potential made possible

NANSANGA FARM BLOCK
INVESTMENT PROFILE

ZAMBIA

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ZAMBIA

2020

ABOUT THE PROJECT

This guide has been produced under the framework of the Partnership for Investment and Growth in Africa (PIGA) project with the purpose of facilitating foreign investors on complying with taxes in Zambia.

PIGA is part of Manufacturing Africa, a flagship programme of the United Kingdom of Great Britain and Northern Ireland's Foreign, Commonwealth and Development Office (FCDO) facilitating foreign direct investment with high development impact into selected African countries.

Under Manufacturing Africa, PIGA aims to contribute to job creation and sustainable growth in Ethiopia, Kenya, Mozambique and Zambia by supporting these countries to attract foreign direct investment, specifically Chinese investment, in the agro-processing and light manufacturing sectors. PIGA is also designed to enhance the capacity of these countries for effective investment promotion.

PIGA is implemented by the International Trade Centre (ITC) in cooperation with the China Council for the Promotion of International Trade (CCPIT) and the China–Africa Development Fund (CADFund).

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Table of Contents

ABOUT THE PROJECT II
ACKNOWLEDGEMENTS II
ABBREVIATIONS & ACRONYMS VI
FOREWORD VII
PROFILE SUMMARY VIII

ZAMBIA OVERVIEW 1

WHY INVEST IN ZAMBIA? 2
PEACE AND STABILITY 2
GROWING POPULATION 3
LABOUR AVAILABILITY 4
STRATEGIC GEOLOCATION 5
ECONOMIC GROWTH 6
Key economic sectors 6
Macroeconomic stability 7
Increasing international trade 7
ESTABLISHED BANKING SECTOR 8
SUSTAINED FDI INFLOWS 8
Past fdi in agriculture 9

DEVELOPMENT AGENDA AND AGRICULTURE 10
AGRICULTURE 10
SECTOR PERFORMANCE 10
PRODUCERS AND KEY VALUE CHAINS 11
AGRICULTURAL TRADE 11
SECTOR CHALLENGES 12
AGRICULTURAL OPPORTUNITIES 12

ZAMBIAN FARM BLOCKS 15
FARM BLOCK CONCEPT 15
PLANNED FARM BLOCKS 16

NANSANGA FARM BLOCK 17
LOCATION AND SIZE 17
FARM BLOCK DESIGN 18
LAND ALLOCATION AND CURRENT USE 18
BACKBONE INFRASTRUCTURE 18
Dams 18
Roads and bridges 19
Electricity and telecommunication 20

COMPARATIVE ADVANTAGES 20
Natural resources 20
Geolocation 20
High smallholder population 20

INVESTMENT OPPORTUNITIES IN NANSANGA 21
CORE VENTURE INVESTMENT OPPORTUNITY 21
LARGE-SCALE MIXED FARMING OPPORTUNITIES 21
SMALLHOLDER OUTGROWER SCHEME PROSPECTS 21
Outgrower regulatory environment 22
Successful outgrower schemes 22
INVESTMENT OPPORTUNITIES IN SOFTWOOD PLANTATIONS 23

BUSINESS ENVIRONMENT, IMMIGRATION AND TAXES 24
EASE OF DOING BUSINESS 24
INVESTOR-FRIENDLY LAWS 24
INVESTMENT INCENTIVES 25
Investment promotion incentives 25
Export promotion incentives 25
IMMIGRATION – VISAS AND PERMITS 26
TAXATION 26
Corporate income tax 26
Personal income tax 26
Withholding tax 28
Value-added tax (vat) 28
Property transfer tax 28
Other taxes 28
INVESTOR SUPPORT – ZDA ONE-STOP SHOPS 29

LEGAL REQUIREMENTS WHEN INVESTING IN ZAMBIA 30

HOW TO SET UP BASE AND INVEST IN ZAMBIA 32

ANNEXES 37
ANNEX I: LIST OF INVESTMENT PROMOTION AND FACILITATING ORGANIZATIONS 37
ANNEX II: LIST OF LEADING BANKS 38

List of Figures

FIGURE 1:	ZAMBIA'S POPULATION PROJECTIONS	3
FIGURE 2:	ZAMBIA'S NEIGHBOURING COUNTRIES AND POTENTIAL EXPORT MARKET	5
FIGURE 3:	INFLATION, INTEREST AND EXCHANGE RATE TRENDS (2009–18)	7
FIGURE 4:	FOREIGN DIRECT INVESTMENT INFLOWS INTO ZAMBIA (2008–18) (USD MILLION)	8
FIGURE 5:	AGRICULTURAL GROWTH RATES (2004–17)	11
FIGURE 6:	PLANNED FARM BLOCK LOCATIONS	16
FIGURE 7:	NANSANGA FARM BLOCK LOCATION	17
FIGURE 8:	ZAMBIA AND SOUTH AFRICA, EASE OF DOING BUSINESS COMPARISONS	24

List of Tables

TABLE 1:	POPULATION AND AGE CATEGORIZATION IN ZAMBIA	4
TABLE 2:	WORKING AGE AND LABOUR FORCE CATEGORIZATION IN ZAMBIA	5
TABLE 3:	AVERAGE MONTHLY EARNING (ZK) BY AREA AND EMPLOYMENT TYPE	5
TABLE 4:	ZAMBIA'S GDP (CURRENT PRICES), INFLATION AND EXCHANGE RATE	6
TABLE 5:	MAIN ECONOMIC SECTORS AND CONTRIBUTION TO GDP	7
TABLE 6:	LEADING NATIONALS ISSUED WITH RESIDENCE, INVESTOR, EMPLOYMENT AND STUDY PERMITS IN 2018	9
TABLE 7:	COMESA IMPORTS BY SECTOR (2014–18 IN USD MILLION	13
TABLE 8:	TYPE, SIZE AND NUMBER OF FARMS IN NANSANGA	18
TABLE 9:	DAMS CONSTRUCTED IN NANSANGA FARM BLOCK	19
TABLE 10:	VISAS AND PERMITS APPLICATION AND PROCESSING COSTS AND TIME	26
TABLE 11:	CORPORATE TAX CATEGORIES AND RATES	27
TABLE 12:	PAYE RATES	27
TABLE 13:	DOUBLE TAXATION TREATIES RATES	28

Abbreviations & Acronyms

Unless otherwise specified, all references to dollars ($) are to United States dollars, and all references to tons are to metric tons.

COMESA	Common Market for Eastern and Southern Africa
CSO	Central Statistics Office
FDI	Foreign direct investment
GDP	Gross domestic product
IDC	Industrial Development Corporation
NDP	National Development Plan
PACRA	Patents and Companies Registration Agency
PPP	Public–private partnership
SADC	Southern African Development Community
TPIN	Taxpayer personal identification number
VAT	Value-added tax
ZDA	Zambia Development Agency
ZEMA	Zambia Environment Management Agency
ZRA	Zambia Revenue Authority

FOREWORD

Zambia is endowed with vast natural resources, which, if fully exploited, can contribute immensely to the country's economic growth and development. The rapid increase in population, urbanization, and rising incomes have generated a huge domestic demand for processed agricultural products and agricultural raw materials for value addition. Even though Zambia is self-sufficient in some agricultural products, the country is a net importer of several other agricultural products. The huge domestic demand for processed foods, raw materials for value addition, and the substantial demand for agricultural products in the regional markets has presented investment opportunities in Zambia's agriculture sector.

In spite of this huge demand and investment opportunity, investments in agriculture have remained low, with the sector accounting for less than 10% of the total foreign direct investment (FDI) inflows. To help improve FDI inflows to agriculture, forestry and fisheries, Zambia has been promoting farm blocks as agriculture and agribusiness investment hubs. One of the 11 farm blocks that the country has developed, and that is ready for foreign investments, is the Nansanga farm block. It is located in Serenje District in the Central Province and covers an area of 100,000ha demarcated into 361 farm holdings.

The Zambia Development Agency, in conjunction with the Partnership for Investment and Growth in Africa (PIGA) project, is thus promoting investments into the Nansanga farm block. Therefore, the PIGA project, funded by the UKAID and implemented by the International Trade Centre (ITC), has profiled the Nansanga farm block. The profile is expected to aid potential investors in getting an in-depth appreciation of the challenges and investment opportunities that exist in the Nansanga farm block.

Investments in the farm block are expected to contribute to improving food security in Zambia, generating jobs (especially for the young people, who account for approximately 66% of Zambia's total population), and increasing export earnings.

Mr. Mukula Makasa

Acting Director General,
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PROFILE SUMMARY

The Republic of Zambia aspires to become a prosperous middle-income nation by 2030. In order to realize its Vision 2030, Zambia is promoting domestic and foreign investments in its agricultural production, productivity and value addition. Specifically, the government is promoting domestic and foreign investments in farm blocks, which are being promoted as investment hubs and catalysts for integrated agricultural and agribusiness development for increased food production, and enhanced productivity through use of modern agricultural technologies and practices, and for enhanced food supply. Nansanga is one of the 11 planned farm blocks already offering developed support infrastructure and is ready for greenfield agriculture and agribusiness investments.

Located approximately 60km north-west of Serenje town, Nansanga covers an area of 100,000ha that includes planned farms (up to 45,000ha) and some unplanned areas inhabited by locals. The farm block borders Luombwa farm block (50,000ha) in the south, and Kampumbu Resettlement Scheme (4,000ha) and Kasanka farm block (30,000ha) to the east. Nansanga is also located approximately 35km to the east of Munte farm block (35,000ha). Nansanga enjoys very close proximity (approximately 5km) to the Democratic Republic of the Congo border – the tip of the Democratic Republic of Congo pedicle boundary.

Nansanga has good arable land suitable for agriculture production. The farm block also enjoys stable climate with more than 1,000mm of rainfall annually due to the farm block being located in agro-ecological Region III of Zambia. It is also endowed with abundant surface water from its Luombwa, Musangashi, Lube and Munte perennial streams, all of them with their source in the Democratic Republic of the Congo. These streams, together with three recently developed inland dams, give Nansanga good irrigation potential owing to its abundant water. Good soils, dependable rainfall and abundant surface water make Nansanga farm block suitable for major rain-fed crops like soya bean, maize (grain and seed) and tobacco, and for irrigated crops like winter wheat.

Nansanga farm block also offers some backbone infrastructure, which includes a 151km feeder road network running through the farm block and connecting Nansanga to Serenje and Luombwa farm block, three earth dams for irrigation, and a 95km 33kv main electricity supply line from which new investors will access electricity, telecommunication infrastructure (towers) and a number of bridges across the main perennial streams running through the farm block. Investments in Nansanga also enjoy a number of investment incentives, among them special tax incentives. Ample natural resource endowments and support infrastructure make Nansanga one of the most attractive farm blocks for foreign direct investment (FDI) in Zambia today.

The most promising investment opportunities in Nansanga include:

1. A greenfield opportunity to invest in a large-scale corporate farming and agroprocessing operation as a core venture for Nansanga. A 9,350ha estate (Farm F10918) located on the eastern side of the farm block with huge potential for large-scale irrigated and dry-land cropping, farm forestry, other plantation agriculture, cattle and game ranching, poultry and other livestock production, and agroprocessing. This greenfield core venture farm investment will be in partnership with the Industrial Development Corporation (IDC) of Zambia.

2. Opportunities to purchase and develop farmland for large-scale mixed farming and agroprocessing operations within Nansanga farm block. Farm F10908 (approximately 5,000ha), for instance, is available and could be bought for such investments. It is also possible for foreign investors to buy other large-scale farmland in Luombwa (50,000ha), Kasanka (30,000ha) and Munte (35,000ha) farm blocks bordering Nansanga.

3. Opportunities to invest and develop smallholder outgrower schemes in crop commodities in which investors can have assured local and export offtake markets and/or commodities that are raw materials for their planned agroprocessing operations in edible oils and bioenergy, etc.

4. Farm forestry opportunities to establish softwood (pine and eucalyptus) plantations on purchased and leased farms. Managed softwood plantations are only able to supply approximately 450,000m^3 (56%) of Zambia's softwood demand, estimated at 800,000m^3 per annum. Zambia is also a net importer of treated eucalyptus poles.

Zambia: An Overview

The Republic of Zambia is a landlocked country located in Central and Southern Africa.

Its geographical neighbours are the United Republic of Tanzania to the north-east, the Democratic Republic of the Congo to the north, the Republic of Malawi to the east, the Republic of Mozambique to the south-east, the Republic of Botswana to the south, the Republic of Namibia to the south-west, the Republic of Zimbabwe to the south and the Republic of Angola to the west.

Zambia is a mature democracy and has enjoyed political and economic stability since independence. Zambia has three wings of government, each independent from the other. These are the executive, legislature and judiciary. The country has 10 provinces headed by appointed provincial ministers and 156 constituencies represented by elected Members of Parliament. The World Economic Forum, in its 2018 Global Competitiveness Report, ranked Zambia number 118 out of 140 countries as most competitive nation in the world. The World Bank 2019 edition of the Doing Business Report ranked Zambia number 8 in Africa in terms of the ease of doing business. Zambia has strong growth prospects supported by an emerging urban middle-class population with an increasing appetite for high-value goods and services.

The country's development blueprint, Vision 2030, launched in 2006, aims to transform Zambia into a prosperous middle-income country by 2030 that provides opportunities for improving the well-being of all. Vision 2030 is operationalized through five-year development plans and annual budgets. The current development plan, the 7th National Development Plan (2017–2021), launched in 2017, focuses on four priority sectors: agriculture, mining, manufacturing and tourism.

Key facts	
Capital city:	Lusaka
Population:	16.4 million
Working age population:	9.1 million
Total labour force:	3.4 million
Youth population:	8.02 million
Youth employed:	1.6 million
GDP:	$25.8 billion
Exports (2017):	$9.7 billion
Imports (2017):	$8.5 billion
FDI (2017):	$865 million
Govt. expenditure:	$7.7 billion
Govt. revenue:	$6.9 billion

Sources: Central Statistics Office (CSO), 2018; World Bank, 2018.

Why invest in Zambia?

Abundant and underused land and water resources make Zambia one of the most preferred agricultural and agribusiness investment destinations in Southern Africa. Upcoming farm blocks like Luswishi and its surrounding resettlement schemes are among the best investment hubs for greenfield investments. Zambia is also renowned for its peace and stability, and for its fast-growing and youthful population. Its unique and strategic geolocation gives it the best proximity and makes it a gateway to the Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) markets. The country is also endowed with ample raw materials for agroprocessing. Zambia has also fostered a stable and growing economy, a feat making it better suited for inclusive agriculture and agroprocessing investments. A conducive investment and business environment, together with its investor-friendly legal and regulatory frameworks, attractive investment incentives and good labour availability, are other positive fundamentals that Zambia offers foreign investments in agriculture and agribusiness. Zambia has also continued to improve its ease of doing business and its anti-corruption crusade has yielded a reasonable Corruption Perception Index (CPI) score. As Africa's continental free trade area gains momentum, Zambia naturally fits in as the best trade nexus for Eastern and Southern Africa and a frontier for investments to turn around African agriculture and agribusiness.

According to the 2014 Global Peace Index (GPI), Zambia is the 3rd most peaceful country in Sub-Saharan Africa (SSA). The Republic of Mauritius is the most peaceful country in SSA, followed by the Republic of Botswana. For more than 50 years, Zambia has maintained and enjoyed political stability with sound governance based on the rule of law and respect for private property rights. Since 1991, Zambia has upheld a presidential democracy and holds multiparty elections every five years. During this same period, Zambia has, three times, peacefully and seamlessly changed political parties and presidents. Home to more than 73 ethnic groupings, Zambia has exhibited exceptional unity in diversity. Zambia is also the home of choice for many refugees and many other foreign nationals who have easily integrated into society and contribute to the country's industrialization and thriving private sector.

PEACE AND STABILITY

Table 1: Population and age categorization in Zambia

Total population	**16 445 079 (July 2018 est.)**			
Age group	**% of total**	**Males (#)**	**Females (#)**	**Total**
0–14 years	45.95%	3 796 548	3 759 624	7 556 172
15–24 years	20%	1 643 364	1 645 713	3 289 077
25–54 years	28.79%	2 384 765	2 349 877	4 734 642
55–64 years	2.95%	225 586	260 252	485 838
65 years and older	2.31%	166 224	213 126	379 350
Total	100%	8 216 487	8 228 592	16 445 079

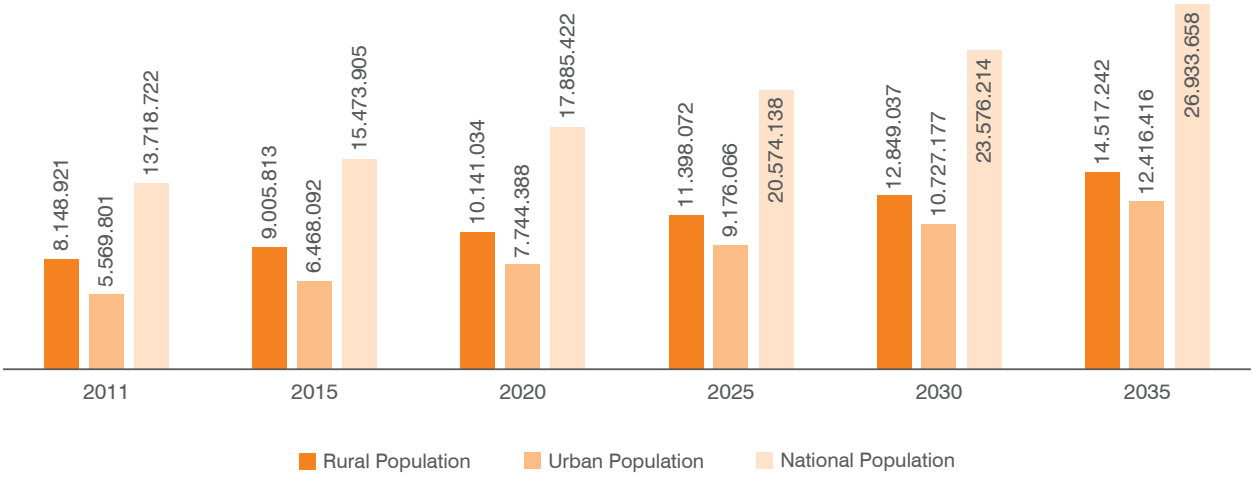
Source: Central Intelligence Agency, 2019.

GROWING POPULATION

Zambia has a fast-growing population, increasing at 3% p.a. (Central Statistics Office, 2018). This will result in the national population almost doubling by 2035, from 13.7 million in 2011 to 17.9 million by 2020 and to 26.9 million by 2035. This, with the projected positive economic outturn, gives Zambia positive prospects of a growing domestic market. The Zambian population is also very youthful, with the majority (66%) of it being young people younger than 25 years.

The fast-growing population is also fuelling rapid urbanization, which is currently estimated at 4% annually (Central Statistics Office, 2018). Rapid urbanization is expected to fuel Zambia's domestic demand for food, other agricultural commodities, and textile and clothing products. Zambia's urban population is expected to grow from 5.6 million in 2011 to 7.8 million in 2020 and 12.4 million by 2035. Though at a relatively stable average growth rate of 2.4% per annum, rural population growth is also expected to push up market demand and availability of labour in most rural areas of Zambia. The rural population is expected to grow from 8.2 million in 2011 to 10.1 million in 2020 and 14.5 million by 2035. This will also spawn investment opportunities in Zambian agricultural and manufacturing sectors.

Figure 1: Zambia's population projections



Source: Central Statistical Office, 2018.

LABOUR AVAILABILITY

The fast-growing population has also resulted in high availability of labour locally, with the working age (15–54 years) accounting for 49% of the population. This has resulted in high unemployment. National unemployment was estimated at 13%, with the Copperbelt, Muchinga, Northern, North-Western, Western and Luapula Provinces having unemployment rates of 14%–24%. According to 2017 CSO estimates, only 3,398,294 persons (37% of total working age of 9,056,840) made up the total labour force, leaving 63% (5,658,546 persons) out of the current labour force. Unemployment is highest among youths (17% nationally, 19% in urban and 16% in rural areas). Youth unemployment is also higher among females (18.5%) against 16.5% among males. This makes most youths available for primary agriculture and agribusiness, especially in district hosting farm blocks open to foreign investments.

Zambia also enjoys competitively priced labour. Average earning (ZMW) per month by gender in rural and urban areas and type of employment are tabulated in Table 3. Most of the formal employment in rural areas, however, represent government employees who also receive rural hardship allowances, thus the skewed average earnings for rural/urban areas.

Table 2: Working age and labour force categorization in Zambia

Narrative/description	Number/percent
Total population (2018 estimate)	**16 405 229**
Total working age	9 056 840
Total working age out of labour force	5 658 546
Total labour force	3 398 294
% Women labour force employed	39.5
% Men labour force employed	60.5
% Urban labour force employed	**59.9**
% Rural labour force employed	40.1
% Employed In informal sector	63.1
% Employed in formal sector	36.9
% Employed in agriculture	25.9
% Employed in non-agriculture	74.1
Youth labour force	1 558 389
% Youth employed rural	40.5
% Youth employed urban	59.5

Source: Central Statistical Office, 2018.

Table 3: Average monthly earning (ZK) by area and employment type

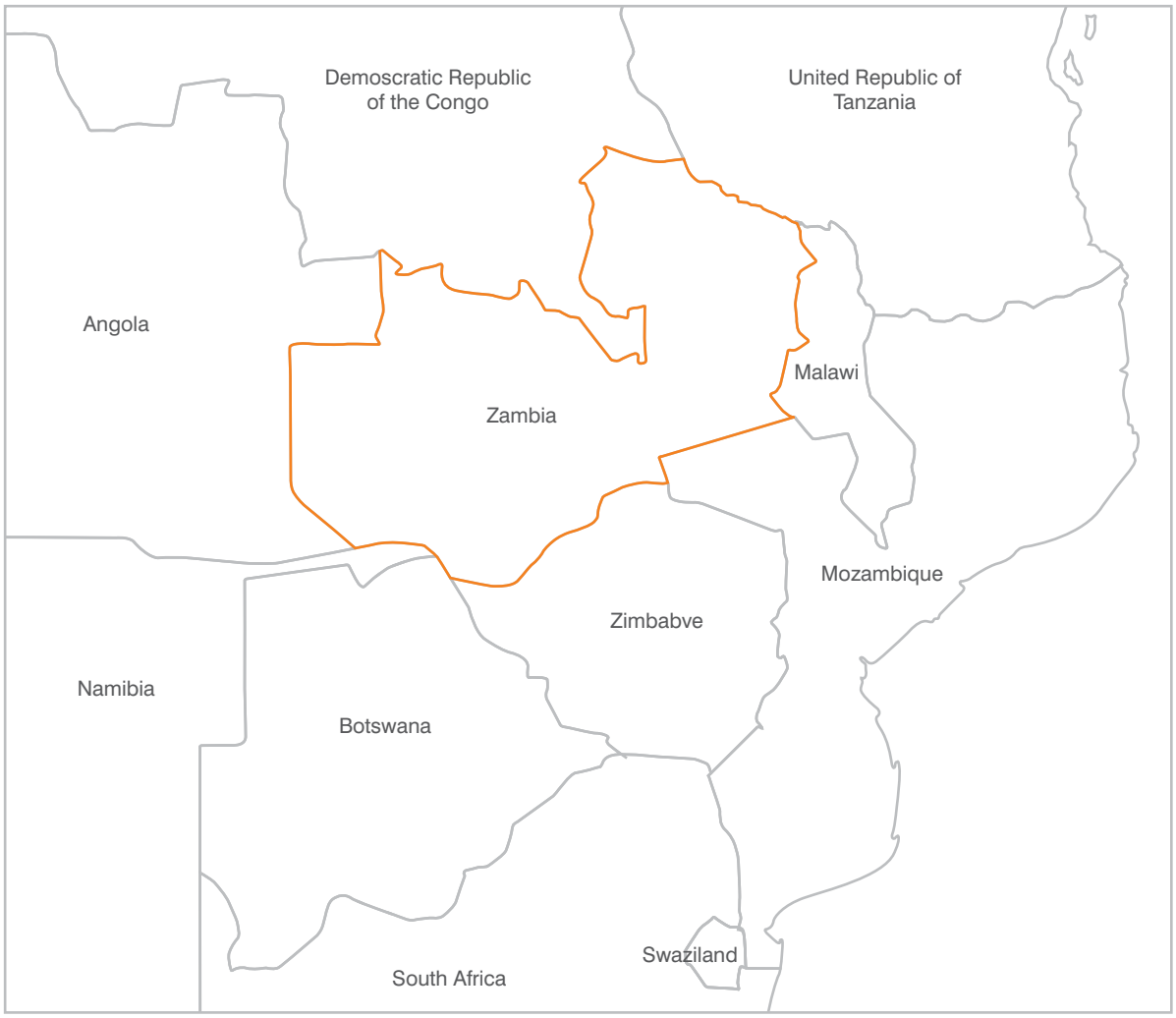
Type of employment	Total			Rural			Urban		
	Both genders	Male	Female	Both genders	Male	Female	Both genders	Male	Female
Total	3 330	3 301	3 401	3 425	3 299	3 772	3 297	3 301	3 286
Formal employment	4 261	4 098	4 706	4 758	4 450	5 635	4 102	3 984	4 419
Informal employment	2 254	2 313	2 126	2 087	2 126	1 979	2 392	2 392	2 173

Source: Central Statistical Office, 2018.

STRATEGIC GEOLOCATION

Its unique geolocation makes Zambia a strategic nexus and gateway to COMESA (a 544 million people and $769 billion (2017 GDP) market) and to SADC (a 337.1 million people and $706.2 billion (GDP) market). Located between 8 and 18 degrees south latitudes, and 22 and 34 degrees east longitudes, Zambia is encased by eight neighbouring countries: the Democratic Republic of the Congo to the north, the United Republic of Tanzania to the north-east, the Republic of Malawi to the east, the Republic of Mozambique to the south-east, Botswana and the Republic of Zimbabwe to the south, the Republic of Namibia to the south-west and the Republic of Angola to the west. Zambia's centrality, together with its agricultural potential, makes the country better placed to become the chief agricultural exporter to most of its neighbours.

Figure 2: Zambia's neighbouring countries and potential export market



Source: Indaba Agricultural Policy Research Institute (IAPRI), 2018.

ECONOMIC GROWTH

Zambia has continued posting positive economic growth since 1990. From 2005–14, Zambia was among the world's fastest-growing economies, with real gross domestic product (GDP) growth averaging 7% p.a. The economy has continued growing, though at a decre9sing rate since 2014. In 2017, Zambia's GDP was $25.8 billion, representing 0.04% of global GDP, 3.7% of combined SADC GDP and 3.4% of the combined COMESA GDP.

KEY ECONOMIC SECTORS

Primary economic sectors include mining and agriculture (accounting for 20% of GDP), while construction and manufacturing are the secondary economic sectors (contributing more than 20% of GDP), and trading, financial services and education are the key tertiary sectors (contributing more than 50% to GDP). Table 5 shows the value added to Zambia's GDP by each of the major sectors from 2014–16.

Table 4: Zambia's GDP (current prices), inflation and exchange rate

Period	1990–94	1995–99	2000–04	2005–09	2010–14	2015–18
GDP (USD billions)	3.36	3.73	4.60	13.68	24.89	23.67
GDP growth rate (% change)	-0.82	3.44	5.54	8.10	6.64	3.47
Inflation rate	121.66	30.73	21.81	12.77	7.26	10.51
Exchange rate (ZMW per USD)	0.28	1.53	4.13	4.17	5.27	9.73

Source: World Bank.

Table 5: Main economic sectors and contribution to GDP

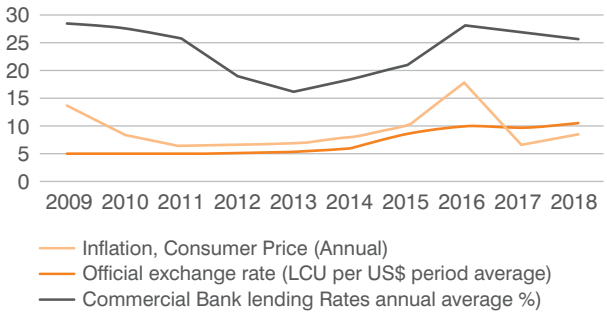
	2014	2015	2016
Agriculture, forestry and fishing	6.8	5	6.2
Mining and quarrying	14.6	12.7	13.2
Manufacturing	6.8	7.5	7.7
Construction	8.9	10.2	10.3
Financial and insurance activities	3.1	3.9	4.5
Wholesale and retail trade: repair of motor vehicles and motorcycles	21.8	22.3	20.9
Education	7.8	7.8	7.3
Real Estate Activities	4.1	4.8	4.5

Source: Central Statistical Office, 2018.

MACROECONOMIC STABILITY

Zambia has had relative macroeconomic stability despite inflationary pressures and foreign exchange rate volatilities induced by falling copper prices, reduced power generation, and depreciation of the kwacha, which intensified in 2015 and again in 2019. Risks to the economic outlook continue to stem from a substantial external debt that raises the likelihood of debt distress, along with effects of drought conditions during the 2018/19 farming season. Despite relative macroeconomic stability, commercial bank lending rates have remained approximately 26%. High interest rates are affecting private sector borrowing from local banks.

Figure 3: Inflation, interest and exchange rate trends (2009–18)



Source: Bank of Zambia (BOZ) and Central Statistics Office (CSO).

INCREASING INTERNATIONAL TRADE

Zambia exported $9.1 billion worth of goods around the globe in 2018. Although the country experienced a -6.3% drop in the value of its exports since 2014, Zambia's exports appreciated by 11.7% in 2017–18. From a continental perspective, $4.3 billion or 47.2% of Zambian exports by value were delivered to European countries, while 29% were sold to Asian importers. Exports worth $1.81 billion or 19.9% were shipped to fellow African countries. The Democratic Republic of the Congo, the Republic of South Africa, and Zimbabwe are Zambia's main export markets on the continent, while the Swiss Confederation (Switzerland) and the People's Republic of China are Zambia's top two export destinations internationally. In 2008–17, Zambian exports to Switzerland increased by $1.103 billion (43%) from $2.537 billion in 2008 to $3.64 billion in 2017. Exports to China more than quadrupled (405%), increasing by $1.163 billion from $287 million to $1.45 billion during the same period. Exports to South Africa also increased by 35% from $528 million to $711 million in 2017, while exports to the Democratic Republic of the Congo increased by 73% from $287 million to $497 million.

In macroeconomic terms, Zambia's total exported goods represented 12.4% of its overall gross domestic product (GDP) for 2018. Zambia's most valuable exported products are unrefined copper (47.9% of the total) and refined copper (24.5%). Although Zambia's economy remains highly dependent on copper exports, the country has seen significant diversification in the export sector, with an increase in non-traditional exports (NTEs). Sugar and sugar confectioneries, tobacco and cotton are Zambia's major agricultural exports. Demand for Zambian poultry meat and eggs, maize and maize meal and horticultural products in COMESA and SADC is also on the increase.

Zambia also imported goods valued at $9.32 billion in 2018. Copper ore, cobalt hydroxides, refined petroleum and nitrogenous fertilizers were the top imports. In addition, Zambia imported and continues importing fish, edible oils, fruits and vegetables, textile and apparel (including second-hand clothes), mechanically deboned poultry meat and processed dairy products. South Africa, the Democratic Republic of the Congo, China, the State of Kuwait and the United Arab Emirates were the top origins of Zambian imports. Imports from China have increased by 419% ($953 million) from $227 million in 2008 to $1.18 billion in 2017. Trade with the Democratic Republic of the Congo has resulted in increased imports by $1.245 billion (232.7%) from $535 million in 2008 to $1.78 billion in 2017, while imports from South Africa during the same period only increased by 21.2% ($456 million) to $2.61 billion.

As part of its non-traditional exports (NTEs) development, Zambia is promoting farm blocks as investment hubs for transformational agriculture and agribusiness development needed to increase its value-added food and other agricultural exports. Improved foreign investments in farm blocks like Nansanga is also meant to help Zambia substitute some of the food, textile and apparel imports with locally produced products.

ESTABLISHED BANKING SECTOR

Zambia has a well-developed banking sector with a good branch network in all major cities and towns. There are 18 licensed commercial banks, of which eight are locally owned, eight are subsidiaries of foreign-owned banks, and two are jointly owned by the government and foreign banks. The Bank of China is among the foreign-owned banks. All banks and other financial institutions are subjected to regulatory requirements that include their prudential position, consumer protection and market conduct in order to safeguard the overall soundness and stability of the financial system. A good branch network enables Zambian banks to facilitate large payments through the Zambia Interbank Payment and Settlement System (ZIPSS).

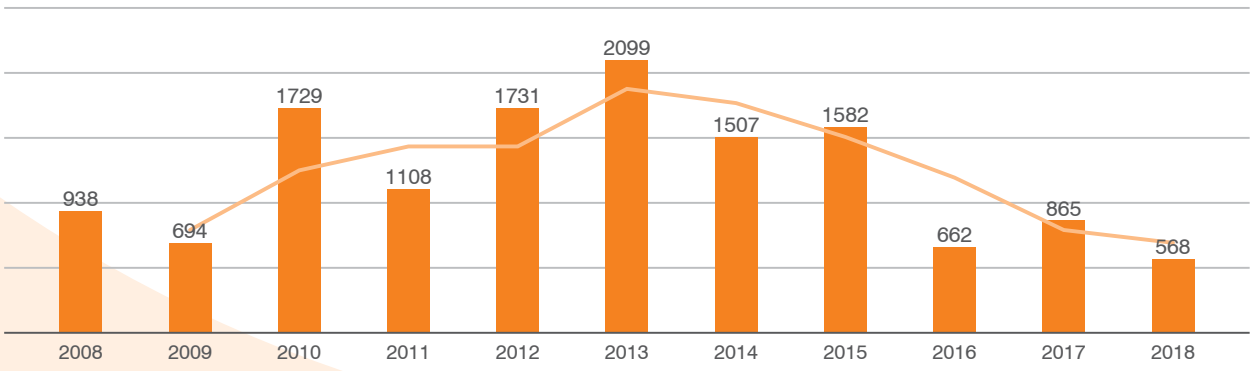
Banks also offer retail payment services through a number of payment mechanisms, which include electronic funds transfer (EFTs), cheques, automated teller machines (ATMs), point of sale (PoS), remittance systems (both for domestic and international) and mobile payment systems. Short-, medium- and long-term credit is available to corporates in local and major international convertible currencies. Most existing banks, however, prefer lending to corporates and international firms of good reputation. Lending rates on major foreign currencies (euro, USD and the British pound) range from 7%–12% p.a. depending on the perceived risk profile. Banks are, however, unable to lend more than 25% of their primary capital. This limit amounts that a single bank can lend to a big project without syndicating the loan with other banks.

SUSTAINED FDI INFLOWS

Improving ease of doing business, a growing and stable economy, strategic geolocation, proximity to regional markets, a growing population, appropriate legislation and investment incentives make Zambia one of the most attractive investment destinations in Africa. Zambia was ranked the 2nd most attractive investment destination (with attractiveness score of 77%) in Southern Africa in 2015 (KPMG Africa, 2016). This has led to continued FDI inflows into Zambia. During 2013, Zambia experienced the highest increase in FDI inflows ($2 billion) in Southern Africa, up from $1.7 billion in 2012. The mining sector attracted most of the FDI inflows in 2007–15. However, the 2014/15 global commodity price crash adversely impacted the outlook regarding mining. Currently, most FDI is for investment into manufacturing. In 2015, manufacturing received $604.1 million (66.8%) of total FDI. The manufacturing industry (mainly cement, fertilizers and metal related) also accounted for 52.2% of the total FDI inflows in 2016. Manufacturing (mainly cement, vegetable/oil fats and metal related) also received most (31.3%) of total FDI inflows in 2017 (Bank of Zambia, 2018). Other sectors that have continued attracting FDI include financial and insurance, real estate, trade (wholesale and retail), construction, transportation and storage, and agriculture. Figure 4 shows annual FDI inflows.

By 2016, industry estimates show that there were 182 majority owned foreign affiliates (MOFAs) in Zambia (Bank of Zambia, 2017) with a total sales/turnover of $11,147.1 million. Chinese-affiliated companies accounted for $1,471.2 million (13.2%) of total sales/turnover. MOFAs also employed a total of 83,601 people, with Chinese-affiliated companies accounting for 10,382 (12.4%). The number of Chinese investors in Zambia is steadily increasing.

Figure 4: Foreign direct investment inflows into Zambia (2008–18) (USD million)



Source: World Bank, 2019.

Table 6: Leading nationals issued with residence, investor, employment and study permits in 2018					
Nationality	Residence	Investor	Employment	Study	Total
Chinese	80	124	5 428	10	5 642
Indian	424	104	1 816	29	2 373
South African	74	60	622	42	798
Zimbabwean	87	10	192	62	351
American	38	18	225	6	287
Total	703	316	8 283	149	9 451

Source: Zambia Department of Immigration, 2018.

PAST FDI IN AGRICULTURE

Despite its huge and underexploited potential, agriculture accounts for less than 10% of total FDI inflows even though Zambia started to actively promote FDI in agriculture after its economic and market liberalization in the early 1990s. In 2015, agriculture accounted for $37.3 million (4%) of total FDI inflows, rising to $47.5 million in 2016 before falling to $34.1 million in 2017. Zambia has so far witnessed FDI in sugar, poultry, cotton, wheat, oilseeds and edible oils, and irrigation and farm mechanization. Some of the recent major FDI in agriculture include the $18.9 million Silverlands Zambia Limited (SZL) investment in 5,682ha integrated maize, soya beans, wheat, barley farming and beef cattle ranching venture in Luombwa farm block next to Nansanga in 2015, the $50 million Amatheon Zambia investment in a 3,000ha integrated crop and beef cattle farming operation by Amatheon Agri Holding N.V. of Germany, and the recently launched investment in the 2,500ha Mansa sugar plantation and a sugar mill by Spin Ventures Group (SVG) of Kenya.

A number of FDI in the form of public–private partnerships (PPPs) in agriculture have been established. Agri-Luswishi is one such PPP between the Industrial Development Corporation (IDC) and TAHAL-ZRB Consulting Finance and Development Ltd. Agri-Luswishi PPP is meant to develop an integrated agricultural project and agri-industrial community settlement on 5,750ha at an estimated cost of $176 million. To help improve FDI inflows to agriculture, forestry and fisheries, Zambia is now promoting farm blocks as agriculture and agribusiness investment hubs with some backbone infrastructure developed by government (discussed in greater detail in Section 3 of this document). Nansanga is one of the 11 farm blocks with developed backbone infrastructure that is ready for foreign investments into its core venture and other large-scale commercial agricultural and agroprocessing ventures.

Development agenda and agriculture

Zambia aspires become a prosperous middle-income nation by 2030. To realize this vision, Zambia needs to attain and sustain a 9% or more annual real economic growth, reduce and maintain a moderate 5% inflation rate right through to 2030, and drop poverty head count levels to less than 20% of national population. Vision 2030 also requires Zambia to develop robust and competitive transport and communication networks, build strong entrepreneurial capabilities among citizens, and establish cohesive industrial linkages in primary, secondary and tertiary sectors. Zambia will also need to sustain increased productivity in every factor of production.

As part of its efforts at realizing its Vision 2030, Zambia has prioritized transformational agriculture and agribusiness development as its pathway to establishing and nurturing a diversified and industrialized national economy. The government plans to achieve this by promoting domestic and foreign investments into its agriculture and agribusiness sector. Through its Seventh National Development Plan (7NDP), Zambia is now promoting domestic and foreign investments to improve its agricultural production, productivity and value addition. The 7NDP is also facilitating policy reforms to improve Zambia's investment and business environment, land administration and management, financial sector performance, business regulation, labour market and relations, public services delivery, and domestic and regional trade facilitation.

Specifically, government is promoting domestic and foreign investments in farm blocks as a catalyst for integrated agricultural and agribusiness development for increased food production, and enhanced productivity through use of modern agricultural technologies and practices, and for enhanced food supply. Farm blocks are also being promoted to help increase local and regional reliability on Zambian-produced agricultural products and improving Zambia's resilience to climate change effects. Nansanga is one Zambia's 11 farm blocks with developed support infrastructure and that is ready for greenfield agriculture and agribusiness investments.

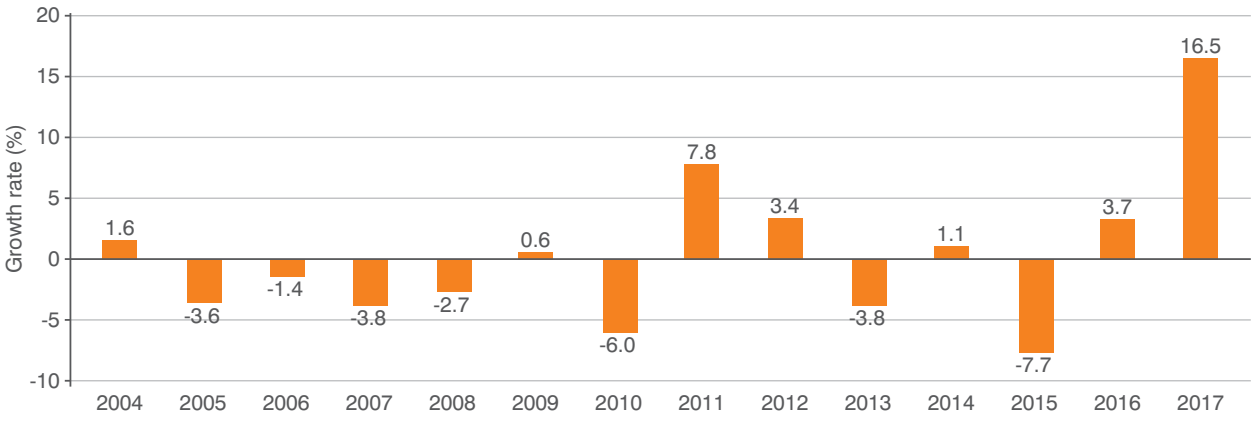
AGRICULTURE

Zambian agriculture provides for the livelihoods of 60% of the country's labour force and 50% of its population. Approximately 70% of employed people living in rural areas work in agriculture (World Bank, 2012), while half of the Zambian population is primarily involved in smallholder agricultural production for their livelihoods (Chapoto, 2016). Despite its strategic importance in Zambia's economy, agriculture contribution to overall GDP is rather modest, at approximately 6% in 2016 (Onumah, 2018) compared to the 15% average for the African continent (Organisation for Economic Co-operation and Development (OECD)/ Food and Agriculture Organization (FAO), 2016). Zambian agriculture's modest contribution to GDP is due to the sector's high dependence on rainfall for cropping and livestock, limited value addition (as most products are sold in raw and semi-raw state), poor productivity, and underdeveloped agricultural markets, especially for smallholder producers.

SECTOR PERFORMANCE

Zambian agricultural performance has been erratic in past years. While sector growth was as high as 7.8% in 2011, growth dipped to negative 4% in 2013 due to adverse weather condition and 2012 marketing challenges. The sector recovered and posted positive growth of 1.1% in 2014, but, in 2015, growth was a negative 7.7% again due to drought. This erratic performance limits the sector's potential contribution to overall economic growth and poverty reduction in the country (Mulundu & Ngombe, 2017). Contributory factors to erratic agricultural sector growth rate include crop subsectors (maize in particular) dominance, production domination by resource-constrained smallholder farmers practicing low-input, low-productivity crop production systems, and limited value addition.

Figure 5: Agricultural growth rates (2004–17)



Source: World Bank, 2018.

PRODUCERS AND KEY VALUE CHAINS

Smallholder farmers (currently estimated at approximately 1.5 million farming households) account for 99% of the national cottonseed output (averaging 100,000 tons p.a.), 96% of the national maize output (averaging 2.5 million tons p.a.), 87% of national sunflower output, 70% of locally produced fresh fruits and vegetables, 40% of the national soya beans output (estimated at 302,000 tons p.a.), and for 100% of the 40,000-plus tons of locally produced rice produced per annum. Smallholder farmers also dominate major livestock production and currently own more than 70% of the 4.9 million national beef herd, command more than 90% of the national goat herd, produce 65% of Zambia's total broiler meat output, contribute up to 35% of total national egg output, and are fast increasing their production and market share towards 50% of Zambia's raw milk production.

Zambia also has a relatively developed large-scale farmer1 base of more than 1,100 large-scale commercial farming operations and more than 100 large-scale corporate farming/agribusiness companies. Large-scale commercial farmers and corporates account for 100% of approximately 300,000 tons p.a., 60% of the total soya beans output, 65% of national egg output, 70% of the national tobacco output, and 95% of the close to 500,000 tons sugar output per annum. A number of vertically integrated farming, processing, wholesaling and retailing corporations in sugar, meat (beef, fish, pigs and poultry), and oilseeds and edible oils have also been established and are operational.

AGRICULTURAL TRADE

Zambia is self-sufficient in maize, soya bean, poultry and sugar and sugar confectionery products. Wheat production is also on the increase. On average, Zambia produces 2.5–2.8 million tons of maize against the 2.2 million tons annual consumption (1,316,640 tons human consumption, 300,000 tons for stockfeeds and 130,000 tons for breweries and up to 500,000 tons strategic reserves). This leaves approximately 600,000 tons of maize for export and/or processing into other products. Zambia also produces an average of 311,000 tons p.a. of soya beans against 211,250 tons crushed into 169,000 tons of soya cake and 24,000–31,600 tons of edible oil. Approximately 436,000 tons of sugar is produced annually, with domestic consumption accounting for 252,880 tons, with 192,1889 tons (76%) sold for direct household consumption and 60,691 tons (24%) sold for industrial use. Approximately 182,120 tons (42%) of the remainder is exported, mostly to the Democratic Republic of the Congo, the Great Lakes and Tanzania. Approximately 15% (22,000 tons) of broiler meat and 40% (more than 440 million) eggs are exported, mostly to the Democratic Republic of the Congo. Of Zambia's day-old chicks/hatching eggs, 10%–20% are also exported into Tanzania, Mozambique, Botswana and Zimbabwe.

Zambia is a net importer of mostly fish, edible oils, fruits and vegetables, mechanically deboned poultry meat and processed dairy products. Currently, Zambia imports more than 127,000 tons of fish p.a. Fish imports are projected to increase to 173,900 tons p.a. by 2030. By the end of 2018,

[1] A large-scale farmer is one running a farming operation with $100,000 and more annual turnover, while a medium-scale farm generates $25,000–$100,000 turnover p.a. and a small-scale farm generates up to $25,000 turnover p.a.

Zambia was importing more than 100,000 tons of edible oils worth $82.5 million p.a. Palm oil accounts for more than 62% of oil imports, while soya bean edible oil accounted for 17% of all imported edible oils in 2018. Formal fresh produce imports range between $20 million and $35 million p.a. In 2017, a combined total of 27,959.42 tons of fruits and vegetables imports worth approximately $25 million were recorded. Apples accounted for (53%), citrus (23%) and grapes (10%) of total fruit imports, while onions accounted for 54% and potatoes 37% of the total vegetable imports.

SECTOR CHALLENGES

Zambian agriculture is faced with a number of challenges affecting its smallholder farmers, large-scale farmers, corporate farming entities and other agribusinesses.

Inadequate investments into Zambia's smallholder farming sector has resulted in increasing costs of production, adverse weather effects due to heavy reliance on rain-fed agriculture, limited access to agricultural financing, weak public extension and farmer support services, increasing pests and diseases outbreaks, lack of assured formal offtake markets, and a host of other output marketing constraints. Ultimately, the above challenges affect smallholder farmers' productivity, which is on the decline. Poor productivity cuts across crops and livestock enterprises and mostly arises from smallholder farmers' lack of inputs, limited access to technologies, poor agronomics and husbandry practices, and vagaries of adverse weather. The majority of Zambian smallholder crop farmers cannot afford productivity-enhancing inputs (seeds, fertilizers and agro-chemicals, etc.) and technologies; thus, their current low fertilizer consumption rates of 150kgs/ha in maize (38% of recommended national average) and no fertilizer at all in soya beans and cotton by most farmers. Pesticides and herbicides use stands at 14% and liming is almost unheard of among smallholder farmers. Lack of appropriate irrigation and other farm mechanization technologies also affect productivity among large-scale farmers. With improved access to financing and assured offtake markets, Zambian smallholder farmers have proved to be very viable.

Large-scale farmers, corporate farming entities and agribusinesses also are faced with increasing cost of production, adverse weather effects and lack of long-term financing. Rising costs of imported agricultural inputs (fuel, fertilizers and agro-chemicals) are affecting profitability of large-scale farmers in primary production, while frequent droughts have constrained most large-scale farmers' irrigation capacities. Large-scale farmers and other corporate farming entities are also finding it difficult to invest in mechanization, precision farming technologies and value addition due to lack of long-term financing locally. Limited local investments in large-scale and corporate farming and value addition of both crops and livestock has also led to Zambia importing some agricultural commodities that could be produced locally once investments are made in value chains such as horticulture, poultry and aquaculture.

AGRICULTURAL OPPORTUNITIES

Abundant agricultural land, good climate, and untapped surface and groundwater give Zambia a set of best comparative and operative advantages for transformative and integrated agricultural investments targeting the domestic and regional raw materials and value-added food markets. Increasing demand for food and other agricultural commodities in both domestic markets gives Zambia business opportunities and justifiable rationale to transform its agriculture and livestock sectors. Increasing national population growth (2.8% annually), rapid urbanization (4%) and growth in income are inducing changes in the structure and functioning of Zambian food systems due to increasing demand for processed agricultural products, and agricultural raw materials for value addition.

Changing food expenditure and consumption patterns have also created investment opportunities in Zambia's agriculture, food processing and trade. Zambia's domestic annual food demand is projected to triple to $25 billion by 2030 due to "nutrition transition"; i.e. the growing demand for more health foodstuffs such as white animal protein (fish, and poultry products), perishables (fresh fruits and vegetables) and other ecologically sound and healthier foods is projected to triple to Zambia's food demand to $25 billion by 2030.

Growing continental food demand is another factor that gives Zambia an exploitable opportunity of becoming the breadbasket, especially for the East and Southern African region. Current United Nation estimates show that Africa has the fastest population growth rate and the highest proportion of younger people out of its population. Of the additional 2.4 billion people projected between 2015 and 2050, 1.3 billion will be added in Africa. This means Africa's population will more than double from 1.2 billion to 2.5 billion people by 2050. Consequently, Africa's share of global population will grow from 16% in 2015 to 25% in 2050 and 39% by 2100. The Federal Republic of Nigeria, the Democratic Republic of the Congo, the Federal Democratic Republic of Ethiopia, Tanzania and the Republic of Uganda will be among the top 9 countries globally that will contribute the more than half of projected population growth by 2050.

With more people on the continent by 2050, Africa presents an intra-continental trade opportunity, especially in food and other agricultural commodities. Most of the intra-Africa food trade will happen within COMESA, with 21 member states and Africa's largest economic bloc,[2] with a combined GDP of $769 billion, a population of 560 million people and an aggregate food import bill of $30.95 billion, of which an estimated $17.5 billion could come from intra-COMESA trade once the digital free trade area is fully implemented by all member states. Already, 15 of the 21 member states are operating under the COMESA Free Trade Area. In 2018, intra-COMESA food imports were estimated at $1.46 billion (COMESA, 2019), representing 4.7% of the 2018 total food imports, which were estimated at $30.95 billion. Black tea worth $368.02 million was the number one intra-COMESA food import. Sesame seeds were the second at $235.58 million, followed by live animals ($203.27 million), raw cane sugar ($162.25 million) and flour and wheat ($146.79 million). Beet and other sugar was 6th at $144.83 million, followed by maize seed at $105.08 million and beans at $97.96 million.

Table 7: COMESA imports by sector (2014–18 in USD million)

Sector	2014	2015	2016	2017	2018	% change 2018
Manufacturers	128 261.8	130 519.4	118 401.5	112 265.0	121 254.6	8
Fuels	33 438.0	28 583.2	24 417.6	24 900.1	31 539.3	26
Food	35 592.0	34 458.9	35 668.1	34 862.0	30 953.8	-11
Ores and metals	6 991.1	4 900.8	4 801.1	5 649.2	7 047.8	25
Agri raw materials	4 069.6	3 655.2	3 358.0	3 390.6	3 631.9	7
Other products n.e.s	1 265.2	520.1	202.3	398.2	878.0	121

Source: COMESA, 2019.

[2] Nine (the Union of the Comoros, the Democratic Republic of the Congo, the Kingdom of Eswatini, the Republic of Madagascar, Malawi, Mauritius, Zambia and Zimbabwe) SADC member states are part of the 21 COMESA member states.

Additionally, SADC is and will be one of the key regional export markets for Zambia. The 15-member state economic bloc has a combined GDP of $691.5 billion, a population of 342 million people and an estimated average regional GDP per capita of $2,022. South Africa is the number one food importer and exporter among the 15 member states. South Africa imports approximately $80.2 billion worth of food annually. Other bigger food-importing SADC countries include Angola ($49 billion), the Democratic Republic of the Congo (more than $10 billion), Namibia ($6.8 billion) and Zimbabwe ($5.7 billion).

The above are the best prospects for Zambia to transform its agriculture (both crops and livestock) into an export-oriented sector. Currently, the Zambian livestock sector contributes approximately 3.2% to the overall GDP and 42% to agricultural GDP. The poultry subsector accounts for almost half (48%) of the total livestock sector value added. Poultry is also the most common type of livestock owned by smallholder farmers, with more than 80% of rural households keeping poultry. The poultry sector thus presents the best livelihood and economic transformation for Zambia, as it embarks on its economic diversification, poverty reduction and inclusive growth.

Currently, Zambia imports a range of fruits and vegetables (onions and potatoes), processed poultry products, fish, dairy products, and wheat and other cereals. Most of these products can be produced and processed in Zambia once their respectful value chains get new investments and are upgraded. As such, these imports provide good import substitution opportunities in horticulture, poultry, aquaculture, dairy and pork value chains, which Zambia must work at achieving by attracting foreign investments, especially in food processing.

Limited investments in smallholder financing, production and marketing has also created investment opportunities in agri-financing and outgrower schemes (contract farming enablers are explained in more detail under Subsection 5.3.1) in value chains such as soya beans, other oilseeds, food legumes (groundnuts, sweet beans and pulses), cassava, horticulture and sugar cane. Smallholder outgrower schemes with innovative financing, extension and support services and assured and competitive offtake markets have proved viable and profitable in the past. Smallholder sugarcane outgrower schemes under Zambia Sugar Ltd and JTI's smallholder tobacco outgrower scheme are examples of successful outgrower schemes.

Zambian farm blocks

Farm blocks are an initiative of the Government of Zambia designed to open up and commercialize new agricultural land as part of its national economic diversification and growth. A farm block is a large agricultural area where backbone infrastructure such as feeder roads, electricity, water for irrigation and domestic uses, and communication facilities are provided by government to stimulate sustainable partnerships with private sector investors in conducting agricultural, agribusiness and other economic development activities. Once developed, farm blocks are expected to enhance national food and nutritional security, open up undeveloped rural areas and, in the process, create employment and generate wealth while reducing rural–urban migration.

Operationally, a farm block is driven by a core venture (large-scale private sector investment), which, with its integrated operation, attracts other large- (private sector), medium- and small-scale farming investments seeking to operate and enter into agricultural and agribusiness outgrower arrangements. Farm blocks are also meant to facilitate enhanced productivity through the use of modern agricultural practices and technologies, and enhanced food supply. Farm blocks are also meant to increase local and regional markets' reliability on Zambian-produced food products needed to sustain the growing food demand.

FARM BLOCK CONCEPT

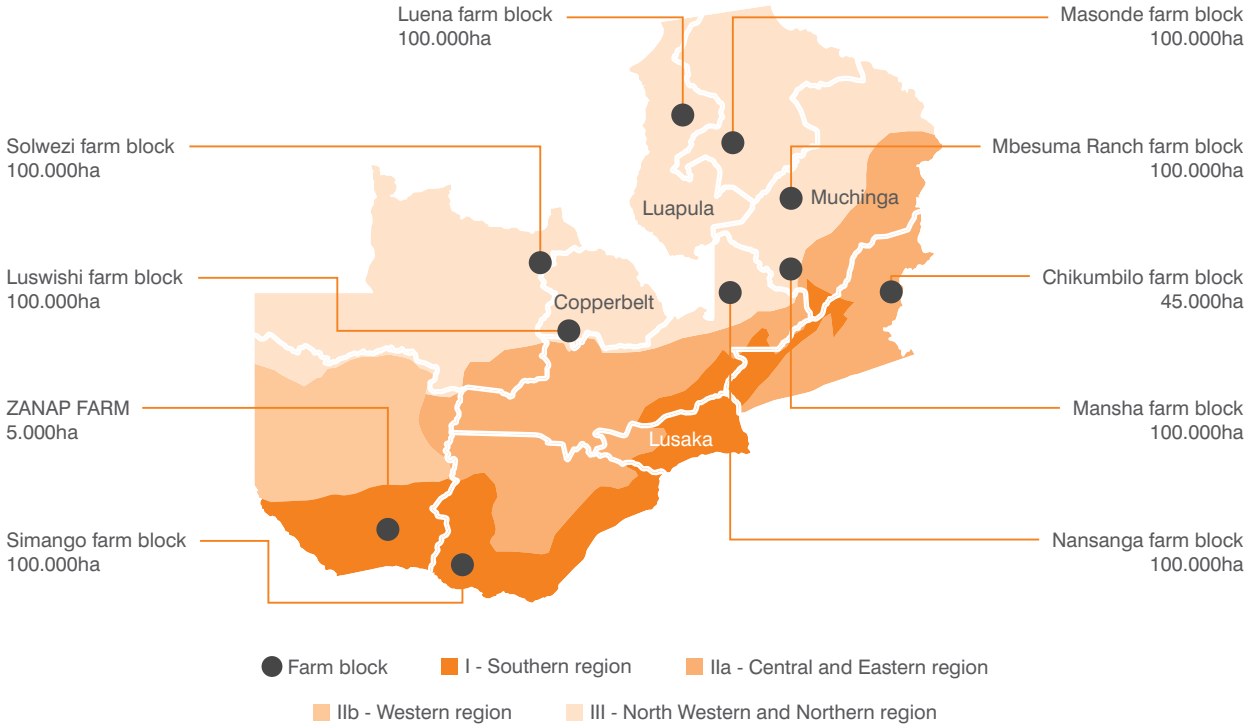
The farm block concept comprises a core venture (private sector) agricultural and agribusiness investment, large-scale commercial (private sector), medium-scale commercial and small-scale farms operating independently and under outgrower arrangements within a given farm block. While the exact size may differ, each farm block is designed as a new agricultural development area averaging 100,000ha in size and comprising a core venture; i.e. nucleus estate of up to 10,000ha, large-scale commercial farms varying in size, but 900ha–5,000ha, a number of medium-scale commercial farms of 50ha–900ha each, small-scale farms of 10ha–50ha, and a number of land parcels for support infrastructure such as schools, clinics and service centres. Backbone infrastructure (feeder roads, electricity, water for irrigation and domestic uses, and communication facilities) development by government is another key design feature of the farm block concept. Backbone infrastructure acts as a stimulus for sustainable partnerships with private sector investors in conducting agricultural, agribusiness and economic activities.

PLANNED FARM BLOCKS

A total of 11 farm blocks with a gross area of 1,000,000ha have been earmarked for development across Zambia.

Three farm blocks (Nansanga, Luswishi and Luena) have reached advanced levels of development. Planned farms in the three farm blocks have been surveyed and demarcated, and most of the planned backbone infrastructure has been developed, including feeder roads, dams, electricity lines (Nansanga and Luswishi) and telecommunication towers. The main power supply line to Nansanga has been commissioned, and the electricity power supply network for Luswishi has been designed and construction is expected to commerce soon. Luena is yet to be connected to the national grid despite a number of large-scale farms having been taken up by local and international investors. Earmarked areas for the rest (eight) of the targeted farm blocks have been identified, but are yet to be surveyed, designed and backbone infrastructure developed.

Figure 6: Planned farm block locations



Source: Ministry of Agriculture, Technical Services Branch (TSB), 2019.

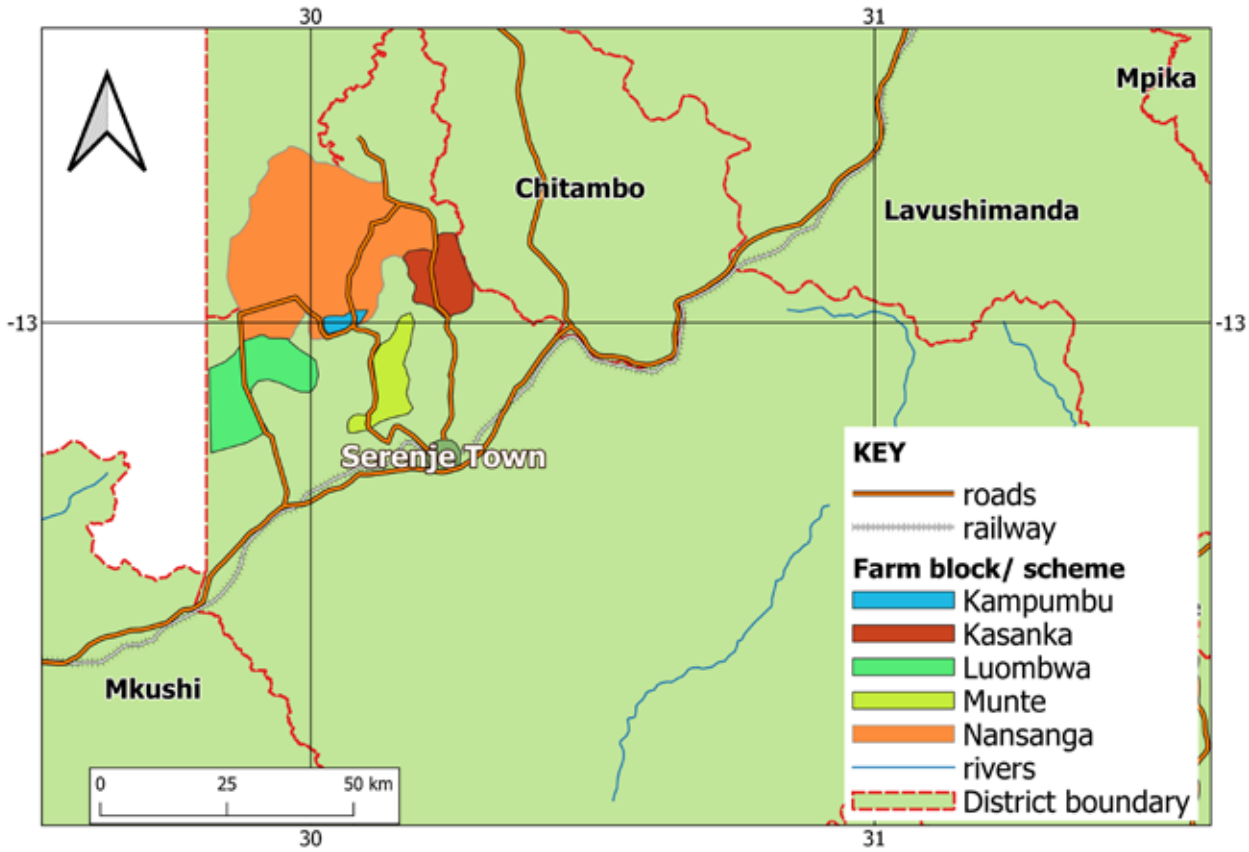
Nansanga farm block

Nansanga is one of the 11 farm blocks that are currently at different stages of development and being promoted for foreign investments. Some of the backbone infrastructure developed by government so far include feeder roads, bridges, dams, main electricity supply and telecommunication towers. Nansanga is also endowed with ample land of good arable quality, making it suitable and ready for foreign investments in maize, soya beans and wheat production and processing, tobacco production, plantation agriculture, cattle and game ranching. Farmland availability, abundant water resources and its proximity to both local and export markets made Nansanga among the first farm blocks to be developed and opened up for foreign investments, especially in large-scale agricultural production, processing, marketing and trade.

LOCATION AND SIZE

Nansanga farm block is located approximately 60km north-west of Serenje town in Senior Chief Muchinda's chiefdom. Nansanga covers an area of 100,000ha that includes planned farms covering over 40,000ha and some unplanned area inhabited by locals, which, together with the dambos/ plains and earmarked forest reserves, make up 50,000ha. The farm block borders Luombwa farm block (50,000ha) to the south, and Kampumbu Resettlement Scheme (4,000ha) and Kasanka farm block (30,000ha) to the east. Nansanga is also located approximately 35km to the east of Munte farm block (35,000ha). Nansanga also enjoys very close proximity (approximately 5km) to the Democratic Republic of the Congo border – the tip of the pedicle stretch boundary.

Figure 7: Nansanga farm block location



Source: Ministry of Agriculture – Technical Services Branch (TSB), 2019.

Table 8: Type, size and number of farms in Nansanga					
SN	Farm/plot	Size (ha)	Target	Achieved	Availability
1	Core venture	9 350	1	1	Available for investment in partnership with the IDC
2	Large commercial farms	900–4 130	4	4	1 farm available
3	Medium commercial farms	50 < 900	47	51	
4	Smallholdings	10 < 50	300	302	
5	Service centres	15–120	4	3	
TOTAL				361	

Source: Ministry of Agriculture, 2019.

FARM BLOCK DESIGN

Nansanga is a 100,000ha farm block demarcated into 361 farm holdings: 302 smallholdings, 51 medium commercial farms, four large commercial farms and a core venture farm. The farm block also has four parcels of land earmarked for service centres development as part of the planned backbone infrastructure. Table 8 shows the number of farms, sizes and farm availability for new investments.

LAND ALLOCATION AND 4CURRENT USE

The core venture farm (F10918), which is located in the eastern part of the farm block, was given to the Industrial Development Corporation (IDC) to look for an equity partner to develop the 9,350ha farmland. The process of finding a suitable equity partner is ongoing and, thus, the core venture for Nansanga remains open to foreign investments.

Three of the four large commercial farms are being developed and are already under production. Farm F10884 was acquired by the Zambia Correctional Services (ZCS), which has since developed a large-scale irrigation operation with nine centre pivots for wheat production. The farm draws its water from Musangashi, one of the dams built as backbone infrastructure. Farm F10917 was acquired by the Copperbelt Forestry Company (CFC), which has since established 180ha and 5ha pine and eucalyptus plantations respectively.

Farm F10906 belonged to a local investor, who has since sold the farm to foreign investors. The investors also bought off F9916, which was already on title when Nansanga was developed, and also own another large-scale farm in Luombwa farm bloc. The investors are involved in cattle ranching, soya beans, wheat, macadamia nuts and eucalyptus plantations, among other farming enterprises.

Farm F10908 belonged to the late Chief Muchinda's family and was sold off to foreign investors when he died. This farm has remained underdeveloped and could be available for resale to other investors. All 51 medium commercial farms and 302 smallholdings have been allocated to local farmers who are willing to be part of the envisaged outgrower schemes with assured offtake market.

BACKBONE INFRASTRUCTURE

Dams, feeder roads, bridges, electricity supply and telecommunication infrastructure have been developed by government as backbone infrastructure for Nansanga farm block.

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Table 9: Dams constructed in Nansanga farm bloc				
Dam	**River**	**Completed**	**Height**	**Purpose**
Musangashi	Musangashi	November 2007	7 metres	Irrigation and other important needs
Munte	Munte	November 2009	9 metres	Irrigation and other important needs
Sasa	Sasa	November 2010	12 metres	Irrigation and other important needs

Source: Ministry of Agriculture – TSB.

DAMS

To increase water availability for irrigation, three earth dams were constructed in Nansanga, as indicated in Table 9. Government, through the Department of Water Affairs, also sank 23 boreholes to provide water to the local settlements or villages in the unplanned area. The unplanned area is not available to foreign investment.

ROADS AND BRIDGES

Construction of the main road network for Nansanga farm block was completed by the Zambian Government in December 2009. A total distance of 151km of gravel road was constructed to connect Nansanga farm block to Serenje town and to Luombwa farm block and the Great North Road. The road network requires rehabilitation. Three bridges were constructed on Luombwa, Nyamanda and Ifuna streams on the route from Mulilima, on the Great North Road, to Nansanga via Luombwa farm block. Figure 8 shows construction of Nyamanda Bridge in Luombwa farm block. All three bridges are still in good condition.

ELECTRICITY AND TELECOMMUNICATION

A 95km-long 33kv power line from Serenje town was constructed to supply power to Nansanga farm block. A substation has been set up at Kabeta School for 11kv transmission lines to planned farms based on demand and ability to meet cost of electricity connection. Most of Nansanga farm block also has good and reliable Zamtel, MTN and Airtel telephone network coverage.

COMPARATIVE ADVANTAGES

Nansanga enjoys a number of operational and cost advantages, prominent among them its geolocation, natural resource endowments and high smallholder farmer population in surrounding areas.

NATURAL RESOURCES

Nansanga has good arable land for agriculture and the farm block enjoys a stable climate with more than 1,000mm of rainfall annually due to being located in agro-ecological Region III of Zambia. Nansanga is also endowed with abundant surface water from its Luombwa, Musangashi, Lube and Munte perennial streams, all of them with their source in the Democratic Republic of the Congo. These streams, together with the inland dams, give Nansanga irrigation potential owing to its abundant water. Good soils, dependable rainfall and abundant surface water make Nansanga farm block suitable for major rain-fed crops like soya bean, maize (grain and seed) and tobacco, and for irrigated crops like winter wheat.

GEOLOCATION

Nansanga is strategically located. It is one of the few farm blocks in Zambia currently sandwiched by three smaller farm blocks – Luombwa farm block (50,000ha) to the south, and Kampumbu Resettlement Scheme (4,000ha) and Kasanka farm block (30,000ha) to the east, giving it an additional 85,000ha of agricultural land for investments. Nansanga also enjoys a very good proximity to Zambia's main routes. The farm block is only 60km off the Great North Road and from the Tanzania–Zambia Railway Authority (TAZARA) railway line. Nansanga is also a few kilometres to the Democratic Republic of the Congo border; this proximity and easy access to the main routes give Nansanga easier access to export markets in the Democratic Republic of the Congo, the Great Lakes region, and to Lusaka and Copperbelt markets.

HIGH SMALLHOLDER POPULATION

In addition to the close to 400 planned smallholdings and thousands of other smallholder farmers within the farm block, Nansanga is also in close proximity to thousands more smallholder farmers in its surrounding farm blocks. This gives Nansanga a good smallholder farmer outgrower scheme potential.

Investment opportunities in Nansanga

Nansanga farm block characterizes Zambia's underexploited agriculture and agribusiness potential. Good arable land, a stable climate, abundant water resources and good proximity to markets gives Nansanga a range of promising investment opportunities in food and agriculture. The subsections below outline some large-scale agricultural and agribusiness investment opportunities for prospecting foreign investors.

CORE VENTURE INVESTMENT OPPORTUNITY

Nansanga offers a greenfield opportunity to invest in a large-scale vertically integrated corporate farming and agribusiness development operation. This opportunity comes with the 9,350ha farm F10918, suitable for large-scale irrigated and dry-land cropping, plantation agriculture, cattle and game ranching and agroprocessing. Currently, farm F10918 lays untouched and is available for establishing a core venture in partnership with the Industrial Development Corporation (IDC) of Zambia.

The IDC is one of the key implementing agencies of the Zambian Government's Industrialization and Job Creation Strategy with identified growth sectors as drivers. The IDC was incorporated in January 2014 and is wholly owned by the Government of Zambia through the Ministry of Finance (MoF) pursuant to the Ministry of Finance (Incorporation) Act, Cap 349. The IDC spearheads the development of Zambia's domestic industrial capacity, and in doing so plays a major role in creating jobs and generating wealth.

The IDC actively identifies investment opportunities for sector development in line with the Government of Zambia's policy objectives and plays a catalytic role by developing projects either on its own or in partnership with private sector players and other development-oriented agencies. Currently, the IDC is instrumental in the establishment of industries across the agriculture, livestock and forestry value chains, tourism, manufacturing, mining, infrastructure and financial services.

The Nansanga farm block core venture investment will be a public–private partnership (PPP) between the IDC and the foreign investor(s). The IDC is already involved in similar joint ventures, one of them being Agro-Luswishi Zambia Ltd, an integrated agricultural operation and a partnership between the IDC and Tahal Zambia. The 7,782ha project focuses on all-year-round production of fruits, vegetables and approximately 25 million eggs, and will include an agricultural community settlement, commercial and industrial agricultural land and infrastructures. Agro-Luswishi targets to develop a 4,536ha cultivated area with an irrigated area of approximately 3,000ha as well as a rain-fed area of 1,540ha.

LARGE-SCALE MIXED FARMING OPPORTUNITIES

Nansanga also offers opportunities for foreign investors willing to buy commercial farms (land) for the establishment of large-scale mixed farming and agroprocessing operations within Nansanga farm block. Farm F10908, for instance, is available and could be purchased for such investments. With most large-scale farms in the southern half of Zambia grappling to survive the increasing climate change induced adverse weather constraints, Nansanga offers a better option for large-scale irrigation farming. The surrounding Luombwa (50,000ha), Kasanka (30,000ha) and Munte (35,000ha) farm blocks also provide additional opportunities for foreign investors planning to acquire land for large-scale farms that could be incorporated with the farm in Nansanga to have more than one large-scale commercial farmland within and around Nansanga area.

SMALLHOLDER OUTGROWER SCHEME PROSPECTS

Nansanga also presents promising opportunities for developing smallholder outgrower/contract farming schemes in crops such as cassava, soya beans, other oilseeds and food legumes, sorghum and fruit trees. Small- and medium-scale farmers in Nansanga and surrounding farm blocks have limited access to assured and competitive offtake markets, and have no access to agricultural inputs and asset financing. Consequently, national access to agricultural financing by the 600,000-plus market-oriented smallholder farmers was estimated at 15% (CSO, 2015). Access to agri-financing by medium- and large-scale farmers has also remained low due to the high cost of financing (refer to Figure 3) and due to a host of market distortions that mostly result in sub-economic output prices.

This situation has created investment opportunities in small outgrower/contract farming schemes able to provide inputs financing and assured offtake market at competitive output prices. The high numbers of clustered smallholder farmers within Nansanga and in surrounding farm blocks makes it feasible to develop robust outgrower schemes in crop commodities in which investors can have offtake export markets and/or commodities that could easily be processed by the investors. Increasing smallholder soya beans and other oilseeds production in and around Nansanga has also brightened prospects for on-farm stockfeeds compounding and poultry (eggs) and other livestock outgrower schemes, especially for medium-scale/emerging farmers. Products such as eggs could easily be marketed into the Democratic Republic of the Congo and the Great Lakes region.

OUTGROWER REGULATORY ENVIRONMENT

Zambia has put in place laws, regulatory frameworks and policies that support outgrower/contract farming schemes as a measure to improve smallholder farmers' access to agricultural financing and output markets. The amended Agricultural Credits Act No. 23 of 2010 of the Laws of Zambia is the principal that provides for, among other key aspects, the facilitation of the borrowing of money in agriculture on the security of charges created on farming stocks and other agricultural assets, and the registration of agricultural charges. The amended Agricultural Credit Act has made an agricultural charge take precedence over a fixed or floating charge granted by a borrower, including charges granted and registered prior to an agricultural charge. This provision has made inventory credit and agricultural inputs financing, especially among smallholder farmers, very feasible going forward.

Zambia has also continued putting in place other laws and regulations aimed at unlocking agricultural credit, especially for smallholder farmers and agro-SMEs. The Movable Property (Security Interest) Act No. 3 of 2016 of the Laws of Zambia is another critical piece of legislation that provides for the creation of security interests in movable property, makes security interests effective against third parties, enhances the availability of low-cost secured credit to debtors to use the full value inherent in their assets to support credit, and establishes a Collateral Office and Collateral Registry that is hosted by the Patents and Companies Registration Agency (PACRA) (BoZ, 2018).

As a result of this piece of legislation, lenders can now register and perfect their security interest in a tangible or intangible moveable asset on the collateral registry. The registration ensures that a creditor is legally acknowledged as having priority rights over the collateral pledged. In case of a loan default, the lender is thus protected by law for taking enforcement action on the asset even if other persons have an interest in the asset. This protection is intended to motivate lenders to lend using movable property without fear of ambiguity as to their rights versus competing rights on property used as collateral (BoZ, 2018). Statutory Instrument (SI) No. 59, which came into effect in 2014, is another key framework

that assigned Zambian Commodity Exchange (ZAMACE) statutory powers to create, manage and enforce a warehouse receipt system in Zambia.

Zambia's 2nd National Agricultural Policy (2NAP) also promotes enhanced private sector participation in agricultural financing, inputs and output marketing, improved access to agricultural market information facilitation, warehouse receipt system development, strengthening farmer groups and cooperatives capacities in production and productivity improvements, processing, marketing and trade, and constructing and maintenance of appropriate agricultural marketing infrastructure, including climate-resilient infrastructure. The above policy objectives can also be achieved through innovative smallholder outgrower schemes establishment.

SUCCESSFUL OUTGROWER SCHEMES

Outgrower/contract farming schemes remain the major source of agricultural financing for smallholder farmers in Zambia. Of the 15% smallholder farmers who accessed agricultural financing in 2015, 9.7% of them accessed their financing through outgrower schemes, while 3.3.% accessed their financing from informal lending, less than 1% got their financing from commercial banks and microfinancing institutions (MFIs), and 0.4% got their financing from their respective group savings.

Cotton outgrower schemes are one of the successful outgrower scheme models that have existed since the early 1980s. Cotton outgrower schemes dominate the primary source of smallholder agricultural financing, with the Eastern Province leading at 35.1%, followed by the Central Province at 17.3% and then the Southern Province at 3.7%. Promoted by cotton ginning companies, smallholder cotton outgrower schemes provide production inputs (cottonseed, pesticides and herbicides) on loan to farmers, and offer extension services (agronomic skills and husbandry practices trainings) aimed at improving cottonseed productivity. Ginning companies also provide cottonseed offtake markets for all the pre-financed cotton farmers. More than 90% of the cottonseed grown in Zambia is pre-financed under these outgrower schemes, involving 100,000–250,000 farmers cultivating an average of 300,000 hectares of cottonseed annually. Similar contract farming schemes also exist in tobacco.

Sugar cane outgrower schemes around Zambia Sugar Company are another very successful smallholder contract farming model in Zambia. Unlike in cotton, sugar cane outgrower schemes are coordinated by a management company owned by the smallholder sugar cane farmers. The management company provides inputs (cane seed, fertilizers and agrochemicals) on loan and offers extension support, tillage, cane harvesting and haulage services to all farmers under the scheme. The management company also secures a long-term sugar cane offtake contract with Zambia Sugar, which is reviewed from time to time to ensure pricing competitiveness and output delivery compliance. Metered water provision by the management company to each outgrower cane field is another unique feature of the sugar cane outgrower schemes from other dry-land cropping schemes. More than 1,000 smallholder farmers cultivating 5,000–7,000 hectares of sugar cane exist under Kaleya,

Manyonyo and Lubombo schemes within a 50km radius of Zambia Sugar Mill. Smallholder sugar cane outgrower schemes have become renowned for their transparency in inputs and output pricing, and better profitability to farmers. Consequently, smallholder sugar cane outgrowers have been said to be the most viable and sustainable.

In the recent past, Zambia has also seen the emergence of broilers chicken outgrower schemes targeting small- and medium-scale poultry farmers able to produce a minimum of 10,000 bird per batch. Promoted by leading hatcheries and chicken processing companies, broiler outgrower schemes offer day-old-chicks, stockfeeds, veterinary drugs, extension support and offtake market at agreed-upon prices to outgrowers. Up to 30% of Zambia's broiler output is produced by outgrowers and other large-scale contract farming farmers. Sustainability of the broiler outgrower is yet to be ascertained.

A smallholder cassava outgrower scheme with Zambia Breweries and other bioenergy companies are other upcoming outgrower schemes.

INVESTMENT OPPORTUNITIES IN SOFTWOOD PLANTATIONS

Nansanga also offers good investment opportunities in commercially managed softwood (pine and eucalyptus) plantations. Anticipated increase in land use change and bush clearing for the upcoming large-scale farming operations, if not remedied, risks disturbing Nansanga's rainfall patterns.

Rapidly declining forest plantations growing stock has also been identified to be among major risks threatening Zambia's forestry sector (Ng'andwe, Chungu, Ratnasingam, Donfack & Mwitwa, 2017). For instance, the Zambia Forestry and Forestry Industries Corporation's (ZAFFICO) commercial wood stock decreased by 67% from 14 million m^3 in 2002 to 4.6 million m^3 in 2016 (ZAFFICO, 2016). The predicted reduction in the commercial forestry wood stock will result in increased deficits of round wood products (especially plywood and particle boards) in Zambia. ZAFFICO further estimates that commercial softwood plantations are only able to supply approximately 450,000 m^3 of the 800,000 m^3 (56%) of Zambia's annual softwood demand.

The predicted reduction in the commercial forestry wood stock and the increasing and unmet local softwood demand has created opportunities for private sector investments in commercial wood stocks.

Unexploited softwood products' export potential further justifies the need for increased investments in round wood plantations on the investors' land and on leased farms. A number of smallholdings and medium commercial farmers in and around Nansanga have remained idle and could be leased for pine and eucalyptus plantations establishment by investors.

Business environment, immigration and taxes

Zambia has continued implementing a number of legal and policy reforms aimed at improving its investment and business environment. So far, these reforms have resulted in an improved business environment and attractive investment incentives. Improved phone and internet connectivity have also enabled the digitization of key business services such as e-tax returns and payments, e-immigration services and digitized public procurement of goods and services.

EASE OF DOING BUSINESS

Improving ease of doing business is another factor that makes Zambia a good investment destination, especially in agricultural- and agribusiness-related projects. Zambia has strengthened minority investor protection by increasing shareholders' rights and role in major corporate decisions as well as clarifying ownership and control structures. This development will facilitate public–private partnerships (PPPs) in agriculture and agribusiness being more feasible. Through the Corporate Insolvency Act No. 09 of 2017, Zambia has also made resolving insolvency easier by introducing a reorganization procedure and granting debtors the possibility of obtaining post-commencement governance.

The automated construction permit system launched at the beginning of 2019 will also help to reduce the cost and time involved in dealing with construction permits and changing of ownership of property. Zambia has also made reforms aimed at easing processes and requirements for starting a business and employing workers once a business is established. Improvements in getting credit for big corporates, paying taxes and trading across borders have also continued on an improvement trajectory (World Bank, 2018). Due to the above developments, Zambia now ranks 85th in Ease of Doing Business, an improvement from 87th position in 2018 (World Bank, 2019). A Doing Business (DB2019) score of 66.9 has also placed Zambia in the 2nd best position in Ease of Doing Business in Southern Africa.

Figure 8: Zambia and South Africa, Ease of Doing Business comparisons

Source: World Bank, Ease of Doing Business, 2019.

The government's fight against corruption is also yielding results, with Zambia scoring 35 points out 100 in its 2018 Corruption Perceptions Index (CPI), making it the 105th least corrupt nation out of 175 countries (Transparency International Zambia, 2019).

INVESTOR-FRIENDLY LAWS

Zambia has adequate legal laws to facilitate, nurture and protect local and foreign investments in all economic sectors. The Zambia Development Agency (ZDA) Act provides for a one-stop facility promoting and facilitating private and public sector investments in Zambia. The ZDA also facilitates industrial infrastructure development, promotes and facilitates greenfield investments through joint ventures and partnerships between local and foreign investors, and facilitates applications for work permits, water permits, electricity and other licences, permits and certificates of registration for investors.

Zambia is also a signatory to the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and other international agreements. This guarantees foreign investment protection in cases of war, strife, disasters and other disturbances or in cases of expropriation. Zambia has also signed bilateral reciprocal promotional and protection of investment protocols with a number of countries. The ZDA also offers foreign investors further security against nationalization through the signing of investment promotion and protection agreements (IPPAs).

INVESTMENT INCENTIVES

Zambia offers a range of incentives to ignite, attract, promote and sustain investments in textile, apparel and all other key economic sectors. These include investment promotion incentives and export promotion incentives.

INVESTMENT PROMOTION INCENTIVES

Agriculture has been identified as one of the priority sectors and, as a result, the sector enjoys special investment incentives. Investors who invest $500,000 or more in agriculture, agroprocessing in a farm block, in a rural enterprise or in other priority sectors[3] under the ZDA Act are entitled to the following:

1. **Fiscal incentives:**

- Customs duty exemption on machinery and equipment imported within five years from first year of operation;
- Accelerated depreciation on machinery and equipment within two years for priority sectors under the ZDA Act and for manufacturing projects in a rural area, multi-facility economic zones (MFEZs) and industrial parks.

2. **Non-fiscal incentives:**

- These include provision of investment guarantees and protection against nationalization and free facilitation for the application of immigration permits, secondary licences, land acquisition and utilities.

Investors who invest $250,000 or more in any sector or product that is not provided for as a priority sector or product under the Act are entitled to non-fiscal incentives such as: investment guarantees and protection against state nationalization, and free facilitation for application of immigration permits, secondary licences, land acquisition and utilities. Prospective investors can also enter into investment promotion and protection agreements (IPPAs) as provided for by the ZDA Act.

EXPORT PROMOTION INCENTIVES

The Zambian Government, through the Tax Remission for Exports Office (TREO), encourages investors in agriculture and agroprocessing to export their value-added products on a duty drawback system. This is achieved through remitting duty and value-added tax (VAT) (duty drawback) on raw materials/intermediate goods used in the manufacturing of goods for export. Under this scheme, the agroprocessor includes any process by which a commodity is finally produced, e.g. assembling, repacking, bottling, mixing, blending, grinding, cutting, bending, twisting, joining or any other similar activity. The remission of duty is done once the exporter provides evidence of exportation of the goods, which includes the Customs entry and certificate of export.

Table 10: Visas and permits application and processing costs and time

Type	Application cost	Renewal cost	Processing time
Single entry visa	$50	$50	5 days
Multiple entry visa	$80	$80	5 days
Transit visa	$50	$50	5 days
Day tripper visa	$20	$20	5 days
Temporary employment permit	ZMW4, 500	ZMW5, 250	21 days
Employment permit	ZMW6, 000	ZMW7, 000	21 days
Temporary permit	ZMW6, 000	ZMW5, 250	21 days
Investors permit	ZMW4, 000	ZMW5, 000	21 days
Residence permit	ZMW5, 000	0	21 days
Spousal permit	ZMW7 50	ZMW1, 500	21 days

Source: BDO Zambia 2020 National Budget Analysis Report, 2019.

[3] Manufacturing, agriculture, mining, tourism, infrastructure and energy sectors.

IMMIGRATION – VISAS AND PERMITS

To ease visa applications, government has introduced an online application and processing of visas and permits. Any foreign investor who invests a minimum of $250,000 or its equivalent and employs a minimum of 200 employees (of certain technical or managerial levels) is entitled to a self-employment permit or resident permit. The ZDA assists qualifying investors to obtain work permits for up to five expatriate employees. An entry permit holder can apply to be granted a dependant's pass for each of his dependants. Table 10 details the type, cost and processing time for the various visas and permits.

TAXATION

Pursuant to the provisions of the Income Tax Act, Cap. 323, businesses in Zambia are required to pay a number of taxes. Main taxes payable include corporate income tax, personal income tax, withholding tax, value-added tax and property transfer tax. The Ministry of Finance is responsible for the formulation of tax policy and the tax-implementing agency is the Zambia Revenue Authority (ZRA). Selected taxes payable are explained below.

CORPORATE INCOME TAX

Corporate income tax is paid on trading profits and other taxable income such as interest, royalties and rental income. Corporate income tax rates are currently 35%. However, companies such as agricultural and agroprocessing companies are taxed 10%. A one-year 2% discount is granted to newly listed companies on the Lusaka Stock Exchange (LuSE). A 5% discount is also granted to a LuSE-listed company for as long as one-third of shares are owned by indigenous Zambian(s). Table 11 details the corporate tax rates for each prioritized sector.

PERSONAL INCOME TAX

Personal income tax is paid by people resident or deemed to be resident in Zambia. Personal income tax is also charged directly on profits made by corporate bodies such as limited liability companies and trusts. Current personal income tax is 35%. Employers are also required to register and operate a pay-as-you-earn (PAYE) scheme under which they are required to deduct the appropriate tax from the emoluments of liable employees and remit the tax to the Zambia Revenue Authority. The following are the applicable personal income tax rates for salaried employees in Zambia.

Table 11: Corporate tax categories and rates

Sector category	Corporate income tax rate		
	2020	2019	2018
1. Manufacturing and others	35%	35%	35%
2. Manufacturing – value added to copper cathodes	15%	15%	15%
3. Manufacturing organic and chemical fertilizers	15%	15%	15%
4. Farming	10%	10%	10%
5. Agroprocessing	10%	10%	10%
6. Companies listed on LuSE in 1st year of listing (less 2%)	33%	33%	33%
7. Companies with one-third of shares owned by indigenous Zambians (less 5%)	30%	30%	30%
8. Non-traditional exports	15%	15%	15%
9. Export of non-traditional exports from farming or agroprocessing	10%	10%	10%
Capital allowance deductions	**2020**	**2019**	**2018**
10. Investment/initial allowance on new industrial building	10%	10%	10%
11. Industrial building allowance	5%	5%	5%
12. Plant and machinery used in manufacturing and tourism	50%	50%	50%
13. Implements/machinery used in the generation of electricity	50%	50%	50%
14. Plant, equipment and machinery used in farming and agroprocessing	100%	100%	100%
15. Commercial building	2%	2%	2%
16. Commercial motor vehicle and other plant machinery	25%	25%	25%
17. Farm works/improvements and improvement allowance under MFEZ only	100%	100%	100%
Capital allowances is provided on an annual basis irrespective of how accounts are drawn or prepared.			

Source: BDO Zambia 2020 National Budget Analysis Report, 2019.

Table 12: PAYE rates		
PAY-AS-YOU-EARN (PAYE) CHARGEABLE RATES BY INCOME BAND		
Income band per annum	**Income band per month**	**Tax rate chargeable**
First ZMW9,600	First ZMW3,300	0%
Next ZMW9,600	Next ZMW800	25%
Next ZMW25,200	Next ZMW2,100	30%
Balance more than ZMW74,400	Balance more than ZMW6,200	37.5%

Source: BDO Zambia 2020 National Budget Analysis Report, 2019.

Table 13: Double taxation treaties rates				
Country	**Applicable Tax Rates**			
	Dividends	**Interest**	**Royalties**	**Consultancy Fees**
Canada	15%	15%	15%	0%
China	5%	10%	5%	0%
Germany	5% or 15%	10%	10%	0%
India	5% or 15%	10%	10%	10%
Ireland	7.50%	10%	10%	0%
Italy	5% or 15%	10%	10%	0%
Japan	0%	10%	10%	0%
Mauritius	5% or 15%	10%	5%	0%
Netherlands	5% or 15%	10%	10%	0%
Seychelles	5% or 10%	5%	10%	0%
South Africa	15%	15%	20%	20%
Sweden	5% or 15%	10%	10%	0%
United Kingdom	5% or 15%	10%	5%	0%
This is selection of countries most commonly transacted with and is not a comprehensive list. Rates available are not automatic and have to be applied for.				

Source: BDO Zambia 2020 National Budget Analysis Report, 2019.

WITHHOLDING TAX

Individuals and businesses receiving consultancy services are expected by law, under Section 82A of the Income Tax Act, to withhold tax at 15% on dividends, interest, royalties and management fees. Withholding tax (WHT) is not a final tax, and the amount paid is considered as a tax prepayment. Final tax is arrived at after assessment of the end-of-year tax return submitted by the individual or business. Zambia has double taxation relief agreements with partner countries indicated in Table 13.

VALUE-ADDED TAX (VAT)

Value-added tax (VAT) is levied at 16%. VAT applies to both goods and services of domestic production and those that are imported. VAT is levied on the cost insurance and freight (CIF) value plus Customs tariff. Registration for VAT purposes is mandatory for every dealer in or supplier of standard-rated and zero-rated goods and services, as defined in the VAT Act No. 4 of 1995 (which replaced sales tax), whose taxable turnover exceeds ZK 200 million per annum. Voluntary registration is acceptable for dealers whose turnover falls below the stipulated minimum turnover. It has also been made mandatory to capture and electronically transmit to the ZRA the taxpayer personal identification number (TPIN) and the name of both the buyer and seller of goods and services in all business transactions.

PROPERTY TRANSFER TAX

Pursuant to the Property Transfer Tax Act, Cap. 340, a 10% property transfer tax is charged of the realized value of the property.

OTHER TAXES

Customs duty, excise duty and export duty are some of the other main taxes payable in Zambia. Customs duty is a tax levied on all goods entering the country. Customs duty rates range from 0%–5% for raw materials and capital goods, 5%–15% for intermediate goods, and 15%–25% for finished products. Textile products are treated as intermediate goods, while apparel is considered as finished products. Goods imports from COMESA partners are duty free on a reciprocal basis. Excise duty, on the other hand, is levied on selected goods of a luxurious nature. These include alcoholic beverages, tobacco, selected motor vehicles and cosmetics, etc. Zambia also charges export duty on a few selected items. These include scrap metal at a rate of 25%, copper concentrates at 15% and cottonseed at 15%.

INVESTOR SUPPORT – ZDA ONE-STOP SHOPS

As part of its business facilitation and investments promotion, the ZDA has established one-stop shops in Lusaka and selected provincial headquarters. Through these one-stop shops, the ZDA provides local and foreign investors with fast and efficient business registration services, licences and all key investment and business permits, thus reducing the cost of doing business. This has been achieved through bringing together government agencies involved in offering registration services and issuance of licences and permits in one location. Institutions hosted by a one-stop shop include the Patents and Companies Registration Agency (PACRA), the Zambia Revenue Authority (ZRA), the National Pension Scheme Authority (NAPSA), the Citizens Economic Empowerment Commission (CEEC), the Department of Immigration, and the Zambia Public Procurement Authority (ZPPA). Other stakeholders are licensing and regulatory bodies that provide optional registrations for businesses or that issue operational permits and licences. These include district councils, the Zambia Environmental Management Agency (ZEMA), the Zambia Wildlife Authority (ZAWA) and Water Resources Management Authority.

Legal requirements when investing in Zambia

Below are legal requirements and obligations prospecting investors need to comply with when investing in Zambia.

Company incorporation	A foreign investor intending to establish a business in Zambia is required to set up a branch or incorporate a company. Unlike a branch, an independent company or a subsidiary will be a separate legal entity from its holding company. There are various types of companies that can be formed in Zambia, including a private company limited by shares, a company limited by guarantee and an unlimited company. Unlimited companies are, however, rarely formed. In addition to a private company, one can also form a public company (a company satisfying Section 14 of the Companies Act).
Company regulation	The Companies Act, Cap 388 of the Laws of Zambia regulates all companies in Zambia. A company incorporated outside Zambia intending to establish a business in Zambia must be registered as a foreign company pursuant to the Companies Act, Cap. 388. The Companies Act provides for company incorporation, share capital provisions, shareholders rights, management and administration, accounts, directors' duties, and winding up and regulation of foreign companies based in Zambia.
Business regulation	The Business Regulatory Act, No. 3 of 2014 provides for the business licensing system and licensing principles that all regulatory regimes must adhere to, and for regulatory service centres at which all regulators are to have a presence or an affiliation with, for all applications for licences, permits, certificates and authorizations to be processed.
Tax registration	Limited companies are required to register with the Zambia Revenue Authority (ZRA) for income tax purposes and to obtain a taxpayer personal identification number (TPIN). Limited companies are also required to apply for VAT registration if they deal in taxable goods and services and their taxable turnover exceeds the registration threshold of ZK800,000 (approximately $60,000+) per annum. This application can only be done following the TPIN registration.
Trading and manufacturing licenses	A company undertaking any trade or manufacturing is required to obtain a licence under the Trades Licensing Act. Section 18A of the Trades Licensing Act requires that licence holders under the Act submit to the licensing authority details such as the physical address of the place where the licence holder conducts his or her business or trade. The information obtained by the licensing authority is forwarded to Zambia Revenue Authority at the time when the licence expires or is renewed.
Environmental impact assessments	Any person intending to implement any project is required, under the Environmental Protection Act, to prepare and submit a project brief to the Zambia Environment Management Agency (ZEMA) for approval. ZEMA may, on receipt of a project brief, direct that an environmental impact statement be prepared by the developer if ZEMA determines that the project is likely to have an adverse impact on the environment. Such a statement would be required even if the developer is undertaking any project as part of a previously approved project.
Taxes payable	**Income tax:** Pursuant to the provisions of the Income Tax Act, Cap. 323, businesses are subject to corporate income tax on trading profits and other taxable income such as interest, royalties and rental income. Corporate income tax rates are currently 35%. A one-year 2% discount is granted to newly listed companies on the Lusaka Stock Exchange (LuSE), while corporate tax on agricultural companies is 10%. Personal income tax is paid by people resident or deemed to be resident in Zambia. Income tax is also charged directly on profits made by corporate bodies such as limited liability companies and trusts. **Withholding tax:** A 15% withholding tax is payable on dividends, interest, royalties and management fees. **Value-added tax (VAT):** VAT levied at 16%. Some specified goods and services are zero rated or exempt. VAT applies to both goods and services of domestic production and those that are imported. VAT is levied on the c.i.f. value plus Customs tariff. **Property transfer tax:** Pursuant to the Property Transfer Tax Act, Cap. 340, a 10% property transfer tax is charged of the realized value of the property.
Double taxation agreements	Zambia has double taxation relief agreements with Canada, the Kingdom of Denmark, the Republic of Finland, the French Republic (France), the Federal Republic of Germany, the Kingdom of Netherlands, Ireland, the Republic of Italy, Japan, the Republic of Kenya, Mauritius, Romania, South Africa, the Kingdom of Sweden, Tanzania, Uganda, the United Kingdom of Great Britain and Northern Ireland (UK), the Kingdom of Norway, Zimbabwe and the Republic of India.

Immigration	Any foreign investor who invests a minimum of $250, 000 or its equivalent and employs a minimum of 200 employees (of certain technical or managerial levels) is entitled to a self-employment permit or resident permit. The ZDA further assists the qualifying investor to obtain work permits for up to five expatriate employers. An entry permit holder can apply to be granted a dependant's pass for each of his or her dependants.
Land ownership	A non-Zambian can acquire land if he or she is a permanent resident in Zambia, is an investor within the meaning of the ZDA Act or any other law permitting investment in Zambia, in exceptional cases, by presidential consent in writing, if a person registers a company under the Companies Act, and if the person is granted concession or right under the National Parks and Wildlife Act.
Land acquisition and purchase generally	There are only two types of land tenure in Zambia – leasehold (99 years, renewable for a further 99 years) and customary tenure. Customary land can be converted into leasehold. Under the 1995 Act, land now has value and can be sold even without improvement on the land. Before land can be bought or sold, state consent must be obtained from the commissioner. If consent is not granted within 45 days of filing the application, the application is deemed granted. If consent is refused, the reasons for refusal must be furnished to the applicant within 30 days. Acquisition of land in an area designated as state land will require consent of the relevant district council. Land that does not fall within the jurisdiction of any council can be alienated upon direct application to the Commissioner of Lands. He will then make a formal offer to the applicant, which will contain similar conditions to those contained in the offer made for an application of land situated in the customary area.
Land acquisition and purchase in farm blocks	Investors intending to acquire large-scale farmland in a farm block need to apply to the Council of Ministers on Farm Blocks, indicating their required land size, type and value of planned investments. The application must also be accompanied by the full investment proposal, incorporation documents and the investment licence. For the Nansanga core venture, land will be jointly owned by the investor and the IDC via a joint venture. Foreign investors can also buy large-scale farms from willing sellers following the outlined process above. Small- and medium-sized farms in farm blocks can be acquired by applying to the local district council.
Conversion and transfer policies	There is no exchange control in Zambia for anyone doing business as either a resident or non-resident. Investors are free to repatriate capital investments as well as dividends, management fees, interest, profit, technical fees and royalties. Foreign nationals can also transfer and remit wages earned in Zambia without difficulty. Additionally, there are no restrictions on non-cash transactions. Over-the-counter cash conversion of the local currency into foreign currency is restricted to $5,000 maximum per transaction per day for account holders and $1,000 for non-account holders.
Construction	Prior to constructing any infrastructure, the developer needs to engage an architect to come up with architectural designs/drawings, which are submitted to the local council when applying for architectural/ structural plans approval and construction permit application. Once council approvals are obtained, the developer is also required to register the construction with the National Council for Construction.

How to set up base and invest in Zambia

The table below summarizes key steps, formalities, requirements and procedures an investor needs to complete in order to invest in Zambia.

Step 1: Consultations with the ZDA	▪ As a first step, an investor needs to contact the ZDA investments promotions division as a first point of call to familiarize self: ▪ Refresh themselves with business and tax registration, information on all other formalities and licensing requirements, and investment registration; ▪ Get contact details of key industry stakeholders and make appointments for consultation meetings; ▪ Get more information on identified potential areas for intended investment; ▪ Assess and re-establish all critical aspects such as land, water, power, labour availability, access and adequacy in specific potential areas.
Step 2: Business registration	▪ Business registration starts with the business name clearance done by submitting an application consisting of three proposed names of the company to be incorporated, copy of passport or any other form of identity for one of the directors or shareholders of the proposed company, physical (local or international) address of directors and shareholders, and the proposed nature or sector of business to PACRA. The process costs ZK 3 and takes a few minutes, and can also be done using the PACRA online portal at https://www.pacra.org.zm. ▪ Business registration is done at the Patents and Companies Registration Agency (PACRA). To register a business, one needs to complete and submit the acceptance letter for name clearance, application for incorporation (Form 2), declaration of consent to act as a director or secretary (Form 5), declaration of compliance (Form 11) and articles of association. ▪ Legal assistance on business registration can be obtained from corporate law firms. If not sure, the investor's embassy in Zambia, the ZDA or the Law Association of Zambia can assist with lists of registered corporate law firms operating in Zambia. ▪ Business registration process takes 1–2 working days if all above-stated requirements are met. ▪ Registration fee for a local company is ZK705 (or USD equivalent) and ZK4,166 (or USD equivalent) for a foreign company.
Step 3: Tax registration	▪ Once the investor has registered his or her business, he or she also needs to register the company with the Zambia Revenue Authority for tax. ▪ To register for tax, one needs to submit the certificate of incorporation, certificate of share capital, articles of association of the company, a map (sketch) of business location, tenancy agreement for the business premises, business bank account statement and business plan/projected cash flow for one year. ▪ Tax registration can be done online at https://www.zra.org.zm. ▪ The same corporate lawyers used for business registration can assist the investor to register and get a taxpayer personal identification number (TPIN) and VAT certificate. ▪ TPIN registration precedes all other mandatory tax registration. The TPIN certificate is vital to enable the company to apply for other taxes and registrations.
Step 4: Bank accounts	▪ There a number of local and international banks in Zambia (see Annex II) from which an investor can choose to open business bank accounts with. ▪ An application to open a business account must include a TPIN certificate, a certificate of incorporation, certificate of share capital, articles of association, and recommendations from other companies with accounts at the same bank. ▪ The ZDA provides support services to help a potential investor open business accounts with banks in Zambia.
Step 5: Investment premises acquisition	▪ Identification and acquisition of land/premises for the intended investment is another critical activity the investor need to undertake.. ▪ Depending on the exact type of investment, land can be acquired through: ▪ Purchasing private land on title; ▪ Application for leased land in industrial zones, farming blocs and municipal authorities, etc.; ▪ Acquisition and conversion of traditional land; and/or ▪ Purchasing institutional land. ▪ Advice on how to legally acquire the needed land for the intended investment can be obtained from the ZDA.

Step 6: Investment registration	▪ Every investor planning to set up a business base in Zambia needs to register for his or her investment certificate with the ZDA in order to qualify for available incentives. ▪ To apply for the investment certificate of registration, one must submit the completed formal application form from the ZDA, certified copy of certificate of incorporation or registration, certified copy of certificate of share capital, certified copy of a certificate of minimum share capital, certified copy of an official list of shareholders or directors, business plan or feasibility study, verifiable evidence of project finance (i.e. local or foreign bank statements in the name of shareholders or a financier), invoices for purchase of machinery and equipment for the proposed investment or a letter from the company indicating the proposed financing source, and brief resumes for shareholders or directors. ▪ Once the investor completes filling, the application forms are submitted for review and possible approval and issuance of a Certificate of Registration, which enables the investor to apply for available investment incentives.

Step 7: Application for investment incentives	▪ Once an investor acquires the investment licence/certificate of registration with the ZDA:
	  ▪ The investor can apply for all available/applicable incentives, which may include:
	  ▪ Customs duty exemptions;
	  ▪ Corporate tax incentives;
	  ▪ Other investment incentives.
	  ▪ The investment should have a minimum of $250,000 in order to qualify for basic non- tax incentives; and
	  ▪ A minimum of $500,000 in order to qualify for special tax incentives for priority sectors located in a farm block, multi-facility economic zone (MFEZ), industrial park or other rural areas.

Step 8: Application for immigration permits	▪ Every investor wishing to live and do business in Zambia is required to comply with the Immigration Act and apply for work permits and visas. ▪ The government has introduced the online application and processing of visas and permits. When applying for visas and permits, one is required to submit a passport-sized photo, copy of applicant's passport, cover letter on company letterhead with full address and contact numbers addressed to the Director General of Immigration, invitation from host company, and certified copy of certificate of incorporation for host company. ▪ An investor/shareholder in a company is expected to apply for an investor's permit, which allows an investor to move freely in and out of the country and to import personal items from one's country of origin, duty free. ▪ An investor who wishes to apply for an investor's permit must show evidence of having transferred not less than $250,000.00 into a Zambian bank account or in the form of equipment and machinery by attaching Customs Form CE20 from the ZRA or bank transfer documents. Other requirements include: cover letter addressed to the Director General of Immigration, duly completed and signed application for an investor's permit (Form 27), certificate of incorporation, certificate of share capital, certificate of minimum capital, investment licence from the ZDA, list of directors, proof of personal investment (bank statement, money transfer, ZRA Form CE20 and bill of lading from the ZRA), certified copy of valid passport (biodata and last endorsement stamp for the Republic of Zambia), and two recent passport-sized photographs. ▪ Investors are also required to apply for employment permits for all their expatriate staff. ▪ Applicants for employment permits are required to secure and apply for their permits while outside the country (for more information, visit www.zambiaimmigration.gov.zm).

Step 9: Application for other licences	**Environmental impact assessment:**
	All investment projects require either a project brief or a full environmental impact assessment (EIA) that is done by the Environmental Management Authority (ZEMA).
	▪ **Manufacturing licences:**
	  Investors in a manufacturing sector are required to apply for and obtain a manufacturer's licence from the local municipality the investor will be operating from.
	▪ **Construction permit:**
	  All infrastructure development requires the developer to apply for architectural and structural drawings approval and for a construction permit with the local council prior to commencing the construction. To do this, the developer/investor needs to:
	  ▪ Contract an architect to draw the architectural drawings;
	  ▪ The architect registers with the council planning department and uploads the architectural drawings and a disclaimer form in case there is excess coverage, land survey plan, and land rates clearance receipt into the City Planning Registry;
	  ▪ Collect a construction payment invoice from the council and pay the construction permit application fees. The fee is not standard and depends on the size and type of building being erected. The banker's cheque or cash for the total fee should be addressed and paid to the council accounts office;
	  ▪ It takes approximately 30 days for the drawings to be signed, after which the architect can collect the authenticated drawings and approval;
	  ▪ Using the approved architectural drawings, the structural engineer will then work together with the architect in order to upload the structural plans into the Lusaka City Council registry;
	  ▪ Once approved, the architect or structural engineer will obtain the authenticated structural plans and approved certificate of structural designs;
	  ▪ Once the construction permit is obtained, the developer needs to register the project with the National Council for Construction.

ANNEXES

ANNEX I: LIST OF INVESTMENT PROMOTION AND FACILITATING ORGANIZATIONS

Scope/area	Organization	Contact and address
Investment promotion	Zambia Development Agency (ZDA)	**The Director General:** ZDA, Privatisation House, Nasser Road, P.O. Box 30819, Lusaka, Zambia Phone: +260 211 220177/223859 E-mail: info@zda.org.zm
Business registration	Patents and Companies Registration Agency (PACRA)	**Chief Registrar** PACRA Head Office Plot No. 8471, PACRA House, Haile Selassie Avenue, Longacres, P.O. Box 32020, Lusaka, Zambia Phone: (+260) 211 255151/255127 Website: https://www.pacra.org.zm
Taxation	Zambia Revenue Authority (ZRA)	**The Commissioner General** Kalambo Road, P.O. Box 35710, Lusaka, Zambia Switchboard: +260 211 380000 Call centre: +260 211 381111, 5972 (all networks), +260 971281111, +260 962251111 E-mail: advice@zra.org.zm
Immigration – visas and permits	Immigration Department	**The Director General** Department of Immigration, Headquarters Kent Building, Haile Selassie Road P.O. Box 50300, Lusaka, Zambia Phone: +260 211 255282 (Public Relations Office) +260 211 252622 (Customer Service Centre) E-mail: pro@zambiaimmigration.gov.zm, zambiavisa@zambiaimmigration.gov.zm
Environmental impact assessments – permits	Zambia Environmental Management Agency (ZEMA)	**The Director General** ZEMA Head Office P.O. Box 35131, Corner Suez & Church Roads Plot # 6975, Ridgeway, Lusaka, Zambia Phone: 260-1-254130/1 Fax: 260-1-254164/254023 E-mail: info@zema.org.zm

Scope/area	Organization	Contact and address
Water development and use	Water Resources Management Authority (WARMA)	**Director General** Plot No. 4186, Addis Ababa Drive P.O. Box 51059, Lusaka, Zambia Phone: +260 211 251 934/0974 606 743
State-owned enterprises and public investments	Industrial Development Corporation (Zambia) Limited (IDC)	**Chief Executive Officer** 61 Independence Avenue, Prospect Hill P.O. Box 37232, Lusaka, Zambia E-mail: info@idc.co.zm Phone: +260 211 427000/+260 967 773007
Standards	Zambia Bureau of Standards (ZABS)	**Executive Director** Lechwe House Freedom Way South End P.O. Box 50259, Lusaka, Zambia E-mail: info@zabs.org.zm
Energy regulation	Energy Regulation Board (ERB)	**Executive Director** Consumer & Public Relations Energy Regulation Board Plot No. 9330, Off Alick Nkhata Road P.O. Box 37631, Lusaka, Zambia Phone: 260-211-258844-49 Fax: 260-211-258852 E-mail: Public Affairs (erb@erb.org.zm)

ANNEX II: LIST OF LEADING BANKS

Name of bank and contact details	Name of bank and contact details
Stanbic Bank Zambia Limited, Stanbic House, Plot 2375, Addis Ababa Drive, Long Acres, P.O. Box 31955, Lusaka Phone: +260971288200	**Standard Chartered Bank** Cairo Road, Lusaka, Zambia Phone: +260 978 751500/+260 966 751500 E-mail: customer.first@sc.com
Citi Bank (Z) Limited Elunda 3 Stand No. 4646 Addis Ababa Drive, Lusaka, Zambia Phone: 021 122 9025/ 021 144 4400	**Bank of China (Zambia)** Street/postal address: Limited Amandra House, Ben Bella Road, Lusaka, Zambia Phone: (260211) 235349/222549 Fax: (260211) 235350 Phone: +260 21 123 8696/+260 21 123 8686/+260 21/122 3084
INDO ZAMBIA Plot 6907, Cairo Road P.O. Box 35411 Lusaka, Zambia Phone: +260 211 224 653	**United Bank for Africa Zambia Ltd** Acacia Park Stand 22768. Corner Great East/Thabo Mbeki Road P.O. Box 36789, Lusaka, Zambia, 10101 Phone: +260 211 389501/+260 211 389502/+260 211 389503
First National Bank – FNB Zambia Head Office Corner Great East Road and Thabo, Lusaka, Zambia Corporate and Investment Banking +260 211 366 800/+260 211 366 362, menu option 1, then 4 E-mail: fnb@fnbzambia.co.zm	

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