

ECONOMIC FUNDAMENTALS

Breakdown of Sector Contribution to GDP – In US\$ Billions

ECONOMIC ACTIVITY	2003	2004	2005	2006	2007	2008	2009
Agriculture, Forestry & Fishing	0.89	1.16	1.49	2.17	2.28	2.22	2.96
Agriculture	0.21	0.26	0.31	0.43	0.39	0.37	0.52
Forestry	0.62	0.84	1.09	1.63	1.78	1.75	2.31
Fishing	0.06	0.07	0.08	0.11	0.11	0.10	0.13
Mining and Quarrying	0.12	0.17	0.23	0.45	0.51	0.46	0.18
Metal Mining	0.12	0.17	0.22	0.44	0.51	0.45	0.18
Other mining and quarrying	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PRIMARY SECTOR	1.01	1.33	1.72	2.61	2.79	2.68	3.14
Manufacturing	0.47	0.59	0.76	1.11	1.12	1.05	1.32
Food, Beverages and Tobacco	0.29	0.36	0.47	0.67	0.69	0.65	0.85
Textile, and leather industries	0.07	0.09	0.11	0.18	0.15	0.10	0.10
Wood and wood products	0.03	0.05	0.06	0.09	0.10	0.10	0.14
Paper and Paper products	0.02	0.03	0.04	0.05	0.06	0.07	0.10
Chemicals, rubber & plastic pdts.	0.04	0.05	0.06	0.09	0.09	0.09	0.11
Non-metallic mineral products	0.01	0.01	0.01	0.02	0.02	0.01	0.02
Basic metal products	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fabricated metal products	0.00	0.01	0.01	0.01	0.02	0.01	0.00
Electricity, Gas and Water	0.13	0.15	0.20	0.32	0.34	0.31	0.40
Construction	0.33	0.49	0.71	1.31	1.67	1.80	2.74
SECONDARY SECTOR	0.93	1.22	1.68	2.74	3.13	3.16	4.46
Wholesale and Retail trade	0.81	1.01	1.30	1.81	1.85	1.75	2.21
Restaurants, Bars and Hotels	0.11	0.14	0.20	0.31	0.34	0.33	0.33
Transport, Storage & Communicat.	0.22	0.26	0.31	0.45	0.50	0.46	0.51
Rail Transport	0.02	0.02	0.02	0.03	0.02	0.02	0.01
Road Transport	0.08	0.10	0.12	0.18	0.19	0.18	0.23
Air Transport	0.03	0.04	0.05	0.10	0.12	0.12	0.09
Communications	0.09	0.10	0.11	0.15	0.16	0.14	0.17
Financial Institutions and Insurance	0.39	0.48	0.61	0.90	0.91	0.92	1.23
Real Estate and Business services	0.28	0.35	0.44	0.64	0.67	0.64	0.81
Community, Social & Pers. Services	0.38	0.44	0.62	0.96	1.08	1.12	1.46
Public Adm, Defence, Public sanit.	0.16	0.17	0.22	0.27	0.31	0.30	0.33
Education	0.14	0.18	0.28	0.51	0.58	0.63	0.90
Health	0.05	0.06	0.08	0.11	0.11	0.12	0.14
Recreation, Religious, Culture	0.01	0.01	0.01	0.02	0.02	0.02	0.03
Personal Services	0.02	0.03	0.04	0.05	0.05	0.05	0.06
TERTIARY SECTOR	2.20	2.69	3.48	5.07	5.34	5.22	6.54
Less: FISIM	-0.22	-0.27	-0.35	-0.52	-0.52	-0.53	-0.70
TOTAL GROSS VALUE ADDED	3.92	4.97	6.52	9.91	10.74	10.53	13.43
Taxes less subsidies on Products	0.40	0.46	0.57	0.79	0.80	0.75	0.70
GDP AT MARKET PRICES	4.32	5.44	7.10	10.70	11.54	11.28	14.14

Source: Central Statistics Office, 2009

Sectoral Description

Mining:

Zambia is the world's fourth largest producer of copper and holds six percent of the world's known reserves thereof. Copper and cobalt, as the country's traditional exports account for well over 70 percent of export earnings. These include gold and gemstones (eg emeralds, aquamarine, topaz, opal, agate and amethysts). Zambia produces over 20% of the world's emeralds.

Agriculture:

Although the agricultural sector employs more than half of the total labour force, only 15 percent of the arable land is under cultivation. It is because of this potential that the government encourages investment in commercial farming.

Manufacturing:

The main manufacturing activities in Zambia are the Food, Beverages and Tobacco sub-sector. However the growth potential in other industries as well is vast. Support measures designed to aid manufacturing enterprises in non-traditional sectors are being implemented.

Tourism:

The tourism industry has grown over the past 3 years, with the establishment of hotels in the major tourist town of Livingstone and the city of Lusaka. The vast potential in the tourism sector in Zambia, with its natural beauty (including the Victoria Falls, which is one of the most renowned beautiful transcendental Seven Natural Wonders of the World) and the wealth of wildlife have yet to be fully exploited. Zambia has 19 national parks and 34 game management areas with a total of 65,000 km² set aside for wildlife conservation.

Infrastructure:

Rail network remains the dominant mode of transportation (83.4%) for goods on the local and international routes. Major rail line links Zambia with Tanzania, is jointly owned by the Zambian and Tanzanian governments and is run by Tanzania-Zambia Railway Authority (TAZARA). The Chipata-Mchinji Railway is under construction and will link Zambia with Malawi and Mozambique. Furthermore there are more than 130 airfields, one third of which are Government-owned while the rest are privately owned. The Lusaka and Livingstone International Airports are Zambia's main airports connecting the country with the region and the rest of the world. The smaller airports include Ndola, on the Copperbelt province and Mfuwe, in the Luangwa National Park.

Energy:

With its vast water resources and coal reserves, Zambia offers abundant investment opportunities for hydroelectric power generation, supply and distribution. The country has well over 1,750 MW of hydroelectric generating capacity. Proven coal reserves exceed 30 million tonnes and satisfy 9% of energy demand. Hydro-electricity is mainly supplied and distributed by the Zambia Electricity Supply Corporation (ZESCO).

Telecommunications:

Zambia has access to the west coast Sat-3 cable to Europe via a fibre link with Namibia, which in turn links with the South African fibre network, reaching Cape Town. Currently three companies, the Zambia Electricity Supply Corporation (ZESCO), the Copperbelt Energy Corporation (CEC) and the Zambia Telecommunications Company (ZAMTEL) are licensed to operate optic fibre networks, and there are mobile telephone services namely Zain Zambia, MTN and Cell-Z (a mobile segment of ZAMTEL).

Health:

Government and private hospitals and clinics provide health care. The private hospitals have earned a reputation as providers of good quality health care. Major surgery cases are usually referred to the Republic of South Africa. Flying doctor services cover remote areas and provide immediate care and transport for urgent cases. Investment opportunities for establishing specialized hospitals to treat such referral cases are, therefore, unexploited.

Education:

. There currently only 3 public universities, namely the University of Zambia, the Copperbelt University and the Mulungushi University, and 4 private universities namely; Cavendish University, the Zambia Open University, the University of Lusaka, the Catholic University and the Northrise University. There also over 40 technical colleges, thus the massive investment opportunities for provision of university level and other tertiary education.

3. ATTITUDE OF WELCOME



Not only the investment environment but Zambia's magnificent Victoria Falls welcomes you

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Foreign investment has risen from 255 million dollars in 2003 to over 4.25 billion dollars for 2008. We are tackling corruption head on, and will continue to do so. We must because corruption saps investor confidence. We will continue to build a strong Zambia. Our economic policies have made us one of the most stable countries on the African continent. With this stability we have seen record levels of foreign investment that have modernized our industries and made our farmers more productive. We will continue to welcome foreign investors to Zambia.

”

HE Mr. Rupiah B. Banda – President of the Republic of Zambia
Presidential Inaugural Speech on the 2nd of November 2008

The Government of Zambia is pursuing a dynamic private sector lead economic agenda, driven by domestic and foreign direct investments, and seeks to establish new trading partners in the Asian tiger economies, whilst also maintaining links with traditional Western trading and investing partners, as well as partners the Southern Africa sub region and in Africa as a whole.

The Government of Zambia in conjunction with several developed country / cooperating partners from USA, Europe and Japan have launched trade and investment initiatives to serve as a stimulus for the promotion of domestic and foreign business, trade and direct investments into Zambia.

Considerable efforts are constantly being made to ensure that Government policies and administrative procedures are investor friendly.

The positive impact of these measures is reflected in the following statement by the World Bank Doing Business Reports for 2010.

“Zambia ranks among the top 10 countries worldwide that have improved the ease of doing business in the year 2010. Zambia, a top 10 performer eliminated its minimum capital requirement, computerized customs declarations and introduced an electronic case management system in courts”

IN SUMMARY – WHY ZAMBIA ?

The country’s central location in the region as well as combination of following key strengths makes it a unique place to invest:

- ✿ Abundance of natural resources and manpower which are highly under-utilized.
- ✿ Abolition of controls on prices, interest rate, foreign exchange transactions.
- ✿ Free repatriation of earnings and repayments.
- ✿ Guarantees and security to investors with statutory rights to full and fair compensation.
- ✿ Duty free access to regional markets i.e. SADC and COMESA, the wider African markets, and the USA markets under the African Growth and Opportunity Act, (refer to page 16).
- ✿ Land Banks separately created for large scale for large scale agricultural development (refer to page 30).
- ✿ Well developed industrial land for investments within the Multi Facility Economic Zones (refer to page 32).
- ✿ Banking, financial, legal and insurance services of international standard as well as a Stock Exchange (refer to pages 38).
- ✿ Good place to work and live: – sub-tropical climate and vegetation with plenty of water and electricity. Friendly people, mostly English speaking with high literacy rate. Educational establishments to University level. Strong religious values. Open air lifestyle with nature reserves, game parks, rivers, lakes and waterfalls.
- ✿ Land linked to eight neighboring countries with immense potential i.e. Angola, Botswana, Congo D.R, Malawi, Mozambique, Namibia, Tanzania and Zimbabwe.
- ✿ Thriving private sector – Government has successfully privatized most of the previously state owned businesses thus encouraging an enterprising culture.

Visa Applications

Obtaining a visa is generally straight forward, provided that all the required documentation is available.



Nationals of Common Market for Eastern and Southern Africa (COMESA) and Commonwealth member countries generally do not require visa to visit Zambia. However, nationals of following Commonwealth countries do require visas; The Gambia, Ghana, India, Pakistan, Papua New Guinea, Sri Lanka and United Kingdom.

The visas may be obtained from any Zambian High Commission and Embassy overseas. It is also possible to obtain a Visa at Zambia entry points for some specified foreign country nationals (e.g. UK and the USA –please check prior to departure).





It should be noted that a work permit is required before any foreign national can take up employment in Zambia.

Visa on Entry through ZDA Facilitation for Investors

Potential investors can obtain a visa at the point of entry by requesting ZDA to make an application to the Immigration Department. They should email ZDA (one month before arrival date) the following information:

- I. Name of company and address
- II. Name of Company Chief Executive Officer, contact phone number and email
- III. Name of company official visiting Zambia, position, phone number and email
- IV. Nature of project – give details
- V. Details of contacts in Zambia (if any)
 -  For first time investors whose only contact are Zambian Government officials met during Zambian Investment promotion missions abroad, please indicate the name of the officer and relevant ministry.
 -  For those who have no official contact, please indicate and ZDA will facilitate. In this context it is important that Item IV. Above is completed in detail.
- VI. Duration of stay in Zambia
- VII. Type of assistance required from ZDA during visit
- VIII. Scanned copies of passports of company officials visiting Zambia showing picture and details of passport holder

The emails should be addressed to:

-  lmbewe@zda.org.zm
-  mchangala@zda.org.zm
-  msamboko@zda.org.zm
-  bbanda@zda.org.zm

Setting up a Business in Zambia

All businesses engaging in both domestic and/or international trade are required by law to be registered with the Patents and Companies Registration Office (PACRO), an agency of the Ministry of Commerce, Trade and Industry.

Registration is either by:

-  Business name
-  Public or private company (therefore being incorporated in Zambia) or
-  Foreign company

The basic requirements a foreign investor must meet to form a company in Zambia are:

- a) Select the name of the proposed company, and have alternative names in case the first choice is not available.
- b) Select the directors
- c) Select the company secretary
- d) Select the registered office
- e) Select the accounting reference
- f) Decide on what would be the authorised share capital
- g) Decide in what would be the purpose of the company
- h) Decide whether they would need to enter into a shareholders agreement
- i) Decide on the articles of association.

The minimum capital required to register a public or private company is K 5 million (USD 1,000). Registration fees (inclusive of name search, forms, processing of application forms) are as follows:

- 🌸 K85,000 (USD 17) for registration of a business name
- 🌸 K245,000 (USD 49) minimum for registering a company (depending on share capital the fee increases by K 5,000 (USD 1) increment for each additional K 200,000 (USD 40) of share capital)
- 🌸 K585,000 (USD 117) for a foreign company

A foreign investor can register either a public company or a private company which maybe private limited by shares, or companies limited by guarantee or unlimited companies. However, should a foreign registered company desire, it may register as such in Zambia by lodging an application for this, and the application must be accompanied by:

- a) A certified copy of the charter, statutes, regulations, memorandum of and articles of association or other instrument consulting or defining the constitution of the company
- b) In relation to each documentary agent and local director, a statement signed by that person accepting appointment of such.
- c) A statement regarding property acquired in Zambia by the company.

Registration fees for a foreign company are as follows:

- a) Registration of a certified copy of the charter, statutes, regulations, memorandum of articles of association or other instruments constituting or defining the constitution of the company is K 1,000,000.00 (USD 312.5)
- b) Registration of any document or making a record of any fact authorized to be delivered, sent or forwarded to the Registrar not specified in (a) above is K 150,000.00 (USD 47.00)
- c) Certificate of Registration – K150,000.00 (USD 47.00)
- d) Sealing – K 150,000.00 (USD 47.00)

If all the necessary paper work is in place and correctly done, the registration of a company can be completed in one day.

Legal Framework for Investment Protection

The Zambia Development Agency Act assures investors that property rights shall be respected. No investment of any description can be expropriated unless Parliament has passed an Act relating to the compulsory acquisition of that property. Also, in case of expropriation full compensation shall be made on market value and shall be convertible at the current exchange rate.

Zambia is 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 Investment Treaties with eleven countries. These bilateral investment treaties are reciprocal agreements between two countries that encourage, promote and protect foreign investment. These countries are Belgium, Luxemburg, China, Croatia, Cuba, Egypt, France, Germany, Ghana, Italy, the Netherlands and Switzerland.

ATTITUDE OF WELCOME

Double Taxation Agreements

Some eligible taxpayers find themselves liable to tax in more than one country or territory in respect of the same income. The predicament of international Double Taxation may adversely affect the international flow and mobility of human, financial and investment resources, thus the international community has devised a mechanism to prevent, eliminate or mitigate the incidence of Double Taxation.

The countries that Zambia has signed Double Taxation Agreements with include; Canada, Denmark, Finland, France, Germany, Holland, India, Ireland, Italy, Japan, Kenya, Mauritius, Norway, Romania, South Africa, Sweden, Tanzania, Uganda, United Kingdom, Yugoslavia and Zimbabwe.

AGOA - Africa Growth and Opportunity Act

In addition, preliminary discussions to come up with Double Taxation Agreements and other trade facilities with India and Malaysia have commenced. In principle, double taxation agreements enable offsetting tax paid in one of 2 countries against the tax payable in the other, in this way preventing double taxation.

This Act provides trade preferences for quota and duty-free entry into the United States for certain goods, Notably, AGOA expanded market access for textile and apparel goods into the United States for eligible countries. Some AGOA countries have begun to export new products to the United States, such as cut flowers, horticultural products, automobiles and steel.

Initially, AGOA was set to expire in 2008. In 2004, the United States Congress passed the AGOA Acceleration Act of 2004, which extended the legislation to 2015. The Act's apparel special provision, which permits lesser-developed countries to use foreign fabric for their garment exports, was to expire in September 2007. However, legislation passed by Congress in December 2006 extended it through 2012.

Cotonou Agreement

The Cotonou Agreement, provides for *reciprocal* trade agreements, meaning that not only the European Union (EU) provides duty-free access to its markets for African, Caribbean and Pacific Nations (ACP) exports, but ACP countries also provide duty-free access to their own markets for EU exports.

True to the Cotonou principle of differentiation, however, not all ACP countries have to open their markets to EU products after 2008. The group of least developed countries is able to either continue cooperation of *non-reciprocal* trade preferences or the "Everything But Arms" regulation.

Zambia is also a signatory to the Cotonou Agreement, which aims to achieve free trade arrangements between the EU and the ACP regional groupings.

Market Access

Zambia's active participation in the 14 countries region SADC Trade Protocol as well as the Africa wide 20 countries COMESA/FTA offers preferential tariff access to total market potential of nearly 380 million people.

COMESA (Common Market For Eastern and Southern Africa)

COMESA was founded in 1994 to replace the former Preferential Trade Area (PTA) and forms a formidable market (both external and internal trading) with over 20 member states with a population of more than 374 million and an annual import bill of around USD32 billion.

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ZAMBIA Bata Shoe Company Plc has established a new export market in Southern Africa with Zimbabwe emerging as a major importer of the company's leather and finished products. Our company is now exporting to South Africa, Malawi and Zimbabwe. We managed to penetrate the regional market based on our specialised production and focused marketing arising from trade interface between countries in the COMESA and SADC region.

”

Mr. Glenn Ireton Manley, Managing Director, Bata Shoe Company.



Boosting agricultural production for the local and regional market

ATTITUDE OF WELCOME

COMESA Member States

1. Angola
2. Burundi
3. Congo DR
4. Comoros
5. Djibouti
6. Egypt
7. Eritrea
8. Ethiopia
9. Kenya
10. Libya
11. Malawi
12. Madagascar
13. Mauritius
14. Rwanda
15. Seychelles
16. Sudan
17. Swaziland
18. Uganda
19. **Zambia**
20. Zimbabwe



SADC (Southern African Development Community)

SADC was formed with the objective of building a region of high levels of harmonization and rationalization that enable pooling of resources to achieve self reliance and ultimately improve the living standard and quality of people in this region.

SADC Member States

1. Angola
2. Botswana
3. Congo DR
4. Lesotho
5. Madagascar
6. Mauritius
7. Malawi
8. Mozambique
9. Namibia
10. South Africa
11. Swaziland
12. Tanzania
13. **Zambia**
14. Zimbabwe



4. KEY GOVERNMENT POLICIES

The Government has recognized that the private sector must become the engine of growth to drive the economy and create wealth and jobs opportunities for the Zambian people.

Foreign Exchange

- ❁ Zambia abolished exchange controls in 1994. Companies can bring in capital and repatriate capital and profit without restrictions.
- ❁ Interest rates and foreign exchange rates are market determined.
- ❁ Investors face no restrictions on the amount of interest, profit dividends, management fees, technical fees and royalties that they are allowed to repatriate. Income earned by foreign nationals may also be externalized without difficulty.

Rule of Law

- ❁ Zambia legislative power is vested in the Parliament which comprises the President and the National Assembly. The constitution was last amended in 1996 which covered areas in governance, legal and judicial doctrines
- ❁ These changes included the declaration of sovereignty and democracy resolution to maintain Zambia as a democratic state, equal rights of men and women, upholding the laws of the elected state, declaration of the country as a Christian nation and resolution to remain a multiparty state.
- ❁ Guarantee against expropriation -The Government of Zambia has long recognized that the ability to encourage private investment is the key to stronger economic performance. The Zambia Development Agency Act of 2006 assures investors that property rights shall be respected. No investment of any description can be expropriated unless Parliament has passed an Act relating to the compulsory acquisition of that property. Also, in case of expropriation full compensation shall be made on market value and shall be convertible at the current exchange rate.








Zambia's imposing Court House and Parliament Building reflect Nation's stability under rule and law of Parliamentary Democracy

KEY GOVERNMENT POLICIES

Road Network

Being a former British colony, Zambia has a common law system. The Judicature of Zambia has five layers of Courts which include:

-  The Supreme Court
-  The High Court
-  The Industrial Relations Court
-  Subordinate Court
-  Local Court

Equity Ownership

The financial sector is fully liberalized and allows for 100% foreign ownership of financial institutions.

All projects declared as being in a priority economic sector under the ZDA Act, can be 100% foreign owned. However the Zambian Government encourages foreign companies to have Zambian joint venture partners and the ZDA stands ready to help foreign companies to find such partners.

Employment of Expatriates

Employers seeking to employ expatriate staff are required to apply for work permits from Immigration Headquarters. Such permits are usually issued for an initial period of one year with provision for subsequent extensions or renewals.

Companies that hold an Investment Licence and invest a minimum of US\$ 250,000 or employs a minimum of 200 employees shall be entitled to self-employment permit for up to five expatriate employees.

The fees relating to work permits are indicated below:

Employment/Work Permit		Self Employment Permit	
Issuance	K2, 000,000 (US\$ 400.00)	Issuance	K1, 500,000 (US\$ 300.00)
Renewal	K2, 500,000 (US\$ 500.00)	Renewal	K2, 000,000 (US\$ 400.00)
Replacement	K2, 000,000 (US\$ 400.00)	Variation	K2, 000,000 (US\$ 400.00)
Addition of name	K 500, 000 (US\$ 100.00)	Replacement	K2, 000,000 (US\$ 400.00)
Occupation Change	K1, 000,000 (US\$ 200.00)		

Exchange Rate: US\$ 1.00 = K5,000.00 as at 31st August 2010

All projects under the ZDA priority economic sectors will indicate to ZDA their expatriate requirements and once approved ZDA will write recommendation letters to the Immigration Department to assist the companies obtain the necessary self employment and work permits for their expatriate staff.

5. INFRASTRUCTURE

The Government of Zambia has begun the process of rehabilitating the road network in the country which covers 38,763 km. A five and ten year Sector Investment Programme, estimated at US\$411.9 million and US\$860.3 million respectively, has continued to generate interest and an impressive support from the World Bank.



Building of new infrastructure

International highways link Zambia with South Africa, Zimbabwe, Mozambique, Malawi, Tanzania, the Democratic Republic of Congo and Namibia.

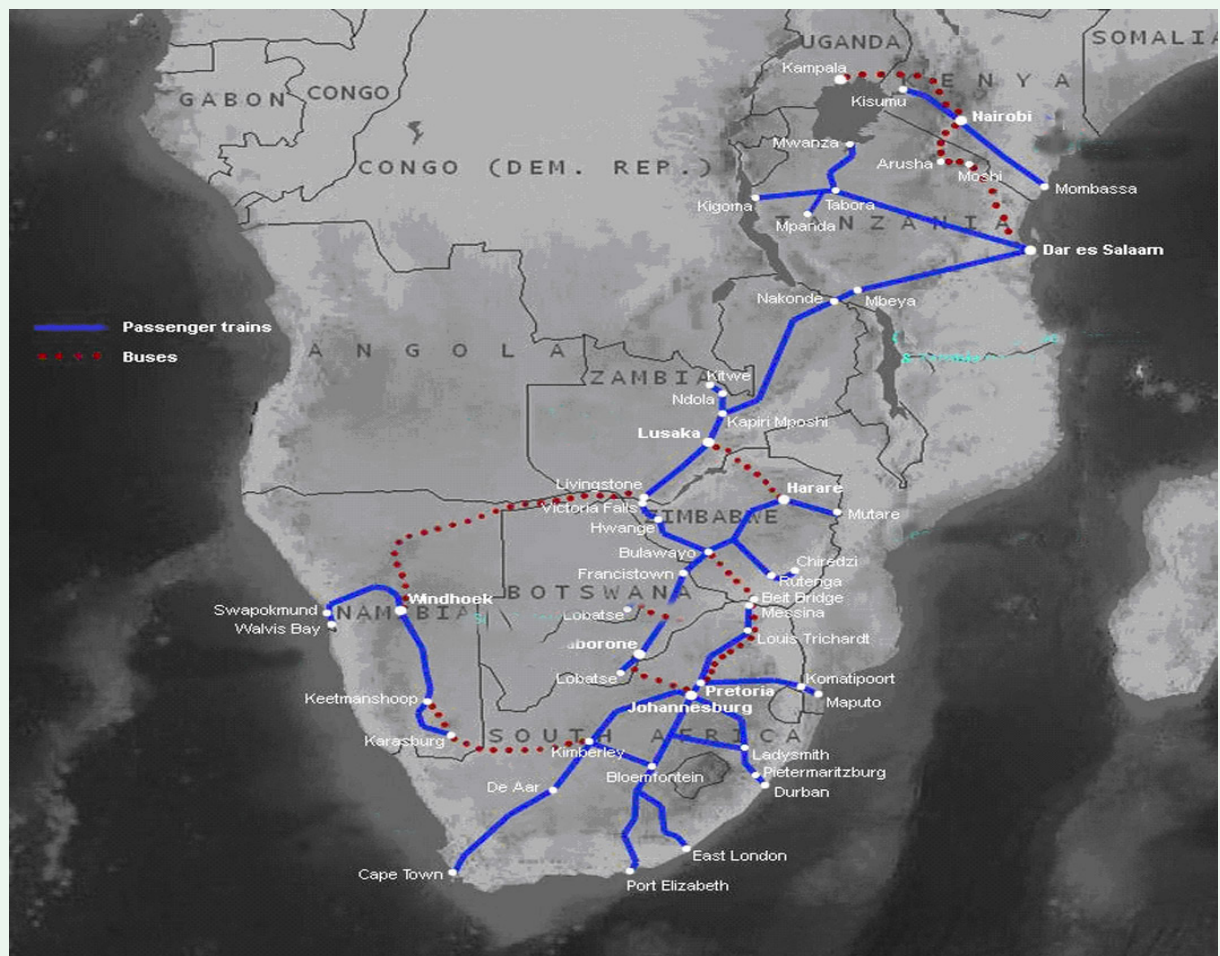
International road highways link Zambia to nine countries Tanzania, Congo DR, Botswana, Namibia, Zimbabwe, Mozambique, Angola, Malawi and South Africa. The local highways lead to all provincial centres and towns.



Neighbouring international seaports link Zambia to the world

INFRASTRUCTURE

- a) **Beira Corridor** – The Corridor stretches from Beira in Mozambique via Zimbabwe and Zambia to Lubumbashi in Congo DR. The corridor is transversed by road with a total length of 1,580 Km and by rail with a distance of 2,558 km.
- b) **Nacala Corridor** - The corridor stretches from the Port of Nacala in Mozambique via Malawi to Lusaka in Zambia. Nacala can be accessed by road from Lusaka a distance of 1,774 km and by road/rail combination measuring 604km of road and 1,140km of rail.
- c) **Durban Corridor** - The corridor has road, rail and road/rail combination of network from Durban in South Africa via Zimbabwe, Botswana, and Zambia to Congo DR border. The length of the road via Beit Bridge on the Zimbabwe-Zambia border to Congo DR border is 2,611km, while the length of the road to Lusaka via Plumtree on the Botswana-Zimbabwe border is 2,524km. The length of the rail route via Plumtree to Congo DR is 2,510km while the road/rail combination is 304km and 2,227km rail.
- d) **Dar-es-Salaam Corridor** - The Corridor stretches from Dar-es-Salaam in Tanzania to Harare in Zimbabwe via Lusaka. The road/rail combination is 304km road and 2,176km rail.
- e) **Walvis bay Corridor** - This corridor stretches from Walvis Bay in Namibia to Bujumbura in Burundi via Katima Mulilo on the Zambian-Namibia border. The road/water combination is 3,151km road and 650km.
- f) **Mpulungu Corridor** - This Corridor services Lusaka and Malawi via Chipata on the Zambia-Malawi border to Mpulungu and Great Lakes Region. The distance between Lusaka and Kigali is 1,390km by road and 650km by water.



Airports

There are four international airports; Lusaka, Livingstone, Ndola and Mfuwe (for chartered flights only); five secondary airfields and five airstrips serve international and domestic flights.

The Lusaka International Airport is Zambia's main airport connecting the country with the rest of the world. Lusaka Airport is complimented by three smaller airports at Ndola, Livingstone and Mfuwe, as well as secondary airfields at Chipata, Kitwe, Kasama, Mongu, Solwezi and Mansa. The Lusaka International Airport is approximately 20km from the city centre.

Zambia has no national airline but is served by a number of airlines that connect to international routes via Johannesburg, Cape Town, Nairobi, and Dar-Es-Salaam. Zambezi Airlines is a privately run airline with regional flights to Johannesburg and local flights to various destinations within the country. The country recently adapted an "open sky policy" and is currently encouraging the establishment of an air cargo hub for the Southern African region.

Flights to and from Zambia

There is a thrice-weekly British Airways flight from the Lusaka International Airport to London. Other international airlines operating in Zambia include South African Airways, Kenya Airways, Ethiopian Airlines and Nationwide.

For most international business people, the best and most direct route would be to fly to Johannesburg in South Africa and connect by a 2 hour flight to Lusaka. However options via Addis Ababa or Nairobi are also available.

Road Network

The government of Zambia has embarked on the process of rehabilitating the road network, which covers 38,763 km of which 6,173 km are bitumen, 8,592 km gravel and 23,998 km is unclassified. A five and ten year Road Sector Investment Programme, estimated at US\$ 411.9 million and US\$ 860.3 million respectively, has continued to generate interest from the multilateral and bilateral agencies as well as the private sector.

Rail Network

Rail network remains the dominant mode of transportation (83.4%) for goods on the local and international routes, stretching for about 2,100 km. However, the infrastructure requires urgent rehabilitation, and with the support from Donors, the formerly state-owned Zambia Railways was privatized through a 25-year concession to Railway Systems of Zambia.

Another major rail line links Zambia with Tanzania, is jointly owned by the Zambian and Tanzanian governments and is run by Tanzania-Zambia Railway Authority (TAZARA).

The recent opening of the Chipata-Mchinji railway link opens up some new and exciting opportunities for the private sector players in Zambia, Malawi, and Mozambique. Although the railway link is only 24 kilometres long, it provides connectivity into the Malawi railway network and further connects Zambia to the northern Mozambique railway network.

Energy

Zambia has abundant energy resources. The most important source of energy is electricity and this is generated by three major hydro-electric power stations. Other energy resources are petroleum, coal and wood.

ELECTRICITY TARIFFS (2010)

		ZMK	US\$	
1.	METERED RESIDENTIAL TARIFFS			
	R1 - Consumption up to 100 kWh	Energy charge / kWh	150.00	0.02
	R2 - Consumption 101 to 400 kWh	Energy charge / kWh	250.00	0.05
	R3 - Consumption above 401 kWh	Energy charge / kWh	400.00	0.08
		Fixed monthly charge	14,650.00	2.93
	Pre-paid	Energy charge / kWh	278.00	0.06
2.	COMMERCIAL TARIFFS - 15kVA			
	C1 – Consumption up to 700kWh	Energy charge / kWh	265.00	0.05
		Fixed monthly charge / kWh	47,750.00	9.55
3.	SOCIAL SERVICES TARIFFS			
	Water pumping, Street Lightening	Fixed Monthly Charge	41,500.00	8.30
	Schools, Hospitals, Churches, Orphanages	Energy Charge/kWh	250.00	0.05
4.	MAXIMUM DEMAND TARIFFS			
	(I) MDI - CAPACITY BETWEEN 16 - 300kVA			
	Maximum Demand Charge /kVA/Month	17,000.00	2.34	
	Energy Charge/kWh	170.00	0.03	
	Fixed Monthly Charge	114,450.00	22.89	
	(II) MD2 - CAPACITY BETWEEN 301 – 2,000kVA			
	Maximum Demand Charge/kVA/Month	21,850.00	4.37	
	Energy Charge/kWh	170.00	0.03	
	Fixed Monthly Charge	2,290,000.00	45.80	
	(III) MD3 CAPACITY BETWEEN 2001 – 7,500 kVA			
	Maximum Demand Charge/kVA/Month	39,500.00	7.90	
	Energy Charge/kWh	170.00	0.03	
	Fixed Monthly Charge	551,500.00	110.30	
	(IV) MD4 CAPACITY ABOVE 7,500 Kva			
	Maximum Demand Charge/kVA/Month	39,950.00	7.99	
	Energy Charge/kWh	150.00	0.02	
	Fixed Monthly Charge	1,103,000.00	220.60	

NOTE:

The above tariffs are inclusive of:

- (a) 3.0% Rural Electrification Levy
- (b) 16.0% Value Added Tax (VAT)

Source: Zambia Electricity Supply Corporation (20th July, 2010)



Growing power lines reflect dynamic infrastructure development

WATER TARIFFS

DOMESTIC CUSTOMERS			COMMERCIAL AND OTHER CUSTOMERS		
Consumption Block	Amount per m3		Consumption Block	Amount per m3	
	Kwacha	US\$		Kwacha	US\$
0 to 6 m	600	0.17			
6 to 30 m	750	0.21			
30 to 100 m	900	0.26	0 to 100 m	800	0.23
100 to 170 m	1,700	0.49	100 to 170 m	1,800	0.51
Above 170 m	1,900	0.54	Above 170 m	2,000	0.57

OTHER CHARGES	FEE	
	Kwacha	USD
Communal taps: charge per household per month	3,000	0.86
Sewerage services(% of water consumed); Domestic	30%	N/A
Others	45%	N/A
Leak detection fee	50,000	14.29
Reconnection fee (domestic)	70,000	20.00
Reconnection fee (others)	200,000	57.14
Fixed charge per month (domestic)	4,000	1.14
Fixed charge per month (others)	10,000	2.86

MAXIMUM VOLUME FOR ASSESSING UN-METERED CUSTOMERS

Category and Area	Maximum Volume	Maximum Assessed Billing	
		Kwacha	USD
Low Cost Area (e.g. Matero, Mtendere, Kaunda Square etc)	30 m3	21,600	6.17
Medium Cost Areas (e.g. Kabwata, Kamwala, Libala, parts of Chelstone etc.)	45 to 55 m3	44,100	12.60
High Cost Area (e.g. Kabulonga, Woodlands, Roma, parts of Chelstone etc.)	120 m3	115,606	33.03

N.B

1. Discharge of effluent costs K1,300 (US \$ 0.26) per 1 000 litres of disposal

Source: Lusaka Water and Sewerage Company Limited.

Telecommunications

Zambia is a member of INTELSAT and accesses an earth satellite station, which provides telex, telephone and television links with the rest of the world. Broadband internet connections are easily available and are efficient and reliable. The types of broad bandwidth in Zambia, uses both fixed and wireless broadband internet access. The fixed broadband internet access or ISDN is dominated by the formerly state owned Zambia Telecommunication (Zamtel) while other internet service providers use MMDS wireless broadband internet access.

ZAMTEL was sold off to LAP Green Network of Libya for a 75 percent stake. LAP Green also agreed to make additional investments in network expansion and to modernise the company. The government, which retains a 25 percent stake in Zamtel, continues to play a role in the management of the company by retaining two seats on the board of directors and also holds veto rights on some decisions. ZAMTEL also runs Zambia's fixed line network and also has a mobile network, Cell Z, which competes with the other mobile network providers in the country - Zain Zambia and MTN.

Over 97 percent of the telephone exchanges are automatic. In the main urban centers public telephones and privately operated cellular telephone networks are already in place. All towns are now fully covered by cellular telephone network.

Fibre Optic

Currently there are three Zambian companies that have been licensed to operate as national Carrier of Carriers and have opted to lay fiber optics as a technology of choice. These are; the Zambia Electricity Supply Corporation (www.zesco.co.zm), the Copperbelt Energy Corporation (CEC) (www.cec.com.zm) and the Zambia Telecommunications Company (www.zamtel.zm).

ZESCO and CEC have completed laying their fiber optic networks. CEC has invested a total of US\$ 9 million in the fibre network connecting all Copperbelt towns. ZESCO has completed about 1,200km from the Western Province via Livingstone-Lusaka- Ndola-Kitwe-Chingola-Solwezi to Lumwana in North Western Province. A complete installation countrywide to form the core backbone requires about 3,700km of fibre with an estimated cost of US\$13 million.

ZESCO and CEC fibre is available at 2.5Gbps. ZAMTEL have started laying fibre optic cables in underground trenches to complement their DSL links (in multiples of 64k) between major cities. The ZAMTEL fibre optic network will cost about US\$48 million.

The entire network by the three companies is to connect Zambia to the undersea cable through the EAssy Project or the SAT 3 cable of the west coast side of Africa through Namibia/Angola. The fibre will also interconnect to Zambia's eight (08) neighbouring countries.

Multi Facility Economic Zones (MFEZ) - The Wave of the Future

The Government has also approved the establishment of Multi Facility Economic Zones (MFEZ). These will be industrial areas for both export orientated and domestic orientated industries, with the necessary infrastructure provided.

Catering for both Domestic and Foreign Investors all MFEZ's will have within or in close proximity the following features:

- a. Industrial land, cleared, zoned and ready for construction! Speedy approval of building plans, grant of titles etc.
- b. Road and / or rail linkages to ports (air and sea) and major internal markets.
- c. Electricity – adequate, without voltage fluctuations, blackouts, etc.
- d. Water, uninterrupted supply and depending upon needs – treated or untreated.
- e. Telecommunications – international direct dialing, fax, direct computer linkage to parent company overseas, etc.
- f. Waste disposal systems – both toxic and non-toxic wastes.
- g. Executive housing for expatriate and senior staff (and adequate housing for other local staff).
- h. International school for expatriate children- Initial Government support will be required until sufficient numbers of students are reached, for them to be independent.
- i. First class hotel facilities, for visiting senior official and staff on temporary assignments, etc (in proximity to zone).
- j. Adequate medical facilities.

Note: g, h, i, j above, can be, but need not be within the physical area of the zone.

Four MFEZ have so far being declared and are under construction;

1. The Chambeshi MFEZ

The Chambeshi MFEZ, being developed by the Zambia-China Cooperation Zone (ZCCZ) Limited, is an MFEZ with a total area is 4,100 Hectares located in Chambeshi in the Copperbelt Province of Zambia. The Chambeshi MFEZ is currently operational and was established by China Nonferrous Metal Mining Group with the support of both Governments of Zambia and China.

The MFEZ was declared through a Statutory Instrument in 2008, and already several enterprise mainly Chinese businesses have established in the area, including a copper smelter servicing the mines on the Copperbelt province of Zambia. The total investments in the Chambeshi MFEZ are expected to reach US\$ 900 million in the next three years.

2. The Lusaka South MFEZ

This Lusaka South MFEZ is being planned on a 2,100 hectares piece of land located in the southern part of Lusaka; about 15 kilometres from Lusaka City and approximately 35 kilometres from the Lusaka International Airport. The Government of Zambia, supported by JICA and the Malaysian Kulim Hi-Tech Park (KTPC) have finalized a Development Master Plan for the launching of the Lusaka South (MFEZ). The zone will accommodate fifty to sixty zone enterprises with an output volume exceeding US \$1.5 billion of which more than US\$ 600 million would be exported while employing more than 6,000 local people. The MFEZ is expected to be ready for investment by 2011.

3. The Lumwana MFEZ

The Lumwana MFEZ is anchored on the Lumwana Mine and will facilitate investments of US\$ 1.2 billion by over 90 enterprises in various sectors, employing 13,000 people by the year 2020. The economic zone is being established on 35,000 hectares of land on the Lumwana Mine area in Solwezi district in North Western Province.

4. The Lusaka East MFEZ

The Lusaka East MFEZ is a sub zone of the Chambeshi MFEZ and is also being developed by the Zambia China Economic and Trade Cooperation Zone (ZCCZ) Limited. It is located on about 130 hectares of land situated in the southern part of Lusaka International Airport. The MFEZ was declared in June 2010.

Several other areas have been identified for such similar MFEZs in Zambia. These areas are; in Ndola and Kasumbalesa both in the Copperbelt Province, and in Nakonde which is in the Northern Province.

In responding to the need for value addition on raw materials and to boost the manufacturing sector, the Government of Zambia has also embarked on setting up industrial parks around the country. The industrial parks have the same features as the MFEZ except that they are smaller in size, and all approval processes for developing the industrial parks, and operating in the parks are the same as those of the MFEZ. The minimum size of the industrial parks is 6 hectares.

Two industrial parks have so far been approved;

1. The Roma Industrial Park

The Roma Industrial Park is located about 20 km north east of the Lusaka International Airport on 130 hectares of land. The industrial park was approved in June 2010 and is being developed by a private company called CPD Investments Limited. The park will consist of a residential village, retail park, office accommodation, warehousing facilities, a light industrial area and specialized husbandry. A total of US\$ 48.6 million investments are expected to be undertaken in the Roma Industrial Park over the next 3 years, and employ 4,000 people.

2. The Sub Sahara Gemstone Exchange Industrial Park

The Sub Sahara Gemstone Exchange Industrial Park is located on about 115 hectares of land in Ndola District on the Copperbelt Province of Zambia, about 300 kms north-west of Lusaka. The industrial park was approved in June 2010 and is being developed by a private company called Sub Sahara Gemstone Exchange Limited. The park will house gemstone related businesses such as

How does a company qualify to develop an MFEZ

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

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

Company submits application for an **MFEZ Developer Permit** to ZDA, upon payment of K 100,000 (US\$ 20) Processing Fee. Application must demonstrate that the project meets the following condition:

- Investment of not less than US \$ 500,000

ZDA scrutinizes the application with a multi sectoral team of local experts , in consultation with the applicant company.

The application is then submitted to the ZDA Board for approval

Once application is approved, ZDA recommends to the Ministry of Commerce to issue a Statutory Instrument for declaration of the MFEZ

The projects that will qualify for incentives if located in the MFEZ include production of the following products in priority sectors;

- Manufacturing
- Floricultural and Horticultural Products,
- Processed Foods,
- Beverages and Stimulants - Tea and Coffee,
- Textiles - Cotton, Cotton Yarn, Fabrics and Garments,
- Engineering Products - Copper Products, Iron Ore, Steel and Colbalt,
- Leather Products,
- ICT Products,
- Health Services,
- Education Services

How does a company qualify to operate in an MFEZ

Company submits application for an **MFEZ Operator Licence** to ZDA upon payment of K100,000 (US\$ 20) Processing Fee, and accompanied by the following documents:

- Certified copy of Company Registration / Incorporation
- Certified copy of certificate of share capital
- Certified copy of a certificate of share capital
- Certified copy of list of shareholders and / or directors
- Business plan and / or feasibility study
- Verifiable evidence of project finance
- Brief resumes / CVs for shareholders and/or directors
- Letter from MFEZ Developer welcoming the Project to be located in the MFEZ
- Clear statement on how the project, if approved will contribute to the country's economic growth and development.

The application is then submitted to the ZDA Board for approval

Company qualifies for incentives if its

- investment is to the value of US \$ 500,000 or more
- investment is in a priority sector

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





lapidaries and minerals processing businesses such as copper electro wining and processing. The total planned investment in the Sub Sahara Gemstone Exchange Park is US\$ 8 million and with 6,000 planned jobs.

LAND

The land tenure in Zambia is 99 year leaseholds.

Acquisition of Land by Non Zambian Investor:

A non-Zambian investor can acquire land if;

-  He/She is a permanent resident in Zambia
-  The project is investment project in accordance with the ZDA Act

ZDA is in the process of setting up land banks for easy access to land available for investment in the priority sectors. The land banks comprise of already demarcated plots and the process of acquiring these plots is fast tracked from application for the land on behalf of the licenced investor, to approvals from the local authorities, up to the Commissioner of Lands.

Land Available for Investments

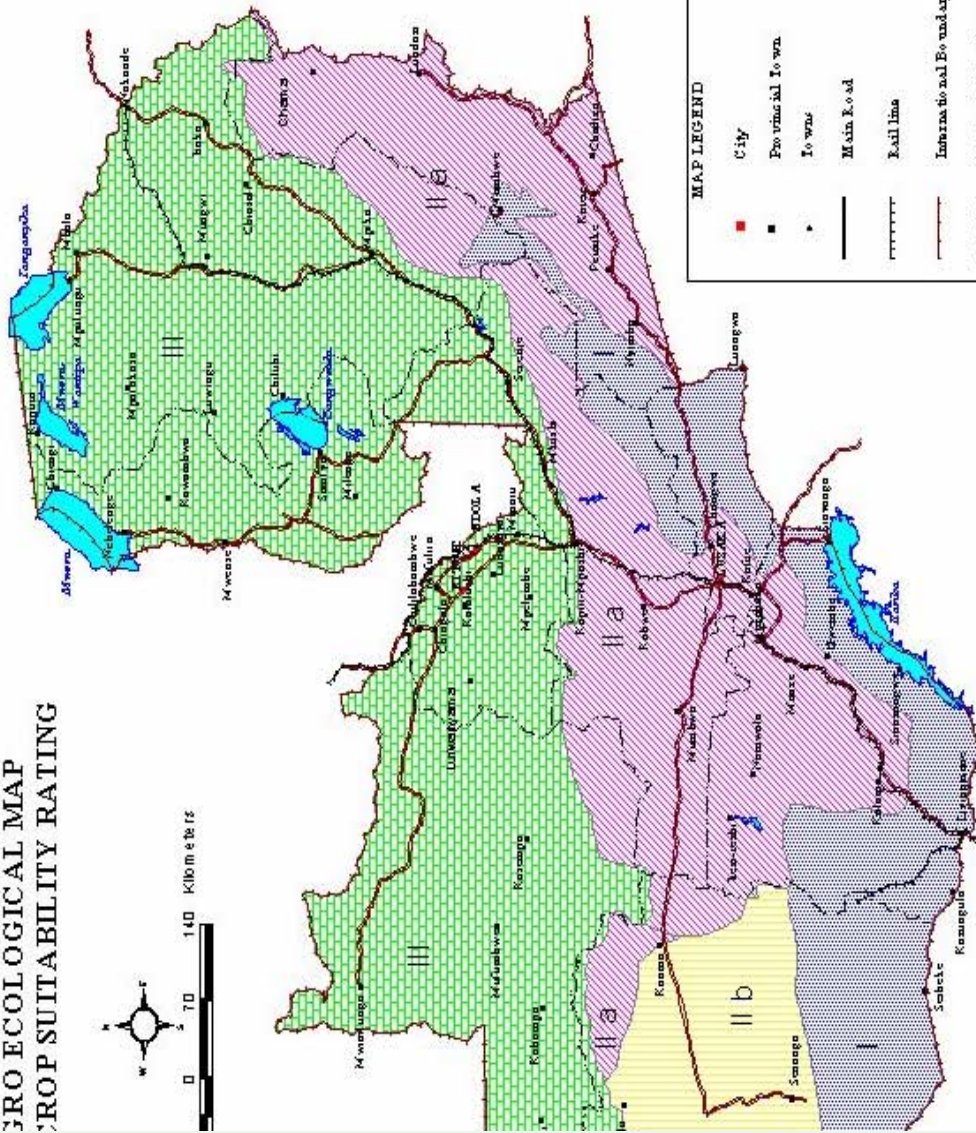
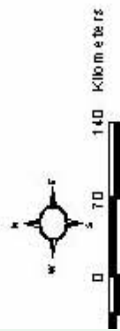
a) Agricultural Land:

The Government has embarked on a land development programme which involves opening up new farming blocks for commercial development and expansion of the agriculture sector. As at December 2010 the following farm blocks have been identified for potential investors:

Farm Block	Province	District	Size (Ha)
Nasanga	Central	Serenje	155,000
Kalumwange	Western	Kaoma	100,000
Luena	Luapula	Kawambwa	100,000
Manshya	Northern	Mpika	147,000
Mikelenge/Luma	North-Western	Solwezi	100,000
Musakashi (SADA)	Copper-belt	Mufulira	100,000
Muku	Lusaka	Kafue	100,000
Simango	Southern	Livingstone	100,000
Mwase-Phangwe	Eastern	Lundazi	100,000

Each farming block is designed to have at least one core large-scale farm (core venture) of 10,000 hectares, several commercial farms of 1,000 to 5,000 hectares and small farm holdings of between 30 to 3000 hectares preferably under out grower arrangements. Farm blocks provide both local and international investors ready access to already surveyed land for agro productions purposes. Currently, the government has identified three priority Farms Blocks - the Nasanga, Kalumwange and Luena blocks. For these three, the government is providing and installing basic infrastructure and facilities such as trunk roads, bridges, electricity, dams, schools and health centres. Other farm blocks, a above will be developed in stages.

REPUBLIC OF ZAMBIA
AGRO ECOLOGICAL MAP
CROP SUITABILITY RATING



MAP LEGEND

- City
- Provincial Town
- Town
- Main Road
- Rail line
- International Boundary
- Provincial Boundary
- Lake

Suitability Legend

PRODUCT/CROP	AGRO ECOLOGICAL REGIONS & SUITABILITY RATINGS		
	I	II a	II b
Bananas	1	1	3
Beans	3	1	3
Cereals	3	1	3
Soybeans	3	1	3
Rice	3	1	3
Coffee	3	1	3
Tea	3	1	3
Millet	2	1	3
Lentils	1	1	3
Sunflower	3	2	3
Paprika	1	2	3
Babycom	2	1	3
Honey	1	1	3
Bee wax	1	1	3
Hides and Skins	1	1	3
Maize	3	1	3
Cashewnut	3	2	1
Cotton	3	1	3
Tobacco	3	1	3
Wheat	3	1	3

Key to Suitability Rating

Rating	Rating Description
1	Excellent
2	Moderately suitable
3	Marginally suitable

Key to Map

Agro-Ecological Region	Annual Rainfall	Soils
I	Less than 700 mm	Clayey
II a	800 to 1000 mm	Clayey
II b	800 to 1000 mm	Sandy
III	1000 to 1500 mm	Clayey

Digitized by E. S. Mwanza, October, 2002

Angus, Technical Services Branch, Mapping and Remote Sensing Unit