

ZAMBIA : Africa's New Economic Frontier



Zambia
Development
Agency

Presentation Strategy



Introduction: where is Zambia?



Macroeconomic Performance



Consumer Market



Sector Profiles



Investment legislation



Investment Opportunities



Investment Incentives

ZAMBIA - WHERE WE ARE

Location

At the centre of Two Regional Markets
Untapped growing regional market

By Road



Organized Regional Roads

By Air



Four Intl. Airports

By Rail



Inter-connected rail



SADC
Approx. 277 million people
GDP US \$ 575.5 billion



COMESA
Approx. 459 million people
GDP US \$ 508 billion



- Other Market Opportunities include;
- EU through EBA
 - USA through AGOA initiative
 - Canadian, Chinese & Japanese Market Access Initiatives

MACROECONOMIC PERFORMANCE

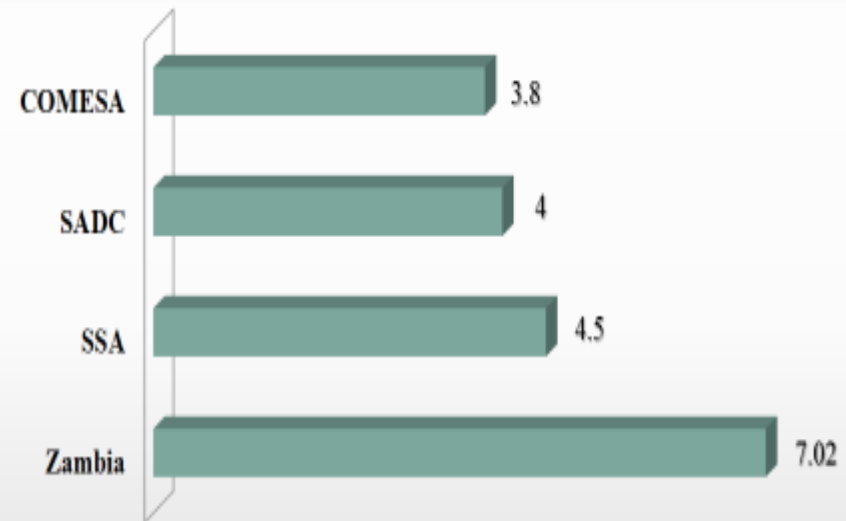
Growth of Real Gross Domestic Product (GDP) 2004 - 2014



Source: CSO and MoFP

- Average growth of 6.3% between 2004 and 2014
- In 2011, the World Bank declared Zambia a **lower-middle income** country
- With the growth rate of 6% in 2014, Zambia was the 7th fastest growing economy in Sub-Sahara Africa.
- In 2014, growth was driven by non-mining output which grew by 7 percent.
- 7% growth rate (projected) in the medium term 2015 – 2017.

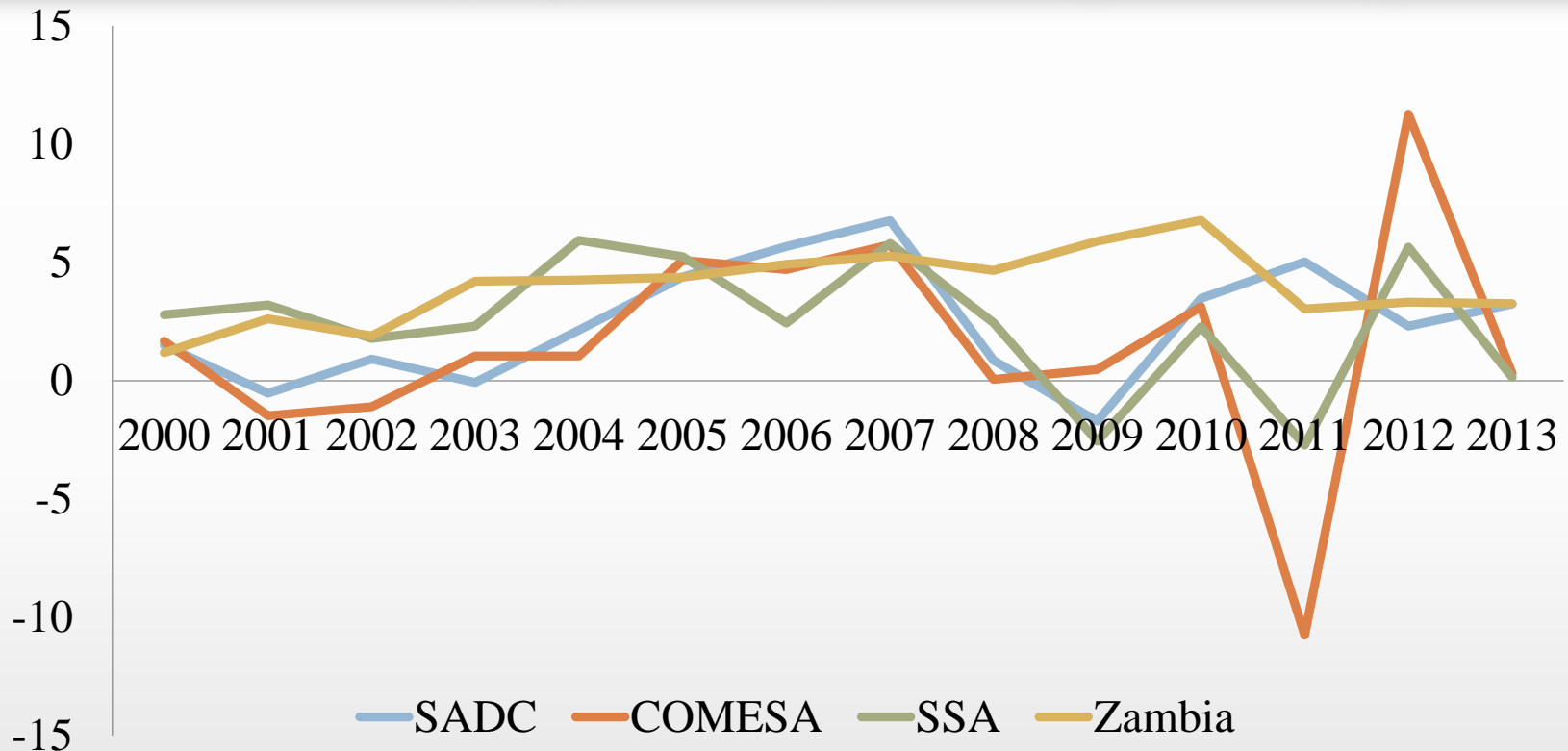
Zambia's Average Real GDP Growth in comparison to COMESA, SADC and SSA (2000 – 13)



Source: World Bank's 2015 world development indicators

- Zambia's economic performance has been remarkable in comparison to COMESA, SADC, and Sub Sahara African countries (SSA).
- Zambia stands out as one of the economic giants in the region in terms of GDP growth

Zambia's GDP Per Capita Growth in comparison to COMESA, SADC and SSA (2000 – 13)

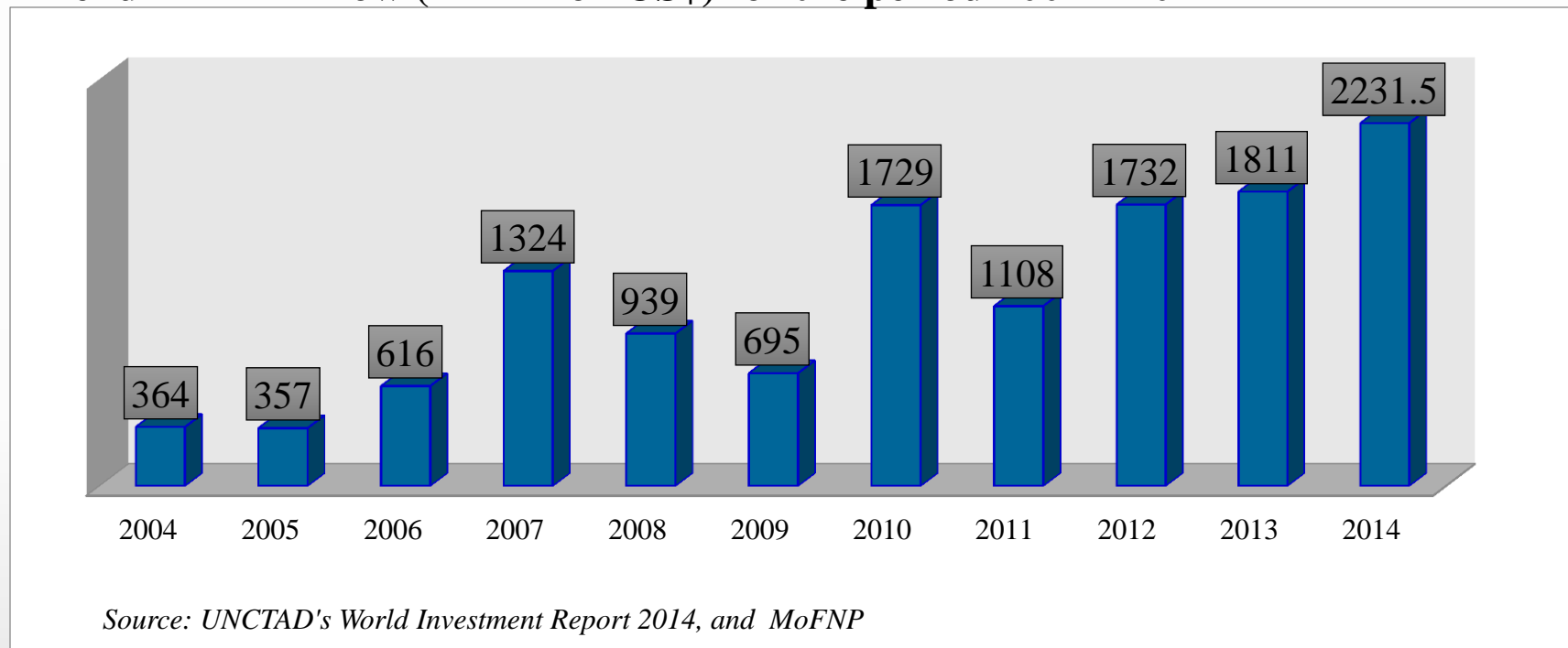


Source: 2015 World Bank's World Development Indicators

- ❑ For the larger part of the period, GDP per capita grew faster than that of the region
- ❑ GDP growth rate forecasts shows per capita GDP will maintain this performance.

Trend in FDI inflows (Million US\$) 2004 - 2014

Trend in FDI inflow (in Million US\$) for the period 2004 – 2014



- ❑ In 2013, FDI in flows to landlocked developing countries (LLDCs) fell by 11% to \$29.7bn.
- ❑ 8 of the 15 LLDCs increased their FDI inflows; **Zambia attracted most investments at \$1.8bn**
- ❑ In 2014, FDI inflow to Zambia increased by 23%

CONSUMER INFORMATION

Consumer Market

- ❑ Demand for durable goods and specialized services is increasing and thus offers investment opportunities for investors
- ❑ Consumer market can be measured by the household consumption expenditure (HFCE)
- ❑ HFCE accounts for about 60% of Zambia's GDP

Household Final Consumption Expenditure in ZMK' Billion (1965 – 2020)

1965 - 1980	1981 - 1990	1991 - 2000	2001 - 2006	2010 ^a	2015 ^b	2020 ^c
ZMK 31.2	ZMK 34.8	ZMK 39.3	ZMK 61.3	ZMK 69.4	ZMK 81.1	ZMK 94.3

Source: 2015 World Development Indicators; a, b, and c are our projections

- ❑ HFCE in Zambia has been steadily rising since 1960 pointing to the growth of the consumer market
- ❑ Zambia has witnessed increased number of
 - shopping malls,
 - hotels,
 - increased importation of vehicles, and
 - increased demand for education and health services
- ❑ Increased HFCE also indicates that real incomes for Zambians is increasing and thus provides a good market for goods and services

Percentage Share of Household Expenditure on Food and Non-food Items



Source: Central Statistics Office

- ❑ Proportion of income households spend on food has declined significantly implying increased demand for non-food items
- ❑ Trend is expected to continue as Zambia's economic growth has remained strong

SECTOR PROFILES

Agricultural Sector

- Total land area: 752, 614 km² , 58% arable but only 14% is currently being utilized
- Total irrigation potential: 2.7 million hectares; only 6% is currently being utilized
- Sector includes livestock, crops, fisheries and forestry.
- Easy access to land through farm block development initiative (Farm Blocs)
- In 2013, it accounted for
 - 22% of GDP,
 - 35% of the non-traditional exports,
 - 10% of the total export earnings.
- Investment opportunities exist in:
 - agro-inputs,
 - agro-processing, and;
 - agro-machinery and equipment



Mining Sector

- Sector accounts for over **86% of FDI** and about 80% of exports earnings
- Mineral resources include: *metals, gemstones, industrial minerals, agricultural, building and energy minerals*
- In 2013, copper production was **700,000 tons** making Zambia the second largest copper producer in Africa and eighth in the world
- Zambia produces about 20% of the world's emeralds: the most sought after due to their deep green color
- Zambia has successfully hosted five local emerald auctions. **US\$34.9 million** was realized in the fifth emerald auction held in August 2014.
- Investment opportunities exist in the extraction and processing of various mineral resources including diamonds, gold, and uranium among others.



Energy Sector

- Energy sources include: electricity, petroleum, coal, biomass, and renewable energy.
- Electricity production potential: 6000MW, but only generates 1985MW.
- Demand for electricity:
 - In 2013: more than 16000MW domestically and 50,000MW regionally.
 - In 2015: will exceed 2000MW domestically and 80,000MW regionally
- Demand for petroleum: exceeds 52 million litres per month and growing at an average of 40% per annum
- Demand for bio-fuels: estimated at 84 million litres; production is limited as the sector is new and has only five companies
- Investment opportunities exist in electricity, petroleum, coal, biomass, and renewable energy

Infrastructure Sector

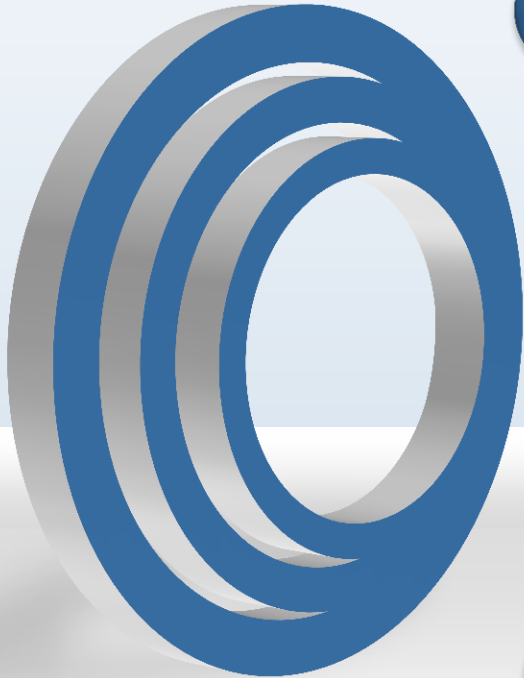
- A land linked country surrounded by 8 countries thus access to sea ports and international markets is through roads, rail, and air
- Government is improving infrastructure at all international airports
- Recently adapted an "open sky policy" and promoting the establishment of an air cargo hub for the Southern African region
- Construction and rehabilitation of roads: Link 8000 and pave 2000 projects
- Construction and rehabilitation of rail lines to link Zambia to the port in Mozambique, Angola, Malawi, and Zimbabwe
- Opportunities exist for the private sector to finance infrastructure projects through the PPP



Investment Opportunities

Agriculture	Infrastructure	Tourism	Energy	Manufacturing
<p>Nansanga farm block – <i>17,500 ha</i> agri-business</p>	<p>Roads <i>Link 8000 km</i> projects</p>	<p>International Conference Centre's <i>Mulungushi & Livingstone</i> 19.2 ha & 16 ha <i>respectively</i></p>	<p>Hydro Power station <i>Kafue Gorge</i> 750MW</p>	<p>Divesture of 49% Government shares in Indeni oil Refinery</p>
<p>Timber plantation – <i>50,000 ha</i></p>	<p>Railway – <i>2,500 km</i> railway lines</p>		<p><i>Chishimba Falls</i> 14.8MW</p>	<p>Agro Processing – edible oils, food processing</p>
<p>Grain storage facility – <i>48,000 mt</i> capacity</p>	<p>Industrial structure - MFEZs - Industrial parks</p>	<p>Hotels Livingstone 250 bed capacity</p>	<p><i>Luswishi</i> 15MW</p>	<p>Mineral Processing copper, cobalt, gemstones</p>
<p>Farm blocks <i>(100,000ha)</i> Luena & Luswishi</p>	<p>Real Estate ZITF Rehabilitation Twin palm housing project</p>	<p>Kafue South National park 250 beds</p>	<p>Geo-thermal plant</p>	<p>Light Engineering - Agriculture</p>

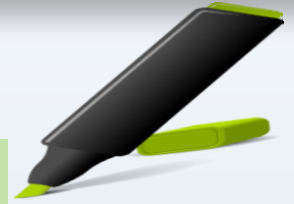
Investment Incentives



1

Tax Reduction

- Corporate Income Tax : 0% for 5 years
- Zero percent tax rate on dividends for 5 years
- Import Duty on Capital Goods, Machinery & Specialised vehicles



2

Non Tax Incentives

- Investment guarantees and protection
- Free facilitation for application of permits, licenses, land acquisition and utilities

3

Location Support

- Multi Facility Economic Zones
- Industrial Parks
- Rural Areas

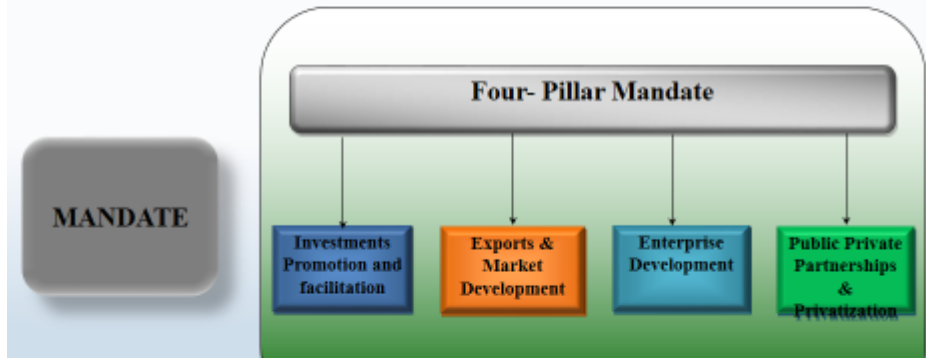
ZDA – WHO WE ARE

Investment Legislation

- 1 Zambia Development Agency Act No.11 of 2006
- 2 The Act established the ZDA which started its operations in 2007
- 3 ZDA's primary role: foster economic growth and development through;
 - Promoting and facilitating Trade and Investment
 - Developing an efficient, effective and coordinated private sector led economic development strategy.

ZDA's Mandate

The mandate of the ZDA can be summarized in four broad categories underlined below:



Why Invest in Zambia?

Stable Political System	6	Attractive investment incentives
Positive and investor friendly economic environment	7	Unlimited repatriation of profits
Investment guarantee and securities	8	Duty free access to regional, wider Africa, EU and USA Market.
Abundant natural resources presenting excellent investment and trade opportunities	9	Progressive banking, legal and insurance services of international standards and stock exchange.
Thriving private sector	10	Good place to work and live; friendly people with a rich culture.

Routes to Investing in Zambia



A-to-Z information on the Zambian market

Guidance through the entire export and investment process and aftercare

Provision of matching Zambia partners and building contact networks

Global export market information & product development

SME & business development services

Facilitation of public private partnerships and privatization



Zambia Development Agency
Promoting economic growth and development

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