



LUSWISHI FARM BLOCK: AN OVERVIEW

Luswishi is one of Zambia's fast-developing farm blocks earmarked for the establishment of a first-of-its-kind diversified and robust agroprocessing zone. Luswishi farm block is strategically located – it enjoys the best and direct market access to Zambia's Copperbelt and North-Western Province mining districts and good proximity to regional export markets such as Angola, the Democratic Republic of the Congo and the Great Lakes region, which are currently in need of increased Zambian food commodities. Luswishi also enjoys good rainfall and is endowed with abundant water resources. Good-quality arable soils, together with its abundant waters and strategic geolocation, makes Luswishi the best agricultural and agribusiness investment hub in Zambia. Luswishi farm block is ideal for diverse agricultural and agribusiness investments, especially large-scale wheat, maize, soya beans and poultry (meat and eggs) production and processing, fish farming operations, irrigation schemes and horticulture production and processing, and other food commodities' production and processing operations.

WHY INVEST IN ZAMBIA?

Abundant and underused land and water resources make Zambia one of the most preferred investment destinations for agricultural and agribusiness projects in Southern Africa. Zambia is also well known for its peace and stability and liked for its fast-growing and youthful population. Zambia's unique and strategic geolocation also 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.

Zambia is also endowed with ample raw materials for agroprocessing and continues to foster stable economic growth, 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 Zambia offers foreign investments in its agriculture and agribusiness.

Advantage Luswishi

- Best access to domestic markets in Zambia's Copperbelt and North-Western Province mining areas;
- Good proximity to Angola, the Democratic Republic of the Congo and the Great Lakes region food markets;
- High rainfall, ranging between 1,250mm and 1,503mm annually (Ministry of Agriculture, 2017);
- Abundant water resources, with 80% of the farm block covered by the Luswishi River watershed. Luswishi River has an average flow of 30m³/s;
- High irrigation potential – more than 4,000ha of high-potential land with good access to Luswishi River has been set aside for greenfield irrigation projects in addition to other irrigable land within the farm block;

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

- High concentration of small- and medium-scale farmers within and around the farm block. Luswishi is earmarked to have more than 2,000 small-scale farmers in addition to the 20,000-plus smallholder farmers around Luswishi farm block;
- Upcoming backbone/support infrastructure: The farm block is accessed via 90km tarred and 60km all-weather gravel portion of the M18 Kalengwa Road. Other support infrastructure has also been designed and is in the process of being developed;
- Good raw materials availability for on-site agroprocessing, given the current absence of large-scale agroprocessing facilities; and
- A number of ongoing local investments offering opportunities for joint ventures and other partnerships.

Raw material scenario

- Copperbelt Province accounts for 10% of national maize output (2,896,033t p.a.), 22% and 25% of national wheat and soya bean output (285,000t p.a. and 311,000t p.a.);
- Lufwanyama (where Luswishi farm block is located) is the 3rd most productive district in maize, soya beans and wheat in the Copperbelt Province;
- Maize, soya beans and wheat production in Lufwanyama could easily be tripled once Luswishi farm block is fully operational and with better prices and assured offtake markets;
- Luswishi farm block also has an underexploited potential for a wide range of horticultural produce, especially vegetables and seasonal tropical fruits (watermelons, mangoes, guavas, avocados, pineapples and bananas, etc.). Currently, most of the horticultural produce in Lufwanyama District goes to waste due to lack of cold storage and limited processing;
- Other raw materials that could easily be grown in Luswishi farm block include Irish and sweet potatoes, groundnuts, sorghum, millet, rice, sweet beans and pulses.

Promising value chains

Luswishi farm block is ideal for the following key integrated agricultural value chains:

- Maize, soya beans and poultry production, processing, marketing and trade. Investments in these value chains could help trigger the envisaged agroprocessing zone needed to double Zambia's poultry (meat and eggs), industrial maize and soya beans;
- Dairy production and processing;
- Aqua-feeds and fishing farming, given the abundant wetlands and water resources, and stockfeed raw materials;
- Bioenergy processing using small- and medium-scale farmers' produced cassava and other bioenergy feedstocks;
- Large-scale wheat and wheat processing;
- Medium- to large-scale sugar plantations and sugar mills; and
- Integrated horticultural production targeting fresh fruits and vegetables for both domestic and export markets.

Land availability

Luswishi farm block has a total of 87,956.2ha of farmland, of which:

- A total of 10,000ha has been designated for the anchor estate, with 4,290ha (43%) already developed into 790ha under centre pivot irrigation and 3,500ha is currently under dryland farming;
- Approximately 20,000ha of large-scale commercial farms; most of them are yet to be developed. Some of these farms are open to joint ventures and/or outright purchase;
- A total of 5,750ha being developed into modern small- and medium-scale farming units;
- An approximately 5,000ha bloc for greenfield investments in irrigation (this is available for investments);
- More than 25,000ha of existing small- and medium-scale farming land; and
- Close to 15,000ha of farmland allocated to ex-miners.

Luswishi farm block has also allocated land for the envisaged agroprocessing zone, schools, clinics and other socio amenities.

Zambia: Global and regional market access

- In 2018, Zambia exported and imported goods valued at \$9.05 billion and \$9.32 billion to and from the rest of the world respectively;
- Intra-Africa exports and imports were \$1.81 billion and \$4.9 billion of global exports and imports respectively;
- As a member of COMESA and SADC, most goods from these regional economic communities (RECs) enter Zambia duty free.

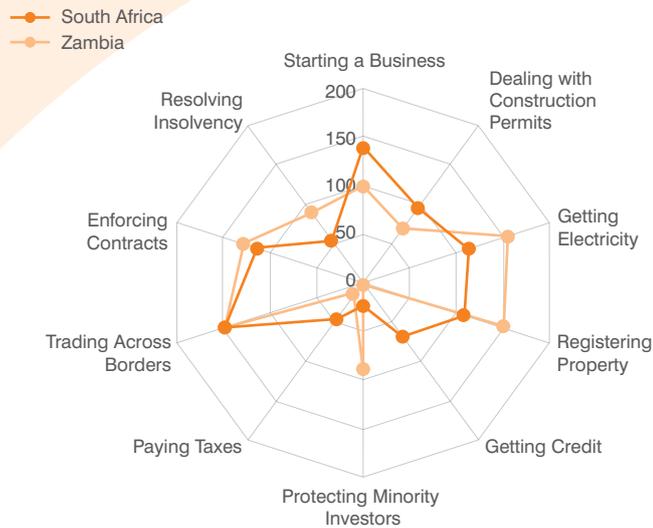
Market access under	Markets
COMESA and SADC	<ul style="list-style-type: none"> ▪ Accounts for 20% of total exports and 52.6% of total imports; ▪ South Africa is the main market for imports (55%) and the Democratic Republic of the Congo is the main market for exports (48%); ▪ Others include Tanzania (4%) and Mauritius and Zimbabwe (3% each) of total intra-Africa trade.
The rest of Africa	<ul style="list-style-type: none"> ▪ Imports from the rest of Africa outside COMESA and SADC account for 0.3%; ▪ Exports account for 0.1% of total intra-Africa trade.
Global trade	<ul style="list-style-type: none"> ▪ 2018 total exports valued at \$9.05 billion ▪ 2018 total imports valued at \$9.32 billion

Source: Tralac, 2019.

Business environment

Zambia has a conducive business environment with a well-established and functioning banking sector, investor-friendly legal and regulatory framework, good government support and improving ease of doing business.

Zambia and South Africa, Ease of Doing Business comparisons



Source: World Bank Ease of Doing Business, 2019.

Banking sector

- A well-developed banking sector with a good branch network by 18 licensed commercial banks (eight locally owned, eight foreign-owned and two government and foreign jointly owned banks);
- All banks are subject to regulatory requirements – prudential position, consumer protection and market conduct as a safeguard for financial system soundness and stability;
- Limited credit is available in both local and major currencies to corporates and international firms of good reputation. Banks are, however, unable to lend more than 25% of their primary capital.

Legal and regulatory framework

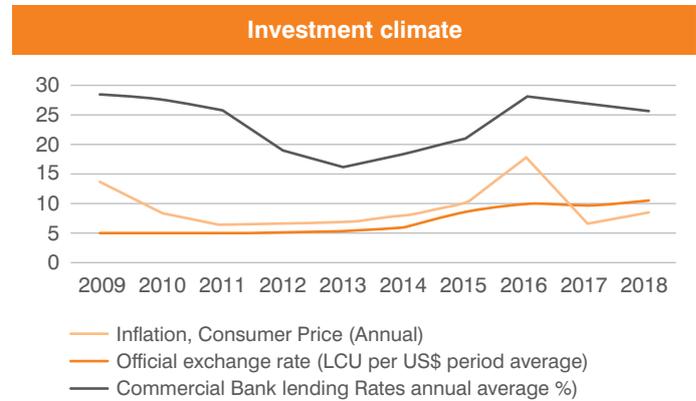
- The ZDA Act provides for the promotion and facilitation of foreign and local investors in manufacturing, tourism, energy, agriculture and agroprocessing, mining and infrastructure in Zambia.
- All companies are regulated by the Companies Act, Cap. 388 of the Laws of Zambia;
- The Business Regulatory Act controls business licensing and adherence requirements.

Government support for agriculture and agroprocessing

- Zambia has prioritized the agriculture and agroprocessing sector as a driver of its envisioned industrialization, economic diversification and growth, wealth generation and jobs creation, especially for youths and women;
- As a priority sector, agriculture and agroprocessing enjoys special tax incentives and currently pays the least corporate income tax of 10%.

Investment climate

- Stable and growing economy since the 1990s;
- Relative macroeconomic stability despite inflationary pressures and foreign exchange rate volatilities;
- Effects of drought on agriculture and energy piling pressure on economic outlook. The figure below shows Zambia's inflation, interest and exchange rate trends in 2009–18.



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

Taxes and special incentives

- The Income Tax Act requires businesses in Zambia to pay taxes. Main taxes payable include corporate income tax, personal income tax, withholding tax, value-added tax and property transfer tax;
- Agriculture, agroprocessing and exports of non-traditional products from agroprocessing enjoy a special corporate tax of 10%;
- Zambia also has double taxation relief agreements with a number of its partner countries.

Logistics and connectivity

- Luswishi is accessible through the 130km M18 /Kalengwa Road, 90km of which is tarred from Kalulushi up to Lufwanyama town, and the remaining 60km stretch to the farm block is gravel;
- The rest of Zambia is serviced by a 37,000km road network (6,476km bituminous standard) and 2,922km railway network (requires rehabilitation);
- Zambia also has good telecommunication coverage, with 92% and 58% cell phone and internet penetration respectively;
- The country also has a fairly well-developed air transport sector, with four international airports and a number of upcoming one-stop border facilities.

Manpower scenario

- The closure of some of the mines in the Copperbelt Province has increased labour availability for agriculture and agroprocessing;
- Zambia as a whole also enjoys high labour availability, with 9,056,840 people of working age and only 3,398,294 (37.5%) in employment;
- Unemployment remains high and is highest among youths (17% nationally, 19% in urban and 16% in rural areas);
- New investments in Luswishi farm block are thus critical for youths and women employment in both rural and urban areas.

Power scenario

- Currently, electricity access in Luswishi farm block remains limited, as supply infrastructure is still being developed;
- Access to electricity by investors in Luswishi will soon be assured once the planned investment to develop a 90km 66kV power line to connect the farm block from Kalulushi is completed;
- Increasing droughts affecting hydropower generation and supply and the current power scenario also present some investment opportunities in renewable energy within the farm block;
- Need for renewable energy alternatives has also heightened following the recent tariffs adjustments towards cost-reflective rates.

Getting started – a brief guide

- Investor starts with the ZDA and gets all necessary guidelines and procedures;
- Business registration follows, starting with business name clearance and registration (process takes 1–2 days);
- Tax registration with the ZRA then follows. Tax registration can be done online at <https://www.zra.org.zm>;
- This is followed by bank accounts opening;
- Investment premises/land acquisition is another critical step once the above steps are done;
- Once through with the above steps, investment registration with the ZDA for an investment licence follows;
- The ZDA certificate of registration allows the investor to apply for investment incentives. A minimum of \$250,000 is needed to qualify for basic non-tax incentives and \$500,000 to qualify for special tax incentives.
- Application for immigration permits is done after all the above procedures are completed;
- Investor may also be required to apply for other industry licences alongside the above-outlined process.

Investment opportunities

In addition to possible partnerships with ongoing investments, Luswishi farm block offers foreign investors who are planning to establish agriculture and agribusiness in Zambia the following promising investment opportunities:

1. An opportunity to invest in a greenfield irrigation scheme for a wide range of agricultural production. Government has set aside close to 4,000ha of high-potential land with good access to Luswishi River for the development of an integrated irrigation scheme by private investors. Investors in this scheme are expected to incorporate small- and medium-scale farmers in their planned irrigated agricultural production, agroprocessing operations and marketing;
2. An opportunity to invest in an on-site and diversified agroprocessing hub to facilitate enhanced agricultural production and the development of agroprocessing infrastructure, which will include cold storage facilities, grain storage silos, processing and processed commodity storage/warehouse facilities, and irrigation and other farm machinery and equipment supply centres. The core venture investor already has its oilseeds processing facilities approximately 150km away, leaving the farm block without an on-site agroprocessing hub for the rest of the commodities grown in and around Luswishi farm block. Other private sector investors are thus needed to develop an agroprocessing zone targeting both the domestic and regional food markets;
3. An opportunity to invest in a network of 20–30 agricultural inputs and commodities aggregation centres close to areas of production within and around Luswishi farm block targeting small-, medium- and some large-scale farmers;
4. An investment opportunity in a land development and farm mechanization services hub, which will offer paid-for land clearing and development, tillage, crop protection and harvesting services. This provides a strong opportunity to introduce modern technologies and best practices to increase agricultural production efficiency and on-farm processing;
5. Investment opportunities to establish small- and medium-scale farmer outgrower schemes on selected crops of interest to foreign investors and/or agricultural commodities for which investors will have assured offtake markets for or capacity to process for both the local and export market. Such schemes will also be critical in providing agri-financing and extension support; and
6. Investment opportunities to purchase or go into joint ventures with some of the large-scale commercial farmland given to local investors with limited resources to develop these farms within their envisaged time-frames.

KEY CONTACTS

Zambia Development Agency (ZDA)

Phone: +260 211 220177/223859
E-mail: info@zda.org.zm
Web: www.zda.org.zm

Patents and Companies Registration Agency (PACRA)

Phone: +260 211 255151/255127
Web: www.pacra.org.zm

Immigration Department

Phone: +260 211 255282
(Public Relations Office)
+260 211 252622
(Customer Service Centre)
E-mail: pro@zambiaimmigration.gov.zm,
zambiavisa@zambiaimmigration.gov.zm
Web: www.zambiaimmigration.gov.zm

Zambia Revenue Authority (ZRA)

Phone: 260 211 381111, 5972 (all networks),
+260 971281111, +260 962251111
E-mail: advice@zra.org.zm
Web: www.zra.org.zm