



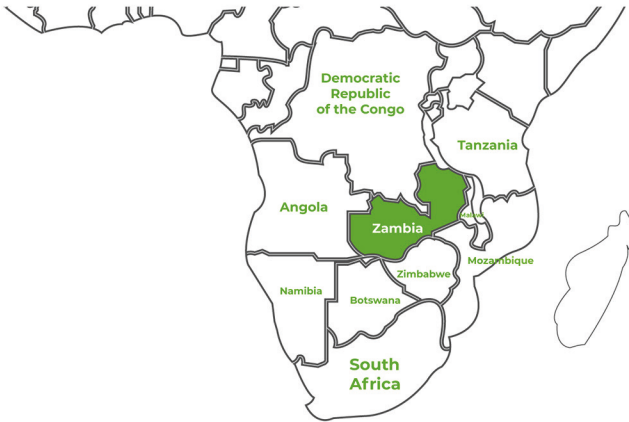
Invest in Zambia's Agribusiness Sector



BUILDING BUSINESSES
AND PARTNERSHIPS

Zambia welcomes foreign investors to get involved and benefit from the country's rapidly developing economy. As one of the most important sectors, agribusiness has extensive investment potential at various part of the value chains. Ripe opportunities are found in intensifying agricultural production, processing of raw material into final products, and export to foreign markets.

With its central location, Zambia serves as a **land-linked transit hub** to its **8** neighbouring countries and entire economic regions in Southern, Eastern and Central Africa.



Intra-regional trade is expected to grow significantly in the coming years, given the current regional integration agenda. With Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and Southern African Development Community (SADC) coming together under one Free Trade Area, Zambia will have access to **nearly 60% of Africa's consumer markets.**¹

Foreign investors in Zambia benefit from many significant incentives, such as

- **0% corporate tax** for first 5 years of investments above 500 000 USD
- **5-year customs duties exemption** on imported machinery and equipment.²



Zambia Fact Box

- Global Peace Index rank 4th best in Sub-Saharan Africa³
- Ease of Doing Business rank 5th best in Sub-Saharan Africa⁴
- Population growth 3% annually⁵
- Average GDP growth over 4.1% annually (2014-2019)⁵
- Direct links to 8 neighbouring countries
- Member of SADC and COMESA



Agribusiness represents 13% of GDP and employs over 50% of the population in Zambia.¹



Invest in intensified production using modern methods

Favourable climate conditions, abundance of resources and competitively priced labour offer investment opportunities within a large variety of produce. Significant opportunities exist in increasing agricultural production by introducing more **intensive farming techniques**, such as aquaponics, green houses, irrigation systems, early warning and monitoring systems, and strategic diversification of produce.

It is estimated that potentially arable land area covers nearly **half of Zambia's land area**, providing an **opportunity to triple** current use of agricultural land.⁶

Add value through investment in agro-processing

As the link between raw material production and final consumption, agro-processing shows some of the greatest potential for investment within the agribusiness sector. Whether it is grinding, drying, meat processing, packaging, canning, freezing, or branding, adding value to agricultural products is a major area for investment in Zambia.

Processed and refined foods represent 25% of Zambia's non-traditional exports (2018). Growth in the agro-processing sector (production and exports) has been closely attributed to huge investment inflows in the various value chains, as well as an enabling business environment coupled with stable economic performance. The growing demand for agricultural products and consumer goods in sub-Saharan Africa is likely to accelerate the sector's growth even further.¹

High-potential agro-processing opportunities in Zambia include:

- Peanut butter production
- Cashew nut processing
- Animal or stock feed production
- Cassava processing (food and other industrial products)
- Cashew nut processing
- Grain milling (rice, maize, wheat etc.)
- Edible oil production
- Fruit canning and juice extraction
- Meat, dairy, leather and leather products
- Fish canning and fish meal production
- Cotton spinning and textiles
- Bio-diesel production and ethanol production
- Research and development in drought-resistant crop breeds
- Storage and cooling facilities in various value chains.

Benefit from incentives and favourable export procedures

Zambia now has one of the most liberalized and simplified export procedures. Rules and regulations pertaining to the export of non-traditional exports are non-restrictive.

Agriculture specific incentives for foreign investors include:

- Dividends payable to farmers tax exempt for first 5 years
 - 15% income tax on farming profit
 - Capital expenditure on farm improvements qualifies for an allowance of 20% per year for first 5 years
 - Substantial rate of depreciation allowing farm machinery to be written off against tax
 - Special development allowances for growing certain crops: tea, coffee, bananas, citrus, and similar trees
 - Input tax claim for 3 months prior to VAT registration for businesses that have already commenced trading
 - Reduction of VAT in tax free zones
- Selected agricultural equipment and accessories zero rated for VAT.⁷

More information on incentives, tax rates, licences and permits needed to operate in the agribusiness sector is readily available the ZDA website, <http://www.zda.org.zm/>. You can also call us (ZDA) on **+260 211 222858** or **220177** and speak to someone in our Investments Division. We'll be glad to talk with you.



Investment in agribusiness will not only yield returns, but ensure food security, income generation, creation of employment opportunities, and poverty reduction in Zambia and the region.

The Zambia Development Agency (ZDA) is Zambia's premier economic development Agency. **ZDA** promotes and facilitates trade, investment and enterprise development in the country. The Agency is also responsible for building and enhancing the country's investment profile for increased capital inflows, capital formation, employment creation and growth of the Medium Small and Micro Enterprise (MSME) sector.

The Accelerated Growth for SMEs (AGS) Programme is private sector development initiative funded by the Ministry for Foreign Affairs of Finland and implemented with the Zambian Ministry of Commerce, Trade and Industry (MCTI). It aims to directly support start-ups and MSMEs to accelerate their growth and expand their contribution to the creation of jobs, well-being and inclusivity in the Zambian economy. **AGS** builds business international business partnerships and promotes investment in Zambia.

Sources

- ¹ Invest in Zambia's Agro Processing Sector, Zambia Development Agency (ZDA), 2019
- ² 2019 Investment Climate Statements: Zambia, US Department of State, 2019
- ³ Global Peace Index 2020, Institute for Economics and Peace, 2020
- ⁴ Doing Business 2020 Fact Sheet: Sub-Saharan Africa, World Bank Group 2020
- ⁵ World Bank Data, Zambia
- ⁶ 7th National Development Plan 2017-2021, Ministry of National Development Planning, 2017
- ⁷ Incentives for Investors, Embassy of Zambia in Washington D.C., 2020



potential made possible

 +260 211222858

 info@zda.org.zm

Follow Us!

 @PromoteZambia

 @PromoteZambia



Accelerated Growth for SMEs in Zambia (AGS) Programme

 DG Office Park, 1 Chila Road,
Lusaka, Zambia

 +260 760633618

 info@agsprogramme.org

 www.agsprogramme.org

Follow Us!

 @AGSProgZambia

 @AgsZambia

 @AgsZambia