

# ZAMBIA COUNTRY PROFILE

LAWS, POLICY, AND REGULATIONS AFFECTING  
THE WATER-ENERGY-FOOD NEXUS



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# 1 SUMMARY

## 2.1 Current Political and Socio-economic Conditions

- Zambia's agricultural sector represents the backbone of its rural economy. About 60 percent of the population depend on agriculture for a livelihood; of this subset of the population, 80 percent are classified as poor. While employment in the sector remains high, agriculture's contribution to GDP declined from 17.3 percent in 2004 to 8.2 percent in 2017, and its labor productivity from US\$702 in 2004 to US\$584 in 2015.
- Agriculture's relatively low contribution to GDP and its large share of the total Zambian labor force suggests that the sector is characterized by low productivity and unskilled subsistence agriculture, lacking access to productive assets and market opportunities. There is also very little crop diversity - maize production accounts for 70 percent of the country's cropland.
- A large proportion of the agricultural export revenues, estimated annually at US\$ 838 million, come from maize, sugar, and cotton.
- Smallholder crop production is largely rainfed; hence, crop selection, planting time, use of input (timing and intensity) and labor, as well as yields are highly dependent on precipitation. Across the country, livestock constitutes 20 percent of the household asset and contributes 6 percent to smallholder household incomes and consumption. Women provide approximately 70 percent of agricultural labor.
- The Government of the Republic of Zambia (GoZ) has committed to integrating climate change concerns into its agriculture policy agenda and has developed several climate change-related policies and strategies. The mainstreaming of climate change into sectoral policies is expected to continue. The National Climate Change Response Strategy (2010) emphasizes the role of sustainable land systems in enhancing food security. Zambia's Nationally Determined Contribution (NDC) sets ambitious goals for climate mitigation and adaptation that include the agriculture sector, which aim to reduce GHG emissions by 25 percent up to as much as 47 percent, depending on the level of international support and financing. Under its Zambia Climate-Smart Agriculture (CSA) Strategy Framework, the GoZ is promoting the roll out of climate-smart agriculture (CSA) practices that will sustainably increase productivity, enhance resilience, and reduce or remove GHG emissions.

## 2.2 Priorities and Resources for Innovators in the Water-Energy-Food (WEF) Nexus

- Commercializing and scaling climate-smart agriculture (CSA) practices hold promise for the agribusiness sector and will have positive welfare effects on Zambian households in the long-term, although short-term benefits seem uncertain and may be hindered by high upfront and labor costs.
- Projections until 2050 show that Zambia's agriculture sector could achieve or surpass sectoral development goals such as increasing crop and livestock production, food availability, and net trade. CSA practices can further increase these positive effects, reduce Zambia's trade deficit in certain commodities, and, in addition, contribute to climate mitigation as a public good.

- Climate change projections until 2050 show that yield of key crops could decrease by -25 percent, depending on the agroecological zone. While CSA can increase crop yield led up to 23 percent, these productivity increases are insufficient to avoid further expansion of agricultural land into forest land.
- Among the range of CSA practices, crop diversification legumes, commercial horticulture, agroforestry, and strategies for reducing post-harvest losses seem most promising in achieving welfare and sectoral development goals. However, the adoption of CSA seems constrained by inadequate access to finance, input and output markets, and capacity building.

## 2 MACRO-ECONOMIC ENVIRONMENT

### 2.1 Gross Domestic Product (GDP)

- The agriculture and agribusiness sector has contributed about 20 percent to Zambia's gross domestic product (GDP) in recent years.
- Agriculture employs nearly 70 percent of the labour force and remains the main source of income and employment for most of the people living in rural areas.<sup>1</sup> The major exported produce (maize, sugar, tobacco, cotton, wheat flour, and horticultural products) accounts for about 12 percent of export earnings.
- The relatively well-developed agribusiness industry includes over 400,000 smallholder households that are linked to agribusiness firms through vertically integrated out-grower programs, primarily for cotton and other cash crops.
- During the 2000s, Zambia's GDP grew on average at 6 percent annually, mainly owing to growth in the mining, construction, and service sectors. At the same time, Zambia experienced a significant increase in agricultural production, driven primarily by an expansion in cultivated areas. Both economic growth and increased agricultural production have not translated into significant poverty reduction in Zambia, however. Poverty rates over the same period remained essentially unchanged.
- In 2011, however, GDP growth declined significantly but remained positive and continued to fluctuate remaining below 5 per cent. This declining trend is related mainly to the fall in copper price on which the country is dependent for over 70 per cent of its exports. It has also to do with the decline in its agricultural output and the challenge of hydroelectric power generation both of which are related to insufficient rain. Following the outbreak of the COVID-19 pandemic, this growth began to further decline to a negative growth level in 2020.

### 2.2 Labor Force and Unemployment

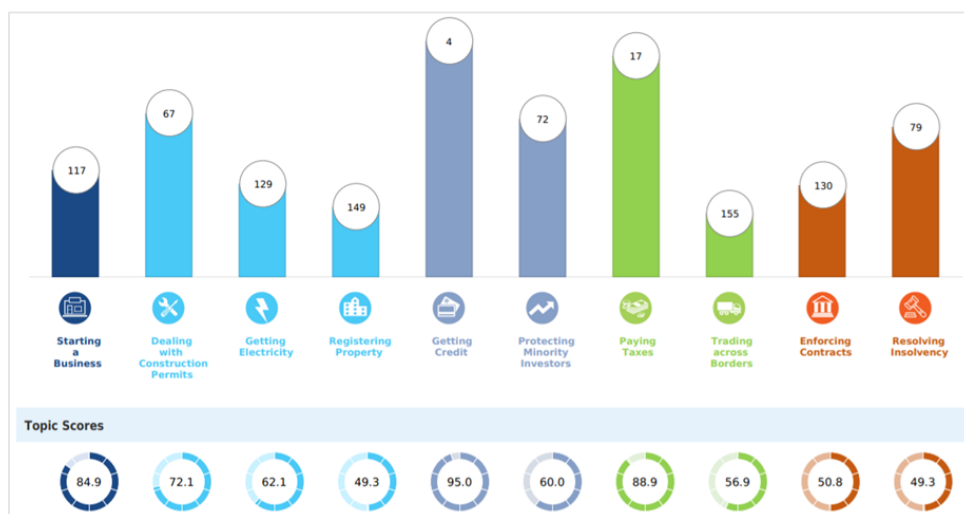
- Generally, unemployment in Zambia has been increasing from 2013 to 2020. In 2020, the unemployment rate was the highest at 13.7 percent (depicted in Figure 3). In previous years (2003 to 2012), the unemployment rate ranged from 9.1 to 10 percent. The relatively well-developed agribusiness industry includes over 400,000 smallholder households that are linked to agribusiness firms through vertically integrated out-grower programs, primarily for cotton and other cash crops.

- The agricultural sector in Zambia provides for the livelihoods of 60 percent of the country’s labour force (constituting 1.5 million households), a declining statistic from over 70 percent in previous decades. Out of this, about 80 percent of the people employed by the agricultural sector reside in rural areas. From 1991 to 2008 (Figure 4), employment in the agricultural sector was consistently high, above 70 percent for the entire period. Despite the decline in employment in agriculture, the sector continues to play a major role in the labour force and the entire economy.

## 2.3 Doing Business in Zambia

- Zambia has improved its rank in the 2020 Ease of Doing Business Report published by the World Bank Group from 87<sup>th</sup> in 2019 to 85<sup>th</sup> out of 190 economies<sup>2</sup>. The rankings and scores per category of doing business are shown in Figure 1.
- Out of 100, Zambia scored **95** in *Obtaining Credit* for businesses which gives it the rank of 4. In addition, Zambia scored 84.9 in *Starting A Business* which is higher than the Sub-Saharan Africa average (80.1) and also scored the highest in the region. This can be seen as an improvement compared to 2019 and creates an opportunity for those who want to venture into businesses. However, starting a business has its hurdles as the registration fees for starting a business in Zambia are overly complex and high, thus making the whole process costly (see Annex 6 for cost breakdown).

Figure 1. Zambia’s Ease of Doing Business Ranking



- However, Zambia scored low in terms of *Resolving Insolvency* and *Registering Property* with a score of **49.3** for both indicators. This indicates that the risk of maintaining a business for non-prominent groups and the procedures to legally transfer property are difficult with high property transfer tax rates.
- In the *Paying Taxes* indicator, the country scored 88.9 out of 100, a score above the Regional Average (Sub-Saharan Africa) and ranked 17. The country has made paying

taxes convenient by introducing an online platform for filing and paying taxes. The property transfer tax rate was reduced to make paying taxes less costly.

- The Central Bank of Zambia has also aimed to maintain inflation at a target of 6 to 8 percent. Interest rates have been declining over the years from 38.8 percent in 2000 to 9.5 percent in 2020 (Figure 6).

## 2.4 Inflation in Zambia

- Inflation rates in Zambia show a high level of volatility but a long-term declining trend (Figure 5a) from the mid-1990s (exceeding 180 percent) to single-digit rates (9 percent) in 2000. Then in the 2000s, it showed a consistent increase from 2006 to 2009 (from 9 percent to 13.4 percent). In 2012 and 2017, inflation was at its lowest recorded at 6.6 percent (Figure 5a).
- From 2017, inflation increased significantly until 2021 to 19.3 percent. The increase in inflation is assumed to be due to the significant depreciation of the Kwacha against the US dollar, an upward adjustment in fuel pump prices, and a reduced supply of some food items, mostly maize—the staple food.
- Broadly, inflation in Zambia tends to closely track food inflation (Figure 5b). The excess supply of maize due to a favourable agricultural season contributed to the decline in inflation in 2006. Further, evidence of the importance of positive agricultural supply shocks was observed in 2006, 2010 and 2017 when inflation slowed down largely on account of a maize bumper harvest. Conversely, periods of drought (that is 1995, 1998, 2001, 2003, 2005, 2013, 2015, 2016 and 2018) are associated with high inflation. Thus, the dependence of agricultural production on rainfall and the substantially large weight of food in the CPI basket makes inflation susceptible to variations in weather conditions.<sup>3</sup>

## 3 COVID-19 MITIGATION MEASURES AND RESPONSE

- Recovering from COVID-19 has become a stumbling block for prospective growth in the coming years and a policy challenge for the government.
- Like many similar mono-economic countries heavily reliant on mining, Zambia has seen copper plummet in global market prices due to the COVID-19 pandemic, thus widening the budget deficit and depreciation of the Zambian Kwacha. Before COVID-19, the country's fiscal deficit was forecasted to be at 8.1 percent of GDP in 2019 and 8.8 percent in 2021.<sup>4</sup>
- Drought was already having a dire impact on agriculture production, threatening farmers' livelihoods and the situation was further exacerbated by the COVID-19 pandemic. The Ministry of Agriculture estimated that about 2.3 million people's livelihoods were affected by the 2018/2019 drought.
- Households who rely on food purchasing from the formal market were affected by the supply chain disruptions as border closures and import restrictions were imposed in various countries. In value terms, imports declined by 27 per cent with the Kazungula border that serves Zambia, Botswana and Zimbabwe recording the largest decline of 89 percent. This is

followed by Livingstone Port (87 percent) and Nakonde (55 percent). The decline of imports led to panic buying for those with higher buying power, which led to a shortage of food items and other basic goods. As a result, this caused an increase in food prices.

- In response to the COVID-19 pandemic, the Zambian government developed a COVID-19 response plan to ease liquidity challenges in the face of the adverse effects of the pandemic hence supporting businesses to thrive. The government package includes (but is not limited to):
  - Setting up an Epidemic Preparedness Fund under the Ministry of Health, approval of a COVID-19 Contingency and Response Plan, implementation of the National Development Plan 2017-2021 and the new Zambia National Agriculture Investment Plan (NAIP).

## 4 TAXATION STRUCTURE

- In Zambia, most taxes are borne by the formal sector.<sup>5</sup> The major sources of revenue are personal income tax, consumption taxes and trade tax (VAT and excise duty). These taxes make up the domestic revenue base for the country and contribute up to 70 percent to the national budget. The tax categories and the definitions are detailed in Table 1 (see Annex 2).<sup>6</sup>

## 5 SMEs AND ENTREPRENEURSHIP

- In Zambia, SMEs are broadly understood to be all informal businesses and usually are not tax-paying enterprises regardless of revenue scale or other perimeters. In this sense, SMEs usually have a workforce of fewer than 10 employees and a majority of these are rural-based.
- It is estimated that 12.5 percent of the potential labour force are in the formal sector and the remaining 87.5 percent are engaged in informal employment (SMEs).<sup>7</sup>
- Approximately 1.6 million farmers in Zambia are small-scale. They have been categorized into three groups, based on their farm size:
  - Category “A” farmers, with farm sizes of less than 2 ha and comprising 71.5 percent of smallholders (the average arable landholding is estimated at 1.5 ha);
  - category “B”, with farm sizes of 2-5 ha and comprising 23.8 percent of smallholders, and
  - category “C” with farm sizes of 5-20 ha and comprising 4.7 percent of the smallholders.

Medium-scale farmers (with farm sizes of 20-100 ha) comprise about 400,000 farmers, while commercial farmers (with farmland over 100 ha) are estimated at approximately 740.<sup>8</sup>

- According to the Agribusiness Indicators Report for Zambia (2012), the following key drivers affecting SME/agribusiness growth can be summarized as follows:
  - **Seed.** It is estimated that around two-thirds of the maize area is planted with certified seed (specifically, hybrid seed), whereas an estimated 20–30 percent of the wheat and soybean area is planted with certified seed. Zambia’s seed sector is fully liberalized. The private sector plays a major role in seed production and exports. Zambia is one of the largest seed exporters in Africa; aside from the domestic market, it exported a recorded total of 17,891 tons of certified seed to other African countries in 2011.

The policy for the seed sector is outlined under the National Agriculture Policy (2004–2015), and the sector is governed by the following legislation: Plant Variety and Seed Act (CAP 236), Cotton Act, and Plant Pest and Disease Act. Despite the positive policy environment, fewer than 40 percent of small- and medium-scale maize farmers used hybrid seeds during the 2009/10 season. Nationally, the proportion has increased, however, from 28 percent in 2002/03.

- **Fertilizer.** In 2010/11, total fertilizer use in Zambia was 300,414 tons and has increased steadily since then. The government-financed Farmers Input Support Program (FISP) has contributed to this growth by financing 61 percent of the fertilizer used in the country. Fertilizer companies selling to commercial farmers identify the large increases in commercial wheat, soybean, sugar, barley, and maize production as drivers of increased demand for their product.

On a national level, despite the expansion of FISP and the increase in total fertilizer use, only 39 percent of smallholders use inorganic fertilizer. This proportion, however, is higher than what is found in several other countries in the region.

Over the years, access to fertilizer has increased in Zambia from 20 percent in 2001/02 to 39 percent in 2009/10, though there are variations across provinces. Commercial prices of fertilizer are found to be quite competitive in comparison with those in other countries in the region.

- **Mechanization.** In Zambia, tractor use is still low, despite the country's relatively well-developed agribusiness industry, the positive enabling environment for the private sector, and some promising initiatives linking smallholders to agribusiness firms through vertically integrated out-grower programs.

The main users of tractors in Zambia are large and corporate farms, while smallholders' access to mechanization services is still extremely limited in most parts of the country. Small- and medium-scale farmers mainly use hand hoes and animal traction. All tractors in Zambia are imported. Due to the country's landlocked geography, retail prices can be higher than in other countries. The cost of investing in tractors is particularly high for many smallholders, who cannot purchase them or get financing from the local banks.

- **Finance.** Zambia has a sizable number of private commercial banks and non-bank financial institutions operating in the market. Total agricultural lending as of March 2012 amounted to US\$ 415.8 million or 16.5 percent of all credit from commercial banks and microfinance institutions combined. In terms of the proportion of agricultural lending, Zambia is doing better than other countries, but most of the lending goes toward financing big commercial farms.

Private firms in Zambia still do not borrow from banks and instead rely on retained earnings or informal financing for long-term investments. Banks admitted they generally do not loan for greenfield investments in agriculture and usually deal only with trade-related businesses. Banks also state that a culture of non-payment in Zambia, coupled with the risks associated with financing agriculture, does not incentivize the banks to offer services to the sector. As a result, agribusinesses have difficulty accessing commercial credit.

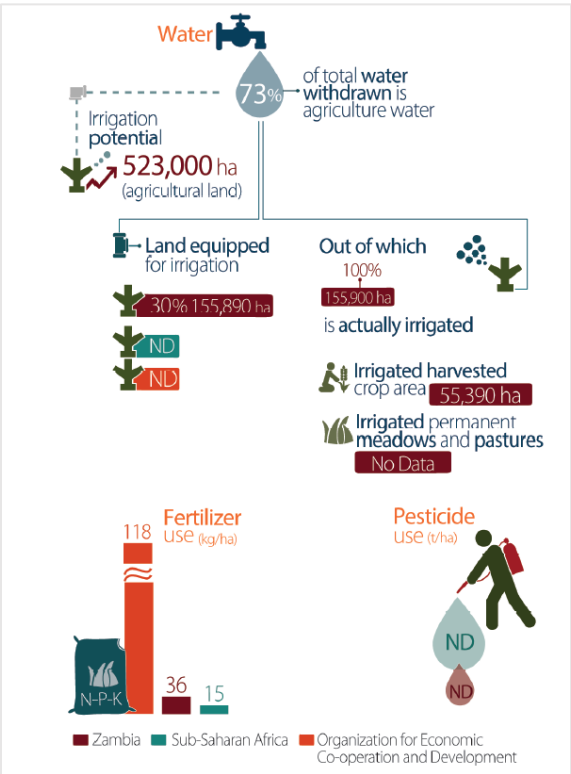
- **Transport.** Because Zambia is landlocked, the costs of hauling agricultural inputs and goods are high. These high costs in turn raise production costs and reduce competitiveness in foreign markets. Over the years, Zambia has increased its investments in roads. It has made major progress in constructing a network of trunk roads and linking the provincial capitals to Lusaka and Lusaka to main international border crossings. However, access to roads is poor, with only 17 percent of people in rural areas living within 2 kilometres of an all-season road.

## 6 POLICIES AND TRENDS IN THE WATER-ENERGY-FOOD NEXUS

### 6.1 Agricultural Context

- Zambia's agricultural sector is the mainstay for many of the country's population, even though it only accounts for about 20 percent of GDP and generates only 12 percent of Zambia's foreign exchange earnings in 2011.<sup>9</sup>
- The country has vast land and a natural resource base, approximately 752,614 km<sup>2</sup>. Of the total land area, 42 million hectares (58 percent) are potentially suitable for agricultural production, yet only 15 percent of this potential land is cultivated. Forests and woodland cover an additional 71 percent (the equivalent of 535,000 km<sup>2</sup>) of Zambia's land. It also boasts abundant groundwater and good rainfall compared to other Southern African countries despite recent drought episodes.
- About 523,000 ha are irrigable, yet only 155,890 ha of these (29 percent) are equipped for irrigation. Overhead (sprinkler) irrigation on arable crops and sugar cane is mainly used for crop watering by commercial farmers.
- Smallholders rely on a combination of buckets, watering cans, treadle pumps, and motorized pumps to water their crops.
- Maize dominates crop production in Zambia. Roughly 80 percent of the farming households grow maize for local consumption and selling, although cassava is a staple food in the northern region. In addition, 80 percent of the farmers in Zambia are smallholder farmers and they hardly use mechanization and external inputs.
- Zambia's climate is favourable for agriculture production, classified as mostly tropical, with small parts of the country classified as semi-arid. The annual rainfall received by Zambia ranges from 800 to 1400 mm, making it a suitable habitat for a variety of crops, fish and livestock.
- The importance of agriculture is reflected in national policy, and the country aims to increase labour productivity in the agricultural sector and gradually transform the current agrarian economy into an industry-based economy.<sup>10</sup>
- In the 1990s and 2000s, the country embarked on privatisation and trade reforms in the agricultural sector. The reforms invigorated a rise in exported produce, and agricultural growth, and reduced rural poverty. The government reduced tax for exported goods and duty-free for inputs boosting international trade.

- The government also made efforts to obtain support from the African Development Bank (AfDB) and the Global Agriculture and Food Security Programme (GAFSP). The government also formulated the Farmers Input Support Program (FISP) in 2001, which was introduced as a fertiliser support program.<sup>11</sup> The government subsidizes and supplies seeds and fertiliser to smallholder farmers to increase smallholder farmers’ production, productivity, and increase efficiencies
- In 2010, 17 percent of the government's total budget expenditure on agriculture, nearly half went to FSP/FISP input subsidies and FRA maize purchases.
- The government instituted the National Agricultural Policy (NAP) (2012-2030) to develop a competitive and diversified agricultural sector driven by equitable and sustainable agricultural development. This would be done by promoting the sustainable increase in agricultural productivity of major crops with comparative advantage; improving agricultural input and product markets to reduce marketing costs and increase profitability and competitiveness of agribusiness.
- Economic reforms have generally improved the business climate for the agricultural sector in Zambia. The privatization of several parastatals made agriculture relatively free of major policy distortions and increased private sector participation in input supply, finance, and transport services. Currently, the government’s emphasis on agriculture is based on the National Agriculture Policy, which aims to increase agricultural production by promoting commercialization through public and private sector participation.



### 6.2 Supply Chain

- Since 2010, due to the trade liberalization policies of the 1990s and the commodity price boom from the early 2000s, Zambia has had significant growth in all exports of goods and services. With this growth, Zambia has been a beneficiary of the modernization of the retail sector and the regional expansion of supermarket chain stores have been taking place in sub-Saharan Africa. This wave of retail modernization has mainly been spearheaded by South African supermarkets, which capitalized on the winds of political change in the early 1990s that brought globalization, FDI, trade liberalization and regional integration.<sup>12</sup>
- The spread of supermarkets has improved the availability of products and services. It has also provided variety to Zambian customers and competitive prices. In addition, supermarket chain stores have expanded their role beyond simple retail trade over the years, including various forms of corporate social responsibility that have benefitted communities. The increased presence of supermarkets has also added another dimension to how foodstuffs

and other products are sold in the country, whether by producers themselves or through supermarkets directly.

- Notwithstanding these potential benefits, while the expansion of supermarket chains in Zambia continues unabated, there is growing concern that the participation of local suppliers in supermarket value chains remains limited. This low participation of local suppliers at different levels of the supermarket value chain has potentially deprived Zambia of the opportunity to fully harness the potential for industrial development that can be derived from linkages to supermarket value chains.
- Zambia is part of several Regional Economic Communities (RECs) in the region to eliminate international trade barriers and reduce price volatility. The country is part of the SADC, COMESA and the AfFTA. However, it is still a concern for government departments and other stakeholders that Zambian suppliers have not fully taken advantage of these markets. These trade agreements have facilitated the import of various processed foods from the region into Zambia. For instance, about 80 percent of processed food stocks in supermarkets operating in Zambia are estimated to be imported from South Africa.

## 7 AGRICULTURE INVESTMENT POTENTIAL

- Zambia is a multi-party democracy and provides a market-oriented liberalized economic environment in a strife-free, multicultural society. The Zambian government welcomes investors across sectors and the laws relating to investment have provided for incentives aimed specifically at increased levels of investment and international trade, as well as increased domestic economic growth.
- Zambia's irrigation sector has huge potential to expand, directly for commercial and smallholder farmers and indirectly through supply chains to off-takers and processors.
- Of Zambia's irrigable land, 70 percent is not irrigated, however, the total equipped irrigated area has reached an estimated 200,000 hectares, mostly due to new investments in wheat, sugar cane, vegetables, and fruit production.
- Emergent and commercial farmers tend to make new investments in modern irrigation technologies such as overheadcenter pivots (arable crops and sugar cane) and localized systems such as drip lines (vegetables), micro-jets, and bubblers (tree crops).
- Government has in the past formulated finance support programs targeting small emergent farmers. The government programs provide farmers with credit to purchase irrigation equipment, thus, providing a broader market for irrigation technologies. Despite some success, smallholder farmers are limited by issues of land tenure to access finance and credit from financial institutions. This is because land without a title deed is not admissible as collateral for financial institutions.
- Large-scale commercial farming is driving the expansion of irrigated agriculture in Zambia. High-quality irrigation supply and service companies have located in Zambia to service this core market. Competition for supplying irrigation equipment is fairly high, but there is no local manufacturing in the country, other than some PVC pipe producers in Lusaka, which are often expensive compared to manufacturers outside of Zambia.

- The Zambian hydropower potential is widely untapped.<sup>13</sup> As of 2016, the country had 2,338 megawatts (3,135,000 hp) of installed hydropower capacity, with an estimated 6,000 megawatts (8,000,000 hp) of untapped hydropower potential. Hydroelectricity constitutes 85 percent of Zambia's electricity generation pool. The government has planned further development that could, in the long term, increase the total installed capacity fourfold.
- While still largely inaccessible to most smallholder farmers due to upfront and maintenance costs, solar pumping for irrigation presents high market potential. This is because of the excellent water resources present, the relatively low ratio of currently irrigated compared to available arable land for irrigation and high proportion of smallholder farmers to commercial operations (90 percent) involved in national exports and food production.
- Cold storage and aquaculture offer investment opportunities in the fisheries sector specifically:
  - **Cold storage and fish haulage.** Long-distance between catching areas and consumption areas and limited cold storage and transport facilities means that 65 percent of production is dried, most of which is capenta, smoked or simply sun-dried, and rarely salted breams. This creates immense opportunities in cold storage and haulage of fresh fish using refrigerated trucks.
  - **Aquaculture.** Zambia is a country richly endowed with natural resources ideally suited to aquaculture production. Considerable work by the Department of Fisheries in cooperation with international assistance agencies and NGOs in promoting aquaculture practices in the country has resulted in some 6,000 small-scale farmers now operating over 13,000 fish ponds throughout the country. At the same time, 16 large commercial fish farmers have taken up the activity in the Copper belt, Lusaka and Southern Provinces, where ideal conditions for such business exist. The subsector produces about 5,000 tonnes per year of fish. Of this, 75 percent comes from small-scale aquaculture, while commercial fish farmers produce the other 25 percent. Aquaculture is expanding in all nine provinces of the country, and as a result, Zambia is now one of the largest aquaculture producers in sub-Saharan Africa.

## 7.1 Agribusinesses Incentives

- The Zambian government provides a number of general investment incentives and allowances for the agricultural sector;
  - Corporation tax at 15 percent on income from farming and non-traditional exports;
  - Farm works allowance of 100 percent of expenditure on stumping, clearing, prevention of soil erosion, boreholes, aerial and geophysical surveys, and water conservation;
  - Development allowance of 10 percent of the cost of capital expenditure on growing coffee, banana plants, citrus fruits or similar plants;
  - Farm improvement allowance – capital expenditure incurred on on-farm improvement is allowable in the year of incurring the expenditure;
  - Dividends paid out of farming profits are exempt for the first five years that the distributing company commences business;
  - Carry Forward Losses for 5 years
- Furthermore the Zambia Development Act provides additional incentives for investors investing not less than US\$500,000 in the following agricultural-related priority subsectors;

floriculture; horticulture; processed foods; beverages and stimulants; production and the processing of products in the textiles sector (e.g. cotton; cotton yarn; fabric; agro-processing); and production and processing of products in the leather sector (e.g. cattle hides; crust leather; leather products; garments).

- The priority sector incentives provided for under the Zambia Development Agency Act are:
  - A corporate tax of 0 percent for an initial period of 5 years from the first year profits are made. For years 6 to 8 corporate tax will be paid on 50 percent of profits and in years 9 to 10 on 75 percent of the profits.
  - Dividends shall be exempted from tax for 5 years from the year of the first declaration.
  - Capital expenditure on improvement or for the upgrading of infrastructure shall qualify for an improvement allowance of 100 percent of such expenditure.
  - Suspended Customs Duty to zero for 5 years on machinery and equipment.

## 8 GENDER AND SOCIAL INCLUSION IN THE WEF NEXUS

- Zambia is ranked 56 out of 156 countries on the Global Gender Gap Index (2021) with a parity score of 0.726, and 14 out of 156 countries in the Economy Participation and Opportunity category of the GII 2021.
- The government has made some progress in mainstreaming gender equality and women's empowerment in the agriculture sector. This includes the allocation of financial resources to push forward the agenda of gender equality in agriculture and various initiatives to improve women's productive capacities and strengthen their resilience to shocks.
- The Gender Equity and Equality Act No. 22 of 2015 gives effect to CEDAW and is intended to implement women's empowerment targets that meet the international standards of the SDGs, as well as Zambia Vision 2030.
- However, the process towards gender equality in the agricultural sector has been slow as women continue to face challenges of unequal access and control over productive resources, unpaid labour, drudgery and limited participation in rural institutions and markets. Social protection initiatives are often not sustained.
- Women's participation in wholesale markets remains limited due to intimidation by men brokers who create an unfriendly environment that makes the marketing of products by women very complicated and harsh.
- The Zambia National Farmers Union (ZNFU) through its highly decentralized District Farmers Associations (DFAs) plays an organizing role in the marketing of producer commodities for its members. However, women are not equally represented in the DFA decision-making processes to adequately push the gender agenda in marketing at this level.
- The National Gender Machinery which is responsible for the overall coordination and monitoring of the gender equality mandate faces many challenges in carrying out its responsibilities, including the lack of monitoring and accountability for reporting on the level of gender mainstreaming among the Gender Focal Persons (GFPs).

- The lack of adequate budget allocations and staffing also hinders effective gender mainstreaming in the various government departments and ministries.
- The lack of sex-disaggregated data makes it difficult to drive the gender mainstreaming approach in agriculture in Zambia.
- In 2018, Zambia launched the digital networking platform known as the 50 Million African Women Speak Project (50MAWSP). The platform's aim is to empower women and youth to start, grow, and scale up their businesses, as well as to mentor each other through a real-time, one-stop comprehensive information hub.
- In 2018, the Bank of Zambia launched a gender unit specifically to look at patterns in access to finance through a gender lens.
- Zambia's population is predominantly female (50.5 percent) and youthful (45 percent). Furthermore, when compared with men, women contribute more to national development through unpaid and agricultural labour.
- Land Policy of Zambia was revised to include provisions prioritizing the issuance of state land to women. For instance, it is now law that for every piece of state land on sale, 50 percent must be offered to women first, while maintaining their right to still contest for the other 50 percent offered to the general public.
- Land ownership by women in rural areas is higher (32.7 percent) than it is among women in urban areas (6.8 per cent), just as it is in the case of rural men (39.4 percent) vs. urban men (10.5 percent).
- In 2019 women employed in the energy sector constituted 32.9 percent of the workforce, compared to 67.1 percent of men. In 2019, women comprised 4.2 percent of those employed in the water, sanitation, and waste management sector, with men accounting for 95.8 percent.
- Currently, 88 percent of the workforce in agriculture in Zambia comprises women who are not covered by social security.
- Under the Seventh National Development Plan, the Zambian government considers land to be a key resource to foster gender equality in access to economic resources and to increase women's productivity.
- While the government and its partners play crucial roles in achieving transformative gender equality in Zambia, there is a need for a more systematic gender-responsive planning, programming and budgeting with appropriate monitoring and evaluation systems to ensure that the agricultural development agenda for Zambia leaves no one behind.

## ANNEX 1: FIGURES

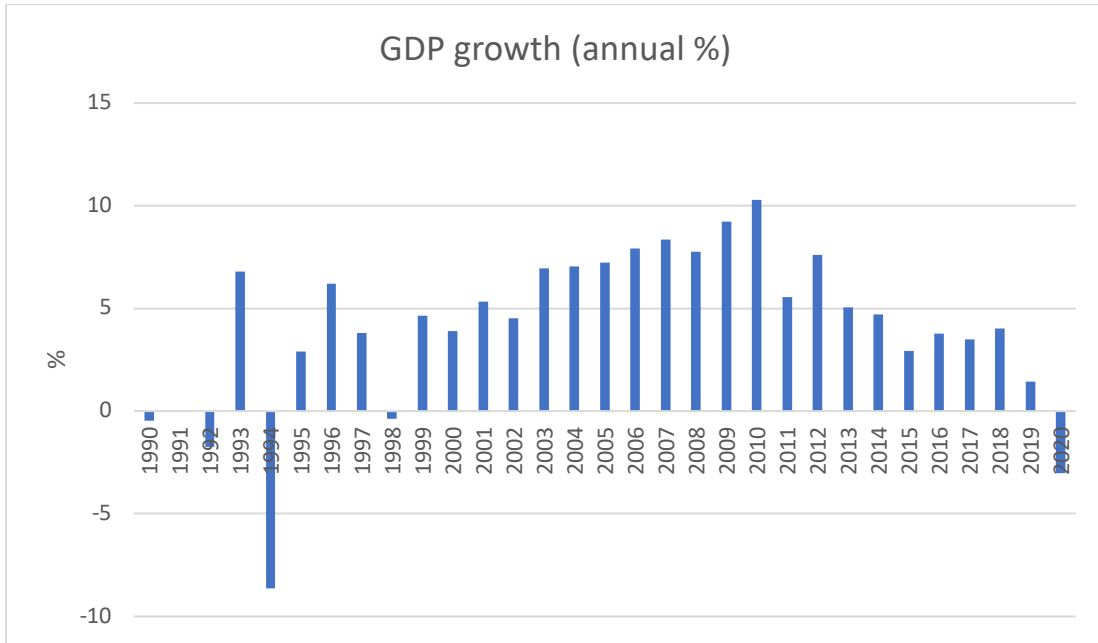


Figure 2. The GDP Annual Growth Rate for Zambia between 1990 – 2020 in %

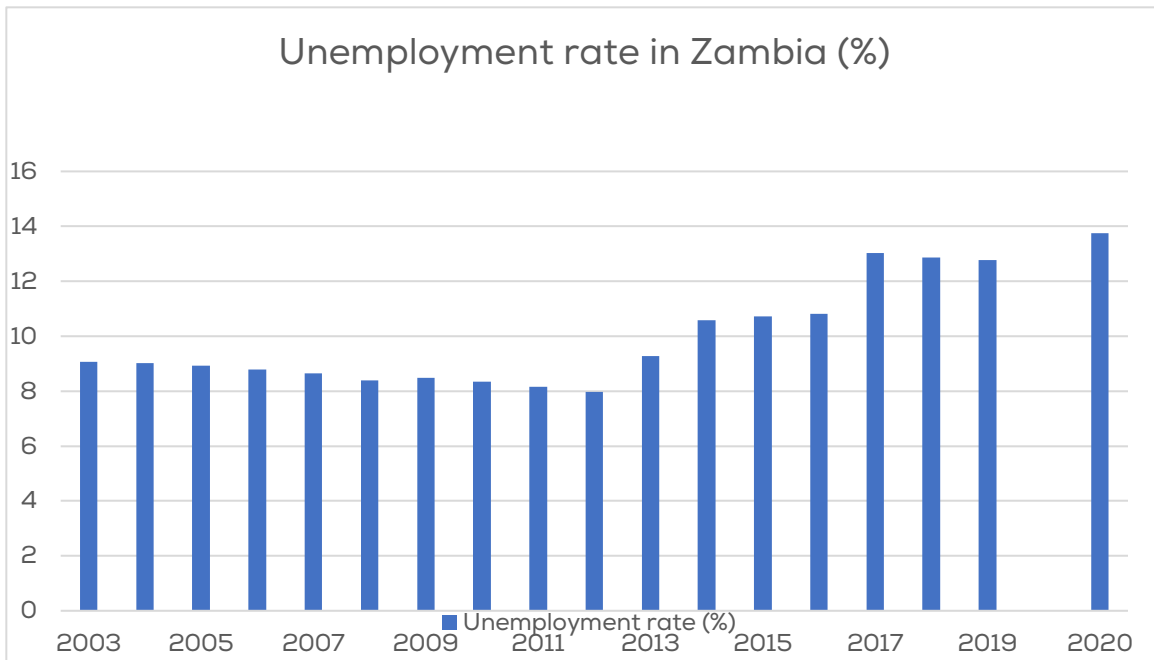


Figure 3. The unemployment rate in Zambia between 2003 – 2020 % between 1990–2019 (Source: Worldbank, 2021)



Figure 4. The distribution of employment opportunities by the main 3 economic sectors in Zambia

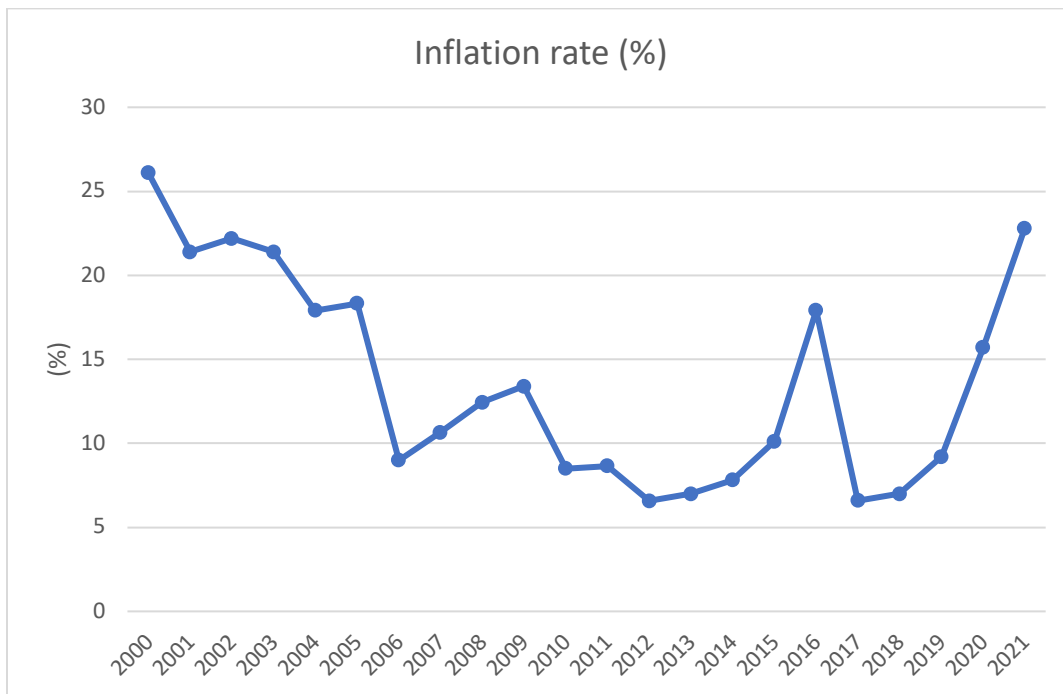


Figure 5a. Inflation rate in Zambia from 2000-to 2021

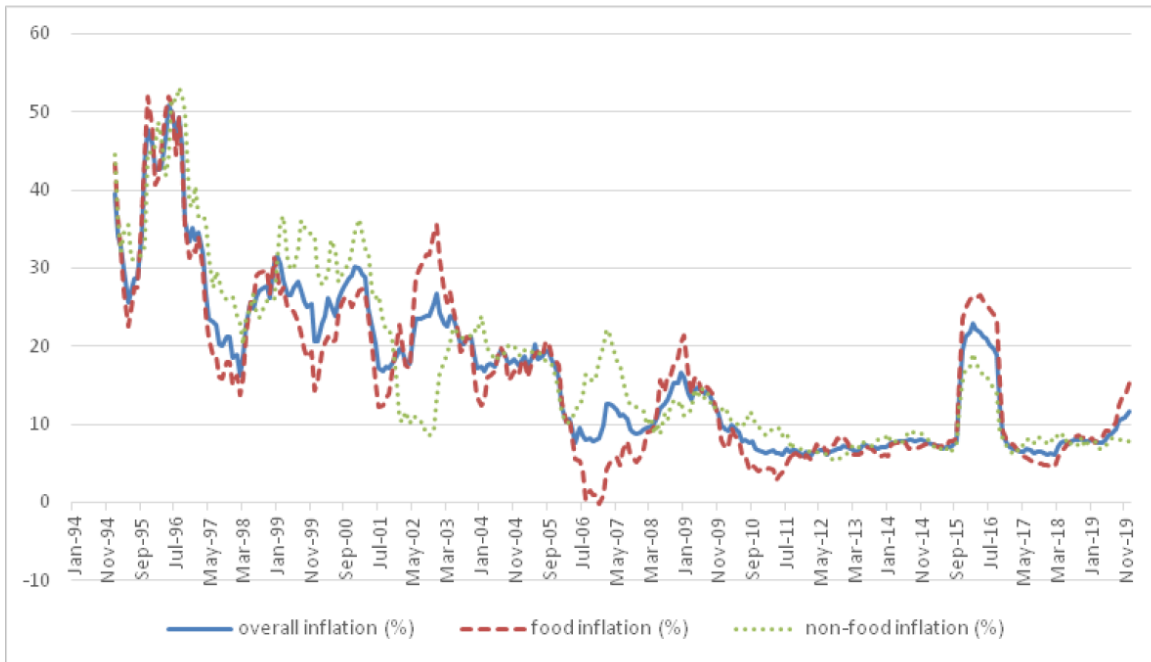


Figure 5b. Overall inflation and food inflation (annual % change)

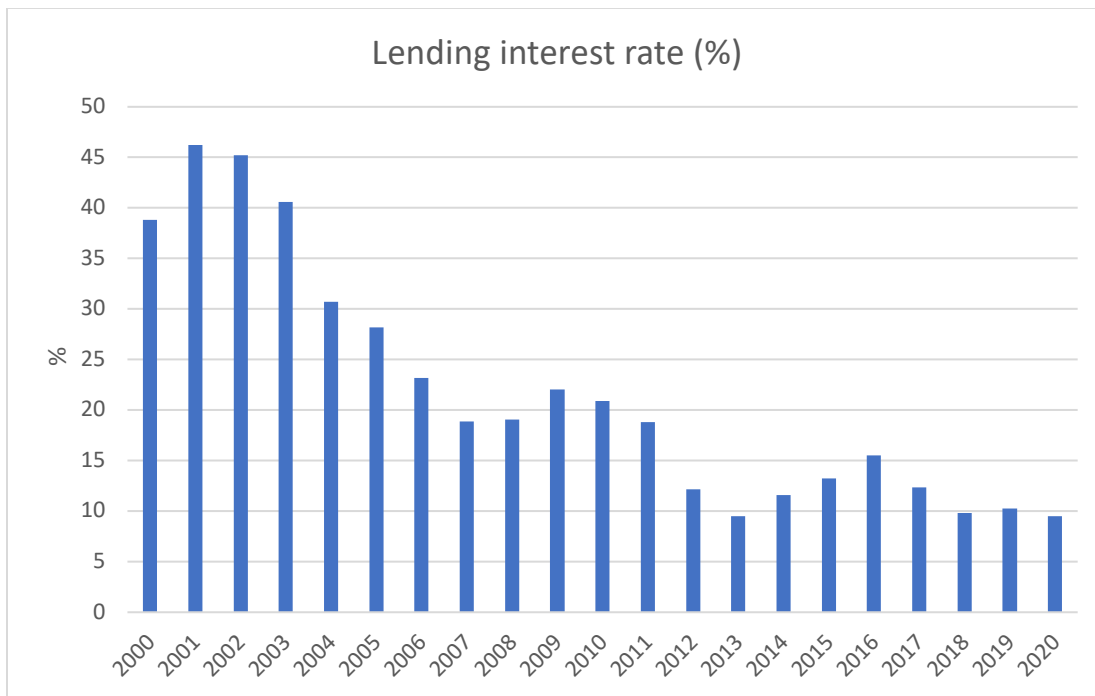


Figure 6. The average interest rate of loans given by the commercial banks in Zambia in %. The figure represents the average annual value of each year from 2000-2020.



Figure 7. Demonstration of the Exports of goods and services (% of GDP) in Zambia

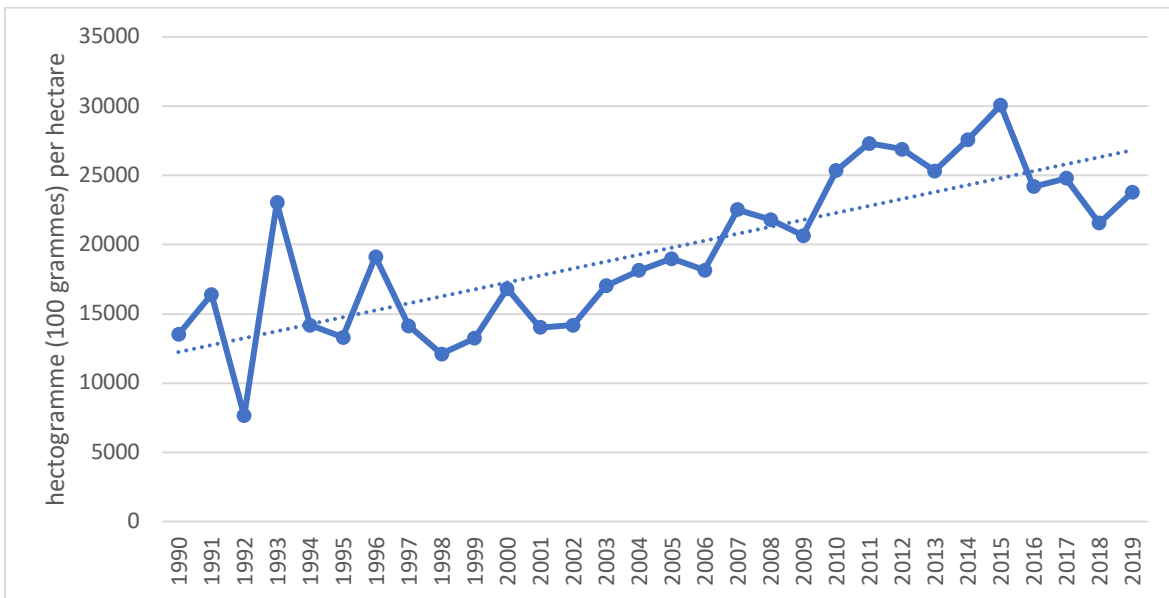


Figure 8. Zambia Cereal yield (hectogram (100 grammes) per hectare) from 1990 to 2018 (Source: FAOSTAT, 2021)

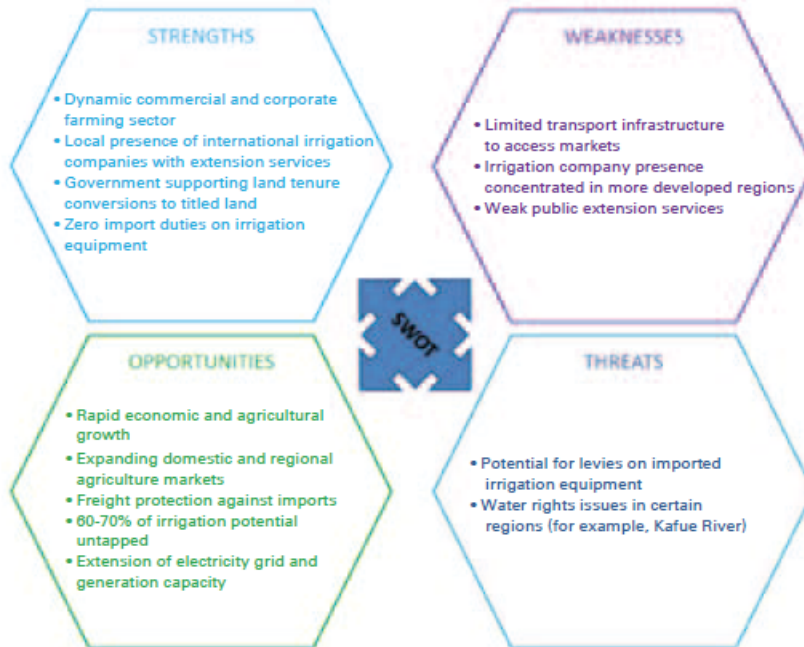


Figure 9. SWOT Analysis for Irrigation Development In Zambia (Source: FAO, 2014)

## ANNEX 2: TAXATION STRUCTURE

**Table 1. Tax categories in Zambia**

Income taxes and applicable rates			
Tax types	Definition	Applicable Rates	
<b>Business Tax</b>	<ul style="list-style-type: none"> <li>It is a tax on all incorporated businesses and their profits.</li> <li>With effect from January 1, 2022, the standard rate of CIT applicable on taxable income of corporate entities is 30%.</li> <li>For telecommunication companies the 30% rate only applies to income of less than K250,000 a year.</li> <li>The top marginal tax rate of 40% applies for income exceeding K250,000.</li> <li>Small businesses that are not capable of keeping records to enable effective tax assessment are subject to base tax levied at ZMW 365 per annum.</li> </ul>	<b>Category</b>	<b>Rate</b>
		<ul style="list-style-type: none"> <li>Electronic communications networks or service licensees (income in excess of ZMW 250,000)</li> <li>Farming</li> <li>Agro-processing</li> <li>Export of non-traditional products from farming and agro-processing</li> <li>Export of non-traditional products other than those relating to farming and agro-processing</li> <li>Production of organic fertiliser and chemical manufacture of fertiliser</li> <li>Tax on mining operations (for both base metals and industrial minerals)</li> </ul>	<ul style="list-style-type: none"> <li>40%</li> <li>10%</li> <li>10%</li> <li>10%</li> <li>15%</li> <li>15%</li> <li>30%</li> </ul>
<b>PAYE -</b>	<ul style="list-style-type: none"> <li>PAYE is a tax charged on income from employment.</li> </ul>	<b>Current PAYE Regime (2021 )</b>	
		<b>Income Bands (monthly)</b>	<b>Tax Rate</b>

<b>Income taxes and applicable rates</b>			
<b>Tax types</b>	<b>Definition</b>	<b>Applicable Rates</b>	
	<ul style="list-style-type: none"> <li>PAYE is deducted by the employer and remitted to ZRA by the 14<sup>th</sup> of the month following the month of deduction.</li> <li>Income from employment includes: salaries and wages; overtime and bonuses, gratuities and allowances, cash benefits and commissions</li> <li>all cash benefits paid in form of allowances are taxable under PAYE, such, as education, housing and utility.</li> <li>However, the following benefits are not subjected to PAYE: Labour day awards; Ex-Gratis Payments, Medical Expenses; and Funeral Expenses.</li> </ul>	0 – K4,000/month K4,001 - K4,800 K4,801 - K6,900 Above K6,900	0% 25% 30% 37.5%
<b>Self Employed Individual (SEI) tax</b>	<ul style="list-style-type: none"> <li>Tax is paid for annual turnover above ZMW 800,000 and is charged under the PAYE rates.</li> <li>For annual turnover below ZMW 800,000, tax paid is at 3% of turnover.</li> </ul>	<ul style="list-style-type: none"> <li>PAYE rates apply for annual turnover above ZMW 800,000.</li> <li>Tax paid is at 3% of turnover for turnover below ZMW 800,000.</li> </ul>	
<b>Withholding Tax</b>	<ul style="list-style-type: none"> <li>Tax collected at source from some payments like dividends, interest, rent, commissions, management and consultancy fees.</li> </ul>	<b>Category</b> <ul style="list-style-type: none"> <li>Dividends</li> <li>Interest</li> <li>Coupon income (interest) on government bonds</li> <li>Management or consultancy fee</li> <li>Royalties</li> <li>Commissions</li> </ul>	<b>Rate</b> <ul style="list-style-type: none"> <li>15%</li> <li>15%</li> <li>15%</li> <li>15%</li> <li>15%</li> <li>15%</li> </ul>
<b>Mineral Royalty</b>	<ul style="list-style-type: none"> <li>Mineral royalty is the compensation to the government for extracting minerals from the earth.</li> <li>Mineral Royalty Tax may be paid in advance</li> </ul>	<b>Holder of a mining license</b> <ul style="list-style-type: none"> <li>Copper</li> <li>Cobalt</li> <li>Precious metal.</li> <li>On the gross value of the energy and</li> </ul>	<ul style="list-style-type: none"> <li>5%</li> <li>8%</li> <li>6%</li> <li>5.0%</li> </ul>

Income taxes and applicable rates																		
Tax types	Definition	Applicable Rates																
	<ul style="list-style-type: none"> <li>Mineral royalty on base metals and precious metals is based on norm value.</li> <li>Norm Value means the monthly average London Metal Exchange (LME) Cash price per metric ton multiplied by the quantity of the metal or recoverable metal sold.</li> <li>Mineral royalty rate of energy minerals, industrial minerals and gemstones is calculated on gross value.</li> <li>Gross value means the realized price for a sale free 6 on board, at the point of export from Zambia or point of delivery within Zambia.</li> </ul>	<table border="0"> <tr> <td> <ul style="list-style-type: none"> <li>industrial minerals produced or recoverable under the licence.</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>6%</li> </ul> </td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>On the gross value of the gemstones produced or recoverable under the licence.</li> </ul> </td> <td>6%</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>On the norm value of the precious metals produced or recoverable under the licence.</li> </ul> </td> <td>5.5%</td> </tr> <tr> <td> <p><b>On the norm value when the norm price of copper</b></p> <ul style="list-style-type: none"> <li>is less than USD* 4,500 per tonnes</li> </ul> </td> <td>6.5%</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>is USD 4,500 per tonne or greater, but less than USD 6,000 per tonne.</li> </ul> </td> <td>7.5%</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>is USD 6,000 per tonne or greater, but less than USD 7,500 per tonne</li> </ul> </td> <td>8.5%</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>is USD 7,500 per tonne or greater, but less than USD 9,000 per tonne.</li> </ul> </td> <td>10%</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>is USD 9,000 per tonne or greater.</li> </ul> </td> <td></td> </tr> </table>	<ul style="list-style-type: none"> <li>industrial minerals produced or recoverable under the licence.</li> </ul>	<ul style="list-style-type: none"> <li>6%</li> </ul>	<ul style="list-style-type: none"> <li>On the gross value of the gemstones produced or recoverable under the licence.</li> </ul>	6%	<ul style="list-style-type: none"> <li>On the norm value of the precious metals produced or recoverable under the licence.</li> </ul>	5.5%	<p><b>On the norm value when the norm price of copper</b></p> <ul style="list-style-type: none"> <li>is less than USD* 4,500 per tonnes</li> </ul>	6.5%	<ul style="list-style-type: none"> <li>is USD 4,500 per tonne or greater, but less than USD 6,000 per tonne.</li> </ul>	7.5%	<ul style="list-style-type: none"> <li>is USD 6,000 per tonne or greater, but less than USD 7,500 per tonne</li> </ul>	8.5%	<ul style="list-style-type: none"> <li>is USD 7,500 per tonne or greater, but less than USD 9,000 per tonne.</li> </ul>	10%	<ul style="list-style-type: none"> <li>is USD 9,000 per tonne or greater.</li> </ul>	
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<b>Property Transfer Tax</b>	<ul style="list-style-type: none"> <li>Tax levied on transfer of land and buildings and is paid by the</li> </ul>	<ul style="list-style-type: none"> <li>Tax rate is at 10% of the realizable value.</li> </ul>																

<b>Income taxes and applicable rates</b>		
<b>Tax types</b>	<b>Definition</b>	<b>Applicable Rates</b>
	<p>seller. It is also paid on transfer of shares.</p> <ul style="list-style-type: none"> <li>• Where a person transfers property to a member of his immediate family, the transfer will be treated as a gift and transfers will go at nil value. No property tax will be paid. Immediate family means a spouse, child adopted child or stepchild.</li> <li>• Exempt organizations from the tax include: The Government; Foreign Governments; Approved International organizations; Political Parties; Cooperative societies; Local authorities; Registered Trade Union Clubs or societies; and approved pension funds or Medical aid societies.</li> <li>• Other exemptions include transactions as a result of a sale or other disposal of any stock or share listed on Lusaka Stock Exchange.</li> </ul>	<ul style="list-style-type: none"> <li>• Realizable value is price at the time of transfer, at which it could be reasonably sold on open market.</li> </ul>
<b>Tax on Individual Minibus and Taxi Operators.</b>	<ul style="list-style-type: none"> <li>• A predetermined amount is paid by the individual public transport operators.</li> </ul>	<ul style="list-style-type: none"> <li>• Rates range from ZMW 600 per annum for a less than 12-seater bus to ZMW 7,200 per annum for a 64-seater and above</li> </ul>
<b>Turnover Tax</b>	<ul style="list-style-type: none"> <li>• Tax on businesses for both companies and individuals whose turnover is below ZMW 800,000 per annum</li> </ul>	<ul style="list-style-type: none"> <li>• Applicable tax rate is 3% of the turnover.</li> </ul>
<b>Advance Income Tax (AIT)</b>	<ul style="list-style-type: none"> <li>• This is the tax charged on importers that are either not registered with Zambia Revenue Authority or are registered but are not compliant.</li> </ul>	<ul style="list-style-type: none"> <li>• The tax is computed at 6% of Value for Duty Purposes (VDP) but is not a final tax.</li> </ul>
<b>Base Tax</b>	<ul style="list-style-type: none"> <li>• Base Tax is a tax on small businesses and marketers that are difficult to assess.</li> </ul>	<ul style="list-style-type: none"> <li>• The current amount of base tax is ZMW 150.00 per annum.</li> </ul>

<b>Income taxes and applicable rates</b>			
<b>Tax types</b>	<b>Definition</b>	<b>Applicable Rates</b>	
<b>Fuel or Road Levy</b>	<ul style="list-style-type: none"> <li>Levy charged on all imports of Petroleum products such as diesel and petrol. This Levy is meant for the maintenance and construction of roads in the country.</li> </ul>	<ul style="list-style-type: none"> <li>The levy rate is up to a maximum of 15%.</li> </ul>	
<b>2. Customs and Excise taxes and applicable rates</b>			
<b>Tax types</b>	<b>Main features</b>	<b>Rates</b>	
<b>Customs Duty</b>	<ul style="list-style-type: none"> <li>This is a tax levied on all goods imported into the country. Duties are based on the CIF (cost, insurance and freight) value.</li> </ul>	<b>Category</b>	<b>Rate</b>
		<ul style="list-style-type: none"> <li>Raw materials</li> <li>Capital goods</li> <li>Intermediate</li> <li>Finished goods</li> </ul>	0% 5% 15% 25%
<b>Excise Duty</b>	<ul style="list-style-type: none"> <li>Taxation on a range of selected products whether produced locally or imported, determined by government policy.</li> </ul>	<b>Product (some examples)</b>	<b>Rate</b>
		<ul style="list-style-type: none"> <li>Petroleum Products</li> <li>Wines and Spirits</li> <li>Motor Vehicles</li> <li>Perfumes and Body lotions</li> <li>Clear Beer</li> <li>Talk time and mineral water</li> </ul>	7 - 36% 125% 5 -30% 25% 35 - 75% 10%
<b>Import VAT</b>	<ul style="list-style-type: none"> <li>This a tax charged on imports.</li> </ul>	Customs Value + Customs Duty (+ Excise Duty, where applicable) at the rate of 16 percent i.e. 0 - 40%. 15% on electric motor vehicles of HS 8703.80.90 Introduction of excise duty at the rate of ZMW1.50 per liter on reconstituted milk and harmonization of the customs duty rate at 15% for powdered milk. 40% on these agricultural products: beef and beef processed products, pork and pork processed products, chicken and chicken processed products and fish.	
		<b>Product</b>	<b>Rate</b>

<b>Income taxes and applicable rates</b>			
<b>Tax types</b>	<b>Definition</b>	<b>Applicable Rates</b>	
<b>Export Duties</b>	<ul style="list-style-type: none"> <li>This is a duty charged on specific exported goods. This duty is meant to encourage further processing of locally produced goods and is charged on Copper concentrates, Scrap Metal and Cottonseed.</li> </ul>	<ul style="list-style-type: none"> <li>Copper concentrates</li> <li>Scrap Metal</li> <li>Cotton seed</li> </ul>	15%  15%-25% 15%
<b>Carbon Emission Surtax (CES)</b>	<ul style="list-style-type: none"> <li>This is a tax charged on motor vehicles based on the engine capacity.</li> </ul>	<b>Engine Capacity in CC (ZMW)</b>	<b>Rate</b>
		<ul style="list-style-type: none"> <li>1500 and below</li> <li>1501 – 2000</li> <li>2001 – 3000</li> </ul>	50.00 100.00 150.00
<b>Motor Vehicle licensing Fee</b>	<ul style="list-style-type: none"> <li>This fee is charged on imported motor vehicles and covers the registration costs.</li> </ul>	The fee is ZMW 163.00	

**3. VAT and applicable rates.**

<b>Tax types</b>	<b>Definition</b>
<b>Domestic VAT</b>	<ul style="list-style-type: none"> <li>This is taxation on every value-added to a taxable service or product. The tax is borne by the consumer. For VAT purposes, the sale or disposal of goods or rendering of services is called supplies.</li> <li>Taxable supplies are taxed at either 16% (standard rate) or 0% (zero-rated). Zero-rated supplies include Exports, Energy Saving Appliances, Equipment and machinery, medical supplies and schoolbooks.</li> <li>Exempt supplies are items specifically excluded by law from liability to VAT, (i.e., no VAT is charged) even if supplied by a registered business. Examples of exempt supplies include:               <ul style="list-style-type: none"> <li>Only registered businesses can charge and claim VAT. There are two types of VAT registrations:                   <ul style="list-style-type: none"> <li>Statutory registration – annual taxable turnover above ZMW 800,000.</li> <li>Voluntary registration – where the turnover of a business is below ZMW 800,000 per annum but the business has fulfilled all the requirements for VAT registration.</li> </ul> </li> <li>A registered business charges and collects VAT on its supply of goods and services to customers. VAT so charged is called output tax. On the other hand, registered businesses claim the VAT that they pay on purchases of taxable goods and services for their businesses. The tax so claimed is referred to as</li> </ul> </li> </ul>

Income taxes and applicable rates		
Tax types	Definition	Applicable Rates
		input tax. The net of output and input tax is paid to ZRA or refunded to the taxpayer as the case may be. Therefore, a business dealing in taxable supplies can claim input tax, while a business dealing in exempt supplies will not be required to register for VAT and therefore cannot claim the input tax. For example, educational services from nursery to secondary school are exempt, therefore, a primary school will not register for VAT and will not claim any input tax.

Table 2. Active Stakeholders in the WE4F Nexus in Zambia

Sector	Name	Relevance to WE4F
<b>INGOS/NGOs/CSOs or Policy Advocacy Groups</b>		
Water-Energy-Food nexus	<u>FAO</u>	<ul style="list-style-type: none"> <li>● Implementation of several projects to support the agricultural sector in Zimbabwe under three priority areas: <ul style="list-style-type: none"> <li>○ Resilience and restoration of agricultural livelihoods</li> <li>○ Restoration of degraded agricultural land and higher productivity of water resources in agriculture.</li> <li>○ Increased sustainable smallholder agricultural productivity for improved food security and nutrition.</li> </ul> </li> </ul>
Water-Energy-Food nexus	<u>WFP</u>	<ul style="list-style-type: none"> <li>● WFP helps to enhance the food security of vulnerable people through restoring or creating key community assets such as irrigation and orchards, and work opportunities such as on climate change mitigation projects.</li> </ul>
Development	<u>UNDP</u>	<ul style="list-style-type: none"> <li>● Implements several projects in food security, climate change, water resources, rehabilitation of ecosystems and supporting livelihoods</li> </ul>
WaSH	<u>UNICEF</u>	<ul style="list-style-type: none"> <li>● Has a dedicated WaSH program to support water and sanitation infrastructure and awareness projects</li> </ul>

Sector	Name	Relevance to WE4F
<b><i>INGOS/NGOs/CSOs or Policy Advocacy Groups</i></b>		
Development	AfDB	<ul style="list-style-type: none"> <li>GCA and the AfDB are embarking on a project concerning climate-smart upscaling digital technologies around climate change adaptation</li> </ul>
Development	<u>GiZ</u>	<ul style="list-style-type: none"> <li>Funding multi-sectoral programs in collaboration with government and private sector actors including waste, energy, and agribusinesses.</li> </ul>
Development	<u>World Bank</u>	<ul style="list-style-type: none"> <li>Funding multi-sectoral programs in collaboration with government including water, energy, and climate change</li> </ul>
Development & Cooperation	<u>USAID</u>	<ul style="list-style-type: none"> <li>Funding multi-sectoral programs in collaboration with government including water, energy, and agriculture that fall under their “Stabilization” goal.</li> </ul>
Development & Cooperation	<u>Sida</u> (Swedish Embassy)	<ul style="list-style-type: none"> <li>Funding multi-sectoral programs in collaboration with international NGOs providing access water, sanitation, and livelihood including agriculture.</li> </ul>
Development	Common Market for Eastern and Southern Africa (COMESA)	<ul style="list-style-type: none"> <li>Research, policy development, capacity strengthening</li> </ul>
Development	Southern Africa Development Community (SADC)	<ul style="list-style-type: none"> <li>Research, policy development</li> </ul>
Water	Ministry of Water Development and Sanitation	<ul style="list-style-type: none"> <li>Development and management of water resources</li> <li>Provision of clean water supply</li> <li>Provide policy guidance in the water sector</li> </ul>
Agriculture	Ministry of Agriculture	<ul style="list-style-type: none"> <li>Effectively plan, monitor and evaluate agricultural sector programmes</li> <li>Promote agricultural production by providing policy guidelines to action programmes</li> </ul>

Sector	Name	Relevance to WE4F
<b>INGOS/NGOs/CSOs or Policy Advocacy Groups</b>		
		<ul style="list-style-type: none"> <li>Facilitate the policies that would ensure national and regional food security through dependable annual production of adequate supplies basic food stuffs at competitive prices</li> <li>Ensure that the existing agricultural resource base is well maintained and improved upon</li> <li>Ensure that policies are formulated and implemented to facilitate the generation of income and employment to maximum feasible levels in all regions through full utilisation of scarce resources realization of domestic and export potential</li> </ul>
Energy	Ministry of Energy	<ul style="list-style-type: none"> <li>Maintaining the security of energy supplies</li> <li>Increasing the contribution of natural gas and renewable energy to the total energy mix</li> <li>Rationalize energy consumption and improve efficiency in all sectors</li> <li>Lead policy-making authority of Government on all matters of energy supply and demand management.</li> <li>Formulate and coordinate national energy policy and programmes.</li> </ul>
Government	Ministry of Small Business Development	<ul style="list-style-type: none"> <li>Creating a conducive environment for the promotion of Investment and development of Sustainable Industries and Trade</li> <li>Creating wealth and employment, so that there is prosperity for all</li> </ul>
Climate	Zambia Meteorological Department (ZMD)	<ul style="list-style-type: none"> <li>Providing weather-related information</li> <li>Weather forecast</li> <li>Early warning information</li> </ul>
Government	Zambia Development Agency	<ul style="list-style-type: none"> <li>Providing access to finance by linking MSMEs to financial Institutions providing various financial products to the MSMEs.</li> <li>Providing business to business linkages</li> <li>Allocating MSMEs with opportunities to access Business Information and Market</li> </ul>

Sector	Name	Relevance to WE4F
<b>INGOS/NGOs/CSOs or Policy Advocacy Groups</b>		
		Intelligence through the Agency`s Information Resource Centre (IRC). <ul style="list-style-type: none"> <li>• Provide one on one business advisory services in various business management issues to MSMEs</li> </ul>
Water	Zambezi Watercourse Commission (ZAMCOM)	<ul style="list-style-type: none"> <li>• Promote, support, coordinate and harmonise the management and the development of the water resources of the Zambezi watercourse</li> <li>• To collect, evaluate and disseminate all data and information on the Zambezi watercourse</li> </ul>
Agriculture	Global Center on Adaptation (GCA)	<ul style="list-style-type: none"> <li>• Investment</li> </ul>

## ANNEX 3: COSTS OF REGISTERING A BUSINESS

If you are looking to register a business name, then you need to be aware of the cost implication of the various stages:

- Cost of Reservation of Name – KW500
- Cost of Registration of Business name – KW10, 000
- Cost of filing of notice of change of business name – KW5, 000
- Cost of filing of notice of change of business address – KW1, 000
- Cost of filing of change in Proprietorship – KW1, 000
- Cost of filing of annual returns – KW1, 000
- Cost of filing of notice of cessation of business – KW1, 000
- Cost of filing of other related document – KW1, 000
- Cost of Search on Business name File – KW1, 000 per business name search
- Certified copy of certification of business name registration – KW5, 000

### Cost of registration of Private Limited Company (PLC)

If the company you are looking to register is a Private Limited Company, these are the associated cost of the registration:

- Cost of Registration of Name – KW500
- Cost of registration of Private Company (with share capital of less than KW1 Million) – KW10, 000
- Cost of registration of Private Company (with share capital between KW1 Million – KW500 Million) – KW5, 000 for each KW1 million share. This means that if the share is KW10 million for example, then this would cost KW50, 000.

- Cost of registration of Private Company (with share capital over KW500 Million) – KW7,500 for each KW1 million share.
- Cost of registration of Public Company – KW20, 000 for the first KW1 million share capital
- Cost of registration of Public Company (with share capital between KW1 Million – KW500 Million) – KW10, 000 for each KW1 million share.
- Cost of registration of Public Company (with share capital over KW500 Million) – KW15,000 for each KW1 million share.
- Cost of registration of a company that does not have capital share – KW20,000
- Cost of Filing exemptions of foreign companies from registration – KW30,000
- Cost of re-installment of a company name – KW25,000
- Cost of registration of charges for Private company – KW10,000 for every KW1 million
- Cost of registration of charges for Public company – KW20,000 for every KW1 million
- Cost of filing for annual return for a small company – KW2,000

These prices are fixed. A legal practitioner may charge various amounts for the whole process but these are the same across the country

## ENDNOTES

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