



ZAMBIA
DEVELOPMENT
AGENCY

Investment for Prosperity



MANUFACTURING SECTOR PROFILE

2024



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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 Manufacturing Sector has been identified as one of the key drivers for economic transformation and job creation according to the Eighth National Development Plan (8NDP). The creation of a diversified economy and promotion of economic growth can be attained through local value addition by developing full value chains in Zambia.

The sector contributed 8.3 percent to the country's Gross Domestic Product (GDP) in 2023 against a GDP contribution target of 36.1 percent by 2030 as

envisioned in the Vision 2030. The development and growth of the manufacturing sector is guided by the National Industrial Policy whose implementation is expected to stimulate and encourage value-addition on primary commodities as a means of increasing national export earnings and creating employment opportunities. This will ultimately transform the domestic economy into a diversified and competitive industrialised economy which is well integrated into the international trading system.

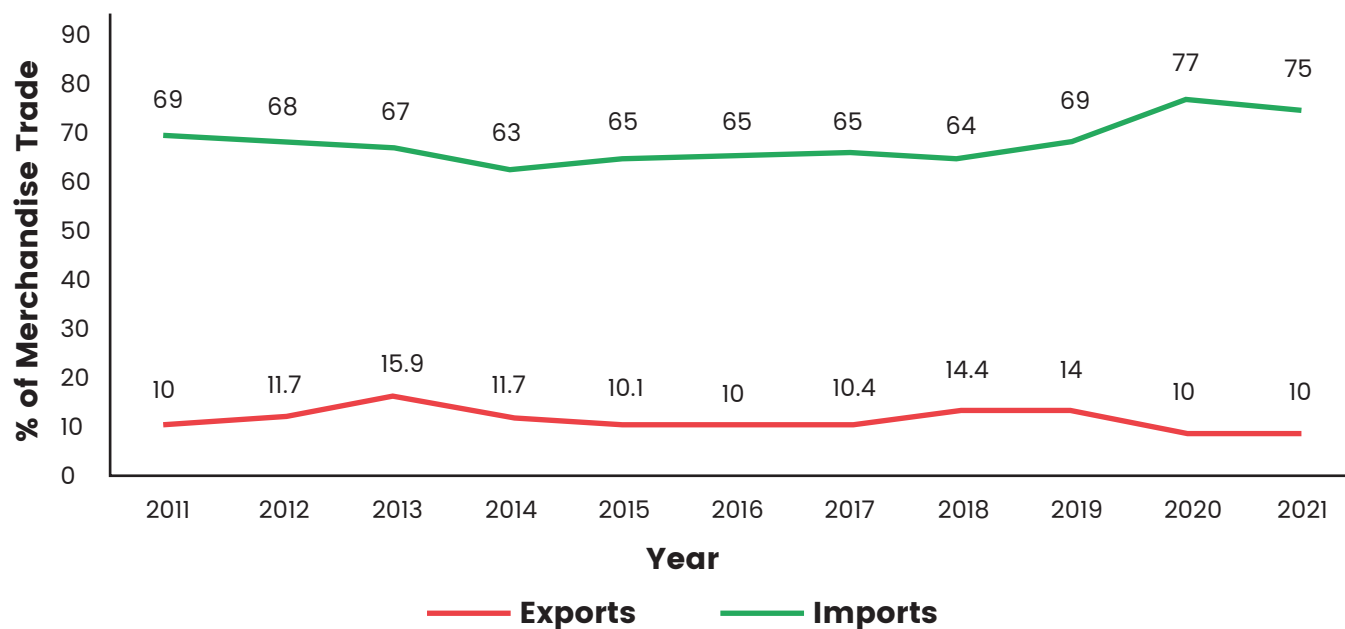
The Policy focuses on eight (8) Manufacturing sub-sectors as priority drivers of Industrialisation. The priority sub-sectors are as follows:

- 1) **Processed Foods**
- 2) **Textiles and Garments**
- 3) **Engineering Products**
- 4) **Wood and Wood products**
- 5) **Leather and Leather Products**
- 6) **Mineral (metallic and non-metallic) processing and products (beneficiation)**
- 7) **Pharmaceuticals; and**
- 8) **Blue Economy**

In addition to the eight priority sub-sectors, Construction, Agriculture, Tourism, Education, Energy, ICT and Health, will be the key supportive sectors in the Industrialisation process due to their potential to facilitate growth and strong linkages to the manufacturing sector.

Zambia's exports of value-added products on

average account for 10 percent of the country's total trade as depicted in Figure 1 over the period 2011 to 2021. On the other hand, imports of finished goods on average account for 67 percent of total trade signifying that the country is a net importer of finished products. This presents abundant opportunities in value addition.



3. SECTOR OPPORTUNITIES

Investment prospects in Zambia's manufacturing sector are promising, given its strategic position in Southern Africa, abundant natural resources, the development of Special Economic Zones and

Government efforts to stimulate industrialization and economic diversification. Potential investment opportunities in Zambia's manufacturing sector include:

- i. Agro-Processing:** Zambia boasts rich agricultural resources like maize, sugar, soybeans, and cotton. Investing in agro-processing industries such as food processing, beverage production, and animal feed manufacturing can be lucrative. The sector has an annual economic growth rate of 2.8 percent with 42 million hectares of arable land. Opportunities include establishing processing plants for maize milling, edible oils, fruit juices, and dairy products in the farm blocks. One farm block has been established in each of the ten provinces in Zambia with 100,000 hectares of land.
- ii. Mining and Metals Processing:** As one of Africa's leading copper producers producing 800,000 metric tons per annum, Zambia offers opportunities for downstream processing of copper and other minerals including critical minerals. Investing in metal fabrication, smelting, and refining industries can add value to the country's raw materials.

- iii. Textile and Apparel Manufacturing:** With ample cotton resources and a growing workforce, there are investment opportunities in textile manufacturing and garment production. Zambia's preferential market access to the United States under the African Growth and Opportunity Act (AGOA) can facilitate exports to the U.S. market.
- iv. Construction Materials:** The construction sector in Zambia is experiencing substantial growth due to infrastructure development and urbanization. Investing in manufacturing construction materials such as cement, bricks, roofing materials, and glass can be profitable.
- v. Renewable Energy Technologies:** Zambia has significant renewable energy potential, including solar, hydro, and wind resources. Investing in manufacturing solar panels, batteries, and other renewable energy technologies can support the country's energy transition efforts and cater to domestic and regional markets.

vi. Packaging Industry: With the expansion of various manufacturing sectors, there's growing demand for packaging materials. Investment opportunities exist in producing packaging materials like plastics, paper, and glass containers.

vii. Pharmaceuticals: Zambia's healthcare sector is growing, creating opportunities for investment in pharmaceutical manufacturing. Local production of essential medicines and

healthcare products can reduce reliance on imports and improve healthcare access.

viii. ICT Manufacturing: Zambia's ICT sector is on the rise, offering investment opportunities in manufacturing electronic devices such as smartphones, tablets, and computers. Establishing assembly plants or component manufacturing for ICT products can leverage the country's skilled labor force.

3.1 ZAMBIA'S REGIONAL COMPARATIVE ADVANTAGE

Zambia's manufacturing sector boasts several comparative advantages, factors that enable it to produce goods and services more efficiently and at a lower opportunity cost compared to other countries:

- i. abundant natural resources which serve as valuable inputs in manufacturing processes, providing cost advantages to industries utilizing them;
- ii. central location in Southern Africa conveniently reducing transportation costs for both raw materials and finished products;

- iv. abundant natural resources necessary for providing raw materials and value-added manufacturing;
- v. urbanization and the rise of the middle class increasing demand for manufactured goods domestically; and
- vi. policies and incentives such as tax breaks, investment incentives, and infrastructure improvements to support manufacturing sector growth.

- iii. preferential trade agreements, lower tariffs and trade barriers for Zambian exports;



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 investing in a priority sector or rural area are as indicated in Table 2.

Table 2: Incentive Eligibility Criteria

Investor Type	Shareholding Structure	Investment Threshold
Local Investor	100 percent Zambian 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: Zambia Development Agency

5.2 FISCAL (TAX) INVESTMENT INCENTIVES

The ITBD 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 INCENTIVES IN MULTI FACILITY ECONOMIC ZONES

Investment incentives for enterprises in the manufacturing sector and which are export-oriented are eligible for additional tax incentives if located in an MFEZ or Industrial Park.

The incentives are:

- i. Zero percent tax for a period of 10 years from the first year of commencement of works in a Multi Facility Economic Zone or Industrial Park
- ii. 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
- iii. 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
- iv. For years 11 to 13 only 50 percent of profits to be taxed and;
- v. For years 14 and 15, only 75 percent of profits to be taxed.
- vi. Extension of the validity period for the Customs Duty incentives accessible by the developer of the Multi-Facility Economic Zone up to 15 years upon fulfilment of the conditions as may be prescribed.
- vii. Income Tax concessions on income generated from local sales of corn starch by agro-processing businesses operating in a Multi-Facility Economic Zone, Industrial Park or rural area as follows:
 - ◇ Zero percent Corporate Income Tax charged on profits arising from local sales of corn starch for the 2023-2033 charge years;
 - ◇ Fifty percent Corporate Income Tax charged on profits arising from local sales of corn starch for 2034-2036 charge years;
 - ◇ Twenty five percent Corporate Income Tax charged on profits arising from local sales of corn starch for the 2037-2038 .charge years; and
 - ◇ Waive Withholding Tax on dividends declared on profits made from local sales of corn starch for the 2023-2033 charge years

5.4 NON-FISCAL 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.

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.

As regards to sector specific licenses and permits, these differ depending on the sub-sector an investor wishes to invest in.

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

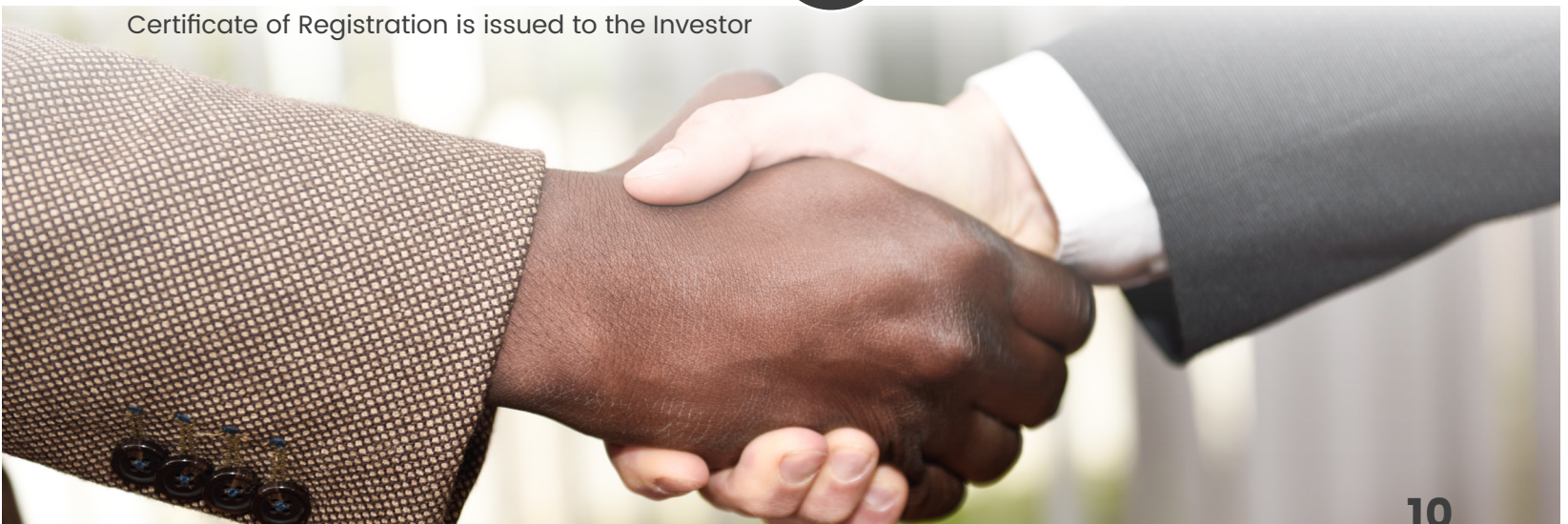
Signing of the Certificate by the Director General

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

Immigration Department Kent Building

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

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 Association of Manufacturers

P.O. Box 31992, Lusaka
Tel: +260 211 229364
Fax: +260 211 229371
E-mail: info@zam.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

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

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

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