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### NANSANGA: AN OVERVIEW

Located 60km north-west of Serenje town, Nansanga farm block offers promising investment opportunities in primary agriculture and agroprocessing. Nansanga enjoys a stable climate and good rainfall and has large portions of arable land, abundant water resources and developed backbone/support infrastructure. Good soils, dependable rainfall and abundant surface water make Nansanga farm block suitable for major rain-fed crops like soya bean, maize and tobacco and for irrigated crops like winter wheat. Nansanga also enjoys a good proximity to the Democratic Republic of the Congo, making it one of the preferred investment hubs for export-oriented agricultural production and agroprocessing investments. Nansanga's greenfield core venture farm development project in partnership with the Industrial Development Corporation (IDC) of Zambia is one of its most promising investment opportunities currently. Bordering farm blocks (Luombwa, Kasanka and Munte) and Kampumbu Resettlement also offer additional arable land for large-scale agricultural investment opportunities. Nansanga also presents a number of other possible joint ventures and large-scale land purchases for both primary agriculture and agroprocessing investments.

### WHY INVEST IN ZAMBIA?

Zambia is well known for its peace and stability. Zambia also enjoys a young and fast-growing population driving the domestic food markets and increasing labour availability. Its strategic geolocation gives it better 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 abundant and underused land and water resources, as is the case for Nansanga and its surrounding farm blocks. Ample raw materials availability for its agroprocessing sector and its stable and growing economy are other fundamentals making Zambia among the best investment destinations for integrated agriculture and agroprocessing. A conducive investment and business environment, a host of investor-friendly legal and regulatory frameworks, attractive investment incentives and good labour availability further make Zambia among Southern Africa's most preferred agricultural investment destinations. Improving ease of doing business and a reasonable Corruption Perceptions Index (CPI) score are the other factors making Zambia among the best investment destinations in Southern Africa.

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

### Advantage Nansanga

- A core venture estate investment opportunity. The Industrial Development Corporation (IDC) Zambia is looking for investment partners to develop a core venture estate in Nansanga;
- Abundant arable land within Nansanga and in its bordering farm blocks. Nansanga borders Luombwa farm block (50,000ha) to the south, Kasanka Resettlement Scheme (4,000ha) and Kasanka farm block (30,000ha) to the east, and Munte farm block (35,000ha), which is located approximately 35km to the west. These farm blocks are also open to foreign investments;

- Stable climate with more than 1,000mm of rainfall annually due to the farm block being located in agro-ecological Region III of Zambia;
- High irrigation potential owing to abundant surface water from its Luombwa, Musangashi, Lube and Munte perennial streams and three inland dams;
- Developed support infrastructure – feeder roads, main electricity supply line, inland dams and telecommunication infrastructure;
- High small- and medium-scale farmer concentration within and around the farm block;
- Good raw materials availability for on-site agroprocessing given the absence of large-scale agroprocessing facilities; and
- A number of ongoing local investments offering opportunities for joint ventures and other partnerships.

### Raw material scenario

- Central Province is Zambia’s number one wheat, soya bean and maize producer. The province accounts for 58% of national wheat (285,000t p.a.), 41% of national soya bean output (311,000t p.a.) and 25% of national maize output (2,896,033t p.a.);
- Mkushi district is the highest wheat and soya bean producer in the province;
- The development of Nansanga farm block will thus help increase Central Province’s wheat, soya bean and maize production; and
- An increase of further raw materials availability for agroprocessing within the main farming blocs and Central Province.

### Promising value chains

Nansanga’s good soils, dependable rainfall and abundant surface water make the farm block ideal for:

- Large-scale wheat production and wheat processing. Abundant surface water from its Luombwa, Musangashi, Lube and Munte perennial streams and three inland dams makes Nansanga a good wheat production expansion for Mkushi and other new investors;
- Integrated maize, soya bean and poultry production, processing, marketing and trade. Investments in these value chains could help trigger increased poultry (meat and eggs), maize and soya bean production and processing for both domestic and export markets;
- Aqua-feeds and fishing farming, given some wetlands and abundant surface water resources, and raw materials for aqua-feeds;
- Bioenergy processing using small- and medium-scale farmers produced cassava and other bioenergy feedstocks;
- Integrated horticultural production targeting fresh fruits and vegetables for both domestic and export markets; and
- Private commercial forestry plantations establishment.

### Land availability

Nansanga farm block currently offers:

- A 9,350ha estate (Farm F10918) located on the eastern side of the farm block with huge potential for large-scale irrigated and dry-land cropping, farm forestry, other plantation agriculture, cattle and game ranching, poultry and other livestock production, and agroprocessing. This greenfield core venture investment will be in partnership with the Industrial Development Corporation (IDC) of Zambia;
- Up to 5,000ha farmland for large-scale mixed farming and agroprocessing operations, which could be purchased and/or jointly developed with local farm owners; and
- Opportunities for foreign investors to buy other large-scale farmland in Luombwa (50,000ha), Kasanka (30,000ha) and Munte (35,000ha) farm blocks bordering Nansanga.

Nansanga farm block has also allocated land for other support infrastructures such as schools, clinics and other socio amenities.

### Zambia: Global and regional market access

- In 2018, Zambia exported and imported goods valued at \$9.05 billion to and \$9.32 billion from the rest of the world.
- 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 (REC) enter Zambia duty free.

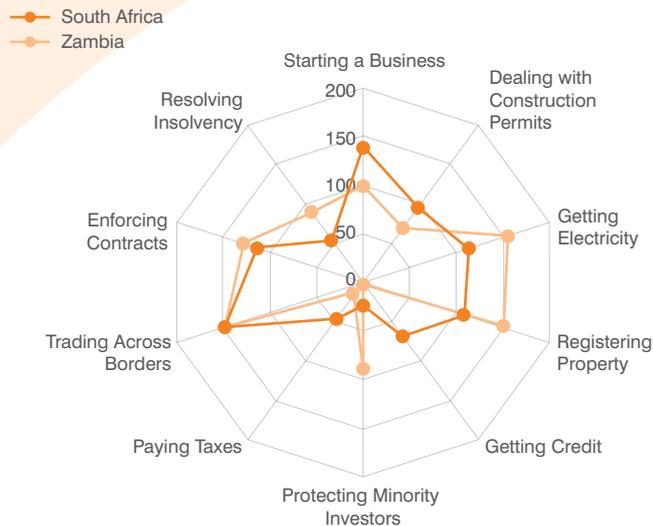
Market access under	Markets
COMESA and SADC	<ul style="list-style-type: none"> <li>▪ Accounts for 20% of total exports and 52.6% of total imports</li> <li>▪ The Republic of South Africa is the main market for imports (55%) and the Democratic Republic of the Congo is the main market for exports (48%)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

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

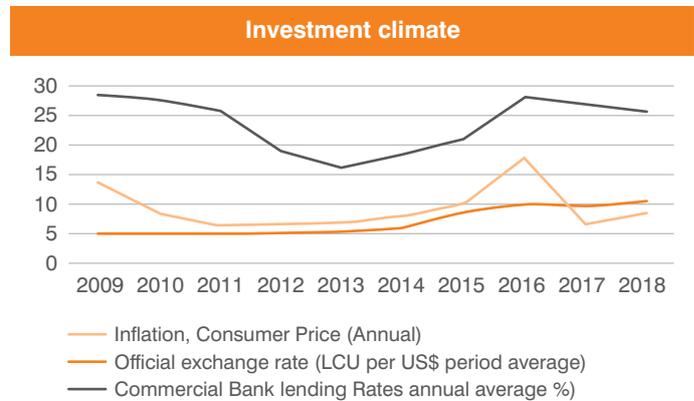
- The ZDA Act provides for the promotion and facilitation of foreign and local investors in manufacturing, tourism, energy, agriculture and agroprocessing, mining and infrastructure in Zambia.
- All companies are regulated by the Companies Act, Cap. 388 of the Laws of Zambia;
- The Business Regulatory 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. See inflation, interest and exchange rate trends, 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

- Nansanga farm block is serviced by:
  - A 151km feeder road network running through the farm block and connecting Nansanga to Serenje and Luombwa farm blocks;
  - A number of telecommunication infrastructure (towers); and
  - A number of bridges across the main perennial streams running through the farm block.
- 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 developed air transport, with four international airports and a number of upcoming one-stop border facilities.

## Manpower scenario

- Labour availability for agriculture and agroprocessing within Serenje district is fairly good.
- 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 Nansanga farm block is thus critical for youths and women employment, especially in Central Province.

## Power scenario

- Nansanga is connected to the national grid through its 95km 33kv main electricity supply line from which new investors will also tap electricity.
- 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 Zambia Development Agency (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 Zambia Revenue Authority (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 above steps, investment registration with the ZDA for an investment licence follows.
- The ZDA certificate of registration allows investors 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.
- Investors may also be required to apply for other industry licences alongside the above outlined process.

## INVESTMENT OPPORTUNITIES

The most promising investment opportunities in Nansanga include:

1. An opportunity to invest in a large-scale corporate farming and agroprocessing operation as a core venture for Nansanga. A 9,350ha estate (Farm F10918), located on the eastern side of the farm block, it has huge potential for large-scale irrigated and dry-land cropping, farm forestry, other plantation agriculture, cattle and game ranching, poultry and other livestock production, and agroprocessing. This greenfield core venture farm investment will be in partnership with the Industrial Development Corporation (IDC) of Zambia.
2. Opportunities to purchase and develop farmland for large-scale mixed farming and agroprocessing operations within Nansanga farm block. Farm F10908 (of approximately 5,000ha), for instance, is available and could be bought for such investments. It is also possible for foreign investors to buy other large-scale farmland in Luombwa (50,000ha), Kasanka (30,000ha) and Munte (35,000ha) farm blocks bordering Nansanga.
3. Opportunities to invest and develop smallholder outgrower schemes in crop commodities so that investors can have assured local and export offtake markets and/or commodities that are raw materials for their planned agroprocessing operations in edible oils and bioenergy, etc.;
4. Farm forestry opportunities to establish softwood (pine and eucalyptus) plantations on purchased and leased farms. Managed softwood plantations are only able to supply approximately 450,000m<sup>3</sup> (56%) of Zambia's softwood demand, estimated at 800,000m<sup>3</sup> per annum. Zambia is also a net importer of treated eucalyptus poles.

## KEY CONTACTS

### Zambia Development Agency (ZDA)

Phone: +260 211 220177/223859  
E-mail: [info@zda.org.zm](mailto:info@zda.org.zm)  
Web: <http://www.zda.org.zm/>

### Patents and Companies Registration Agency (PACRA)

Phone: +260211255151/255127  
Web: <https://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](mailto:pro@zambiaimmigration.gov.zm),  
[zambiavisa@zambiaimmigration.gov.zm](mailto:zambiavisa@zambiaimmigration.gov.zm)  
Web: <https://www.zambiaimmigration.gov.zm/>

### Zambia Revenue Authority (ZRA)

Phone: 260 211 381111, 5972 (all networks),  
+260 971 281111, +260 962 251111  
E-mail: [advice@zra.org.zm](mailto:advice@zra.org.zm)  
Web: <https://www.zra.org.zm/>