



ZAMBIA
DEVELOPMENT
AGENCY

Investment for Prosperity



CONSTRUCTION SECTOR PROFILE

2024



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Table Of Contents



1. Zambia Fact Sheet	2
2. Sector Overview	3
3. Investment Opportunities	4
3.1 Information and Communications Technology Infrastructure	4
3.2 Energy Infrastructure	5
3.3 Transport Infrastructure	5
3.3.1 Roads and Railways Infrastructure	5
3.4 Real Estate Infrastructure	6
3.5 Zambia's Regional Comparative Advantage	6
4. Investment Incentives	7
4.1 Investment Incentives	7
4.1.1 Fiscal (Tax) Incentives	7
4.1.2 Non-Fiscal Investment Incentives	8
4.2 Sector Specific Incentives	8
4.2.1 Fiscal (Tax) Investment Incentives	8
5. Licenses and Permits	9
APPENDIX I: Steps to Business Establishment	9
APPENDIX II: Application Process at Zambia Development Agency	10
APPENDIX III: Procedure for Multi-Facility Economic Zone Licence, Industrial Cluster or Rural Area Permit	11
APPENDIX IV: Useful Contacts	13



1. ZAMBIA FACT SHEET



Population (2022)
19.6 million



Annual GDP
Growth Rate (2023)
5.8 %



Average
Exchange Rate
(2023)
ZMW 1 = USD 20.21



Inflation Rate
(March, 2024)
13.7 %



Land-Linked Country
8 + 1 Neighboring
Countries

**Malawi, Botswana,
Zimbabwe,
Tanzania, DRC,
Angola, Namibia,
Mozambique and
South Africa**



Member of the
Southern African
Development
Community

**SADC Population =
345 million**



Member of the
Common Market for
Eastern and Southern
Africa

**COMESA Population =
560 million**



**Trade Surplus (2023):
USD 306.8 million**



Working-age
Population (2022)
10.4 million



Ease of getting credit (2021)
Africa: 1st, World: 4th





2. SECTOR OVERVIEW

The Construction Sector serves as a pivotal delivery mechanism in achieving sustainable economic development and the generation of quality social-economic development in the country. The sector contributed 12.4 percent to the country's Gross Domestic Product (GDP) in 2023. The availability of high quality infrastructure still presents major opportunities for growth, economic diversification and human development in Zambia. Consequently, construction is one of the Government's priority areas and is upheld in both the Eighth National Development Plan (8NDP), and the national Vision 2030.

The facilitation of private sector participation in infrastructure projects and facilities as well as the provision of social sector services was done through the Government's introduction of regulatory framework which comprises of the Public-Private-Partnership (PPP) Policy and PPP Act No. 14 of 2009. The Public-Private Partnership Act No.18 of 2023 seeks to regulate the implementation of PPP agreements in Zambia as well as to encourage the participation of the private sector among other objectives.

In the Statutory Instrument no. 47 of 2023 the government has set construction as a priority sector. This relates to the construction of:

- i. an education and skills training institution;
- ii. a health facility, hospice or hospital;
- iii. a tourism enterprise or tourism facility;
- iv. an exhibition centre;
- v. a museum;
- vi. a theatre;
- vii. a large retail complex containing a variety of ten or more stores;
- viii. restaurants or other business establishments housed in a series of connected or adjacent buildings or in a single large building;
- ix. a housing development of fifty or more houses erected or maintained under one management or control on land developed specifically for the citing of the houses in not more than two locations in accordance with a comprehensive plan which provides for the laying out of roads and the furnishing and availability of services essential or ancillary to the use of the development as houses;
- x. a crop and grain storage facility; or
- xi. common infrastructure, including water, electricity and communication towers in a farm block.

3. INVESTMENT OPPORTUNITIES

There exists a huge infrastructure financing gap in the sector and Government is aware that resources from the public sector and development partners are limited and can only cover part of the financing needed. Government recognizes the need to mobilize private sector financing to support public infrastructure development through Public Private Partnerships (PPPs) as alternative financing for infrastructure development.

More specifically, key projects to be procured under the PPP arrangement will transcend across sectors and include roads, railways, border support infrastructure, energy, real estate and housing, agriculture services, health and airports.

The partnerships will provide a platform for the private sector to partner with the government on long term but viable investment ventures across the country.



3.1 INFORMATION AND COMMUNICATIONS TECHNOLOGY INFRASTRUCTURE

One of the focuses of Government is to create an e-economy promoting e-commerce, e-agriculture, e-health and e-education and trade promotion programmes for goods and services.

The government is also resolved to partner with the private sector to develop satellite and fibre connectivity across the country, since the fibre

currently is concentrated in towns along the line of Rail.

Secondly, the mobile and internet penetration rate is quite low and the sector provides opportunities for development of communication towers for mobile operators in the country. It is estimated by the Zicta, that the deficit of towers is around 1,000 across the country.

3.2 ENERGY INFRASTRUCTURE

Zambia is endowed with a wide range of energy resources, solar, woodlands and forests, hydropower and other renewable sources of energy. Hydro power is a major energy source in the country contributing 83 percent to total installed capacity and is generated by three

major hydroelectric power stations.

Investment opportunities for the construction of energy infrastructure includes: investments in grid, interconnectors to neighbouring countries, refineries, storage facilities and pipelines for petroleum and gas.

3.3 TRANSPORT INFRASTRUCTURE

The Zambian economy is forecast to grow between 7.5 and 8 percent annually over the next five years. Transport infrastructure comprises roads and bridges, railways, airports, aerodromes, maritime and inland waterways. The Government embarked to take advantage of Zambia's

land-linkage to eight (8) neighbouring countries namely Zimbabwe, Malawi, Mozambique, Tanzania, DRC, Namibia, Angola and Botswana by developing the transport and logistics infrastructure, and in every way positioning itself as a transport and logistics hub.

3.3.1 ROADS AND RAILWAYS INFRASTRUCTURE

The Zambian road network runs more than 67,000 kilometres and Government has an aspiration to tar 8,000km of roads dubbed 'the link Zambia 8000 initiative.

This presents opportunities to the investors to co-invest with Government under PPP initiative.

Further opportunities sits around tolling of roads to provide the needed returns for the investor within agreed parameters.

Government intends to expand its railway network in the country to develop the surface transport sector. The development of rail routes linking important exit points is not only vital for facilitating smooth access to the outside world but also for the overall boosting of trade in the sub-region and making Zambia a competitive country for doing business. The Zambia Railways Limited lines generally operate well below original design capacity and cannot increase volumes due to poor track condition, lack of locomotive and wagon availability and low operating capital.

Rail infrastructure requires urgent rehabilitation and new developments. The main railway lines are Zambia Railways Limited (ZRL) which is wholly owned by Government and runs for 1,200km from Livingstone (in the south) to Chingola (in the

north-Copperbelt region). The railway has been undercapitalised over the years and has led to deterioration in the quality of infrastructure. Opportunities abound in the rehabilitation of most of the section of the entire Railway line. Further, the rehabilitation encompasses, the provision of rolling stock and other related infrastructure.

The TAZARA railway line, co-owned by Governments of Zambia and Tanzania, links Zambia to the port of Dar es Salaam. Further, the Chipata-Muchinji railway link, managed by the ZRL, provides connectivity into the Malawi railway network and further connects Zambia to the northern Mozambique railway network and opens up new and exciting opportunities for the private sector in Zambia, Malawi, and Mozambique.

Some opportunities in the sector include the development and upgrade of transport networks connecting Zambia to all major corridors such as North-South, Kalahari, Beira, Nacala, Dar es Salaam, and Lobito. Some of the Government projects are; Lusaka – Livingstone dual carriage way, Livingstone – Sesheke road, Lobito corridor railway project, Livingstone to Kazungula to Katima Mulilo railway, Kafue Lion's Den railway project, recapitalization of both TAZARA and ZRL, and upgrade of the road to Nakonde border, among other project.

3.4 REAL ESTATE INFRASTRUCTURE

Since independence Zambia has been facing a critical shortage of housing, with the shortage being evident in many urban centres, notably in rapidly growing towns and districts. Government estimates suggest a backlog of 2 million housing units across the country, and recommends an annual delivery rate of 200 000 units to meet demand in the next 10 years.

The housing sector in Zambia is largely driven by individual and private sector initiatives, and has to a large extent influenced growth in the economy. In order to address the current housing deficit, Government has created an enabling environment to provide affordable, quality and adequate housing to the majority of Zambians by encouraging PPPs in the housing development and construction of ancillary facilities.

The government also embarked on the establishment of Multi Facility Economic Zones (MFEZs) and Industrial Parks to boost industrial activities in the country. These are industrial areas

for both export and domestic orientated industries, with the necessary infrastructure provided within the Zones. So far four (4) zones – Lusaka South MFEZ in Lusaka, ZCCZ Chambishi MFEZ in Kalulushi, ZCCZ Lusaka East MFEZ in Lusaka, Kalumbila MFEZ in Kalumbila, Jiangxi MFEZ in Chibombo and 2 industrial parks – the Roma Industrial Park and the Ndola Gemstone Exchange Park, have been declared by the government and are being developed. The private sector has been engaged to develop and manage these zones and parks, with seven of the six MFEZs being privately owned excluding the Lusaka South MFEZ which is owned by the Zambian Government, through the Industrial Development Corporation. The creation of the zones presents an opportunity and ignites demand for housing units in the country.

Further, the country has a number of investment opportunities for development of student hostels and lecturers houses for a number of public universities in Zambia, earmarked for PPPs.

3.5 ZAMBIA'S REGIONAL COMPARATIVE ADVANTAGE

Zambia being a land-linked country with 8 + 1 neighbouring countries and a member of the Regional Economic Communities (RECs) SADC and COMESA avails the country with opportunities to excel in comparison with its neighbours by harnessing its comparative advantages. The following are a few of Zambia's comparative advantages in the construction sector;

- i. Peace and stability
- ii. Regional connectivity
- iii. Skilled, young, and affordable manpower

- iv. Stable and predictable policies to support infrastructure investments
- v. Abundant resources for construction, lowering the average variable costs of construction
- vi. Increasing demand for facilities – guaranteed market
- vii. Has progressive banking, legal, and insurance services of international standards.
- viii. Population known for its friendliness
- ix. Attractive fiscal incentives





4. INVESTMENT INCENTIVES

Investors who wish to invest in a priority sector or a rural area are eligible for incentives as provided

for in the Investment, Trade and Business Development (ITBD) Act No. 18 of 2022.

Table 2: Incentive Eligibility Criteria

Investor Type	Shareholding Structure	Investment Threshold
Local Investor	100 percent shareholding	USD 50,000
Citizen owned Company	50.1 percent or greater Zambian shareholding	USD 100,000
Citizen Empowerment Company	25.1 percent–percent Zambian shareholding	USD 150,000
Citizen Influenced Company	5 percent – 25 percent Zambian shareholding	USD 500,000
Foreign Investor	100 percent foreign shareholding	USD 1000,000

Source: Investment, Trade and Business development (ITBD) Act No. 18 of 2022

4.1 INVESTMENT INCENTIVES

The Investment, Trade and Business development (ITBD) Act No. 18 of 2022 offers the following fiscal

incentives for companies investing in any priority sector or rural area:

4.1.1 FISCAL (TAX) INCENTIVES

- i. Accelerated depreciation on capital equipment and machinery including trucks and specialized motor vehicles for five years; and
- ii. Duty-free on the import of machinery, equipment including trucks and specialized motor vehicles for five years.

4.1.2 NON-FISCAL INVESTMENT INCENTIVES

Investors investing in the Construction Sector are entitled to the following non-fiscal incentives;

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

4.2 SECTOR SPECIFIC INCENTIVES

4.2.1 FISCAL (TAX) INVESTMENT INCENTIVES

Investors investing in the Construction Sector are entitled to the following fiscal (tax) incentive;

- i. Duty free on the importation of rolling stock, namely, wagons and locomotives.



5. LICENSES AND PERMITS

In order to operate a business in Zambia, an investor must obtain authorizing documentation from the following;

- i. The Patents and Companies Registration Agency (PACRA) in order to obtain a Certificate of Incorporation
- ii. Zambia Revenue Authority (ZRA) which assigns Tax Payers Identification Number (TPIN) Certificates; and

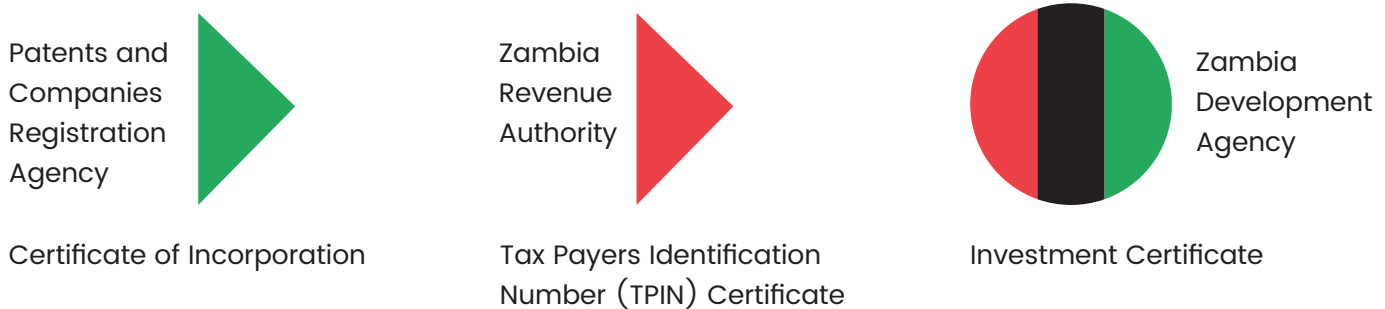
For an investor to operate in the Construction Sector, they may also be required to obtain licenses and permits from the Zambia

Environmental Management Agency (ZEMA), the Zambia National Tourist Board (ZNTB), the Zambia Wildlife Authority (ZAWA) and the National Council of Construction (NCC) among others depending on the nature of the construction project.

Investors may opt to obtain a Certificate of Registration (CoR) from the Zambia Development Agency (ZDA), which is a statutory body mandated by Government to promote and facilitate trade, investment and business development.

APPENDIX I: STEPS TO BUSINESS ESTABLISHMENT

1.0 PRIMARY REGISTRATION AND LICENSES



2.0 UTILITIES AND SECONDARY LICENSES



Zambia Electricity Supply Corporation (ZESCO)
• **Electricity**



Immigration Department
• **Immigration/work Permits**



Local Authorities
• **Business Levy** • **Fire Certificate** • **Health Permits** • **Occupancy Licence**



Zambia Environmental Management Authority
• **Environmental licenses**



Zambia Information and Communications Technology Agency
• **Telecoms Licences**



National Pension Scheme Authority

APPENDIX II: APPLICATION PROCESS AT ZAMBIA DEVELOPMENT AGENCY

STEP 1: CONSULTATION

General consultation through a meeting with a ZDA officer

Investor prepares necessary documents and submits to ZDA officer

Investment Promotion officer reviews documents and advises if there are any missing documents. For complete applications, investor proceeds to the next step

STEP 2: SUBMISSION OF APPLICATION

Investor pays processing fees and brings a receipt to the ZDA officer

Officer files the application on the system server

A senior investments officer screens the application and checks for suitability

Certificate processing

Approval letter is issued

Application is processed and recommended for approval

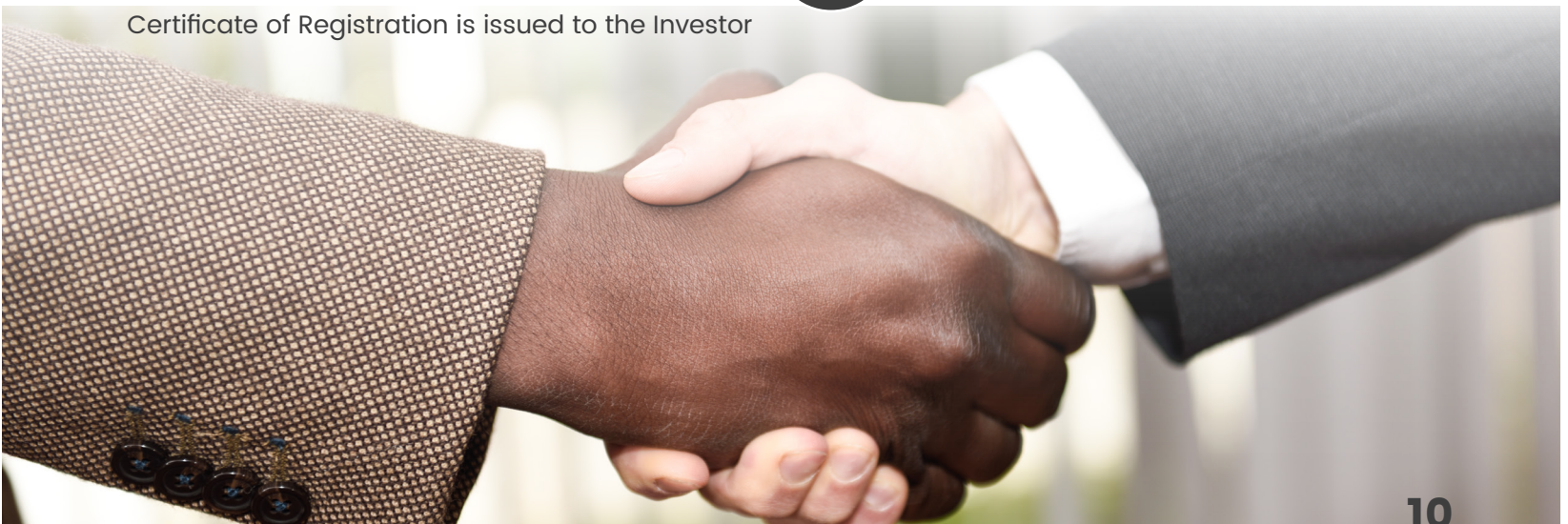
Signing of the Certificate by the Director General

Signing of the Certificate by the Board Secretary/Legal Counsel

Secretary/Legal Counsel

STEP 3: ISSUANCE OF ZDA COR WITHIN 30 DAYS

Certificate of Registration is issued to the Investor



APPENDIX III: PROCEDURE FOR MULTI-FACILITY ECONOMIC ZONE LICENCE, INDUSTRIAL CLUSTER OR RURAL AREA PERMIT

How does a company qualify to develop an MFEZ?

Company identifies land for the development of the MFEZ and seeks approval in principle from ZDA for an area that is suitable

Once approval of suitability is obtained, Company prepares a master plan of the MFEZ

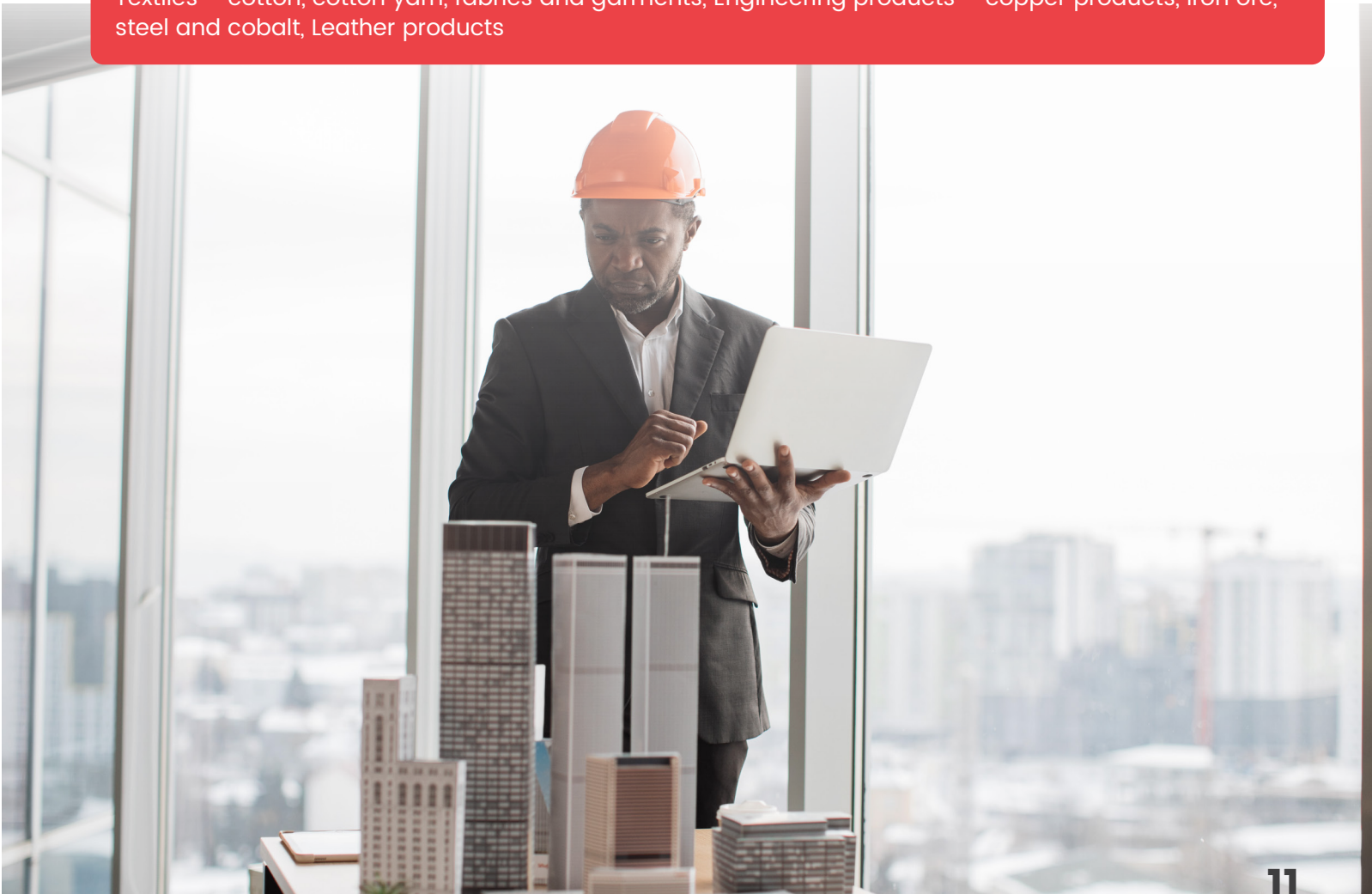
Company submits application for MFEZ Development Permit to ZDA. Application must demonstrate that the project will generate an investment of not less than US\$500,000

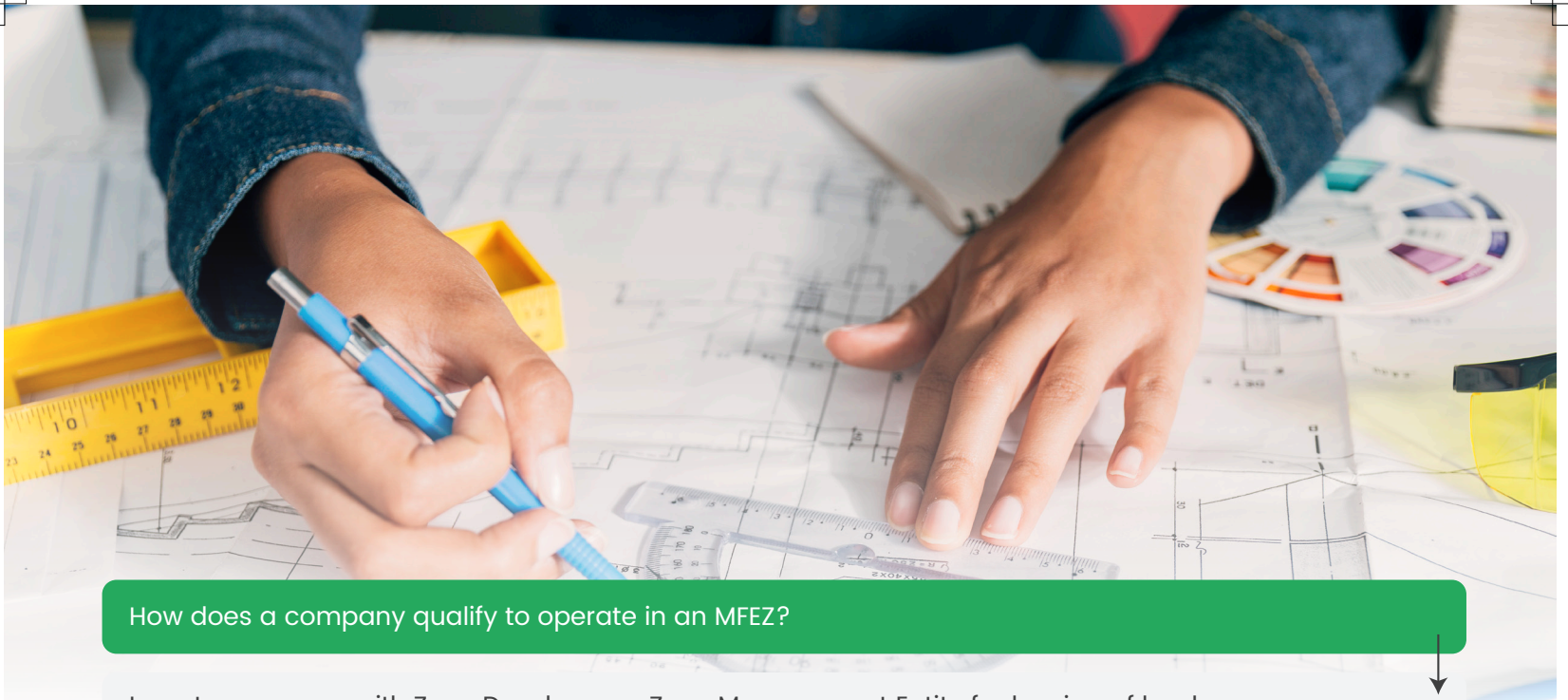
ZDA scrutinizes the application with a multisectoral team of local experts, in consultation with the applicant company

The application is then submitted to the ZDA Board for approval

Once the application is approved, ZDA recommends to the Ministry of Commerce that it should issue a Statutory Instrument for declaring the MFEZ

The projects located in the MFEZ that will qualify for incentives are those with investments of US\$500,000 or more. They must be engaged in production of the following products in priority sectors: Floricultural and horticultural products, Processed foods, Beverages and stimulants – tea and coffee, Textiles – cotton, cotton yarn, fabrics and garments, Engineering products – copper products, iron ore, steel and cobalt, Leather products





How does a company qualify to operate in an MFEZ?

Investor engages with Zone Developer or Zone Management Entity for leasing of land

Investor enters into Lease Agreement with Zone Developer

Zone Developer or Zone Management Entity recommends to the ZDA that the Investor be issued with an MFEZ Permit to operate in the Zone/ Industrial Park

Company submits application for an MFEZ Operator Licence

Company pays K100 (US\$10) upon collection of MFEZ operator licence. which takes approximately 10 days from date of application

The application is then submitted to the ZDA Board for approval

Once application is approved, the ZDA Board issues Applicant with an MFEZ Licence

ACCOMPANYING DOCUMENTS FOR MFEZ OPERATOR LICENCE

- Certified copy of company registration/incorporation
- Certified copy of certificate of share capital
- Certified copy of the list of shareholders and/or directors
- Business plan and/ or feasibility study
- Verifiable evidence of project finance
- Brief resumés/CVs for shareholders and /or directors
- Letter from MFEZ Developer welcoming the project to be located in the MFEZ/industrial cluster or rural area
- Clear statement on how the project, if approved, will contribute to the country's economic growth and development.

APPENDIX IV: USEFUL CONTACTS

Zambia Environmental Management Agency

P.O. Box 35131, Lusaka
Tel: +260 211 2541301/
Fax: +260 211254164
Email: zema@zema.org.zm
Website: www.zema.org.zm

Lusaka Stock Exchange

P.O. Box 34523 Lusaka
Tel: +260 211 228537/ 228391
Fax: +260 211225969
E-mail: luse@zamnet.zm

Immigration Department Kent Building

P.O. Box 50300, Lusaka
Tel: +260 211252650
Fax: +260211254393/252008

Ministry of Commerce, Trade and Industry

P.O. Box 31968, Lusaka
Phone: +260 211 2283019
Fax: +260 211 226984
Email: mcti@gov.co.zm
Website: www.mcti.gov.co.zm

Patents and Companies Registration Agency

P.O. Box 32020, Lusaka
Tel: +260 211255127255127/
Fax: +260 211 255426
Email: pro@pacra.org.zm
Website: www.pacra.org.zm

Zambia Development Agency

P O Box 30819 Lusaka
Tel: +260 211220177223859/
Fax: +260 211 225270
E-mail: info@zda.org.zm
Website: www.zda.org.zm

Zambia National Tourist Board

P.O. Box 30017 Lusaka
Tel: +260 211 222714
Fax: +260 211 225174
E-mail: zntb@zamnet.zm
Website: www.zambiatourism.com

Zambia Revenue Authority

P.O. Box 35710, Lusaka
Tel: +260 211 223754/ 2292148-
Email: advice@zra.org.zm
Website: www.zra.org.zm

National Pension Scheme Authority Levy Business Park

Cnr. of Church and Kabelenga Roads
P O Box 51275, Lusaka
Tel: +260 211 2280468
Fax: +260 211 221195
Email: infor@napsa.co.zm
Website: www.napsa.co.zm

QR CODE FOR PROJECTS UNDER CONSTRUCTION

