ZAMBIA

WHY INVEST IN ZAMBIA?

MARCH 2012

Zambia Development Agency

Zambia at a Glance

- ♦ Land Area: 752,618 sq. km
- ♦ Population: 13 Million (2010)
- **♦** Stable Political Environment
- Stable Macroeconomic Environment
- ♦ GDP growth: 6.5% per annum over last 5 years
- ♦ GDP per capita: US\$ 1,237 (2010)
- ♦ Exchange rate: US\$ 1 = Kwacha 4,828 (2011 average)
- ♦ Inflation rate: 8.7% per annum over last 3 years
- ♦ Trade: Export US\$ 8.5 Bill.; Import US\$ 6.0 Bill. (2011)
- → F/Reserve: 2.5 Bill. (End of 2011)

10 Reasons to Invest in Zambia

- 1. Stable Political System
- 2. A Positive and Investor Friendly Environment
- 3. Investment Guarantees and Security
- 4. Attractive Investment Incentives
- 5. Progressive Banking, Legal, and Insurance Services of International Standards
- 6. Abundant Natural Resources
- 7. Access to Regional, Wider Africa, EU and USA Markets
- 8. Thriving Private Sector
- 9. Repatriation of 100% of Profits and No Exchange Controls
- 10. Good Place to Work and Live

1. Stable Political System

- One of the most stable political systems in Africa:
 - Completion of Zambia's 6th peaceful political transition in September 2011.
 - Over 47 years of peaceful democracy and political elections

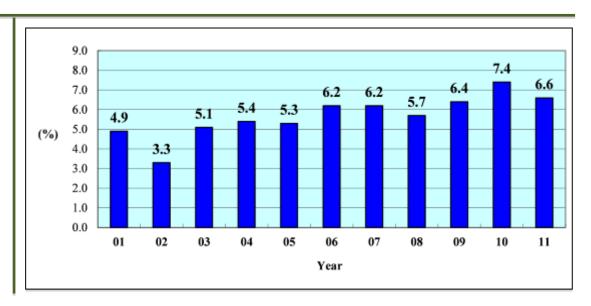


- ♦ Results of the September 2011 Election:
 - Election of current President Michael Sata
 - Ascension into power of the Patriotic Front government promoting Fight against Corruption

2. A Positive and Investor Friendly Environment

- ♦ Over 10 years of steady GDP growth
- Direct support by an Investment Promotion Officer (IPO) for your investment registration process, and assistance with processes for all other licenses and permissions for your business
- ♦ A Private Sector Development and Reform Program (PSDRP) continually streamlining licensing and administrative processes for the private sector

2-1. Macroeconomic Stability-GDP Growth (%)



3. Investment Guarantees and Security

- ❖ Investment guarantees and protection against state nationalization through the Certificate of Registration for your investment under the ZDA Act 2006
- ♦ Guarantees through Zambia's participation in the World Bank Group's Multilateral Investment Guarantee Agency
- Member of the International Convention on the Settlement of Investment Disputes

4. Attractive Investment Incentives

- ♦ A corporate tax rate of 0% for 5 years following your investments first profitable year
- → Taxation on only 50% of profits in year 6 through year 8 following the first profitable year, and only on 75% for years 9 and 10



- → 5-year exemption on dividend taxes following the year of first declaration
- ♦ 5-year customs duties exemption on imported machinery and equipment
- → Improvement allowance of 100% Capital Expenditure on improvements or upgrading of infrastructure

5. Progressive Banking, Legal, and Insurance Services of International Standards

- Numerous domestic branches of international banks including Barclays, Standard Charter, CitiBank, and Bank of China
- ♦ A well-established English Common Law and Customary Law system with licensed international law firms
- A strong and growing insurance sector for both life and non-life insurance products

6. Abundant Natural Resources

- Extensive mineral resources with at least two billion tons of minerals just within the Copperbelt region alone.
- → 752,000 square kilometers of land, of which 58% is arable land.
- ♦ Victoria Falls, a UNESCO world heritage site, in addition to 22.4 million hectares of national parks and game management areas



7. Access to Regional, Wider Africa, EU and USA Markets

- ♦ A member state of the Southern African Development Community (SADC)
 - Borders with 8 SADC nations; the largest of any SADC country
- ♦ A member state of the Common Market for Eastern and Southern Africa (COMESA)
- ♦ A country under the Africa Growth and Opportunity Act (AGOA) of the United States allowing for quota preference and duty-free entry to the US market
- ♦ A country under the Everything But Arms Initiative allowing for duty-free and quota-free exports to the EU
- ♦ Member of the World Trade Organization (WTO) since 1995

Strategic Location within SADC



8. Thriving Private Sector

- Continuing of liberal market- led economic policies aimed at facilitating the private sector
- Continuing privatization of formerly government owned companies with 264 of 288 state owned enterprises having been privatized as of the end of 2011
- Continuing government support and promotion of private sector through all political transitions



9. Repatriation of 100% of Profits and No Exchange Controls

- ♦ No foreign exchange controls since their abolishment in 1994
- ♦ Free floating currency rates and market set interest rates
- No restrictions on the repatriation of interest, profit, dividends, management fees, technical fees, and/or royalties

10. Good Place to Work and Live

- ♦ One of Africa's safest nations with a strong rule of law
- ♦ Numerous modern shopping centers providing access to a wide range of international consumer goods and entertainment
- ♦ A multitude of international schools covering a variety of foreign educational systems and certifications
- ♦ Easy access to the natural beauty of Zambia through an abundance of safari reserves and Zambia's landmark Victoria Falls

Zambian Priority Sectors

- **♦** Floriculture Products
- **♦** Horticulture Products
- ♦ Beverages Products
- ♦ Selected Production and Processing Areas in the Textile Sector
- **♦** Engineering Products
- Processing of Phosphates and Fertilizer Materials
- ♦ Cement Production
- **♦ Wood Product Processing**
- ♦ Production of Selected Leather Products
- **♦** Mini-hydro Power Station Construction
- Education and Skills Training

MFEZ Priority Sectors

- Information and Communication Technologies
- ♦ Health
- ♦ Education and Vocational Training
- ♦ Manufacturing
- **♦** Tourism
- Processing of Agricultural, Forest, Non-Ferrous Metals or Gemstones

For more information, please refer to:

"Zambia Investor Guide Handbook" (June 2011),
"Zambia: Africa's New Frontier for Investments and Profits" (2012) and
"Zambia: Application Manual for Investors" (2012).



Contacts

Zambia Development Agency

Head Office

Privatization House Nasser Road P. O. Box 30819 Lusaka, Zambia

Tel: +260-21 1-222858 / 220177

Fax: +260-21 1-225270 E-mail: info@zda.org.zm Website: www.zda.org.zm







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