020 N\$'000	% change	2019 N\$'000
Revenue	33,249	90,970	-63%	106,956
Other Income	54	226	76%	383
Other operating gains (losses)	(8)	45	-118%	(192)
Administrative expenses	(51,986)	(50,575)	3%	(42,090)
Other operating expenses	5,030	(84,164)	106%	(84,153)
Operating profit	(13,661)	(43,498)	-69%	(19,096)
Investment Revenue	4,266	6,436	-34%	6,544
Finance costs	(295)	(629)	-53%	(0)
Profit/(Loss) for the year	(9,690)	(37,691)	-74%	(12,552)
Other comprehensive income	-	-	0%	0%
Total comprehensive Income/(Loss) for the year	(9,690)	(37,691)	-74%	(12,552)

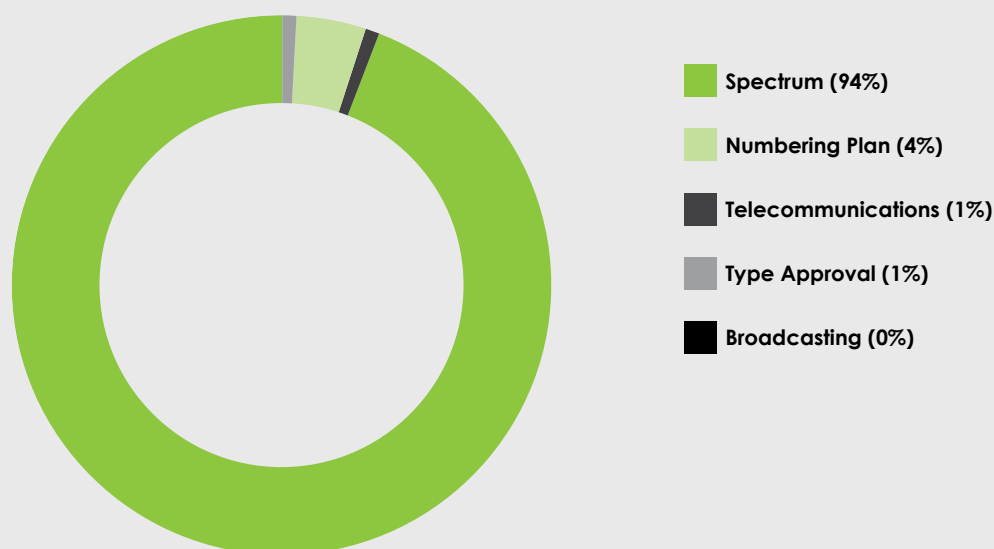
Revenue

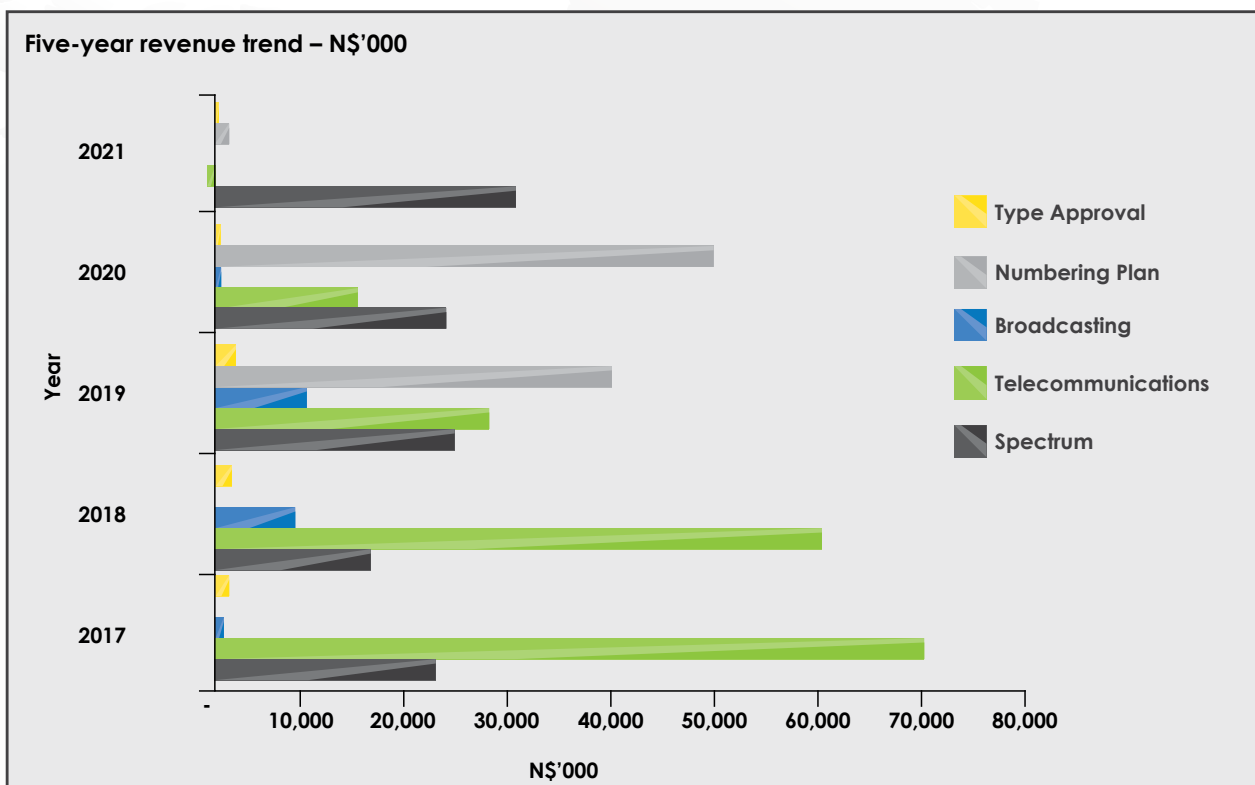
Revenue for the year under review decreased by 63%, from N\$91 million in 2020 to N\$33.3 million in 2021, with spectrum fees, numbering fees, and type approval fees contributing to 100% of the revenue.

Revenue comprises of regulatory levies from Telecommunications and Broadcasting Service Licensees, spectrum fees, revenues from numbering plans, and type approval fees. The regulatory levies are calculated as a percentage of operators' turnover based on a progressive licence fee formula that caps the maximum percentage at 1.5%. Spectrum fees,

which comprised 96% of the revenue generated, are derived from radio licences. The type approval fees, which made up 1.0% of revenue, are derived from charges for the use of telecommunications equipment in Namibia. Numbering fees, which make up 3.7%, are derived from the utilisation of the numbering plan by Telecommunications Licensees. The significant reduction in revenue continues to be affected by the 11 June 2018 Supreme Court decision that declared Section 23(2)(a) and Regulation 6, the basis on which the Regulator was determining regulatory levy, as unconstitutional, and that the Authority could no longer raise revenue on that basis from that date onwards.

2021 Revenue Breakdown



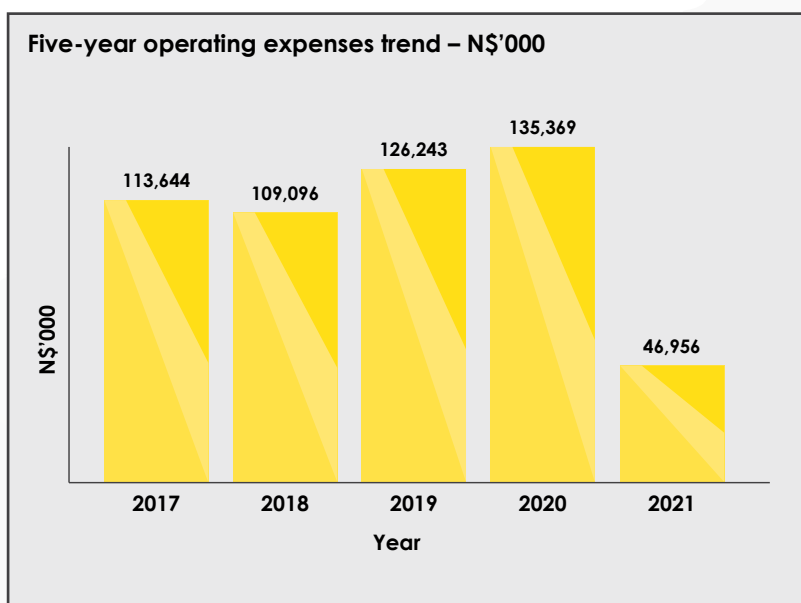


Operating expenses

Operating expenses decreased by 62.3%, from N\$135.4 million in 2020 to N\$47 million in 2021. The main reason for the decrease is ascribed to the decrease in the provision for bad debt stemming from the numbering plan invoices, as well as prudent costs management measures introduced by management.

Assets

The Authority's assets decreased by N\$14.4 million to N\$130.9 million as at 31 March 2021 (31 March 2020: N\$145.4 million). The decrease is the result of the loss for the period and a reduction in the book values of property, plant and equipment, and right-of-use-assets.



Key activities for the reporting period

Implementation of IFRS 16 Leases

The Finance department implemented IFRS 16 Leases. IFRS 16 replaces IAS 17 Leases and introduced new requirements for the classification and measurement of leases. The Finance department prioritised and successfully completed the upgrading of its Sage X3 ERP system from version 6.5 to version 11, and facilitated the functionality enhancements on the billing and spectrum management on the Automated Spectrum Management System (ASMS).

Improve cost efficiencies

The Supreme Court ruling of 11 June 2018 imposed cost recovery as a limiting factor on how much revenue CRAN could raise from its Licensees in order to defray its cost of regulation.

CRAN conducted a costing exercise to determine the Capital costs as well as Operational costs the Authority needed to regulate the ICT Industry over a period of four years (2021-2024). This information was then fed into the cost recovery model that determined the fee structure through which CRAN could generate revenue to defray its costs of regulation. The fee structure was then agreed with the Licensees through the rule making process of the regulations.

Increase sources of income

CRAN has contracted the services of an external debt collector to boost the collection of past due debts and thereby help to improve the Authority's cash flow position. In addition, CRAN will be generating additional revenue from:

- Spectrum auctions.
- Regulating the NBC.
- Regulating Namibia Post Ltd.
- Increases in Spectrum fees revenue by 14.2% per year due to the new regulations.

Looking ahead to 2022

The Finance department will focus on implementing the revised levy structure, facilitate the upgrade of the IDU budgeting systems, and review and update departmental policies. The Finance department also commits itself to continuously follow-up and collect on outstanding regulatory levies.

The revised levy structure which was agreed with the Licensees through the rule making process of the regulations will secure sustainable revenue inflows for the Authority and thereby alleviate the concerns about the matter of the going concern. Equally so, the improved collected of outstanding debts will improve cash inflows and thereby improve the cash position of the Authority. The Authority will strengthen internal controls by reviewing and updating financial policies.

The upgrade of the IDU budgeting system brought about functionality enhancements to the Administration and Client modules, respectively. These enhancements increase user productivity by:

- 100% completion of ASMS module.
- 100% completion of SAGE.
- Implement the debt collection strategy by outsourcing debt collection.
- Engage Licensees to settle outstanding levies.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA **ANNUAL FINANCIAL STATEMENTS** For the year ended 31 March 2021

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The Authority is established under Section 4 of the Communications Act (No. 8 of 2009) to regulate, supervise and promote the provision of telecommunications services and networks, broadcasting, postal services and the use and allocation of radio spectrum in Namibia.
Members	Mr. Heinrich M. Gaomab II (Chairperson) Ms. Vivienne E. Katjuongua (Vice- chairperson) Ms. Dorethy E. Smit Mr. Gerhard Coeln Dr. Tulimevava Mufeti Mr. Thomas H. Mbome
Registered office	Communications House 56 Robert Mugabe Avenue Windhoek Namibia
Business address	Communications House 56 Robert Mugabe Avenue Windhoek Namibia
Postal address	Private Bag 13309 Windhoek Namibia
Bankers	Bank Windhoek Limited
Auditors	SGA Chartered Accountants and Auditors (Namibia) Registered Auditors
Secretary	Mr. Tanswell Davies
Lawyers	Dr Weder, Kauta and Hoveka Inc. Nakamhela Attorneys Sisa Namandje Incorporated Denk Law Chambers Millenium Consolidated Consultancy Services CC Climate Dynamics Akutu Drafting and Training Masters

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2021

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COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

Corporate Governance Statement

The Communications Regulatory Authority of Namibia (The Authority) is committed to the principles of integrity, safety, professionalism, transparency, responsibility and accountability. The member recognise the need for management to conduct the business of the authority accordingly and in accordance with generally accepted corporate practices, the Authority's policies and the laws of Namibia.

1. Members of the board

The board meets regularly. The roles of the Chairperson and Chief Executive Officer do not vest in the same person and the Chairperson is a non-executive member. The Chairperson provides and encourages proper deliberation of all matters requiring the board's attention, and obtains optimum input from the other members. The Chairperson also ensures that all decisions of the board are clearly documented and are likely to advance the Authority's interests.

1.1 Non-executive members

The board has six non-executive members. Non-executive members are appointed for specific terms and re-appointment does not occur automatically.

2. Authority secretary and professional advice

All members have access to the advice and services of the Authority's secretary, who is responsible to the board for ensuring that board procedures are followed. All members are entitled to seek independent professional advice about the affairs of the Authority and at the Authority's expense.

3. Internal control system

The Authority maintains systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposition. These controls are all designed to provide reasonable assurance to the Authority's management and members of the board regarding the preparation of reliable published financial statements and the safeguarding of the Authority's assets. The system includes a documented organisational structure and division of responsibility, established policies and procedures which is communicated throughout the Authority and used for the proper training and development of its people.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of overriding controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to annual financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control can change with circumstances.



Member

Windhoek, Namibia



Member

08/12/2021

Date:

Independent Auditor's Report

To the Minister of Information and Communication Technology

Opinion

We have audited the annual financial statements of the Communications Regulatory Authority of Namibia as set out on pages 101 to 146, which comprise the members' report, the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 31 March 2021, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Communications Regulatory Authority of Namibia as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Communications Act (No. 8 of 2009).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, which required significant auditor attention in performing the audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon.

Key Audit Matter	How the matter was addressed in the audit
<p>Recognition of Revenue, completeness and accuracy</p> <p>Revenue relating to rendering of services, which is recognised in the financial statements, are material and comprise of telecommunications, numbering, spectrum, broadcasting and type approval. Due to the significance of service revenue, it was considered a key audit matter.</p>	<p>During the audit we satisfactorily determined the accuracy, completeness and occurrence of revenue through significant substantive testing and related test of controls.</p>
<p>Recoverability assessment of trade receivables</p> <p>Trade receivables of the Authority comprise mainly receivables in relation to the Authority's services rendered for communications related activities.</p> <p>The increasing challenges in the economy and operating environment in the country during the year have increased the risks of default on receivables from the Authority's customers. In particular, in the event of insolvency of customers, the Authority is exposed to potential risk of financial loss when the customers fail to meet their contractual obligations in accordance with the requirements of the agreements.</p> <p>The recoverable amount was estimated by management based on their specific recoverability assessment on individual debtors with reference to the aging profile, historical payment pattern and the past record of default of the customer. Management would make specific provision against individual balances with reference to the recoverable amount.</p> <p>For the purpose of impairment assessment, significant judgements and assumptions, including the credit risks of customers, the timing and amount of realisation of these receivables are required for the identification of impairment events and the determination of the impairment charge.</p>	<ul style="list-style-type: none"> • Tested the accuracy of ageing of trade receivables at year end on a sample basis; • Obtained a list of outstanding receivables and identified any debtors with financial difficulty through discussion with management; • Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers, publicly available information and latest correspondence with customers and to consider if any additional provision should be made; • Tested subsequent settlement if any, of trade receivables after the balance sheet date on a sample basis; and • Ensured that the requirements of IFRS 9 with respect to trade receivables have been considered and applied. <p>We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supported based on the available evidence.</p>

Independent Auditor's Report (continued)

Material uncertainty related to going concern

We draw attention to Note 21 in the financial statements, which indicates that the Authority incurred a net loss of (N\$9,690,042) (2020: loss of N\$37,691,407) during the year ended 31 March 2021 and generated negative cash flow from operating activities amounting to N\$26,434,435 (2020: N\$32,377,714). As stated in Note 23, these events or conditions, along with other matters as set forth in Note 21, indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

However, the Authority entered into a settlement agreement with Telecom regarding the outstanding regulatory levies from 2012 – 2018. Telecom will pay a final amount of N\$87,000,000. The first instalment of N\$20,000,000 will be paid on 30 November 2021 and the remaining amount will be paid in equal monthly instalments over 36 months.

Other information

The board members are responsible for the other information. The other information comprises the detailed statement of comprehensive income as set out on pages 147 to 148 which we obtained prior to the date of this auditor's report, which is expected to be made available to us after that date. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the members for the Annual Financial Statements

The members are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Communications Act (No. 8 of 2009), and for such internal control as the members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the members are responsible for assessing the Authority and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

Independent Auditor's Report (continued)

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

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

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



SGA
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: R Cloete
Partner

Windhoek...Namibia
8 December 2021

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2021

Members' Responsibilities and Approval

The members are required in terms of the Communication Act (No. 8 of 2009) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the members of the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The members have reviewed the Authority's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on pages 96 to 99.

The annual financial statements set out on pages 101 to 148, which have been prepared on the going concern basis, were approved by the members of the board on 26 November 2021 and were signed on their behalf by:


Member
Member

Windhoek, Namibia

08/12/2021
Date:

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

Member's Report

The board members have pleasure in submitting their report on the annual financial statements of Communications Regulatory Authority of Namibia for the year ended 31 March 2021.

1. Incorporation

The Authority is established in terms of Section 4 of the Communications Act, and came into effect on 18 May 2011.

2. Nature of business

The Communications Regulatory Authority of Namibia (CRAN) was established to regulate, supervise, and promote the provision of telecommunication services and networks, broadcasting, postal services the use and allocation of radio spectrum in Namibia and regulate the type approval and technical standards for telecommunications equipment in Namibia.

There have been no material changes to the nature of the Authority's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Authority are set out in these annual financial statements.

4. Board Members

The members in office at the date of this report are as follows:

Directors	Designation	Nationality
Mr. Heinrich M. Gaomab II (Chairperson)	Non-executive	Namibian
Ms. Vivienne E. Katjuongua (Vice- chairperson)	Non-executive	Namibian
Ms. Dorethy E. Smit	Non-executive	Namibian
Mr. Gerhard Coeln	Non-executive	Namibian
Dr. Tulimevava Mufeti	Non-executive	Namibian
Mr. Thomas H. Mbome	Non-executive	Namibian

There have been no changes to the members for the year under review.

Changes in responsibilities

On 1 January 2021 Mrs. Emilia Nghikembua was appointed as Chief Executive Officer by the board of directors.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2021

Member's Report (continued)

5. Members' interests in contracts

During the financial year, no contracts were entered into which members or officers of the Authority had an interest and which significantly affected the business of the Authority.

6. Events after the reporting period

On 4 November 2021, the Supreme Court delivered its judgement and found that its intention as ascertained on 11 June 2018 judgment and order is clear as the Court intended it to mean from the date of the judgment of the Supreme Court, being 11 June 2018.

Given the above-mentioned judgement which was in favor of CRAN, CRAN and Telecom signed a settlement agreement on 23 November 2021 for the outstanding Regulatory levies for the period 2012 - 2018. Telecom will pay an amount of N\$87 million as a full and final settlement. The terms of the agreement are that Telecom will make a lumpsum payment of N\$20 million on or before 30 November 2021 and the remaining balance of N\$67 million will be effected in equal monthly instalments over a maximum period of 36 months. Interest is charged at the prime lending rate.

The members are not aware of any other material event which occurred after the reporting date and up to the date of this report.

7. Going concern

The Authority incurred a net loss of (N\$9,690,042) (2020: loss of N\$37,691,407) for the year ended 31 March 2021 and generated negative cash flow from operating activities amounting to N\$26,434,435 (2020: N\$34,877,714) mainly due to the non-payment of the disputed revenue from the telecommunication administrative levy that was declared by the Namibia High Court to be unconstitutional and invalid. Refer to note 21 for more details regarding the status of the case.

This, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Authority's ability to continue as a going concern.

The financial statements have been prepared on the basis of accounting policies applicable to going concern. This basis presumes that the Authority will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

On 11 June 2018, the Supreme Court ruled as follows:

- Section 23 (2) (a) of the Communications Act (No. 8 of 2009) is declared unconstitutional and is hereby struck down;
- Subject to para (c) below, the order of invalidity in paragraph (a) will take effect from the date of this judgement and shall have no retrospective effect in respect of anything done pursuant thereto prior to the said date;
- Telecom shall not be liable to pay any levy imposed covering a period before the coming into force of item 6 of the Regulations Regarding Administrative and License Fees for Service Licenses, published as GN 311 in GG 5037 on 13 September 2012.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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For the year ended 31 March 2021

Member's Report (continued)

Having considered the above, it is Management's view that while the judgement of 11 June 2018 may have initially casted doubt on the revenue generation abilities of CRAN going forward, Management has taken steps to alleviate this negative impact. In light of the above, Management is also of the view that there is no doubt about the Authority's ability to continue as a going concern due to the following reasons/considerations:

- The amendment of Section 23 of the Communications Act (No. 8 of 2009) dealing with the collection of Regulatory levies has been promulgated in the *Government Gazette* No. 7274, Notice No. 155, dated 15 July 2020, and it is therefore enforceable. CRAN is authorised in terms of the amendment to prescribe regulations regarding the determination and imposition of the Regulatory levies on licensees;
- CRAN drafted and approved the framework for the new levy Regulations in line with the provisions of the Communications Amendment Bill. The new regulations were published and came into effect on 22 June 2021 as per the *Government Gazette* No.7558 of 22 June 2021 Notice No. 232;
- The new regulatory levy regime will secure CRAN future sustainability in that CRAN would first determine the cost for regulation and then determine the levy to be imposed to defray that cost;
- The first set of regulatory levy invoices would be issued from 23 December 2021 which is six months from the effective date of 22 June 2021;
- In light of the Supreme Court judgement, CRAN was pursuing a legal process against Telecom Namibia Limited (TN), and Mobile Telecommunications Limited (MTC) for purposes of recovering payment of outstanding levies, interest, penalties and initial invoicing from the numbering plan;
- In addition, CRAN pursued settlement discussions with TN and MTC on outstanding levies, interest, penalties and the initial invoicing on numbering plan (resources);
- The settlement discussions on the initial invoicing on numbering plan (resources) yielded the first positive result in that both TN and MTC agreed and paid the Authority N\$6 million and N\$12 million respectively as full and final settlement of the dispute on numbering plan (resources) and the parties further agreed to stop all legal proceedings on the numbering plan (resources) and that future invoicing for numbering plan (resources) will be based on the revised regulations for number plan (resources) which came into effect on 30 August 2021 after a consultative rulemaking process;
- Subsequent to the above settlement agreement, CRAN continued to pursue settlement discussions with TN on the regulatory levies. These settlement discussions reached a positive conclusion in favor of CRAN after the Supreme Court ruling of 04 November 2021. On 23 November 2021, CRAN and Telecom signed a settlement agreement for the outstanding Regulatory levies for the period 2012 - 2018. In terms of this agreement, Telecom will pay an amount of N\$87 million as a full and final settlement. The terms of payment were a lumpsum down payment of N\$20 million on or before 30 November 2021 and the remaining N\$67 million to be effected in equal monthly instalments over a maximum period of 36 months. Interest is charged at the prime lending rate.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

Member's Report (continued)

- In addition to the above positive developments, CRAN would raise additional revenue per year from:
 - i. Spectrum auctions;
 - ii. Regulating NBC the national broadcaster which regulations came into effect from 30 June 2021
 - iii. Regulating Nampost which regulations came into effect from 19 August 2020 and
 - iv. The spectrum fees revenue will increase by 14.2% per year due to the new regulations that have come into effect on 14 October 2020.
- Finally, CRAN will pursue settlement discussions with MTC to collect all outstanding levies, interest, penalties given the 04 November 2021 Supreme Court ruling in favor of the Authority.

8. Secretary

The company secretary is Mr. Tanswell Davies.

Postal address: Private Bag 13309
Windhoek
Namibia

Business address: Communications House
56 Robert Mugabe Avenue
Windhoek
Namibia

9. Auditors

SGA continued in office as auditor of the Authority for the year 2021.

10. Income tax status

The Authority is exempt from income taxes in terms of the provisions of Section 16(1)(e) of the Income Tax Act (No. 24 of 1981). A written confirmation to this effect was received from the Ministry of Finance on 9 September 2012.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

	Note(s)	2021 N\$	2020 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	4	3,617,682	5,340,301
Right-of-use assets	5	1,002,758	3,911,169
Intangible assets	6	3,683,976	3,861,029
		8,304,416	13,112,499
Current Assets			
Other financial assets	22	60,000,000	54,000,000
Trade and other receivables	7	30,766,994	8,648,051
Cash and cash equivalents	8	31,877,782	69,597,731
		122,644,776	132,245,782
Total Assets		130,949,192	145,358,281
Equity and Liabilities			
Equity			
Reserves		113,249,728	113,249,728
Retained income		3,318,783	13,008,825
		116,568,511	126,258,553
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	5	249,708	1,318,757
Current Liabilities			
Trade and other payables	9	12,251,025	13,606,590
Finance lease liabilities	5	1,034,697	3,414,193
Provisions	10	845,251	760,188
		14,130,973	17,780,971
Total Liabilities		14,380,681	19,099,728
Total Equity and Liabilities		130,949,192	145,358,281

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2021

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2021 N\$	2020 N\$
Revenue	11	33,248,811	90,970,350
Other operating income		53,452	226,078
Other operating gains (losses)	12	(7,756)	45,342
Administrative expenses		(51,986,426)	(50,567,040)
Other operating expenses		5,030,088	(84,171,959)
Operating loss	13	(13,661,831)	(43,497,229)
Investment income	14	4,266,447	6,436,120
Finance costs		(294,658)	(630,298)
Loss for the year		(9,690,042)	(37,691,407)
Other comprehensive income		-	-
Total comprehensive loss for the year		(9,690,042)	(37,691,407)

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Statement of Changes in Equity

	Deferred capital N\$	Retained income N\$	Total equity N\$
Balance at 1 April 2019	37,035,281	50,700,232	87,735,513
Loss for the year	-	(37,691,407)	(37,691,407)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	-	(37,691,407)	(37,691,407)
Capital invested	76,214,447	-	76,214,447
Total contributions by and distributions to owners of company recognised directly in equity	76,214,447	-	76,214,447
Balance at 1 April 2020	113,249,728	13,008,825	126,258,553
Loss for the year	-	(9,690,042)	(9,690,042)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	-	(9,690,042)	(9,690,042)
Balance at 31 March 2021	113,249,728	3,318,783	116,568,511

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Statement of Cash Flows

	Note(s)	2021 N\$	2020 N\$
Cash flows from operating activities			
Cash used in operations	15	(30,406,224)	(40,683,536)
Interest income		4,266,447	6,436,120
Finance costs		(294,658)	(630,298)
Net cash from operating activities		(26,434,435)	(34,877,714)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(419,181)	(2,369,741)
Sale of property, plant and equipment	4	7,650	161,095
Purchase of other intangible assets	6	(1,425,438)	(3,309,370)
Movement in fixed deposits		(6,000,000)	26,000,000
Net cash from investing activities		(7,836,969)	20,481,984
Cash flows from financing activities			
Movement in deferred capital		-	76,214,447
Payment on lease liabilities		(3,448,545)	(2,831,828)
Net cash from financing activities		(3,448,545)	73,382,619
Total cash movement for the year		(37,719,949)	58,986,889
Cash at the beginning of the year		69,597,731	10,610,842
Total cash at end of the year	8	31,877,782	69,597,731

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Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Communications Act (No. 8 of 2009).

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

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Accounting Policies (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

The fair value of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Authority established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment testing

The Authority reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of carports and cubicles, motor vehicles, furniture and fixtures, office equipment, IT equipment, spectrum tools and spectrum monitoring system and computer software are determined based on Authority replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

The residual values of each asset are reviewed and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in estimate.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 10.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the Authority holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

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Accounting Policies (continued)

1.3 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Authority. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Carports and cubicles	Straight-line	25 Years
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	4 years
Office equipment	Straight-line	3 years
IT equipment	Straight-line	3 years
Spectrum tools	Straight-line	3 years
Spectrum monitoring	Straight-line	3-7 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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Accounting Policies (continued)

1.4 Intangible assets (continued)

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

1.5 Financial instruments

Financial instruments held by the Authority are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Authority, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost; or
- Fair value through other comprehensive income.

Financial liabilities:

- Amortised cost.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Other financial assets at amortised cost

Classification

Fixed-term deposits (note 22), are classified as financial assets subsequently measured at amortised cost.

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Accounting Policies (continued)

1.5 Financial instruments (continued)

They have been classified in this manner because the contractual terms of these fixed deposits give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Authority's business model is to collect the contractual cash flows on these fixed deposits.

Recognition and measurement

Fixed-term deposits are recognised when the Authority becomes a party to the contractual provisions of the fixed deposits. The fixed deposits are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the fixed deposits, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Authority recognises a loss allowance for expected credit losses on all fixed deposits measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective fixed deposits.

The Authority measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a fixed deposit has not increased significantly since initial recognition, then the loss allowance for that fixed deposit is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a fixed deposit. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a fixed deposit that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Authority considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a fixed deposit being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a fixed deposit has increased significantly since initial recognition, the Authority compares the risk of a default occurring on the fixed deposit as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Authority considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

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Accounting Policies (continued)

1.5 Financial instruments (continued)

Irrespective of the outcome of the above assessment, the credit risk on a fixed deposit is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Authority has reasonable and supportable information that demonstrates otherwise.

By contrast, if a fixed deposit is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the fixed deposit has not increased significantly since initial recognition.

The Authority regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Authority consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Authority considers that default has occurred when a fixed deposit is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The Authority writes off a fixed deposit when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Fixed deposits written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the fixed deposit at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Fixed deposits are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the fixed deposit, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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Accounting Policies (continued)

1.5 Financial instruments (continued)

If the Authority has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Authority measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all fixed deposits in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 13).

Credit risk

Details of credit risk related to fixed deposits are included in the specific notes and the financial instruments and risk management (note 3).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a fixed deposit is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost (note 12).

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Authority's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade receivables are recognised when the Authority becomes a party to the contractual provisions of the trade receivables. The trade receivables are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the fixed deposits initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Authority recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Authority measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

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Accounting Policies (continued)

1.5 Financial instruments (continued)

Measurement and recognition of expected credit losses

The Authority makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 7.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 13).

Write off policy

The Authority writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 7) and the financial instruments and risk management note (note 3).

Derecognition

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note 7).

Trade and other payables

Classification

Trade and other payables (note 9), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Authority becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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Accounting Policies (continued)

1.5 Financial instruments (continued)

Trade and other payables expose the Authority to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Authority derecognises financial liabilities when, and only when, the Authority obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.6 Tax

Income tax

No provision for tax is required as the Authority is exempt from taxation in terms of section 16(1)(e) of the Income Tax Act (No. 24 of 1981).

1.7 Leases

The Authority assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Authority has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

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Accounting Policies (continued)

1.7 Leases (continued)

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Authority is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Authority recognises the lease payments as an operating expense (note 13) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the Authority has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Authority is a lessee are presented in note 5 Leases (Authority as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Authority uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Authority under residual value guarantees;
- the exercise price of purchase options, if the Authority is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Authority is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

The lease liability is presented as a separate line item on the Statement of Financial Position.

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Accounting Policies (continued)

1.7 Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 5).

The Authority remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Authority will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Authority expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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Accounting Policies (continued)

1.7 Leases (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.8 Impairment of non-financial assets

The Authority assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Authority estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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For the year ended 31 March 2021

Accounting Policies (continued)

1.9 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The Authority has no further payment obligations once the contributions have been paid.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the Authority has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.11 Revenue from contracts with customers

The Authority recognises revenue from the following major sources:

- Regulatory levies
- Spectrum
- Type approval fees
- Numbering plan

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Authority recognises revenue when it transfers control of a product or service to a customer.

The 5 Step Revenue Method:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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For the year ended 31 March 2021

Accounting Policies (continued)

1.11 Revenue from contracts with customers (continued)

Regulatory levies

Section 23 of the Communications Act (No. 8 of 2009) provides that CRAN may, after a rule making procedure, impose a regulatory levy on providers of communication services. Section 38(10) (f) provides that CRAN may impose on licensees the fees payable for the grant, management and control of a licence. Section 85(1) of the Communications Act (No. 8 of 2009) provides that CRAN may determine prescribed fees in respect of broadcasting licences. The levies are based on a predetermined percentage of the turnover of the operators as certified by them and subsequently by their auditor on an annual basis. Revenue from levies is recognised when the audited financial statements of the telecommunications and broadcasting operators are submitted to the Authority, which is at a point in time.

Spectrum fees

Any person intending to provide a class telecommunications and broadcasting service as contemplated in the Act and Regulations Setting out Broadcasting and Telecommunications Service Licence Categories, must submit, in writing to the Authority, an application for a class telecommunications or broadcasting service licence.

Any person intending to use spectrum, where the Authority, in its sole discretion, determines that spectrum use licence applications will be processed on a first come, first served basis, must submit, in writing an application. Once approved the licence will be awarded. The fees are set out in the relevant Gazette. The Authority collects fees from the renewal of annual licence fees, administration fees relating to service licences and spectrum use licence fees.

Revenue is recognised when the fees becomes due annually for Spectrum, at a point in time.

Type approval fees

Any person or entity who intends to connect telecommunications equipment to an electronic communication network in Namibia for purposes of electronic communications and use, sell or offer for sale telecommunications equipment within the Republic of Namibia must apply for type approval to the Authority in respect of telecommunications equipment prior to the use, connection, sale for re-sale thereof within the Republic of Namibia. All fees are payable in advance and are non-refundable. The fees are set out in the relevant Gazette.

Revenue is recognised when the application fee is received, at a point in time.

Numbering plan

This applies to the application for and use of Namibian numbering resources by telecommunications services licensees. The Authority shall notify each licensee annually of the chargeable fee that they must pay to the Authority for the use of the numbering resources allocated to them. The prices are set out in the relevant Gazette.

Revenue is recognised when the audited figures of the utilisation of numbering resources are provided, at a point in time.

1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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For the year ended 31 March 2021

Accounting Policies (continued)

1.12 Borrowing costs (continued)

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

1.14 Deferred capital

The Namibian Communication Commission (NCC), the predecessor of CRAN, ceased to exist on 18 May 2011 and have since been replaced by CRAN as the new regulator. The assets and liabilities of the predecessor regulator, The Namibian Communication Commission (NCC), were to be transferred to the new regulator, CRAN, after a final audit was concluded. To get started CRAN needed a cash injection to commence its activities and on that basis, an amount of N\$37 million was transferred from The Namibian Communication Commission (NCC) to CRAN during the year ended 31 March 2012.

The final assets and liabilities were transferred in the last financial year. The value of the cash received was N\$76 million and the other assets were N\$152,770. The assets were not recorded by CRAN. The liabilities included the taking over of security services and municipal accounts at the monitoring sites.

Before the transfer the cash injection of N\$37 million was classified as a non-current liability. The intention changed with the final transfer. It was restated as Shareholder's capital from 2018 onwards.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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Notes to the Annual Financial Statements

1.15 Contribution to Universal Service Fund

On 18 May 2011, the Communications Act (No. 8 of 2009) came into effect. The Minister, has commenced Part 4 of Chapter V, which deals with Universal services on 01 December 2016 (*Government Gazette* No. 6188 of 01 December 2016). The Universal Service Fund was therefore established in law, and no contributions can be made to it. The Minister may, as provided in section 136(2), commence this on such date as he determines and subject to the Amendment of Section 23(2)(a) of the Communications Act (No. 8 of 2009). The amendment will regulate the levy to be imposed on licensees.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020	The impact of the amendment is not material.
• Definition of a business - Amendments to IFRS 3	1 January 2020	The impact of the amendment is not material.
• Presentation of Financial Statements: Disclosure initiative	1 January 2020	The impact of the amendment is not material.
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	The impact of the amendment is not material.

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For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 	1 January 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"> Definition of accounting estimates: Amendments to IAS 8 	1 January 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 	1 January 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> IFRS 17 Insurance Contracts 	1 January 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1 	1 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Reference to the Conceptual Framework: Amendments to IFRS 3 	1 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9 	1 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16 	1 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37 	1 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41 	1 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4 	1 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7 	1 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9 	1 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16 	1 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39 	1 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> COVID-19 - Related Rent Concessions - Amendment to IFRS 16 	1 June 2020	Unlikely there will be a material impact

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

3. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Amortised cost	Total	Fair value
Other financial assets	22	60,000,000	60,000,000	60,000,000
Trade and other receivables	7	30,574,664	30,574,664	30,574,664
Cash and cash equivalents	8	31,877,782	31,877,782	31,877,782
		122,452,446	122,452,446	122,452,446

2020

	Note(s)	Amortised cost	Total	Fair value
Other financial assets	22	54,000,000	54,000,000	54,000,000
Trade and other receivables	7	8,455,721	8,455,721	8,455,721
Cash and cash equivalents	8	69,597,731	69,597,731	69,597,731
		132,053,452	132,053,452	132,053,452

Categories of financial liabilities

2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	9	12,251,023	-	12,251,023	-
Finance lease obligations	5	-	1,284,405	1,284,405	-
Provisions		845,251	-	845,251	-
		13,096,274	1,284,405	14,380,679	-

2020

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	9	13,606,590	-	13,606,590	-
Finance lease obligations	5	-	4,732,950	4,732,950	-
Provisions		760,188	-	760,188	-
		14,366,778	4,732,950	19,099,728	-

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For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

3. Financial instruments and risk management (continued)

Capital risk management

The Authority's objective when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Authority consists of cash and cash equivalents disclosed in note 8, as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

Finance lease liabilities

Trade and other payables

Total borrowings

Cash and cash equivalents

Net borrowings

Note(s)	2021 N\$	2020 N\$
	1,284,405	4,732,950
9	12,251,025	13,606,590
	13,535,430	18,339,540
8	(31,877,782)	(69,597,731)
	(18,342,352)	(51,258,191)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance. Risk management is carried out by the finance department under policies approved by the board. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Authority only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

3. Financial instruments and risk management (continued)

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Other financial assets	22	60,000,000		-60,000,000	54,000,000		-54,000,000
Trade and other receivables	7	30,574,664		-30,574,664	8,455,721		-8,455,721
Cash and cash equivalents	8	31,877,782		-31,877,782	69,597,731		-69,597,731
		122,452,446		-122,452,446	132,053,452		-132,053,452

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

3. Financial instruments and risk management (continued)

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

The forward-looking is analysed as follows:

The main trend since 2014 has been the nationalization of the ICT sector. Telecom Namibia took over the privately owned Leo (Powercom) in 2014. In 2018, NPTH increased its shareholding in MTC to 100%. Both MTC and Telecom Namibia are 100% owned by NPTH, which itself is 100% owned by the state. The result has been a shrinking ICT sector. Revenues, assets and shareholder equity all declined in USD terms, only profits increased, which is consistent with a state monopoly.

Annual revenue growth declined from 19% to 2% in 2019 and 4% in 2020. However, expressed in USD currency, it declined by 10% between 2012 and 2020. The total shareholder's equity in nominal terms has been stagnant since 2012, i.e., it has declined in real terms. The private sector, while owning 8.2% of the assets, was responsible for 17.4% of the revenues in 2020. This is partly due to the fact that most private companies provide services by leasing infrastructure from Telecom Namibia and NamPower, thus requiring fewer assets themselves. The revenue share of the private sector has increased from 10.9% in 2016 to 17.4% in 2020 and it is expected to continue with this trend.

Liquidity risk

The Authority is exposed to liquidity risk, which is the risk that the Authority will encounter difficulties in meeting its obligations as they become due.

The Authority manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2021

	Less than 1 year	Total	Carrying amount
Non-current liabilities			
Finance lease liabilities	249,708	249,708	249,708
Current liabilities			
Trade and other payables	12,251,023	12,251,023	12,251,023
Finance lease liabilities	1,034,697	1,034,697	1,034,697
Provisions	845,251	845,251	845,251
	(14,380,679)	(14,380,679)	(14,380,679)

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA **ANNUAL FINANCIAL STATEMENTS** For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

3. Financial instruments and risk management (continued)

2020

		Less than 1 year	Total	Carrying amount
Non-current liabilities				
Finance lease liabilities		1,318,757	1,318,757	1,318,757
Current liabilities				
Trade and other payables	9	13,606,590	13,606,590	13,606,590
Finance lease liabilities		3,414,193	3,414,193	3,414,193
Provisions		760,188	760,188	760,188
		(19,099,728)	(19,099,728)	(19,099,728)

Foreign currency risk

The Authority does not hedge foreign exchange fluctuations.

The Authority reviews its foreign currency exposure, including commitments on an ongoing basis.

Interest rate sensitivity analysis

The following information presents the sensitivity of the Authority to an increase or decrease in the respective interest rates it is exposed to. The sensitivity rate is the rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The sensitivity analysis includes only outstanding interest rate amounts at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2021	2021	2020	2020
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Change in one basis point	919,117	(919,117)	1,235,977	(1,235,977)

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The Authority is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments. The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks. The Authority places its funds in both fluctuating interest earning call deposits and fixed term deposits which are adjusted on a short term basis based on changes in the prevailing market related rates.

Further, these call deposits are due on demand and the fixed term deposits are due within a 3 month period. The call account and fixed term deposits amounting to N\$90 million (2020: N\$122 million) are exposed to cash flow interest rate risk, however considering the short term maturity of these deposits, these risks are minimized.

Details of interest rate risk exposure are contained in the relevant notes throughout these financial statements.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
ANNUAL FINANCIAL STATEMENTS
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Notes to the Annual Financial Statements (continued)

4. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Carports and cubicles	55,070	(11,014)	44,056	55,070	(8,811)	46,259
Furniture and fixtures	4,476,226	(2,623,103)	1,853,123	4,368,802	(2,178,475)	2,190,327
Motor vehicles	1,547,944	(1,171,307)	376,637	1,547,944	(960,726)	587,218
Office equipment	1,217,596	(917,325)	300,271	1,117,362	(753,403)	363,959
IT equipment	3,556,197	(2,793,790)	762,407	3,499,377	(2,344,134)	1,155,243
Spectrum tools	44,891	(43,494)	1,397	44,891	(43,494)	1,397
Spectrum monitoring system	12,130,743	(11,850,952)	279,791	12,130,743	(11,134,845)	995,898
Total	23,028,667	(19,410,985)	3,617,682	22,764,189	(17,423,888)	5,340,301

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Building and renovations	46,259	-	(2,203)	44,056
Furniture and fixtures	2,190,327	107,425	(444,629)	1,853,123
Motor vehicles	587,218	-	(210,581)	376,637
Office equipment	363,959	100,234	(163,922)	300,271
IT equipment	1,155,243	211,522	(604,358)	762,407
Spectrum tools	1,397	-	-	1,397
Spectrum monitoring system	995,898	-	(716,107)	279,791
	5,340,301	419,181	(2,141,800)	3,617,682

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Carports and cubicles	48,462	-	-	-	(2,203)	46,259
Furniture and fixtures	1,769,750	806,973	-	-	(386,396)	2,190,327
Motor vehicles	262,770	572,216	-	-	(247,768)	587,218
Office equipment	38,144	375,427	-	-	(49,612)	363,959
IT equipment	917,446	615,125	(13,338)	170,295	(534,285)	1,155,243
Spectrum tools	1,397	-	-	-	-	1,397
Spectrum monitoring system	1,937,093	-	-	-	(941,195)	995,898
	4,975,062	2,369,741	(13,338)	170,295	(2,161,459)	5,340,301

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA **ANNUAL FINANCIAL STATEMENTS** For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

	Note(s)	2021 N\$	2020 N\$
5. Leases (company as lessee)			
The company leases office buildings. The average lease term is 3 years (2020: 3 years).			
Details pertaining to leasing arrangements, where the Authority is lessee are presented below:			
Net carrying amounts of right-of-use assets			
The carrying amounts of right-of-use assets are as follows:			
Buildings		1,002,758	3,911,169
Additions to right-of-use assets			
Buildings		1,002,758	3,911,169
Depreciation recognised on right-of-use assets			
Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 13), as well as depreciation which has been capitalised to the cost of other assets.			
Buildings		2,908,411	2,908,411
Other disclosures			
Interest expense on lease liabilities		294,658	630,298
Finance lease liabilities			
The maturity analysis of lease liabilities is as follows:			
Within one year		1,034,697	3,414,193
Two to five years		249,708	1,318,757
		1,284,405	4,732,950
Non-current liabilities		249,708	1,318,757
Current liabilities		1,034,697	3,414,193
		1,284,405	4,732,950

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
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Notes to the Annual Financial Statements (continued)

6. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	10,762,977	(7,079,001)	3,683,976	9,337,539	(5,476,510)	3,861,029

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	3,861,029	1,425,438	(1,602,491)	3,683,976

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	1,351,336	3,309,370	(170,295)	(629,382)	3,861,029

7. Trade and other receivables

Financial instruments:

	2021 N\$	2020 N\$
Trade receivables	261,441,469	333,110,254
Loss allowance	(236,233,392)	(328,525,066)
Trade receivables at amortised cost	25,208,077	4,585,188
Deposit on building	5,000,000	2,500,000
Interest receivables	276,849	1,279,795
Other receivables	89,738	90,738

Non-financial instruments:

Deposits	192,330	192,330
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Total trade and other receivables

30,766,994 8,648,051

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	30,574,664	8,455,721
Non-financial instruments	192,330	192,330
	30,766,994	8,648,051

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Authority measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The Authority's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Expected credit loss rate:

	2021	2021	2020	2020
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 30 days past due: 74% (2020: 31%)	115,827	85,167	1,486,947	461,670
31 - 60 days past due: 74% (2020: 0%)	20,946	15,402	(801,458)	-
61 - 90 days past due: 22% (2020: 100%)	7,455,791	1,649,149	48,981,620	48,980,233
91 - 120 days past due: 56% (2020: 69%)	(6,346)	(3,541)	7,006,474	4,843,439
More than 120 days past due: 92% (2020: 99%)	253,855,251	234,487,215	276,436,671	274,239,725
Total	261,441,469	236,233,392	333,110,254	328,525,067

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
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Notes to the Annual Financial Statements (continued)

	2021 N\$	2020 N\$
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	12,481	18,486
Bank balances	1,609,017	1,528,150
Short-term deposits	30,256,284	68,051,095
	31,877,782	69,597,731

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

Bank Windhoek Limited (AA(NA)/A1+(NA) - Global Credit Ratings)	31,899,243	69,579,245
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9. Trade and other payables

Financial instruments:

Trade payables	2,978,090	8,762,575
Provisions for leave pay and bonuses	5,544,978	4,606,315
Other accrued expenses	(2,047)	(7,320)
Other payables	3,730,004	245,020
	12,251,025	13,606,590

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

10. Provisions

Reconciliation of provisions - 2021

	Opening balance	Additions	Total
Provision - Severance pay	760,188	85,063	845,251

Reconciliation of provisions - 2020

	Opening balance	Additions	Total
Provision - Severance pay	522,972	237,216	760,188

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA **ANNUAL FINANCIAL STATEMENTS** For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

	Note(s)	2021 N\$	2020 N\$
11. Revenue			
Revenue from contracts with customers at a point in time			
Rendering of services		33,248,811	90,970,350
Disaggregation of revenue from contracts with customers			
The Authority disaggregates revenue from customers as follows:			
Rendering of services			
Telecommunications		(282,103)	17,324,645
Numbering		1,237,207	48,989,214
Spectrum		31,958,335	23,529,491
Broadcasting		-	573,766
Type approval		335,372	553,234
		33,248,811	90,970,350
Timing of revenue recognition			
At a point in time			
Telecommunications		282,103	(17,324,645)
Numbering		(1,237,207)	(48,989,214)
Spectrum		(31,958,335)	(23,529,491)
Broadcasting		-	(573,766)
Type approval		(335,372)	(553,234)
		(33,248,811)	(90,970,350)
12. Other operating gains (losses)			
Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	4	7,650	147,757
Foreign exchange gains (losses)			
Net foreign exchange loss		(15,406)	(102,415)
Total other operating gains (losses)		(7,756)	45,342

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Notes to the Annual Financial Statements (continued)

	Note(s)	2021 N\$	2020 N\$
13. Operating profit (loss)			
Operating loss for the year is stated after charging (crediting) the following, amongst others:			
Auditor's remuneration - external			
Audit fees		276,000	317,282
Remuneration, other than to employees			
Consulting and professional services		4,709,358	4,403,912
Leases			
Operating lease charges			
Premises		-	27,613
Motor vehicles		1,900	31,867
Equipment		791,876	887,238
Operating lease other		32,695	91,726
		826,471	1,038,444
Depreciation and amortisation			
Depreciation of property, plant and equipment		2,141,800	2,161,459
Depreciation of right-of-use assets		2,908,411	2,908,411
Amortisation of intangible assets		1,602,491	629,382
Total depreciation and amortisation		6,652,702	5,699,252
Other			
Other operating gains (losses)	12	(7,756)	45,342

Expenses by nature

The total administrative expenses and other operating expenses are analysed by nature as follows:

Employee costs	42,922,079	42,008,435
Operating lease charges	826,471	1,038,444
Depreciation, amortisation and impairment	6,652,702	5,699,252
Other expenses	2,159,019	2,249,231
Bad debts	(19,308,163)	64,637,493
ICT Communications	1,984,471	4,185,044
Legal expenses	1,718,499	1,466,263
Consulting and professional fees	2,990,859	2,937,649
Training and development	652,425	1,273,513

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
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For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

	2021 N\$	2020 N\$
13. Operating profit (loss) (continued)		
Expenses by nature (continued)		
Projects	1,207,421	1,115,110
Business related trips	276,122	2,744,067
Media and communications	1,790,260	2,538,417
Membership and licence fees	1,787,621	1,353,427
General operating expenditure	1,296,552	1,492,654
Interest expense	294,658	630,298
	47,250,996	135,369,297
14. Investment income		
Interest income		
Investments in financial assets:		
Bank and other cash	4,266,447	6,436,120
15. Cash used in operations		
Loss for the year	(9,690,042)	(37,691,407)
Adjustments for:		
Depreciation and amortisation	6,652,702	5,699,252
(Gains) losses on disposals, scrapings and settlements of assets and liabilities	(7,650)	(147,757)
Losses on foreign exchange	15,406	102,415
Interest income	(4,266,447)	(6,436,120)
Finance costs	294,658	630,298
Movements in provisions	85,063	237,216
Prior year adjustments	-	(667,543)
Other non-cash items	-	745,199
Changes in working capital:		
Trade and other receivables	(22,118,943)	(5,480,345)
Trade and other payables	(1,370,971)	2,325,256
	(30,406,224)	(40,683,536)

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
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For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

	2021 N\$	2020 N\$
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16. Commitments

Authorised capital expenditure

Not yet contracted for and authorised by directors	2,618,381	235,786
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This committed expenditure relates to capital expenditure that was authorised, but not contracted for.

17. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2021

	Cash Flow	Closing balance
Finance lease liabilities	(3,448,545)	1,284,405
	(3,448,545)	1,284,405
Total liabilities from financing activities	(3,448,545)	1,284,405

18. Remuneration of board members

Non-executive

2021

	Members' fees	Total
Mr. Heinrich M. Gaomab II (Chairperson)	123,220	123,220
Ms. Vivienne E. Katjuongua (Vice-chairperson)	169,823	169,823
Ms. Dorethy E. Smit	182,164	182,164
Mr. Gerhard Coeln	164,928	164,928
Dr. Tulimevava Mufeti	181,118	181,118
Mr. Thomas H. Mbome	164,927	164,927
	986,180	986,180

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA ANNUAL FINANCIAL STATEMENTS For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

	2021 N\$	2020 N\$
18. Remuneration of board members (continued)		
2020		
	Members' fees	Total
Mr. Heinrich M. Gaomab II (Chairperson)	85,807	85,807
Ms. Vivienne E. Katjuongua (Vice-chairperson)	110,640	110,640
Ms. Dorethy E. Smit	123,100	123,100
Mr. Gerhard Coeln	110,573	110,573
Dr. Tulimevava Mufeti	125,132	125,132
Mr. Thomas H. Mbome	31,338	31,338
Ms. Frieda Kishi	27,950	27,950
Ms. Anne-Doris Hans-Kaumbi	56,346	56,346
Ms. Beverley Gawanas-Vugs	38,182	38,182
Mr. Moses Molatendi Moses	33,018	33,018
Mr. Mpasi Haingura	39,852	39,852
	781,938	781,938

19. Related parties

Relationships

Line Ministry with significant influence Ministry of Information and Communications Technology (MICT)

Entities reporting to the MICT Telecom Namibia Limited
Mobile Telecommunications Limited
Namibia Broadcasting Corporation

Members of key management E. Nghikembua (Chief Executive Officer)
J. Traut (Chief Operations Officer)
J. Tjituka (Head: Finance)
M. Andimba (Acting Head: Legal)
L. Henckert-Louw (Head: Human Capital)
R. Le Grange (Head: Electronic Communications)
H. Vosloo (Head: Economics & Sector Research)
K. Siken (Head: Corporate Communication)
T. Davies (Governance Executive)

Related party balances

Significant amounts included in Trade receivables regarding related parties

Telecom Namibia Limited	129,353,708	174,613,979
Mobile Telecommunications Limited	109,269,144	136,336,658
Namibia Broadcasting Corporation	773	2,589,742

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Notes to the Annual Financial Statements (continued)

	2021 N\$	2020 N\$
19. Related parties (continued)		
Related party transactions		
Significant transactions with related parties included in revenue		
Telecom Namibia Limited	7,448,828	49,521,513
Mobile Telecommunications Limited	8,352,097	26,182,111
Namibia Broadcasting Corporation	1,083,965	1,409,105
Compensation to key management		
Short-term employee benefits	11,323,436	11,536,697

20. Contingencies

The Authority has been engaged in a legal battle with Telecom Namibia, one of its licensees who was not in agreement with the basis used by the Regulator for calculating the levy on the net revenue of licensees. Telecom sued the Regulator and was granted a High Court ruling in their favour on 29 September 2016.

The High Court judgement in the Telecom/CRAN case stated that "the invoicing of Regulatory Levies in terms of Section 23(2) (a) of the Communications Act (No.8 of 2009) and Regulation 6 promulgated in the General Notice 311 of 2012 was ruled to be unconstitutional and the Regulator can therefore not issue invoices on these levies".

CRAN appealed against the High Court ruling to the Supreme Court and the date for the Supreme Court to hear the case was set for 4 April 2018. Subsequently, CRAN applied to the High Court to suspend the implementation of the judgement until such time that the Supreme Court has pronounced itself on the appeal matter. On 7 November 2017, the High Court issued a "rule- nisi" with a return date of 19 January 2018 which was subsequently extended until 4 April 2018 to coincide with the date of the Appeal Hearing in the Supreme Court. The "rule nisi" restores things to what they were before the court case that was brought about by Telecom Namibia. As a result of the rule nisi, CRAN invoiced all licensees for outstanding levies and demanded payment.

On Monday 11 June 2018 the Supreme Court returned judgement on the Appeal Case and ruled as follow;

- They Upheld the High Court decision that Section 23(2)(a) of the Communications Act (No.8 of 2009) and Section 6 of Regulation No. 311 of *Government Gazette* no. 5037 of 13 September 2012 were unconstitutional.
- CRAN will not be required to charge/raise regulatory levies based on these provisions from Judgement day onwards.
- There was no order of costs meaning each entity is to carry its own legal costs (High & Supreme Court).
- CRAN was entitled to collect regulatory levies that were applicable from the period 13 September 2012 up to judgement day (11 June 2018), meaning that the first invoice of 2013 should be pro-rated to reflect levies for only the last 17 days of Telecom Namibia's financial year 2011-2012.
- CRAN would have to come up with new regulations for calculating regulatory levy.

The amendment of Section 23 of the Communications Act 8 of 2009 dealing with the collection of Regulatory levies has been promulgated in the *Government Gazette* No. 7274, Notice No. 155, dated 15 July 2020, and it is therefore enforceable. CRAN is authorised in terms of the amendment to prescribe regulations regarding the determination and imposition of the Regulatory levies on licensees.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
ANNUAL FINANCIAL STATEMENTS
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Notes to the Annual Financial Statements (continued)

20. Contingencies (continued)

Given the above approval, CRAN drafted and approved the framework for the new levy Regulations in line with the provisions of the Communications Amendment Bill. The new regulations were published and came into effect on 22 June 2021 as per the *Government Gazette* no.7558 of 22 June 2021 Notice no.232.

Once implemented, the new regulatory levy regime will secure CRAN's future sustainability in that CRAN would first determine the cost for regulation and then determine the levy to be imposed to defray that cost.

On the other hand, MTC was of the opinion that the Supreme Court order must be interpreted to be effective from 29 September 2016 and not 11 June 2018. The Authority did not agree with this interpretation, and engaged MTC on the application of its interpretation, which the Authority believed it gave the parties a solution for the invoice of the 2015/2016 financial year. In light of their own interpretation, MTC is liable to pay the Authority pro-rated fees for the period 1 October 2015 to 28 September 2016. This is owing to the fact that this period is before 29 September 2016. The pro-rated invoice for this period, would amount to N\$34 million.

The Authority was amenable to consider settling the issue of the period 1 October 2015 to 28 September 2016 on this principle and find another solution for the period 29 September 2016 to 30 September 2016 and 1 October 2016 to 30 September 2017, respectively.

Unfortunately, MTC did not assent to the proposal of settlement by the Authority and as a result a settlement is being pursued through the court system.

The Authority also approached the Supreme Court to provide clarity on the interpretation of its judgement of 11 June 2018 and to advise for which invoicing periods the judgement is applicable and effective. CRAN instituted actions in the High Court against MTC for payment of the levies up to 11th June 2018 under the provision which was declared unconstitutional.

MTC excepted to the claim for levies for the period between 29 September 2016 to 11 June 2018 as they alleged that the Authority had no basis for claiming the levies due to the fact that the Supreme Court declared sec.23 (1) unconstitutional. The High Court upheld the exception by finding in favour of MTC and that the Supreme Court order meant that the order of invalidity operate from the date of the High Court order (29 September 2016).

CRAN appealed the decision of the High Court in the Supreme Court and requested the Supreme Court to interpret its order of 11 June 2018 as it relates to when the order of invalidity was to operate. The matter was heard on 25 October 2021 in the Supreme Court.

The Supreme Court delivered its Judgment on 4th November 2021 and found that its intention as ascertained on 11 June 2018 judgment and order is clear as the Court intended it to mean from the date of the judgment of the Supreme Court, being 11 June 2018.

CRAN is entitled to demand for the payment of its levies up until 11 June 2018 from both MTC and Telecom Namibia. As this was an appeal on an exception which is an interlocutory(detour) matter, the matter is referred back to the High Court to implement the correct interpretation. The full judgment is attached for the Board's attention.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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Notes to the Annual Financial Statements (continued)

20. Contingencies (continued)

On 4 November 2021, the Supreme Court delivered its judgement and found that its intention as ascertained on 11 June 2018 judgment and order is clear as the Court intended it to mean from the date of the judgment of the Supreme Court, being 11th June 2018.

Given the above-mentioned judgement which was in favor of CRAN, CRAN and Telecom signed a settlement agreement on 23 November 2021 for the outstanding Regulatory levies for the period 2012 - 2018. Telecom will pay an amount of N\$87 million as a full and final settlement. The terms of the agreement are that Telecom will make a lump sum payment of N\$20 million on or before 30 November 2021 and the remaining balance of N\$67 million will be effected in equal monthly instalments over a maximum period of 36 months. Interest is charged at the prime lending rate.

21. Going concern

The Authority incurred a net loss of (N\$9,690,042) (2020: loss of N\$37,691,407) for the year ended 31 March 2021 and generated negative cash flow from operating activities amounting to N\$26,434,435 (2020: N\$34,877,714) mainly due to the non-payment of the disputed revenue from the telecommunication administrative levy that was declared by the Namibia High Court to be unconstitutional and invalid. Refer to note 21 for more details regarding the status of the case.

This, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Authority's ability to continue as a going concern.

The financial statements have been prepared on the basis of accounting policies applicable to going concern. This basis presumes that the Authority will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

On 11 June 2018, the Supreme Court ruled as follows:

- Sectional 23 (2) (a) of the Communications Act (No. 8 of 2009) is declared unconstitutional and is hereby struck down;
- Subject to para (c) below, the order of invalidity in paragraph (a) will take effect from the date of this judgement and shall have no retrospective effect in respect of anything done pursuant thereto prior to the said date;
- Telecom shall not be liable to pay any levy imposed covering a period before the coming into force of item 6 of the Regulations Regarding Administrative and Licence Fees for Service Licences, published as GN 311 in GG 5037 on 13 September 2012.

Having considered the above, it is Management's view that while the judgement of 11 June 2018 may have casted doubt on the revenue generation abilities of CRAN going forward, Management has taken steps to alleviate this negative impact. In light of the above, Management is of the view that there is no doubt about the company's ability to continue as a going concern due to the following reasons/considerations:

- The amendment of Section 23 of the Communications Act (No. 8 of 2009) dealing with the collection of Regulatory levies has been promulgated in the *Government Gazette* No. 7274, Notice No. 155, dated 15 July 2020, and it is therefore enforceable. CRAN is authorised in terms of the amendment to prescribe regulations regarding the determination and imposition of the Regulatory levies on licensees;

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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For the year ended 31 March 2021

Notes to the Annual Financial Statements (continued)

21. Going concern (continued)

- CRAN drafted and approved the framework for the new levy Regulations in line with the provisions of the Communications Amendment Bill. The new regulations were published and came into effect on 22 June 2021 as per the *Government Gazette* no.7558 of 22 June 2021 Notice no. 232;
- The new regulatory levy regime will secure CRAN future sustainability in that CRAN would first determine the cost for regulation and then determine the levy to be imposed to defray that cost;
- The first set of regulatory levy invoices would be issued from December 2021 which is six months from the effective date of 22 June 2021;
- In light of the Supreme Court judgement, CRAN was pursuing a legal process against Telecom Namibia Limited (TN), and Mobile Telecommunications Limited (MTC) for purposes of recovering payment of outstanding levies, interest, penalties and initial invoicing from the numbering plan;
- In addition, CRAN pursued settlement discussions with TN and MTC on outstanding levies, interest, penalties and the initial invoicing on numbering plan (resources);
- The settlement discussions on the initial invoicing on numbering plan (resources) yielded the first positive result in that both TN and MTC agreed and paid the Authority N\$6 million and N\$12 million respectively as full and final settlement of the dispute on numbering plan (resources) and the parties further agreed to stop all legal proceedings on the numbering plan (resources) and that future invoicing for numbering plan (resources) will be based on the revised regulations for number plan (resources) which came into effect on 30 August 2021 after a consultative rulemaking process;
- Subsequent to the above settlement agreement, CRAN continued to pursue settlement discussions with TN on the regulatory levies. These settlement discussions were at an advanced stage, and were made even more urgent by the Supreme Court ruling of 04 November 2021. On 23 November 2021, CRAN and Telecom signed a settlement agreement for the outstanding Regulatory levies for the period 2012 - 2018. Telecom will pay an amount of N\$87 million as a full and final settlement. A lumpsum payment of N\$20 million on or before 30 November 2021 and the remaining N\$67 million to be effected in equal monthly instalments over a maximum period of 36 months. Interest is charged at the prime lending rate.
- In addition, CRAN would raise additional revenue per year from:
 - i. Spectrum auctions;
 - ii. Regulating NBC the national broadcaster which regulations came into effect from 30 June 2021;
 - iii. Regulating Nampost which regulations came into effect from 19 August 2020 and
 - iv. The spectrum fees revenue will increase by 14.2% per year due to the new regulations that have come into effect on 14 October 2020.
- Finally, CRAN will pursue settlement discussions with MTC to collect all outstanding levies, interest, penalties given the 04 November 2021 Supreme Court ruling in favor of the Authority.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
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Notes to the Annual Financial Statements (continued)

	2021 N\$	2020 N\$
22. Other financial assets		
At amortised cost:		
Namibia Post Limited	-	29,000,000
The above fixed deposit bears interest at 7.00% and matured on 25 May 2020.		
Bank Windhoek Limited	20,000,000	25,000,000
The above fixed deposit bears interest at 3.90% and matures on 19 April 2021.		
Nedbank Namibia Limited	20,000,000	-
The above fixed deposit bears interest at 3.95% and matures on 19 April 2021.		
Letshego Bank	20,000,000	-
The above fixed deposit bears interest at 3.90% and matures on 19 April 2021.		
	60,000,000	54,000,000
Split between non-current and current portions		
Current assets	60,000,000	54,000,000

The Authority has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2021 and 2020, as all the financial assets were disposed of at their redemption date.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Other financial assets at amortised cost

Credit rating		
Namibia Post Limited (Savings Bank) (not rated)	-	29,000,000
Bank Windhoek Limited (AA(NA)/A1+(NA) - Global Credit Ratings)	20,000,000	25,000,000
First National Bank Namibia Limited (AA+(NA)/A1+(NA) - Global Credit Ratings)	20,000,000	-
Letshego Bank (Ba2 - Moody's)	20,000,000	-
	60,000,000	54,000,000

Although Namibia Post Limited is not rated it has no history of default.

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

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Notes to the Annual Financial Statements (continued)

	2021 N\$	2020 N\$
23. Deferred capital		
<p>The Namibian Communications Commission (NCC), the predecessor of CRAN, ceased to exist on 18 May 2011 and was replaced by CRAN as the new regulator. The assets and liabilities of the predecessor regulator, the The Namibian Communication Commission (NCC), were to be transferred to the new regulator, CRAN, after a final audit is concluded. To get started CRAN needed a cash injection to commence its activities and on that basis, an amount of N\$37 million was transferred from the The Namibian Communication Commission (NCC) to CRAN during 2011. This was an advance and the correct amount will be determined and accounted for at a later date, after the completion of the audit of The Namibian Communication Commission (NCC) and approval from Cabinet.</p> <p>Cabinet approved the transfer of the Namibian Communication Commission (NCC) assets and liabilities, including the bank balance of N\$76 million on 23 July 2019.</p> <p>The official confirmation on the respective asset values (Spectrum Monitoring System) and determination of the liabilities (Monitoring sites) was received from the Ministry of Information and Communication Technology. A decision was made not to account for the assets, since their value are less than N\$1,000 and or older than 10 years.</p>		
Cash	113,249,728	113,249,728

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Detailed Statement of Comprehensive Income

	Note(s)	2021 N\$	2020 N\$
Revenue			
Rendering of services		33,248,811	90,970,350
Other income			
Other income		53,452	226,078
Other operating gains (losses)			
Gains on disposal of assets or settlement of liabilities		7,650	147,757
Foreign exchange losses		(15,406)	(102,415)
	12	(7,756)	45,342
Expenses (Refer to page 148)		(46,956,338)	(134,738,999)
Operating loss	13	(13,661,831)	(43,497,229)
Investment income	14	4,266,447	6,436,120
Finance costs		(294,658)	(630,298)
Loss for the year		(9,690,042)	(37,691,407)


COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
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Detailed Statement of Comprehensive Income (continued)

	Note(s)	2021 N\$	2020 N\$
Other operating expenses			
Administrative expenses			
Auditors remuneration	13	(276,000)	(317,282)
Amortisation		(1,602,491)	(629,382)
Computer expenses		(12,622)	(10,973)
Depreciation		(5,050,211)	(5,069,870)
Employee costs		(42,922,079)	(42,008,435)
General operating expenditure		(1,296,552)	(1,492,654)
Lease rentals on operating lease		(826,471)	(1,038,444)
		<u>(51,986,426)</u>	<u>(50,567,040)</u>
Other operating expenses			
Bad debts		19,308,163	(64,637,493)
Building expenses		(1,388,872)	(1,428,356)
Business related trips		(276,122)	(2,744,067)
Consulting and professional fees		(2,990,859)	(2,937,649)
Employee wellness		(323,432)	(360,440)
ICT communications		(1,984,471)	(4,185,044)
Legal expenses		(1,718,499)	(1,466,263)
Media and communications		(1,790,261)	(2,538,415)
Membership and licence fees		(1,787,620)	(1,353,427)
Projects		(1,207,421)	(1,115,110)
Training and development		(652,426)	(1,273,513)
Vehicle expenses		(158,092)	(132,182)
		<u>5,030,088</u>	<u>(84,171,959)</u>
		(46,956,338)	(134,738,999)

ABBREVIATIONS

BON	Bank of Namibia
CEO	Chief Executive Officer
CoW	City of Windhoek
CRAN	Communications Regulatory Authority of Namibia
CRASA	Communications Regulators' Association of Southern Africa
DTT	Digital Terrestrial Television
ECNS	Electronic Communications Network Services
ECS	Electronic Communications Services
EXCO	Executive Management Committee
ETS	Electronic Transactions Act
HPP II	Harambee Prosperity Plan II
ICT	Information and Communication Technology
ITU	International Telecommunication Union
IUM	International University of Management
MISA	Media Institute of Southern Africa
MoGECW	Ministry of Gender Equality and Child Welfare
MoPE	Ministry of Public Enterprises
MICT	Ministry of Information and Communication Technology
MoU	Memorandum of Understanding
MTC	Mobile Telecommunications Limited
MVNO	Mobile Virtual Network Operator
NAMCOL	Namibian College of Open Learning
NAMPOL	Namibian Police Force
NUST	Namibia University of Science and Technology
NBC	Namibian Broadcasting Corporation
NCAA	Namibian Civil Aviation Authority
NCC	Namibian Competition Commission
NAPWU	Namibia Public Workers Union
NCRST	National Commission on Research, Science and Technology
NDP5	Fifth National Development Plan
NSA	Namibia Statistics Agency
NSCIRT	National Security and Cyber Incidence Response Team
OaTF	Ongwediva Annual Trade Fair
Paratus	Paratus Telecommunications (Pty) Ltd.
PKI	Public Key Infrastructure
RAN	Radio Access Network
SADC	Southern African Development Community
SDG	Sustainable Development Goals
UNAM	University of Namibia
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UAS	Universal Access and Services
UPU	Universal Postal Union
USF	Universal Service Fund



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