



Invest in Zambia



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The Rising Hub of Africa: 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. Known as the nation of friendly people, the country has peacefully transitioned through several changes of Government since independence in 1964. Endowed with abundant natural resources and significant mineral reserves, Zambia boasts over 42 million hectares of arable land, vast hydro, wind and solar energy generation potential, a diversity of wildlife, magnificent landscapes and is home to one of the seven natural wonders of the world, Mosi-oa-Tunya, known internationally as the Victoria Falls.

The country has very stable macroeconomic fundamentals. Based on the 2021 Bank of Zambia and World Bank ratings, Zambia was ranked 1st in Africa and 4th globally for ease of getting credit. It was also ranked the 6th largest economy in the SADC region and 6th strongest and most stable currency in Africa. Investor confidence has grown

exponentially since 2021, with a record-setting USD40 billion committed investment in 2023.

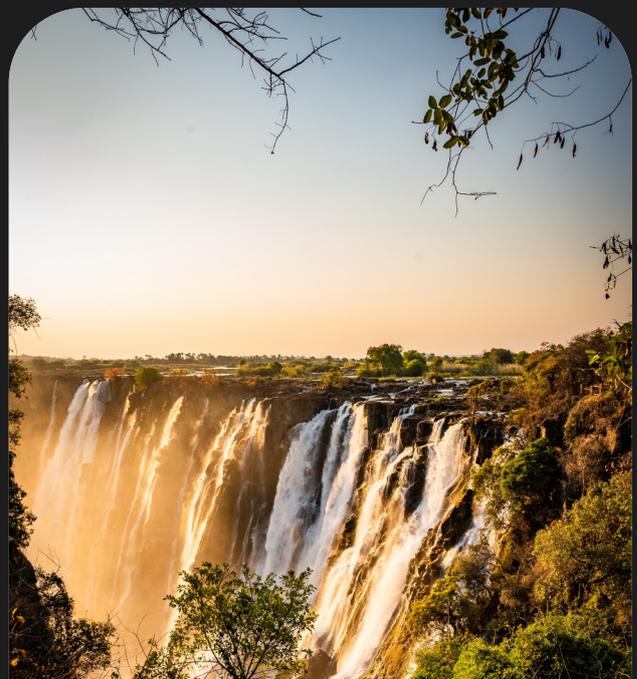
Zambia has proven to be a strategic hub for trade and investment. Centrally located and land-linked to 8 neighbouring countries with direct access to South Africa and Burundi. As a signatory to the Southern Africa Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the African Continental Free Trade area (AFCTA), Zambia has access to a regional market of over 924 million people and a combined GDP of USD 1.4 trillion.

This booklet offers insights into the recent and more established paradigms that provide investment information about Zambia as the rising hub of Africa. The country is one of Africa's most peaceful nations, with a steady rate of investment inflows and demonstrable political will to continue to unlock the full potential of the private sector. Zambia makes for a compelling investment destination.



10 Reasons To Invest in Zambia

1. Zambia has earned itself a reputation as a peaceful nation with political stability that has been maintained since its post-colonial transition.
2. The country has over 20 Double Taxation Agreements signed with other countries. This helps reduce the tax burden on foreign businesses and plays an important role in attracting Foreign Direct Investment (FDI).
3. As a land-linked country with 8 neighbouring countries, plus Burundi which is linked by inland water bodies, Zambia is strategically located for trade opportunities with access to a wide market.
4. Zambia's high population of youth provides skilled and affordable manpower for various sectors. The prioritised health and education sector investment by the Government has further elevated Zambia's human capital in the short, medium and long term future.
5. Ongoing policy reform creates a conducive investment environment aimed at restoring macroeconomic stability for sustainable growth. This in turn encourages inclusive and diverse sector growth which improves and accelerates stable economic performance.
6. With the nation's abundant natural resources, the country has made concerted efforts to make environmental sustainability a priority.
7. The presence of an Investment Promotion Agency (IPA) – the Zambia Development Agency - provides access to tailor-made solutions that include the development of investment promotion portals, detailed assistance with investment opportunities and easier access to information on necessary procedures and policies
8. Zambia has progressive banking and financial sector with international and domestic banks that are supported by a robust legal, stock exchange and insurance services.
9. The country has a reputation for being a safe environment for conducting business.
10. The country has attractive fiscal incentives such as - competitive marginal effective tax rates (METRs) and exemptions for qualifying capital inputs in certain assets across various industries.



A More Enabling Environment: Private Sector Reforms

In order to accelerate progress towards the country's national goal of Vision 2030 to become a prosperous middle-income country, the Government of the Republic of Zambia has initiated several policy and regulatory reforms to create a more enabling environment for its private sector.

Serious About Doing Business.

The country has set up and enhanced the mandate of institutions intended to ease entry into the Zambian market.

Presidential Delivery Unit (PDU)

The PDU was established in 2022 by the President of the Republic of Zambia, H.E. Mr. Hakainde Hichilema, to fast-track the delivery of high priority government and private sector initiatives that have potential for significant contribution towards the country's accelerated economic growth agenda.

The Unit reports directly to the President and works in partnership with government ministries, agencies, the private sector and other key stakeholders to deliver on the promise for industrialisation and ease of doing business.

Public- Private Dialogue Forum (PPDF)

PPDF was established in 2022 by the Government of the Republic of Zambia to harness trade and investment opportunities for the private sector in Zambia for local, regional, continental and international markets, while promoting value chain addition for different commodities and products. Further, the PPDF is mandated to hold dialogue forums to resolve public-private challenges in the country that prevent or may potentially hinder trade and/or investment.

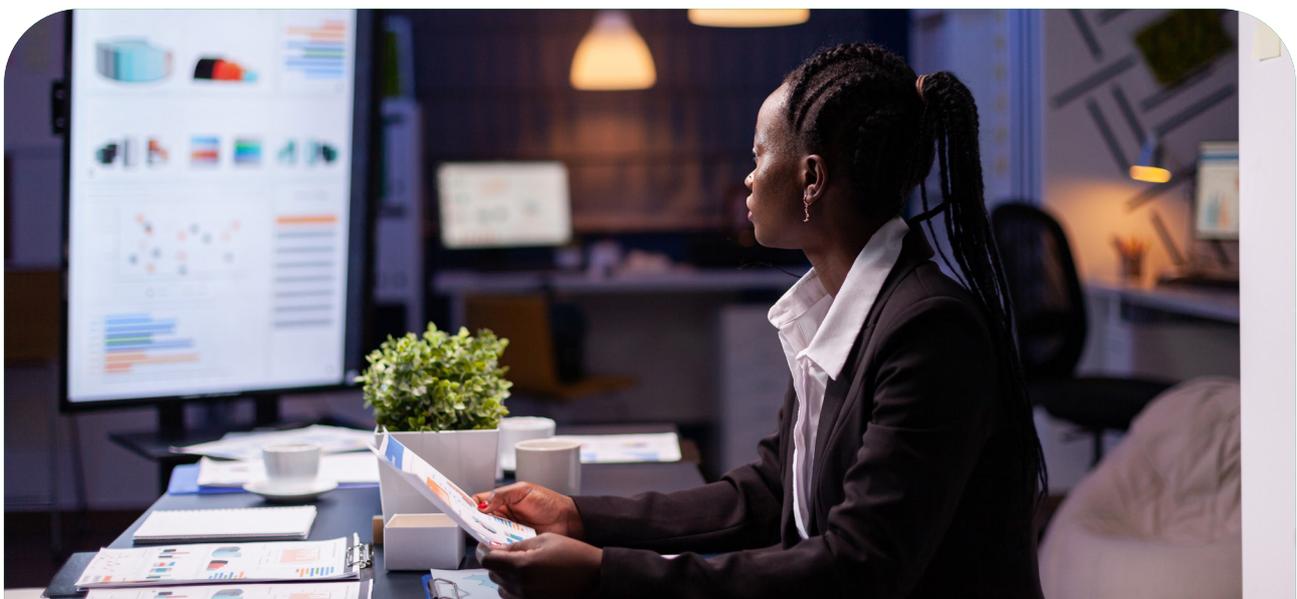
The PPDF reports to a Steering Committee, chaired by the Republican President.

Zambia Development Agency (ZDA)

ZDA is mandated by the recently revised Zambia Development Agency Act No. 17 of 2022 and the Investment, Trade and Business Development Act No. 18 of 2022 to foster economic development through trade, investment and business development.

As the investor's entry point into Zambia, ZDA provides the following services:

- Assistance and guidance with registration of a company.
- Issuance of investor's license.
- Provision of information regarding various aspects of business establishment of doing business in Zambia, including access to land, energy and utilities, special economic zones, priority sectors, applicable taxes, government priority sectors, access to markets, and farming blocks.
- Facilitation of partnerships including B2B, B2G and G2G linkages.
- Exports and market access facilitation
- Project profiling.



Priority Sector Highlights

Energy

The energy sector framework has been under review to facilitate investment in the generation, transmission and distribution of energy including hydro-electric, solar, wind and other renewable energy sources.

Zambia's current installed electricity generation capacity stands at about 3,700MW with an average availability of less than 3,000MW. The country is exporting electricity amounting to about 300MW within Southern Africa. The current total electricity demand stands on average at 2,400MW, with an expected demand growth of 150 to 200MW annually. The total current generation deficit, which the current grid is able to absorb and is available for immediate investment sits at 386MW. This deficit is expected to grow as total demand for 2030 is projected to increase to 5,400MW in order to support infrastructure and industry development, including production and processing of 3mn metric tons of copper. To support this, the policy framework to promote energy generation, transmission and distribution is under review. This entails streamlining the registration and certification process into a one-stop shop. The country has further began to institute an "Open Access"

regime, designed to enable private sector participation at all stages of the energy value chain. A recent Presidential pronouncement guides that all power purchase agreements (PPAs) between investors and Zambia Electricity Supply Corporation (ZESCO) are to be signed within 10 days, provided the financial, technical and legal criteria has been met.

Ongoing public infrastructure development includes off-grid energy projects in rural areas and on-grid projects including electricity interconnectors to improve energy exports. Further grid infrastructure development by private sector is welcomed.

Highlights of Energy Sector Fiscal Incentives.

Registered investors in select construction, building and installation of energy infrastructure projects benefit from:

- 0% VAT for supply of appliances such as discharge lamps, non-electric storage water heaters, solar panels, electric generating assets, windmills and Liquefied Petroleum Gas (LPG).

- 0% duty on imports of machinery and plant equipment.

- Registered investors in electricity generation benefit from reduced rate on dividends declared by the Enterprise.



Manufacturing

Zambia has a growing manufacturing industry with most of the commodities currently produced and exported in raw form.

The country has established both private and public Special Economic Zones that consist of Multi-Facility Economic Zones, Export Processing Zones, Industrial Parks and allocation of rural areas as manufacturing bases to promote manufacturing and processing of raw products into finished goods for local consumption and export.

Highlights of incentives for manufacturing in Special Economic Zones and/or rural areas

Customs duty exemptions in respect of machinery and equipment.

0% tax on dividends on exports declared for 10 years.

0% income tax on profits on exports declared for 10 years.

100% accelerated depreciation in respect of plant, equipment and machinery.

Highlights of select manufacturing value chains

Critical Minerals Beneficiation

The country is reviewing its regulatory framework to streamline the licensing of artisanal and commercial exploration and mining. This is intended to unveil the country's mineral deposits and cadastre, as well as increase sustainable extraction of minerals. In line with the mineral exploration, the government has committed about ZMW67million, and introduced tax exemptions for exploration of minerals.

The Government has also prioritised copper wire manufacturing, which will increase the country's consumption of copper cathodes.



EV and EVB components and assembly

Electric vehicle (EV) and electric vehicle battery (EVB) production has a lucrative global market and the government is investing in infrastructure and regulation that will support the growth of the sector.

Zambia's active vehicle count is currently about a 700,000 units with growth rate of 45,000 units per year. The majority of the country's vehicles are powered by regular internal combustion engines (ICE), with only around 100 electric vehicles in the country at present. As a first step toward tapping into the EV and EVB market, the Governments of the Republic of Zambia and of the Democratic Republic of Congo have signed an MoU intended to leverage each other's endowed critical minerals for the EV industry, towards the joint establishment of Africa's biggest EV battery industry. To facilitate this, Zambia has earmarked an Industrial Park, in the Copperbelt region for an EV battery and motor vehicle assembly plant. To help stimulate local demand, the government has committed to procurement of EVs for the public sector.

The country is further enhancing the market and enabling environment through on-going establishment of regulatory frameworks for standards for the quality, safety and reliability of EV-related services; charging infrastructure; tariff structure for charging facilities, and; for compliance monitoring of installations and complaints handling. It is anticipated that the full regulatory and policy framework for EV and EVBs will be completed in 2024.

Highlights of additional incentives for vehicle assembly include:

0% customs duty on electric vehicles, motorbikes, and supporting infrastructure such as charging systems.

0% customs duty on imported motorcycles and tricycles in complete knockdown state for local assembly.



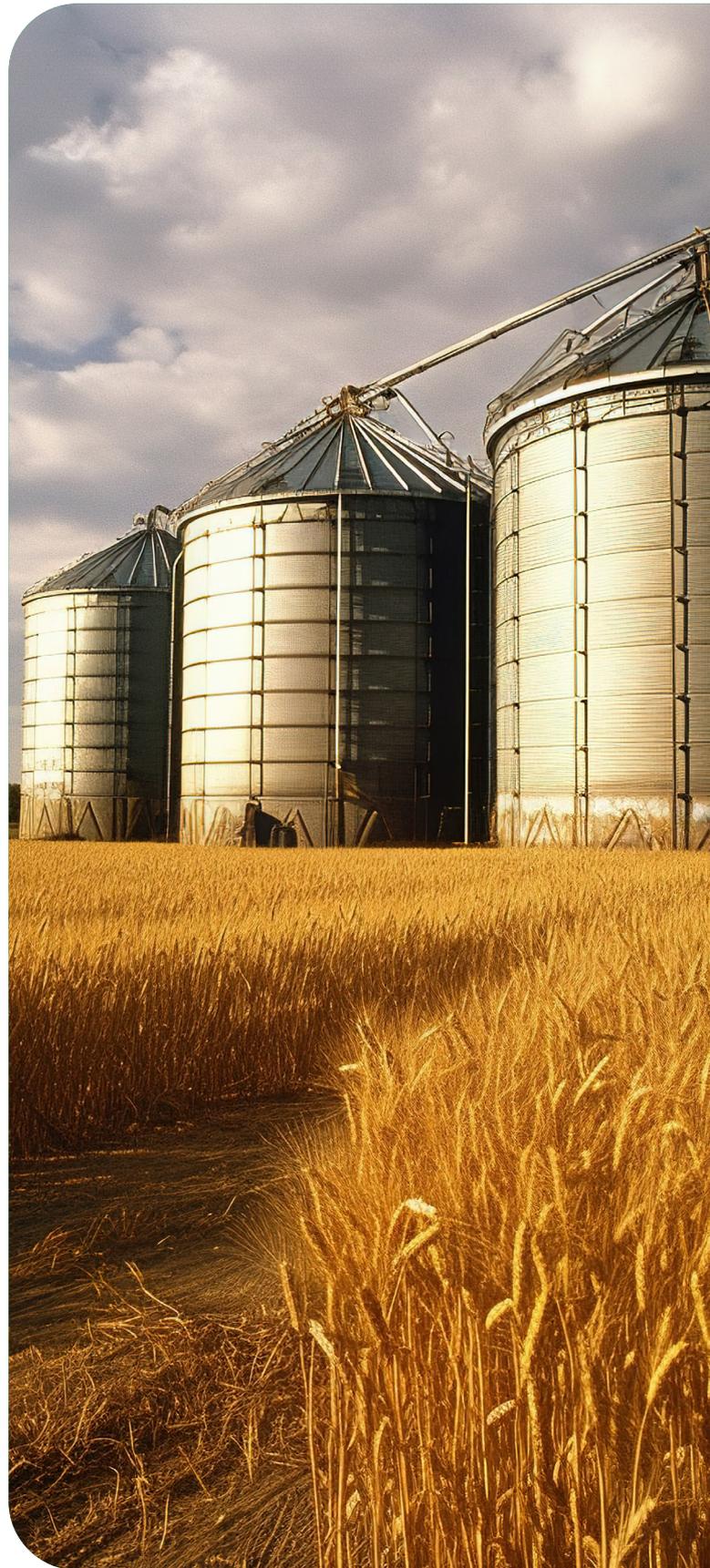
Agri-processing

- The agriculture sector in Zambia has an annual economic growth of 2.8%, with 42 million hectares of arable land.
- About 70% of the population is in agriculture, demonstrating adequate human capital with skilled technical support from the government through agriculture and veterinary officers across the country to assist farmers with sustainable agricultural methods and curb animal infections.
- Through the establishment of farm blocks, 1 million hectares of land, 100,000 hectares of land for agriculture in each of the ten (10) provinces has been allocated. Backbone infrastructure earmarked.
- Zambia is well positioned to become the food basket of the region. Entire value chain development including packaging, food and beverage manufacture. Production of corn starch and development of the cotton value chain are spotlighted agri-processing activities attracting additional incentives.

Highlights of additional incentives in agriculture and agri-processing

- Reduced income tax to 10% on profits made from agri-processing for an unlimited duration.
- Reduced income tax to 10% on profits made from farming for an unlimited duration.

Other prioritized manufacturing value chains include gemstone processing, pharmaceuticals, wood furnishings, leather products



Infrastructure Development

Infrastructure is the backbone of economic growth and a renewed commitment to develop the sector is a priority for the government.

Highlights of prioritised infrastructure development activity

From landlocked to land-linked

Emphasis has been placed on developing transport networks, including road, rail and air travel infrastructure, both for domestic and international market access. Zambia is party to the seven-side MoU signed with the Democratic Republic of Congo (DRC), Angola, European Union, the African Development Bank (AfDB), the United States of America and Africa Finance Corporation to collaborate to realise full economic potential of the Lobito corridor. This involves an investment to develop the Zambia-Lobito Greenfield project estimated at about USD450 million. Other Zambian projects to improve regional connectivity include the Kafue – Lion's Den Greenfield project (connection to Zimbabwe), the Livingstone - Kasane (connection to Botswana), and Kazungula – Katima Mulilo (to Namibia).

ICT infrastructure

A firm commitment to construct 169 communication towers to improve connectivity from the year 2023 with a target of 92% connectivity has been set. In collaboration with the private sector, the Government is committed to use a mix of technologies such as satellite and fibre connectivity to reach unserved and underserved areas. The Government also intends to migrate at least 1,500 services to digital platforms to reduce

transaction costs associated with accessing public services, as well as minimise revenue pilferage.

Property development

Zambia is estimated to have a housing deficit of 1.5 million housing units in the next 15 years. There is an immediate requirement to construct around 110,000 units each year. Housing developments of 50 houses or more in particular are sought.

Health and education infrastructure

Increased Constituency Development Fund (CDF) has been deployed to improve road infrastructure as well as construction of health facilities and schools. Further, public budget allocation to improve the health sector has been increased to ZMW17.4 billion

Tourism

ZMW769.5 million has been allocated for 2024 for development of the tourism sector infrastructure and supporting services.

Water supply

The country has committed to connect over two thousand boreholes in rural areas expected to benefit 92,000 households. It will also implement the Integrated Small Towns Projects in four provinces to benefit over 193,000 householders. Further the country is implementing a water harvesting project estimated to collect 15.7 million cubic meters of water to benefit over 22,000 households and 1.7 million livestock. Also, 38 dams will be constructed across the country in 2024 with over 10 rehabilitated. Private sector participation is sought.

Public-Private Partnerships

PPPs are gaining importance in the country as a vehicle to enable private sector participation in infrastructural development. A dedicated PPP unit has been established and review and repeal of the PPP Act is underway. PPP projects may be solicited or unsolicited.

Highlight of incentives in construction and/or PPP Projects:

20% reduction of tax chargeable on income received by a special purpose vehicle under a Public Private Partnership for the first five years that a project makes profit
100% accelerated depreciation in respect of any implement, plant equipment and machinery.

0% import duty rate on capital equipment and machinery for five (5) years.



Tourism

The tourism sector has steadily contributed to country's GDP, currently contributing about 10% to the economy's GDP. The combination of abundant natural and cultural assets, as well as the easy accessibility of the country for business and hospitality tourism positions the sector to become a top-performing industry in the medium to long term. This is also due to the increased inflows in the country across key sectors, which is creating heightened demand for accommodation, cultural and recreational activities, as well as, meetings, incentives, conferences and exhibitions (MICE). As part of its commitment to support the development of the industry, the Government under the Green, Resilient and Transformational Tourism Development Project has allocated USD100 million to improve accessibility and diversity of tourism products. Additional Government support for the sector includes provision for the opening of a tertiary institution in Lusaka for tourism, and a pipeline project for a tourism university in Livingstone.

Highlight of incentives:

0% duty on importation of select inputs including helicopters, cooking utensils and electronics, cooling equipment and safari game viewing vehicles.

50% capital allowance of the cost of plant and machinery.

0% VAT on supply of goods including meals and beverages.

Zambia has the highest concentration of inland waterbodies in Africa.



Green Economy

The recently established Ministry of Green Economy is working to position environmental sustainability as a cross-cutting sector to improve the management of the environment, whilst also generating significant revenue and jobcreation. In 2023, the country launched the guidelines for the submission and evaluation of mitigation activities under Article 6 of the Paris Agreement Part 1 of the Carbon Market. The guidelines intend to promote renewable energy investments, reduce high carbon fuel, promote electric mobility in road or rail, reduce

methane emissions, waste management and water treatment, and reforestation.

Waste management is currently receiving special attention as the Government endeavours to support circularity in recycling, waste-to-energy and waste-to-fertiliser projects. In the transportation sector, the Public Passenger Transport Cooperative is currently working on the transition towards green energy mobility through regulatory reforms.

Human Capital Development

Zambia has a viable workforce with over 50% of Zambia's labour force consisting of largely a youth population. The country's literacy levels stand at over 85%. Zambia's human capital will continue to strengthen in the medium to long term as a result of on-going efforts, including:

- Free education up to secondary level; access to education for all.

- Use of CDF to sponsor less privileged citizens for tertiary education.

- Improving the curricular to align with international trends and best practice including for specific sectors such as ICT, mining value chains, renewable energy, health and agriculture

- Employment of over 5,000 health specialists in three years.

- Investments in research and high quality health sector education with three (3) university teaching hospitals.



DOING BUSINESS IN ZAMBIA HIGHLIGHTS

Setting up a business.

Registration of a business

Business registration can be processed within a day provided all required information is made available through the Patents and Companies Registration Agency (PACRA) on <https://www.pacra.org.zm/>. This process includes registration as a tax payer under the Zambia Revenue Authority.

Requirement to obtain relevant sector-specific licenses, which ZDA is at hand to help facilitate.

It is not a requirement to partner with a Zambian company, but it is encouraged to do so.

Banking and finance sector.

Several domestic and international commercial banks, with a well-distributed network of branches with automated teller machines (ATMs) across the country.

The following is a summary of Zambia's financial sector:

18 registered commercial banks with over 382 branches countrywide.

A range of non-bank financial institutions, which include;

3 building societies, 1 credit reference bureau.

1 development finance institution.

8 leasing and finance companies.

1 savings and credit institution, 34 microfinance institutions, and 74 bureau de change.

Lusaka Stock Exchange with 25 listed companies and a market capitalisation of about \$6 billion.

Yields of up to 26 percent and 20 percent on Government bonds and treasury bills, respectively.

Lending rates averaging 26.7 percent.





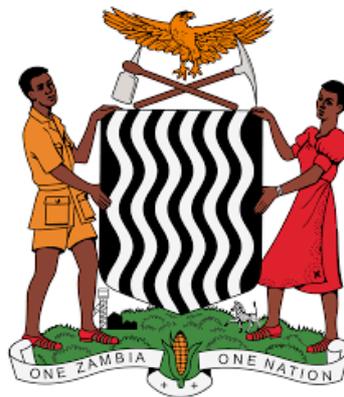
Export Financing and Credit Insurance.

Credit insurance is available through the private sector including:

- specialised trade financing institutions.
- general insurance companies and commercial banks.

Government facilitated export financing (Zambia Export Development Fund) is available to Zambian exporting companies only.





THANK YOU!

CONTACT US

ADDRESS

Investments House Nasser Road,
P.O Box 30819, Lusaka, Zambia

PHONE

+260 211 229 087

WEB

www.zda.org.zm