



ZAMBIA
DEVELOPMENT
AGENCY

Investment for Prosperity



ICT SECTOR PROFILE

2024

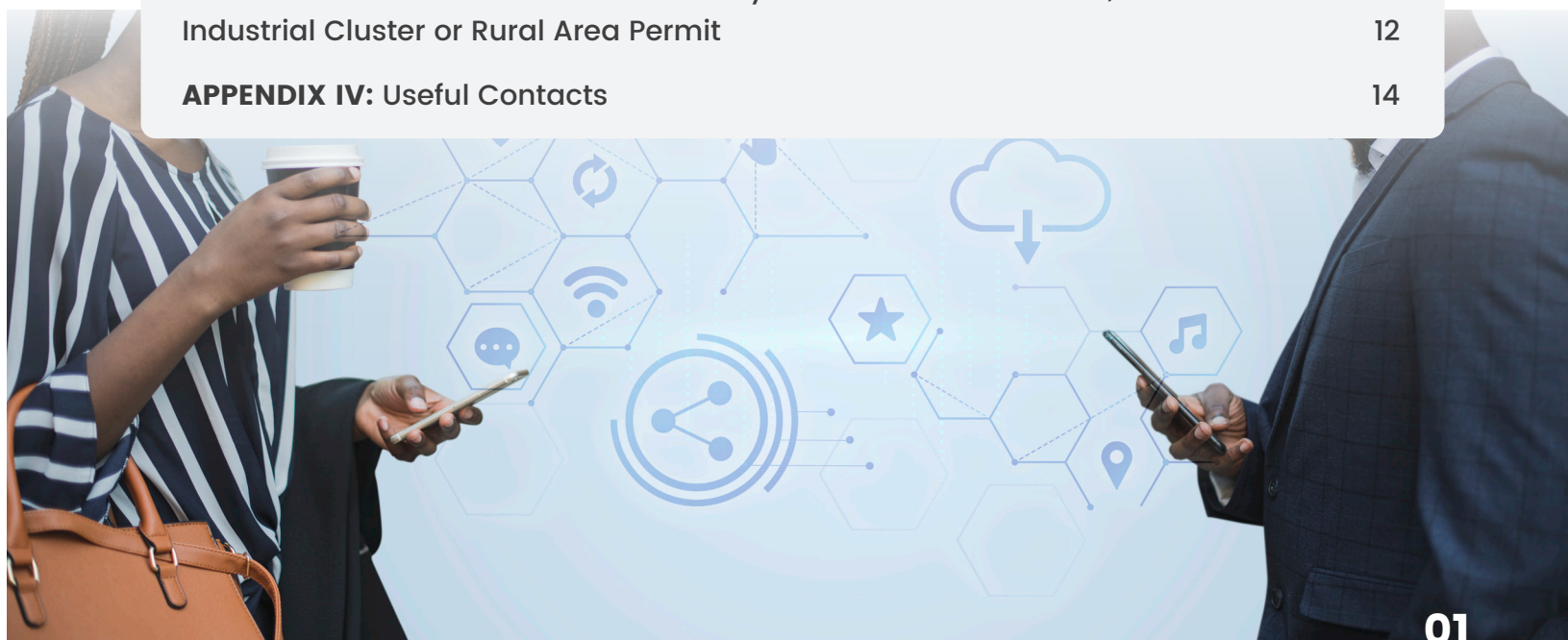


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Table Of Contents



1. Zambia Fact Sheet	2
2. Sector Overview	3
3. Sector Opportunities	4
3.4 Zambia's Regional Comparative Advantages	6
4. Profiled Projects	7
5. Investment Incentives	8
5.1 Eligibility Criteria for Incentives	8
5.2 Fiscal (Tax) Investment Incentives	8
5.4 Non-Fiscal (Tax) Investment Incentives	9
6. Licenses and Permits	10
APPENDIX I: Steps to Business Establishment	10
1.0 Primary Registration and Licenses	10
2.0 Utilities and Secondary Licenses	10
APPENDIX II: Application Process at Zambia Development Agency	11
APPENDIX III: Procedure for Multi-Facility Economic Zone Licence, Industrial Cluster or Rural Area Permit	12
APPENDIX IV: Useful Contacts	14



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

According to the Statutory Instrument No. 47 of 2023, the Information and Communication Technology (ICT) sector has been identified as a priority sector. Based on the Act, ICT projects will be prioritised when they relate to the construction of information and technology infrastructure or construction of facilities specifically designed for software development.

Further, the eighth National Development Plan (8NDP) prioritizes the expansion and modernisation of public ICT infrastructure, automation of Government services in public bodies, promotion of ICT education and utilisation in the public service and among the citizens.

Owing to its liberalization, the ICT sector has experienced significant growth. The Zambia Information and Communication Technology Authority (ZICTA) ICT Gap Analysis Survey Report of 2022 states that competition has resulted in an increase in mobile geographical coverage, which stands at 69.9 percent. However, rural areas still face connectivity challenges which translate into investment opportunities.

The 2021 Economic Report records that the ICT Sector experienced high growth rates of 40.1 percent in 2018 and 19.7 percent in 2021 while the national average was 4 percent and 3.6 percent respectively. This made ICT the best performing sector during the period under review and the highest contributor to growth. Most of this growth in the ICT Sector is accounted for by the expansion of digital financial services which has recorded exponential growth. By 2023, the sector contributed 2.7 percent to the country's Gross Domestic Product (GDP).

In addition, the Government has set out to construct 169 communication towers in order to enhance universal access to internet and mobile connectivity. This will enhance efficiency in sectors like finance, agriculture, and healthcare, driving productivity and innovation. On the other hand, the sector generates revenue through telecommunication services, software development, and e-commerce activities, all of which are potential investment opportunities.

3. SECTOR OPPORTUNITIES

This sector presents several investment opportunities such as the construction of 169 communication towers and the Government Wide

Area Network (GWAN) as outlined in the National Electronic Government Plan 2023 –2026.

3.1 INFRASTRUCTURE GAPS

The National Electronic Government Plan of 2023 – 2026 has prioritized the expansion of the GWAN in order to connect more sites, covering mostly District administrative centers, local authorities and border control points. However, as at

December 2022, only 263 (1.7 percent) out of the targeted 15,600 sites had been connected to the GWAN, leaving a huge infrastructure deficit required for the provision of digital services.

3.2 INVESTMENT OPPORTUNITIES TO BRIDGE MOBILE BROADBAND COVERAGE GAPS

The ICT Gap Analysis Survey Report of 2022 revealed that mobile broadband coverage remains low at 53 and 42 percent of the population under 4G and 3G coverage,

respectively. Presenting investment opportunities in connectivity components which can support mobile broadband services such as routers and wireless modems to fill in this gap.

3.3 RURAL ICT DEVELOPMENT

Further, the 2018 ICT Survey conducted by the Zambia Information and Communication Technology Authority (ZICTA) revealed that only a paltry 6.8 percent of the rural population had adequate skills to use a computer presenting the existence of investment opportunities in skills development.

The 2022 to 2026 ICT Policy Implementation Plan presents a comprehensive roadmap for investing in various facets of ICT to propel economic growth, enhance connectivity, and foster innovation. Amongst the plethora of investment opportunities outlined, several stand out as crucial drivers of progress and development, these include;

- i. increasing international connectivity through fiber optic links in order to expand fiber optic networks to facilitate seamless global data transmission;
- ii. connecting Districts to fiber optics to ensure equitable access to high-speed internet, promoting digital inclusion and unlocking opportunities for education, healthcare, and economic development in underserved areas;

- iii. upgrading and modernizing of ICT infrastructure to ensure robust and reliable digital services, essential for supporting emerging technologies and meeting growing demands;
- iv. establishing a Resilient National Internet Exchange Point (NIXP) to enhance internet reliability, security, and efficiency by facilitating local internet traffic exchange, reducing dependence on international connections, and mitigating risks associated with external disruptions;
- v. establishing Regional Data Centers to provide scalable and secure storage solutions, enabling efficient data management, promoting cloud adoption, and fostering innovation in areas such as big data analytics and artificial intelligence;
- vi. installing Smart City Infrastructure, including Internet of Things (IoT) sensors, communication networks, and data analytics platforms, to enhance urban efficiency, sustainability, and livability through intelligent resource management and citizen engagement;

- vii. provision of Free Internet Services in Select Public Places to foster digital inclusion, support education and entrepreneurship, and enhance public service delivery through online platforms;
- viii. provision of Wi-Fi Hotspots in Rural Communities so as to bridge the digital divide, enabling access to online resources, agricultural information, and e-commerce opportunities, thereby stimulating rural development and empowerment;
- ix. providing Assistive ICT Equipment for Persons with Disabilities in order to promote accessibility and inclusivity, empowering individuals with disabilities to participate fully in society, education, and employment;
- x. establishing a Test Lab for ICT Products and Services Type Approval to ensure compliance with quality and safety standards, fostering consumer confidence, promoting innovation, and facilitating market access for ICT products and services;
- xi. establishing E-Waste Management Facilities to address the challenges of electronic waste through proper recycling and disposal facilities and promote environmental sustainability, conserve resources, and to mitigate health hazards associated with improper e-waste handling;
- xii. establishing a Refurbishment and Assembly Plant to renew and assemble ICT hardware and enhance the affordability and accessibility of ICT devices;
- xiii. establishing ICT Polytechnics and Labs in Learning Institutions to enhance digital skills development, foster innovation, and prepare the workforce for the demands of the digital economy;
- xiv. establishing Digital Transformation Centers in Rural Areas to provide training, mentorship, and support for rural communities to leverage ICT for economic diversification, entrepreneurship, and community development;
- xv. establishing ICT Research Laboratories in order to drive innovation and knowledge creation in ICT, fostering breakthroughs in areas such as cybersecurity, telecommunications, and emerging technologies;
- xvi. establishing ICT Innovation and Entrepreneurship Hubs to provide ecosystems for collaboration, mentorship, and funding, nurturing startups and SMEs in the ICT sector and catalyzing economic growth and job creation; and
- xvii. establishing a One-Stop Shop for Consumer Protection Issues to ensure fair and transparent practices in the ICT sector, resolve disputes, and safeguard consumer rights, thereby promoting trust and confidence in the digital marketplace.

By seizing the outlined investment opportunities: government; businesses; and stakeholders can drive sustainable development; foster innovation; and harness the transformative power of Information and Communication Technology to create a more inclusive and prosperous society.





3.4 ZAMBIA'S REGIONAL COMPARATIVE ADVANTAGES

Zambia can leverage on its unique strengths including its central location in Southern Africa which presents it easy access to 8 + 1 neighboring countries, its abundance of natural resources, and youth labour force accounting for 54.1 percent of the total labour force in order to optimize productivity, enhance economic growth, and improve its Standard of Living. The country's comparative advantages are listed below:

- i. Peace and stability
- ii. Regional connectivity and market
- iii. Skilled, young, and affordable manpower
- iv. Stable and predictable policies to support and secure investments
- v. Abundant resources for construction, lowering the average variable costs
- vi. Increasing demand for ICT services – guaranteed market
- vii. Has progressive banking, legal, and insurance services of international standards.
- viii. Population known for its friendliness
- ix. Attractive fiscal incentives

In conclusion, Zambia's comparative advantages in terms of economic stability, government initiatives, demographic dividend, regional connectivity, natural resource endowment, and early-mover opportunities make it an ideal destination for investment in the ICT sector. With the continued government support in form of policy reforms and investment incentives, and ICT infrastructure development, the country has the potential to emerge as a leading player in the regional ICT landscape, driving economic growth, innovation, and social development.

4. PROFILED PROJECTS

For existing profiled projects in the sector, please scan the QR code.



5. INVESTMENT INCENTIVES

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

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

5.1 ELIGIBILITY CRITERIA FOR INCENTIVES

The eligibility criteria for investment incentives for investors in a priority sector or rural area are indicated in table 2.

Table 2: Incentive Eligibility Criteria

Investor Type	Shareholding Structure	Investment Threshold
Local Investor	100 percent shareholding	USD 50,000
Citizen owned Company	50.2 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: Zambia Development Agency

5.2 FISCAL (TAX) INVESTMENT INCENTIVES

The Act No. 18 of 2022 offers the following incentives for companies investing in any of the priority sectors;

i. Zero percent import duty rate on capital equipment and machinery for five years;

ii. Accelerated depreciation on capital equipment and machinery.

5.3 SECTOR SPECIFIC FISCAL (TAX) INVESTMENT INCENTIVES

The following incentives are specific to the Information and Communication Technology sector;

- i. Abolishment of the two-tier taxation system in the telecommunication sector and tax all income at the rate of 35 percent;
- ii. Suspension of Customs Duty to 0 percent and 5 percent for a period of 3 years on selected ICT and telecommunications equipment; and
- iii. Suspension of customs duties on importation of electronic communications fiber and devices where this is taken out of bond by a holder of a network license issued under the Information and Communications Technology Act.

5.4 NON-FISCAL (TAX) INVESTMENT INCENTIVES

Foreign and local investors who invest in any sector or product under the Act are entitled to non-fiscal incentives as follows;

- i. Investment guarantees and protection against state nationalization;
- ii. Free facilitation for 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.



6. 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; and
- ii. Zambia Revenue Authority (ZRA) which assigns Tax Payers Identification Number (TPIN) Certificates.

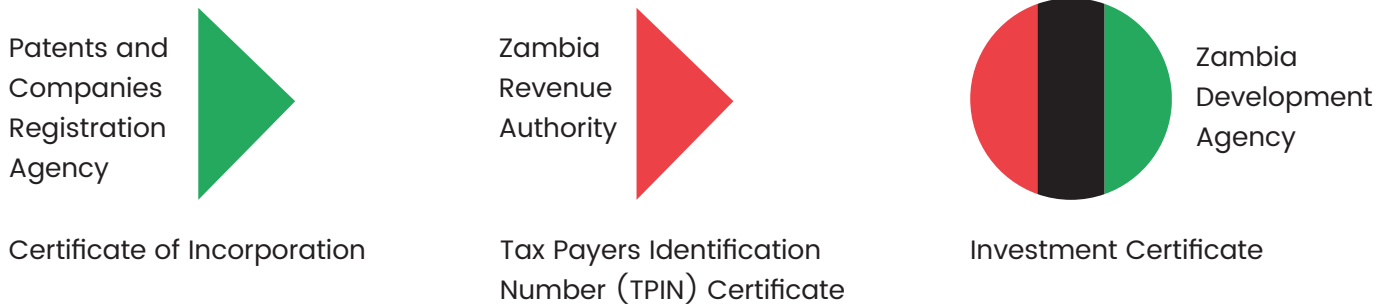
from the Zambia Information and Communications Technology Authority (ZICTA).

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.

For an investor to operate in the ICT Sector, they will be required to obtain licenses and permits

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

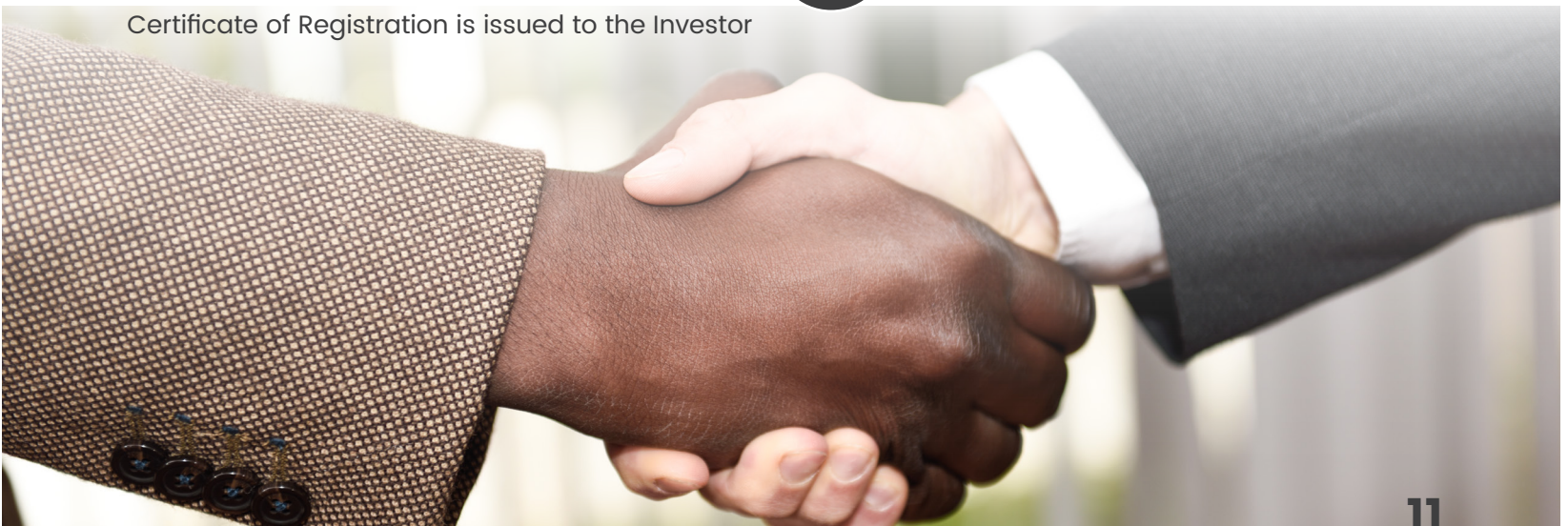
Signing of the Certificate by the Director General

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 MULTI FACILITY ECONOMIC ZONE 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
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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
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Tel: +260 211 2280468
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Email: infor@napsa.co.zm
Website: www.napsa.co.zm

Zambia Association of Chambers of Commerce & Industry

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