

ZAMBIA TRADE & INVESTMENT OPPORTUNITIES



ZAMBIA
DEVELOPMENT
AGENCY

potential made possible



Zambia at a Glance

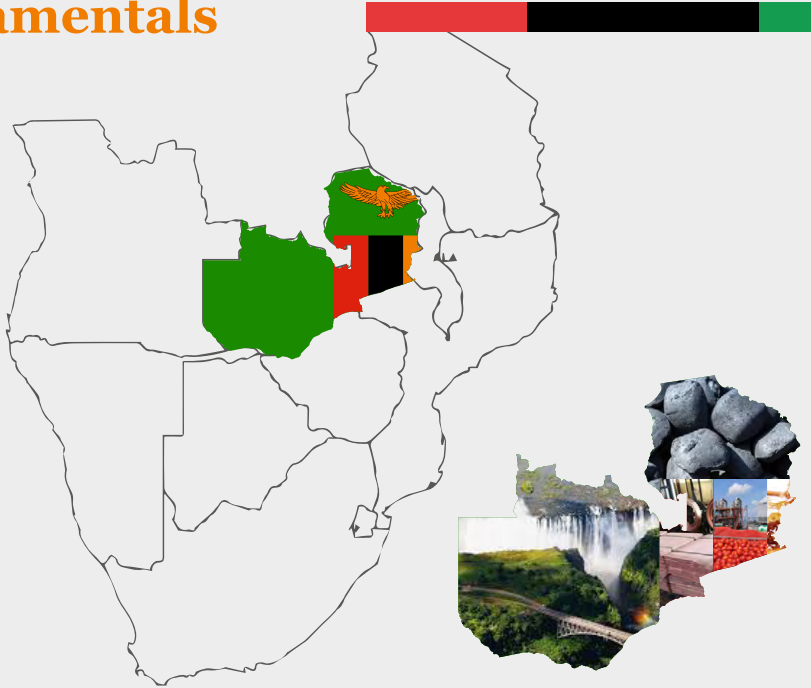
Located in the heart of Southern Africa, Zambia is one of the fastest-growing economies with a population of over 20 million people; mostly youth. The country is blessed with abundant natural resources and vegetation, a diversity of wildlife, magnificent landscapes, and is home to the mighty Victoria Falls, one of the seven natural wonders of the world.

The country has very stable Macroeconomic Fundamentals with a growing GDP of about US\$21 billion, inflation of 9.9% per annum and the local currency is performing very well against the United States Dollar and other major world-convertible currencies, appreciating by over 18.5% from January 1 to September 2022.

Zambia has proven to be a strategic hub for trade and investment due to its central location with eight neighbouring countries. Zambia is a member of the regional and continental economic communities that the Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC) and African Continental Free Trade Area (AfCFTA).

Further, Zambia is well known as a haven of investments due to its unmatched investment climate, attractive investment incentives, ease of doing business, and investor-friendly policies supported by consistent policies and stable political will, rule of law, and peace that the country has enjoyed since her independence in 1964.

Economic Fundamentals



Official Language

English

Main Languages

Bemba, Tonga, Chichewa, Lozi, Kaonde, Luvale, Lunda

Population (2022)

20.02 million

GDP Per Capita

USD 1,137.3 (2021)

GDP 2021

USD 22.15B (2021)

Government

Presidential Republic Multi- Party Democracy

Unemployment

13% (World Bank,2022)

Literacy

88% (2020)

Inflation

9.9%

Stable Exchange Rate

Zambian Kwacha (ZMW)
ZMW 15.60/USD1.00 on average

Currency Performance

ZMW world's best performing currency against the USD (Sept 2022)

Zambia's Business Environment

▶ **...Ranking**
1st in Africa & 4th Globally for Ease of getting credit.

▶ **Single digit inflation** 9.8%



International Trade
through implementation of web-based customs data management platform, ASYCUDA World, for easier exporting and importing



Economic growth
6th largest economy in SADC



Stable currency
World's best performing currency against the USD, 6th strongest in Africa (Sep, 2022)

▶ **Highly attractive Government securities**
High rate of return on investment in Gov bonds & bills

- ▶ **Conducive Governance**
- ▶ **Skilled labour force**
- ▶ **Excellent transport network**

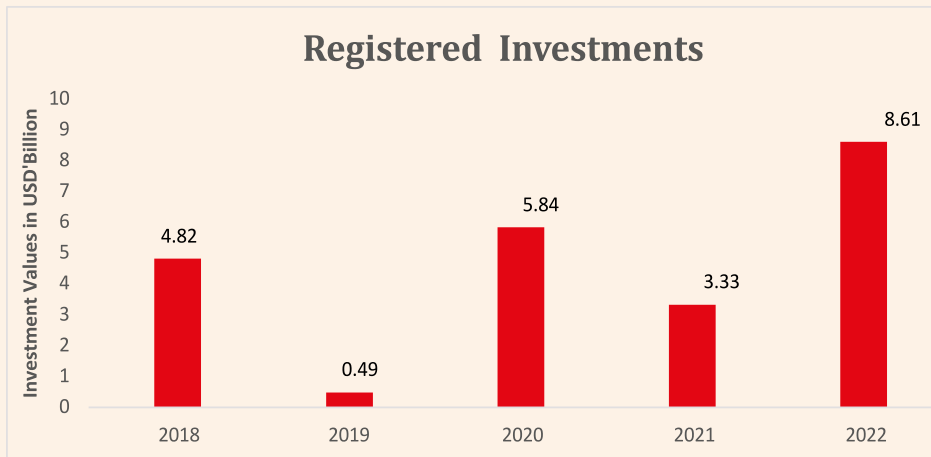


Network coverage
91% PSTN, 80% fibre optic implemented

An attractive investment destination

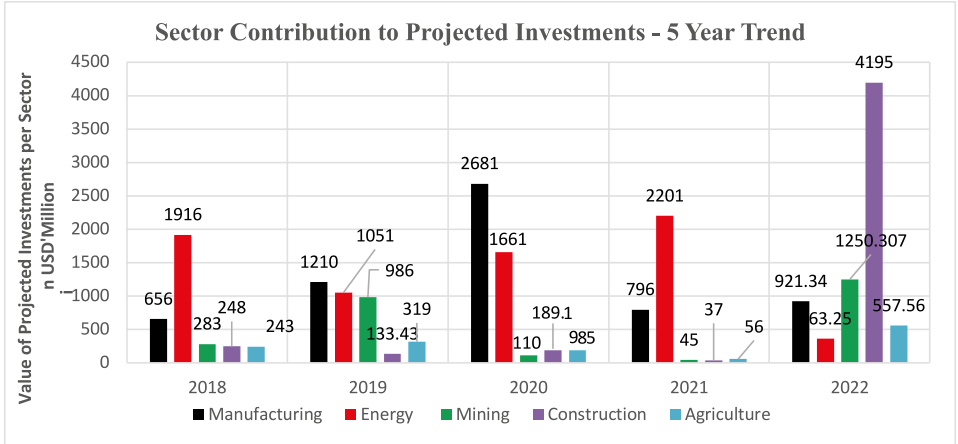
■ Sources: ZRA, BoZ, ZDA, Worldbank, World Economic Forum

Recorded Investment 2018 to 2022 (US Dollar Billions)



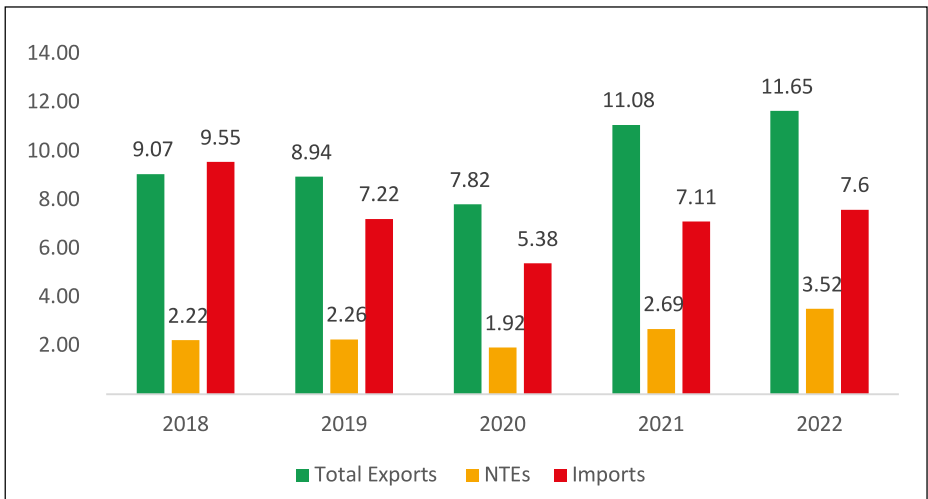
Source: Zambia Development Agency (ZDA)

Recorded Investment by Sector 2018 to 2022 (US Dollar Millions)



Source: Zambia Development Agency

Zambia's Trade 2018-2022



Source: ITC Trade Map

Major Exports and Imports with their Markets

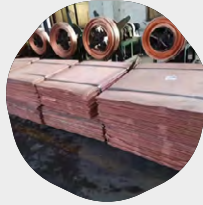
Export Products	Top Export Destinations	Import Products	Top Import Sources
Copper	Switzerland, China, Singapore, Luxembourg, Hong Kong	Copper ores & concentrates	Congo, DR, South Africa, China, UK
Cobalt	South Africa, China, Luxembourg, Switzerland, UAE	Cobalt oxides & hydroxides	Congo, DR
Cane or beet sugar	Congo, DR, Kenya, Rwanda, South Africa, Burundi	Petroleum oils	South Africa, UAE, Mauritius, Tanzania, Namibia
Maize	Tanzania, Kenya, Zimbabwe, Malawi, Rwanda	Machinery	China, South Africa, Indonesia, Australia, Malaysia
Gold	South Africa, UAE, USA, Hong Kong, Serbia	Ores, slag & ash	Congo, DR, South Africa, Qatar, China
Tobacco	Malawi, China, Switzerland, Zimbabwe, Germany	Inorganic chemicals	Congo, DR, South Africa, China, UAE, Mauritius
Copper wire	South Africa, Botswana, Kenya, Tanzania, Malawi	Fertilisers	Mozambique, South Africa, UAE, Saudi Arabia, China
Sulphuric Acid	Congo, DR, Zimbabwe, Qatar	Vehicles other than rail or tram	South Africa, Japan, China, UK, USA
Electrical Energy	Congo, DR, Namibia, Botswana, Tanzania, Zimbabwe	Electrical machinery & Equipment	China, South Africa, Hong Kong, India, UK
Waters, incl mineral & aerated waters	Congo, DR, Zimbabwe, Tanzania, Mozambique, Namibia	Plastics & articles	South Africa, China, India, Korea, Republic, Finland

Source: International Trade Center

Priority Sectors for Investment



*Manufacturing
(E.g. Electric vehicle
batteries)*



*Mining and Mineral
beneficiation*



Agriculture

**A wide range
of *Investment
Opportunities*
across *various
sectors***



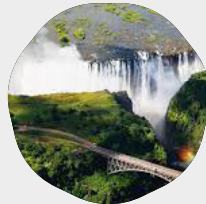
Energy



*Information
Communication
Technology*



Infrastructure



Tourism

Tax Incentives


A foreign investor who invests not less than US\$500,000 or the equivalent in a convertible currency, in a priority sector, is entitled to incentives as specified in the ZDA, Customs and Excise, and Income Tax Acts. A local investor who invests not less than US\$50,000 or the equivalent in convertible currency, in a priority sector is also entitled to fiscal incentives.

The Zambia Development Agency (ZDA) Act No 11 of 2006 offers the following incentives for companies investing in any of the priority sectors:

- Zero percent import duty rate on capital equipment and machinery for five years
- Accelerated depreciation on capital equipment and machinery

Multi Facility Economic Zone and Industrial Park Incentives

In addition to the above stated incentives, investors that set up in a Multi Facility Economic Zone (MFEZ) or Industrial Park are eligible for additional tax incentives:

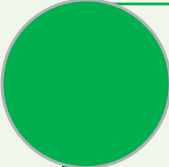


Zero percent tax on dividends declared on profits made on exports from first year of commencement of works, for companies in a multi facility economic zone or industrial park, for a period of 10 years



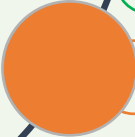
Zero percent tax on profits made on exports from first year of commencement of works, for companies in a multi facility economic zone or industrial park, for a period of 10 years

- For years 11 to 13 only 50 percent of profits to be taxed and
- For years 14 and 15, only 75 percent of profits to be taxed



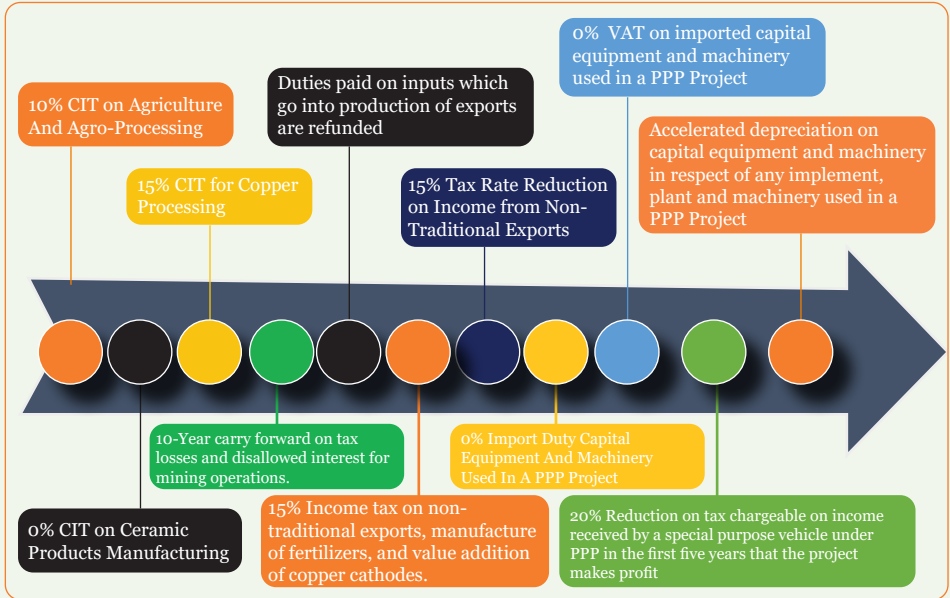
Zero percent corporate income tax charged on profits arising from local sales of corn starch for the 2023 – 2033 charge years;

- For the 2034 – 2036 charge years, 50% of the prevailing cit rate will be applied on profits arising from local sales of corn starch
- For the 2037 – 2038 charge years, 75% of the prevailing cit rate will be applied on profits arising from local sales of corn starch



Zero percent withholding tax on dividends declared on profits made from local sales of corn starch for the 2023 – 2033 charge years.

Other Notable Tax Incentives

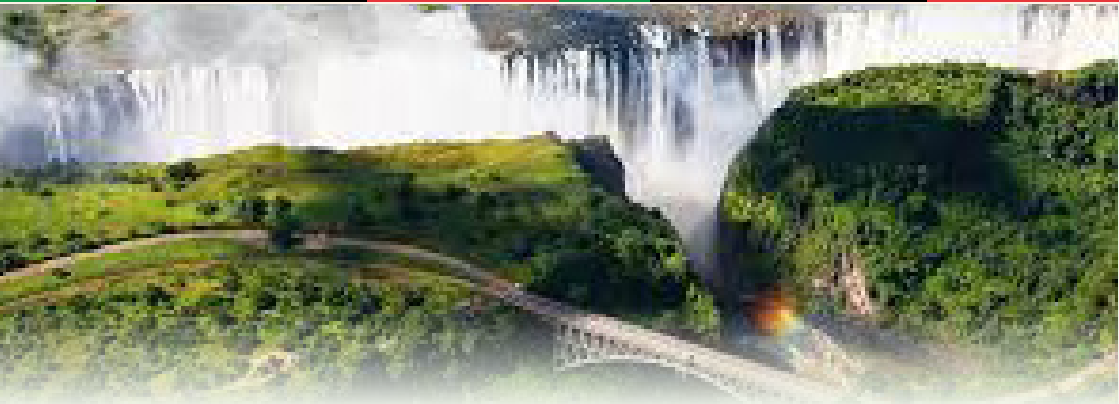


Non-Fiscal Incentives

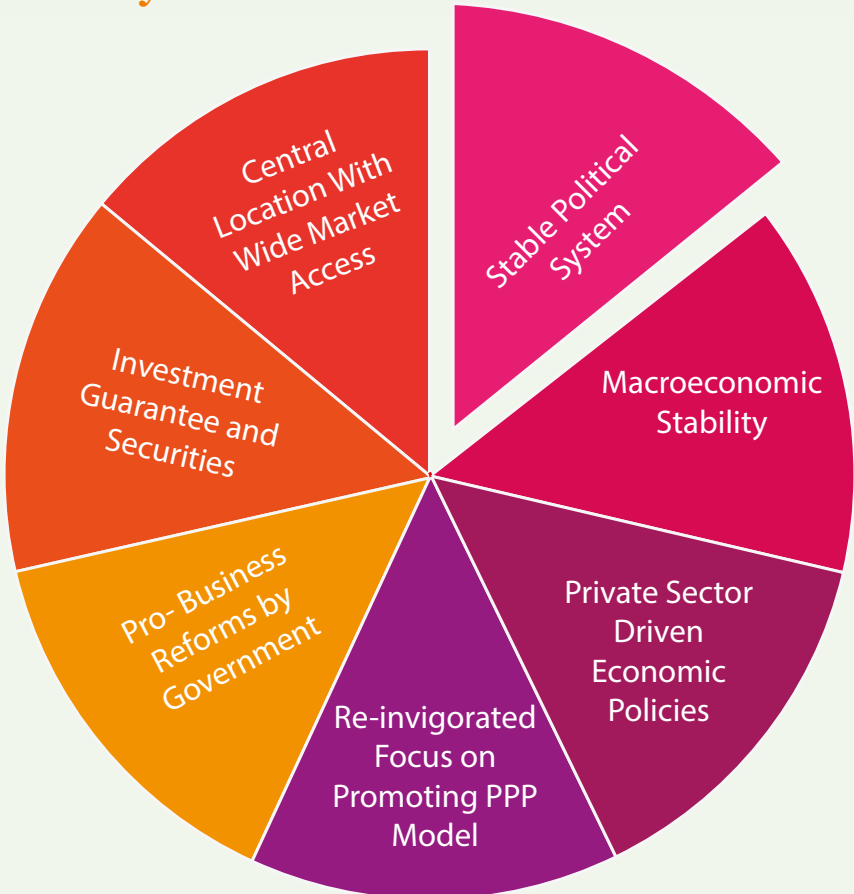
Foreign and local investors who invest an amount not less than US\$250,000 and US\$50,000 respectively, in any sector or product under the Act are entitled to non-fiscal incentives as follows;

- Investment guarantees and protection against state nationalization;
- Free facilitation for application of immigration permits, secondary licenses and land acquisition;
- Facilitation of business and partnership linkages and
- Investment advisory on Zambia's Investment Climate, regulatory regime and investment opportunities





Why Invest in Zambia?





Lusaka South MFEZ



Roma Park Aerial View



Kalumbila MFEZ

OPERATIONAL MFEZS AND INDUSTRIAL PARKS

The following Multi Facility Economic Zone (MFEZ) and Industrial Parks are currently operational in Zambia:

- Lusaka South Multi-Facility Economic Zone;
- ZCCZ Chambishi Multi Facility Economic Zone;
- ZCCZ Lusaka East Multi-Facility Economic;
- Jiangxi Multi Facility Economic Zone;
- Kalumbila Multi Facility Economic Zone;
- Roma Industrial Park; and
- Sub-Sahara Gemstone Exchange Industrial Park

PROFILED INVESTMENT PROJECTS

The following are some of the investment projects that have been profiled and ready for investment.

Mutinondo and Luchenene Hydro Power Project

1 Project Title	Mutinondo and Luchenene hydro power project
Project Description:	<p>The Mutinondo and Luchenene Power Company (MLPC) is a company that was formed to develop, construct, own and operate the Mutinondo and Luchenene hydroelectric facilities. The Project is anticipated to generate up to 591 gigawatt-hours of electrical energy per year injecting this into the national grid and the power being taken by a bankable off-taker. Technical Details</p> <ul style="list-style-type: none"> • All technical studies including designs, • geotechnical investigations • seismic studies and lidar surveys completed
Project Location:	Mpika district, Muchinga Province
Lead Agency/Project Promoter:	Mutinondo Luchenene Power Company Limited
Action required/ Implementation:	Partners
Project Typology/ Arrangements:	FDI through either a minority or majority stake.
Project Cost:	USD165 million
Project Status:	Greenfield



Ngonye Falls Hydroelectric Project

2 Project Title	Ngonye Falls Hydroelectric Project
Project Description:	<p>Ngonye Falls Hydroelectric Project is a project by Western Power Company. The project will be the largest run-of-river hydro in Zambia and largest Zambian renewable private power producer (IPP) with 180 MW capacity and 830 GWhr per year of energy generation. Technical Details</p> <ul style="list-style-type: none"> • All technical studies including designs, • Proven technical and economic feasibility • Community Participation Agreement completed with the host community and Environmental and Social Impact Assessment completed and approved by the regulator.
Project Location:	Zambezi River, Western Province
Lead Agency/Project Promoter:	Western Power Company Limited
Action required/ Implementation:	Partners
Project Typology/ Arrangements:	FDI through a Majority Stake
Project Cost:	USD600 million
Project Status:	Greenfield



Lufubu Hydropower Plant

3 Project Title	Lufubu Hydropower Plant
Project Description:	Construction of a cascade of three (3) power plants along the Lufubu with an installed capacity of 163MW.
Project Location:	Mpulungu and Nsama Districts, Northern Province, Zambia
Lead Agency/Project Promoter:	Lufubu Power Company Limited
Action required/ Implementation:	Partners
Project Typology/ Arrangements:	FDI through Minority stake
Project Cost:	USD 700 million
Project Status:	Greenfield
EBITDA	USD118.4m in year one
Period of Implementation	4 years



Development of the 118.4MW Hydro-Electricity plant and Associated Facilities in Zambia

4 Project Title	Development of the 118.4MW Hydro-Electricity plant and Associated Facilities in Zambia
Project Description:	Development of the 118.4MW MLHEP Station is designed to exploit the energy potential of the Mulembo River in Mkushi and Luano Districts and Lelya River border of Nyimba and Serenje Districts. Bankable Feasibility Study report already done
Project Location:	Situated on the Border of the Central and Eastern Province, Zambia
Lead Agency/Project Promoter:	Mulembo Lelya Hydro Electric Power Limited
Action required/ Implementation:	Partners
Project Typology/ Arrangements:	FDI through a minority or majority stake, or through a JV or PPP
Project Cost:	USD285 million
Project Status:	Greenfield
Period of Implementation	42 Months



Agro Luswishi Farm

5 Project Title	Agro Luswishi Farm
Project Description:	<p>This project is aimed at developing a commercial farm, small scale commercially orientated family farms, and regional centers giving advanced agricultural services. When completed, the project will produce;</p> <ul style="list-style-type: none"> • 75,000 tonnes of fresh agricultural produce • 25 million eggs and • 6,500 tonnes of livestock feed annually in additional to the 20 private Farms and 450 Family Farms which will produce 35,000 tons of diverse agricultural products <p>Technical Details</p>
Project Location:	Lufwanyama District, Copperbelt Province, Zambia
Lead Agency/Project Promoter:	Industrial Development Corporation (IDC)
Action required/ Implementation:	Partners
Project Typology/ Arrangements:	FDI through a joint venture
Project Cost:	USD50million
Project Status:	Greenfield



Charcoal Briquettes Project



Proposed Investment

amount- **USD 24, 821.2**

Projected Annual output- **253 tons**
Projected

Annual sales- **ZMW 521,000**

Organic Fertilizer Production



USD 10m, Projected Annual output-
50,000 tons

Projected Annual Sales- **\$18m**

IRR -**38%**

Avg. net profit margin- **27%**

Proposed Location- Choma

Cashew Nut Project



Proposed investment amount- **USD 5m**

Projected Annual output-
12,000 tons

Projected Annual Sales: **\$13m**

IRR -**26%**

Avg. net profit margin- **14%**

Proposed Location- **Chilanga**

Mango Processing Project



Proposed investment amount- **USD 5m**

Projected Annual output- **30,000 tons** of pulp & **5,000 tons** of dried mango

IRR-**35%**

Avg. net profit margin; **10%- 23%**

Proposed location

In addition, Zambia has positioned herself as a hub for the production of Electric Vehicles and Electric Batteries in collaboration with the Democratic Republic of Congo (DRC).

For more information on profiled investment opportunities, kindly check <https://investment.unido.org/ACP/Zambia>

Development of Farm Blocks

The Government of the Republic of Zambia identified Agriculture as the Engine to Economic development as well as the Main stay of the Economy. To this effect in 2002 GRZ embarked on development and commercialization of agriculture land as the Farm Block Development Programme (FBDP). This programme entailed availing land for large scale agribusiness investment for the private sector. One Farm Block was targeted for development in each Province. The total catchment area for each Farm Block is 100, 000 hectares. Each Farm Block was designed to have four categories of farms, namely: Small Scale, Medium, Commercial and a Core venture.

Objectives

To achieve transformation of agricultural sector that drives economic growth, accelerates achievement of food and nutritional security, generates employment and enhances agricultural diversification.

If harnessed the program has the potential to create numerous jobs across the country, accelerate agricultural growth, increase agricultural value addition, and generate export earnings by attracting foreign direct investment and production relations that benefit both the local investors and the surrounding communities.

Farm Block Area selection considerations

1. Socio-economic considerations
 - High Market Potential (Proximity to local markets/international border exit points)
 - Access to Major Roads
 - Remote/Low populated area (Minimum displacement of communities)
2. Bio-physical considerations
 - Suitable Climate (adequate average rainfall for major crops)
 - High potential of water ground and surface water resource (abundant water sources for irrigation)
 - Land capability (suitable for agricultural production)



Main Developments and Current Status

1. Nansanga | Serenje - (Central Province)

Status

- Nansanga farmblock has an extent of 100,000ha and has the largest investment in terms of infrastructure development.
- 151km of trunk road and 3 bridges constructed.
- 103km of 33kv power line and 30km of 11kv power line constructed.
- Parts of the farm block are serviced by an Airtel mobile communication and Zamtel communication tower.
- 3 dams and a 4 km irrigation canal were constructed.
- 33 boreholes drilled and equipped with hand pumps.
- 357 farms demarcated and cadastral surveyed.
- 290 farms allocated to successful applicants in 2010 leaving 67 farms smallholder farms unallocated.
- This represents 77% farm allocation in the farmblock.
- 1600 ha commercial farm has been allocated to the Correctional Services. Developing 700 ha under 9 centre pivot irrigation systems.
- A Serenje properties with about 5000ha (under BDL group of companies) is the largest investor so far growing macadamia nut, wheat, soya beans and seed maize.
- The 6,000 ha core venture has been allocated to the Industrial Development Corporation (IDC) but are yet to clear the land in order to commence production.
- Farm occupancy and utilization rates are still as low as 20% of the allocated farms.
- Major rivers - Luombwa, Munte, Sasa and Musangashi



2. Luena | Kawambwa (Luapula Province)

Status

- Luena Farmblock is a 186,235ha in size where soil and land capability survey conducted.
- Initially 816 farms were demarcated out of the planned 920 farms.
- Twelve (12) commercial farms have been allocated as at end December 2020 which includes the development of the state of the art Agricultural Service Training Centre (ASTC) which is being developed by Green 2000 DK of Israel.
- The firm has developed 16 centre pivots where each pivot will irrigate a minimum of 65ha growing maize and various horticultural products such as onions, egg plants, tomatoes, potatoes, cabbages and fish farming.
- The farmblock currently has 2 large scale core venture farms (10,000 ha each) namely Sunbird Bio-energy which is predominantly into cassava production and Kawambwa sugar which is ear marked for sugar cane production.
- Of the seven planned irrigation dams, only two Milindu and Kasumba earth dams have been constructed.
- The area is service by Airtel (2), MTN (2) and Zamtel (2) mobile communication towers.
- 112 km stretch of road has been upgraded to bituminous standard while 40km which branches off at Chisembe, has also been upgraded to an all-weather gravel road.
- Total land officially allocated by the Ministry of Agriculture is 42,760 ha while 143,475 ha is still available.
- Existing Settlements/Roads/water bodies occupy about 20,000 ha
- Major rivers:Pambashe, Luwo, Lufubu, Lubulafita, Mupoposhi and Kalungwishi.



3. Solwezi | Mushindamo (N/Western Province)

Status

- 100,000 ha identified from Senior Chief Mujimanzovu (40,000 ha) and Senior Chief Kalilele (60,000 ha).
- There are 67 properties with a total area of 50,591 ha that have so far been demarcated and numbered by the Ministry of Lands.
- Therefore, the remaining available land is approximately 47,000 ha.
- So far only one large scale investor has commenced meaningful production mainly in soy bean and stervia crops.
- The farm block has access to nearby electricity power lines which supplies power to the palace of his Royal Highness Senior Chief Mujimanzovu.
- But the voltage of this power may not be adequate to power large scale agricultural operations since it is only a 33Kv power line.
- Major rivers in this farmblock include Lunga river, Mikilingi river, Luanzhila River and Kipushi river.



4. Luswishi | Lufwanyama (Copperbelt Province)

Status

- 87,836 ha have been identified and soil surveyed.
- 7 Large scale commercial farms have been allocated
- 6 Large scale commercial farms are currently on the ground undertaking various activities.
- 807 small and medium plots were planned, demarcated and surveyed.
- All the planned and demarcated farms in the entire farmblock have since been allocated.
- There are two major farms that have commenced agricultural production namely; South Central Agri Limited which produces soy beans and maize while Xantium dairy is in livestock and wheat production.
- 88 - 33 Kv network of power lines exists up to the Global Plantations Farm.
- Hence, there is NO available land in the farm block for would be prospective investors.
- The farm block is serviced with a 35 km stretch of an all weather trunk road which is in fairly good condition.
- Strategic environmental assessment done.
- Detailed Feasibility study was done.
- Major rivers include Luswishi, Lumwana, Mushingashi and Mirumbi rivers.



5. Manshya | Shiwang'andu (Muchinga Province)

Status

- 147,000ha was identified
- Part of this is already allocated to small holder farmers.
- Therefore, the available remaining land is 79,823 ha.
- Resource surveys have been completed.
- 39 farms of various sizes have since been allocated as at 16th November, 2020.
- A preliminary land capability survey was undertaken for part of the farm block.
- There are two major rivers namely Manshya and Chambeshi.

6. Kalungwishi | Lunte- Mporokoso (Northern Province)

Status

- This is a 200,000 ha farmblock situated in Lunte District of Northern province
- Feasibility Studies have been undertaken.
- So far 185 farms of various sizes amounting to 152,200 ha have since been allocated to various applicants.
- The remaining 47,800 ha is available for agro investment.
- The major rivers include Kalungwishi river, Luangwa river with many other perennial streams.

7. Musokotwane | Kazungula/ Livingstone(Southern Province)

Status

- 100,000ha identified in Musokotwane area.

8. Chikumbilo | Lundazi (Eastern Province)

Status

- About 54,000 ha land secured and soil and land capability survey was conducted in Chief Zumwanda in 2008.

9. Shikabeta | Rufunsa (Lusaka Province)

Status

- About 36,308ha ha of land has been identified but the processes and formalities of transferring this land from customary tenure to state land is still ongoing.

10. Kalumwange | Kaoma (Western Province)

Status

- 146,000 ha of land was identified for Farm Block Development programme. However, the processing of land acquisition from the traditional authorities is still on-going.



Future Plans and Developments

There are six farm blocks namely; Luswishi, Luena, Nansanga, Chikumbilo, Kalumwange and Shikabeta farm blocks that are being targeted for investments in terms of infrastructure development. In this regard, high on the agenda will be feeder road construction to open up accessibility of farm blocks and electricity/power line construction in order to effectively support power dependant agro processing industries.

In order to facilitate private sector investments in these farm blocks, Government through the Ministry of Agriculture is in the process of developing an overarching farm block strategy that will guide investments in the farm blocks. Secondly, farm block investment plans for each of the proposed six farm blocks will also be developed which will inform the value chains based on their crop suitability. These plans will also be used to develop a business case for each farm block which takes into consideration the natural endowment, infrastructure, labour, market opportunities among others of each farm block.





SERVICES PROVIDED BY ZDA

The Zambia Development Agency (ZDA) is Zambia's premier economic development Agency with a multifaceted mandate of promoting and facilitating trade, investment and enterprise development in the country. The Agency is also responsible for building and enhancing the country's investment profile for increased capital inflows, capital formation, employment creation and growth of the Micro Small and Medium Enterprise (MSME) Sector.

Among the key services provided include:

- Issuance of investment and MFEZ/IP Permits
- Participation and facilitation in regional and international trade and investment fairs, exhibitions and missions;
- Participation and facilitation of business summits, conferences, workshops and business to business meetings;
- Facilitation of joint-venture partnerships and business match-making events between buyers and sellers
- Provision of export market information
- Developing Export Readiness of the Zambian enterprises, especially MSMEs to meet international customers' requirements and needs, and compliance standards as well as norms
- Building the general business capacities of the entrepreneurs (the exporter and potential exporters)
- Product development to enable Zambian products meet international buyers' requirements in terms of quality,
- Product Development
- Market and financial Linkages/Access
- Provision of Business Information and Market Intelligence e.g. identification of market opportunities and market access requirements;
- Provision of after care Services, Business Clinics and advisory services

SELECTED FEW INVESTORS IN ZAMBIA





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