

# Zambia

A preferred destination for  
sustainable investment



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# Speaker



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**Head of Tax and ESG Leader  
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# Speaker



**Andrew Sikwanda**  
**Associate Director-Assurance**



# Speakers



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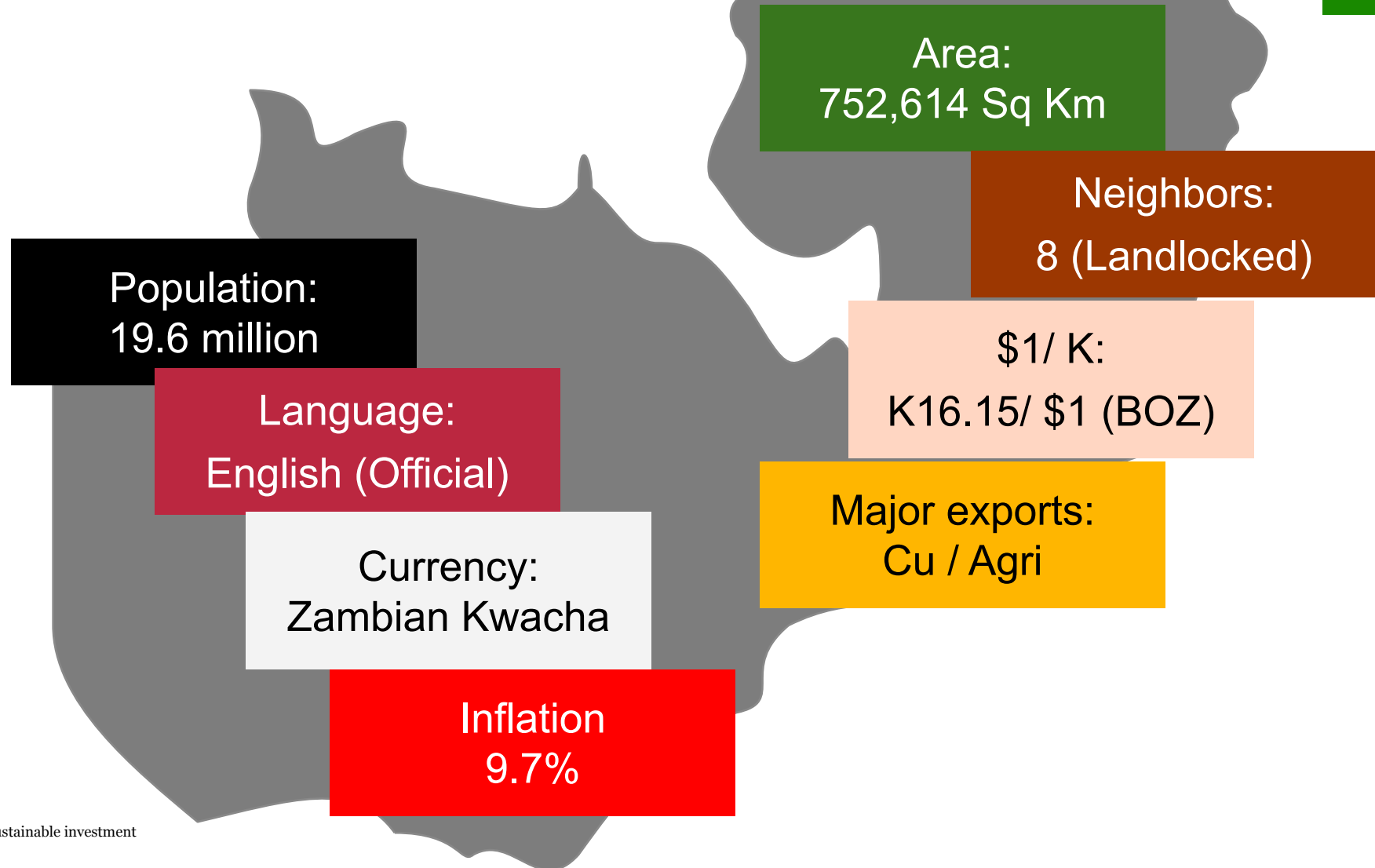


# About Zambia





# Zambia: Facts and figures





# About Zambia

## Geography

Land-linked with 8 neighbouring countries and based in the Southern part of Africa.

## Capital city

Lusaka

## Living conditions

Around 64 percent of Zambians live under USD 2 a day and people that are extremely poor live under USD 1.25 a day. Zambia is experiencing rapid urbanization due to the increased job and higher income opportunities. The current urban housing shortage is around 1.3 million housing units

## Natural Resources

**The country has 19 national game parks,** holds 6% of the world's copper reserves and is the fourth largest copper producing nation in the world. The country offers huge diversity such as waterfalls, lakes, rivers and wetlands, culture and traditions, abundant wildlife and exotic wilderness.

## Political landscape

The country is a Democracy (multi-party state). The nation is considered a stable country, with elections held every five years. Current ruling party is the United Party for National Development (“UPND”).

## Economic Overview

Zambia’s economy is highly dependent on its environment-based sectors such as agriculture, tourism, forestry and mining. Mining remains the largest contributor to GDP, though this Zambian government is keen to ensure the contribution growth to GDP of the other key sectors is enabled.



# Political landscape

Welcome to the “New dawn” government



**President Hakainde  
Hichilema**

7

**3 Peaceful transitions**



**Eager and expectant  
population**



# Government's priorities

## Sectors expected to power recovery

### Mining



1. Copper
2. Gemstones
3. Value addition
4. Support industries

### Agriculture



1. Large scale estates
2. Value addition
3. Exports

### Manufacturing



1. MFEZ
2. Exports

### Tourism



1. Diversification
2. Infrastructure development
3. International Conferences



# Government focus areas

## Underpinning growth agenda



**Environment and Green economy**



**Technology**



**SME focus**





# Sustainable investment landscape



# Zambia Government's Economic Transformation Agenda

## Strategic Pillars and Development Outcomes



### ECONOMIC TRANSFORMATION AND JOB CREATION

- An industrialised and diversified economy
- Enhanced citizenry participation in the economy
- A competitive private sector



### HUMAN AND SOCIAL DEVELOPMENT

- Improved education and skills development
- Improved health, food and nutrition
- Improved water supply and sanitation
- Reduced poverty, vulnerability and inequalities



### ENVIRONMENTAL SUSTAINABILITY

- Enhanced mitigation and adaptation to climate change
- Sustainable environment and natural resources management



### GOOD GOVERNANCE ENVIRONMENT

- Improved policy and governance environment
- Improved rule of law, human rights and constitutionalism



# Environmental sustainability and the 8th National Development Plan outcomes

## Promote integrated environmental management

- Pollution prevention and control
- Chemical and waste management
- Environmental compliance tracking
- Environmental services valuation
- Urban and regional planning

## Enhance natural resources management

- Sustainable land and forest management
- Sustainable wildlife and fisheries management
- Urban and land use planning
- Community based natural resources management
- Water catchment protection and conservation
- Natural resource valuation and accounting



# Green Growth Agenda - Ministries and Subject Matter Area

## Subject Matter

- Biosafety
- Climate Change Policy
- Environmental Policy
- Environmental Protection and Pollution Control
- Environmental Research and Training
- Forestry Extension and Development
- Forestry Policy
- Green Economy and Industrial Policy
- Meteorological Services



## Subject Matter

- Electricity
- Energy Policy
- Nuclear Energy Policy
- Oil Pipeline and Refineries
- Petroleum
- Petroleum Storage and Pricing
- Renewable Energy Sources

## Subject Matter

- Water Policy
- Water Resources Management and Development
- Water Supply and Sanitation

## Subject Matter

- Beacons
- Control of Unauthorised Settlements
- Land Administration
- Land Policy
- Land Surveys and Mapping
- Natural Resources Policy
- Natural Resources Research and Training
- Registration of Lands and Deeds



# Other key Government institutions promoting Green Growth

## Government ministries

- Agriculture
- Commerce, Trade and Industry
- Green Economy and Environment (Newly created in 2021)
- Energy
- Fisheries and Livestock
- Lands and Natural Resources
- Local Government and Rural Development
- Mines and Minerals Development
- Technology and Science
- Tourism
- Water Development and Sanitation

## Quasi governmental organisations

- Industrial Development Company (IDC)
- Zambia Development Agency (ZDA)
- Securities and Exchange Commission (SEC)
- Development Bank of Zambia (DBZ)
- Zambia Industrial Commercial Bank (ZICB)
- National Pension Scheme Authority (NAPSA)

## Statutory bodies established by Acts of Parliament

- Water Resources Management Agency
- National Heritage Conservation Commission
- Zambia Tourism Agency
- National Biosafety Authority
- Forests Department
- Environmental Management Agency
- Energy Regulation Board
- Rural Electrification Authority
- Zambezi River Authority
- Department of National Parks and Wildlife
- Zambia Wildlife Authority



# Existing policies, legislations and plans in support of green growth

## Green Bonds Regulation

Established under the Securities Act No. 41 of 2016

Sets the Green Bonds Guidelines & Listing Rules

Bonds Guidelines are based on the ICMA green bonds principles

Issuer required to provide full disclosure on the use of proceeds, the evaluation method or project appraisal

Issuer to retain an independent external reviewer and the Guidelines

Stipulate consequences for issuers who fail to adhere to the requirements of the Law or for offenses such as green washing

## Climate change

SI 66 of 2021 The Forest (Carbon Stock Management) Regulations provides a framework for the implementation of projects and programmes in forest carbon stock management

Nationally Determined Contribution (NDC) to the Paris Agreement pledges to cut total emissions by 20 to 38 mln MT CO<sub>2</sub>e by 2030

There are plans to and initiatives identifying carbon projects in mining areas, focused on forestry management and production of non-timber forestry products

## Climate Smart Agriculture Strategy Framework

This government framework integrates climate change into agriculture policy.

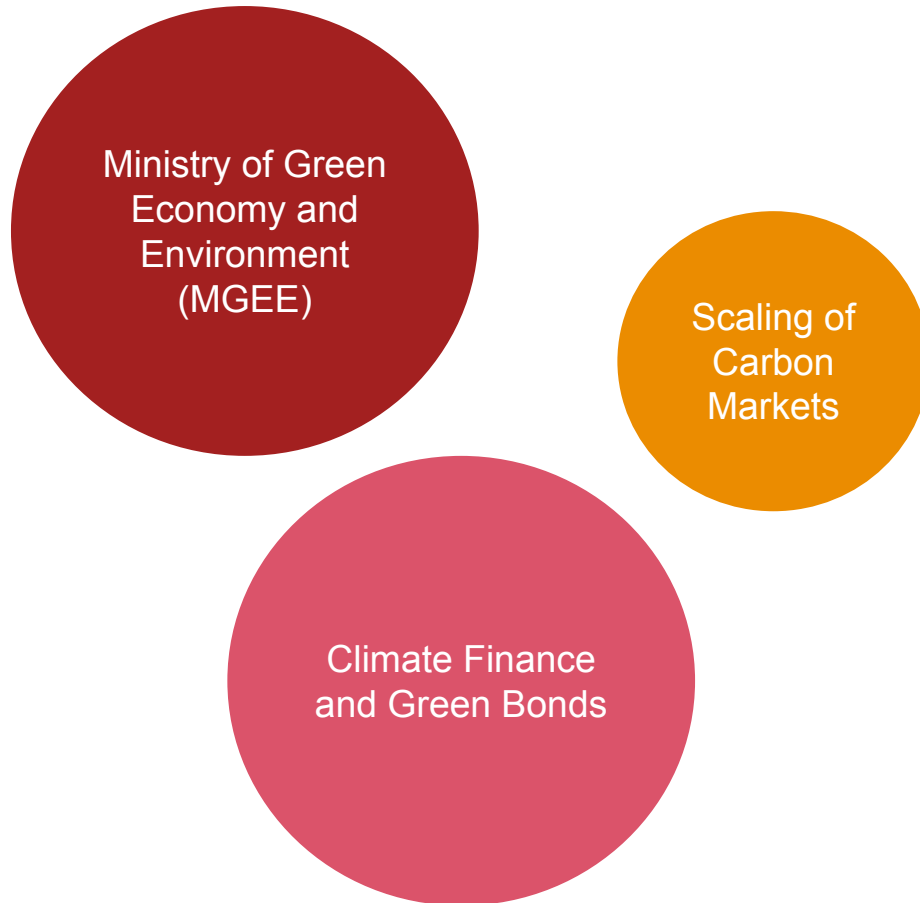
Promotes the implementation of climate smart agricultural practices that will sustainably increase productivity, enhance resilience, and reduce or remove GHG emissions

Enables several initiatives supporting SMEs to develop and adopt CSA models that will contribute to climate resilience in Zambia



# Story so far - Zambia is taking action

## Public policy, regulations, frameworks



## Further details....

Green Growth Compact agreement between the UK and Zambia

### **MGEE**

Government has promoted Statutory Instrument No. 66 of 2021 on Forest Carbon to ensure carbon trading is regulated and interests of communities are protected

### **MGEE**

Government is working on the design of Green Bond incentives which may include (among others) zero rating withholding tax on interest to incentivise investors and targeting tax deductibility for issuance costs of Green Bonds to incentivise issuers.

### **Ministry of Finance**

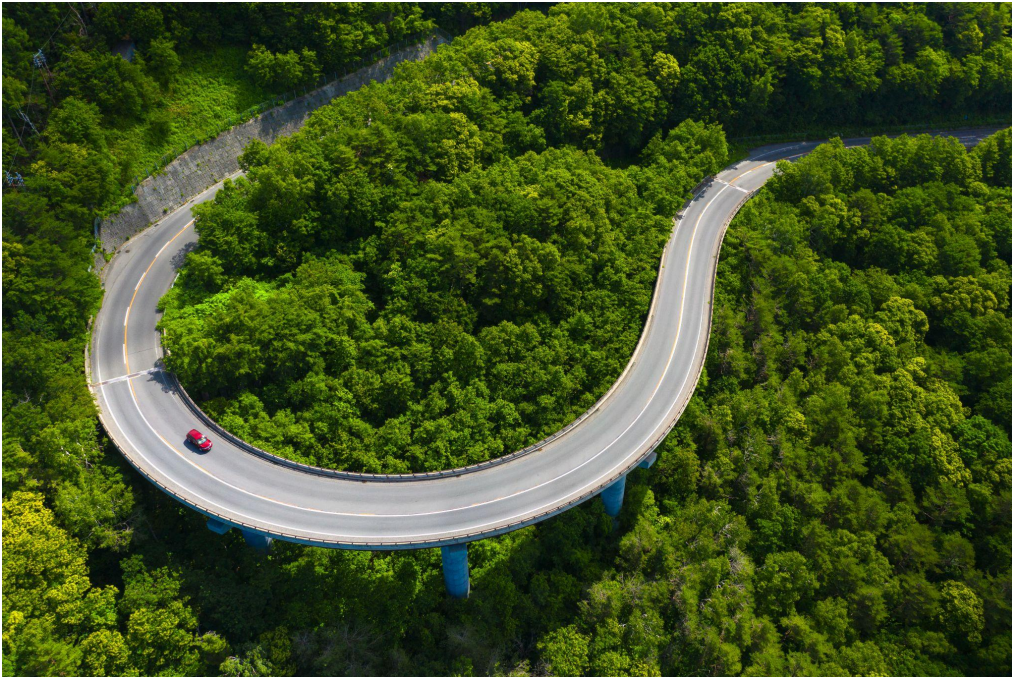
In 2022, the Minister of finance proposed to exempt from withholding tax interest income earned on green bonds listed on the securities exchange in Zambia with maturity of at least 3 years to encourage investment in projects with environmental benefits.



# Existing policies, legislations and plans in support of green growth

## Tax Incentives towards environmental protection

- Environmental Restoration and Rehabilitation works tax credit which is used in ascertaining, the gains or profits of a person involved in mining operations in respect of actual costs incurred by way of restoration and rehabilitation
- Value Added Tax: 0% Energy saving appliances, machinery and equipment including solar panels and solar batteries.



## Green Taxes aimed at protecting the environment

- Carbon tax: The basis for the levy is the CO2 emission per engine size per vehicle
- Excise duty on plastic carrier bags for shopping: A duty rate of 30% is applied per kg
- Pollution Tax: A water sanitation levy is charged to Water & Sewerage Company customers at the prescribed percentage per Water and Sewerage Company.
- Suspension of customs duty (to zero) up to December 2025 on greenhouse plastics used in agriculture.
- Removal of 15% customs duty on gas cylinders to reduce the cost of using liquified petroleum gas and reduce reliance on less environmentally friendly sources of energy.
- Reduction of customs duty on the importation of electric vehicles from 30% to 15% to promote cleaner means of transport.
- Exempt interest income earned on green bonds listed on a securities exchange in Zambia with maturity of at least 3 years from Withholding Tax.
- Suspend customs duty on refuse compactor trucks, skip loader vehicles, road sweepers and skip bins to 31st December, 2025.
- Reduce customs duty on bicycles to 15 percent from 25 percent
- Suspend 5 percent customs duty for a period of three years on importation of equipment for baling waste.
- Imposition of surtax at the rate of 5% on imported coal to encourage the use of alternative cleaner sources of energy. **19October 2022**
- A 10% increase in carbon emission surtax charged on motor vehicles.
- Introduction of 15% customs duty on certain plastic articles to limit their use and facilitate environmental protection.



# Sustainable investment -Past projects





# Some successful past & current transactions in Zambia

## Renewable energy

**Rural Enterprise Hub initiative** Scaling Solar  
**Solera**- 10 off grid mini solar hubs in Eastern Province  
**Mpower** – 1 mini grid in central province  
**Microgrid** - 3 sites in Eastern province  
**Zayohub** – 2 sites in Kazungula, Southern province  
Emerging cooking solutions



## Climate resilient agriculture

**Yalelo** – Expansion of Farmed Bream operations using climate resilient agriculture practices and renewable energy  
**Good Nature Agro** – Legume seed producer and offtaker using climate resilient agriculture practices and renewable energy



## Forestry protection

- **BioCarbonPartners** Zambia
- Lower Zambezi **REDD+** Projects
- Luangwa Community Forests Project



## Conservation management

- African Parks – Liuwa Plain Collaborative Management Agreement
- African Parks – Bangweulu Wetlands Collaborative Management Agreement
- Peace Parks/WWF – Sioma Ngwezi National Park Collaborative Management Partnerships in negotiation with Department of National Parks
- Frankfurt Zoological Society - North Luangwa National Park Collaborative Management Partnership
- International Crane Foundation/WWF – Kafue Flats Collaborative Management Partnership





# DFIs/ Active initiatives (i.e. for co-financing interests)

Some key projects organised by partners in the green economy are highlighted below::

## **KfW/Getfit**

African Development Bank (AfDB) : Projects with combined capacity of around 100 MW through the Get FiT. Total worth of the projects estimated at \$50m framework financing for projects with The financing will mainly target solar projects

## **World Bank - Scaling Solar (PV) program**

Development of the first Scaling Solar in Sub Sahara with an investment of over USD \$2 million for the Scaling Solar program

## **Forest Carbon Partnership Facility (FCPF):**

A global partnership of governments, businesses, civil society, and Indigenous Peoples focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries, activities commonly referred to as REDD+

## **Muchinga Power Company Limited (MPCL)**

The will spend \$900 million to develop a 330MW hydropower dam. The project which aims to boost renewables share in the country's energy mix also includes construction of a 66 km-long 330kV power transmission line.

## **Camco clean energy**

The Renewable Energy Performance Platform (REPP) managed by Camco clean energy and funded by the UK government, is providing \$3.2 million to the develop this project. The project, located west of Lusaka, the capital of Zambia.is intended to be Zambia's first commercial geothermal power plant

## **The Green Climate Fund (GCF) Zambia Renewable Energy Financing Framework**

The AfDB-GCF framework includes a technical assistance (TA) component of up to USD 4 million with the objective 1) to assist the public sector institutions (such as the Ministry of Energy and Water Development and Rural Electrification Authority) to create enabling environment for private investments in the mini-grid and off-grid sector; and 2) to build the capacity of selected local financial institutions (FIs) and the Zambian financial industry on RE and infrastructure financing (RE project screening, due diligence, and monitoring). GCF is providing a USD 2.5 million grant to cover part of this TA (mainly the component 1 for public sector).

## **Lunsemfwa Hydro Power Company Limited (LHPC)**

Lunsemfwa Hydro Power Company Limited (LHPC) is the first independent power producer in Zambia. LHPC, having expanded its installed capacity by 50 per cent in the last ten years, it operates two hydropower plants with a total installed capacity of 56 MW. LHPC is a subsidiary of Agua Imara, an SN Power Group company.



# Sustainable Investment- Possible opportunities





# Green growth opportunities in Zambia

Zambia has a number of opportunities to capitalize on the green growth agenda. Some key areas of focus in the country are elaborated below:

## Conservation Tourism

- There is huge potential in the Tourism sector given Zambia's endowment with wildlife, and natural parks
- Zambia has 19 national parks and 34 game management areas with a total of 23 million hectares of land set aside for wildlife conservation.
- Zambia has numerous museums housing priceless historical artifacts
- Zambia also boasts of various traditional ceremonies that take place at different times of the year where its rich cultural heritage is displayed.

## Forestry protection and Carbon Credit offsets

- It is estimated that 60 percent of the country's total land area (752 000 km<sup>2</sup>) is covered with natural forests. Of these forests, about 7.2 million hectares are under government control in the form of forest reserves, which are 432 in number. In addition, there are 6.4 million hectares of national parks and 15.6 million hectares of game management areas. There are also about 15.4 million hectares of forest under traditional or customary land. There is no reliable information on the growing stock as most of the inventories in natural forests were conducted in the 1960's.

A number of participants are already engaged in Carbon Offset activities examples of which include Comaco and Biocarbon Partners Zambia. These activities are described further in the presentation.

## Green Investment Funds

- A number of eco-friendly financial institutions have ongoing initiatives in the country. Examples include the Green Climate Fund (GCF) and the Climate Investment Fund (CIF). Further details are provided on the next slide.



# Green growth opportunities in Zambia

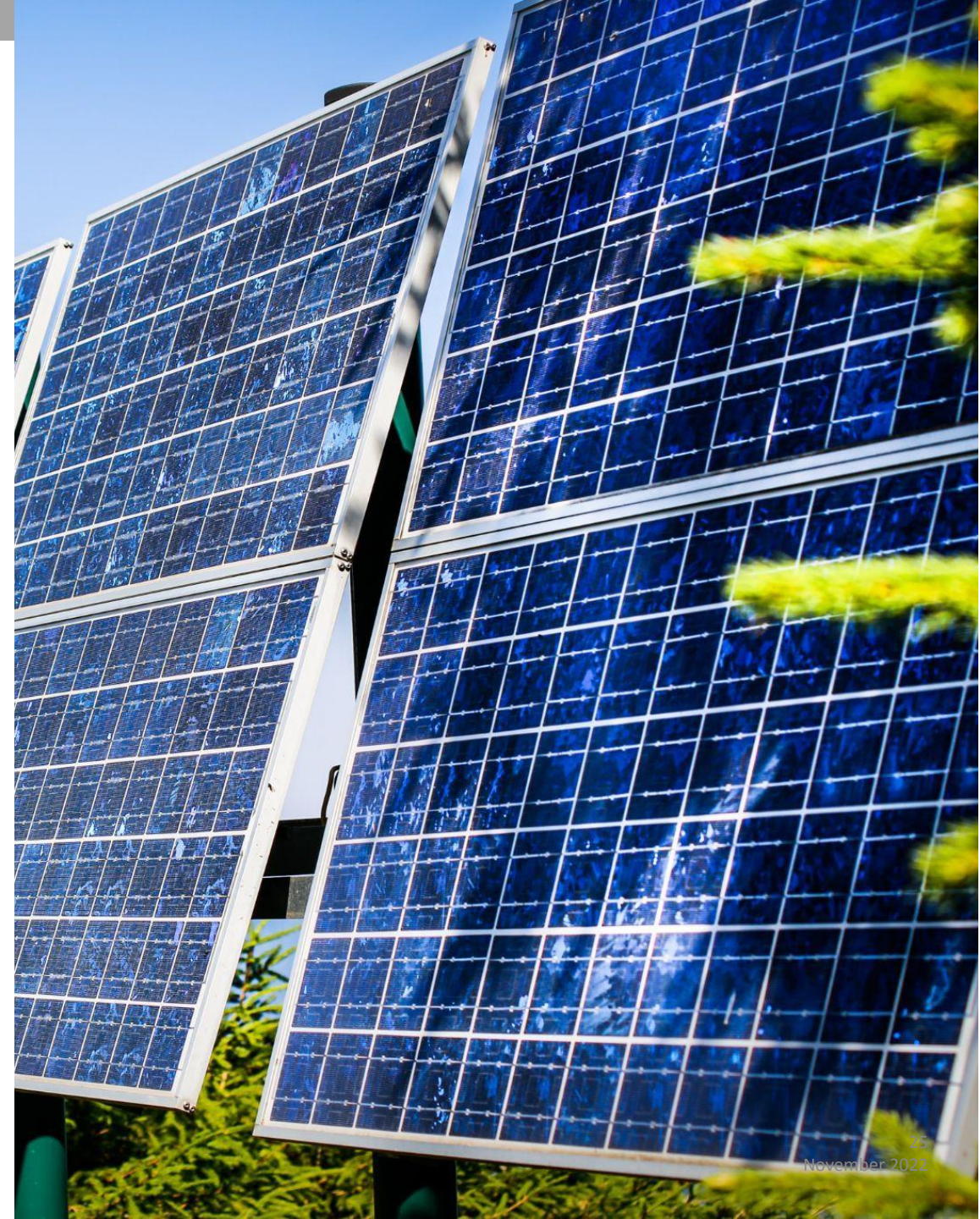
Zambia has a number of opportunities to capitalize on the green growth agenda. Some key areas of focus in the country are elaborated below:

## Renewable Energy

- Solar energy: With the country only having 96 MW of installed solar power at the end of 2011, the government has various incentives among them the Zero tax incentive on solar equipment and technology
- Hydro Power: Zambia has a hydropower potential in excess of 6,000MW out of which about 2,654 MW has been developed. Biomass
- Wind:
- The demand for electricity has been growing at an average rate of 3% per annum, mainly due to increased economic activity and population

## Green housing & Urban Development

- According to Zambia's vision 2030, over a million Zambians families are in need of homes, making housing a top priority for the Zambian Government and social partners
- By using a value-chain development approach, through private sector promotion and sustainable housing, there is conducive business environment for inclusive green growth and job creation in the building construction sector.
- Increased demand for more sustainable living in Zambia especially with the middle class. This has brought about an increased number of housing development focused on green living. Examples include Foxdale Forest and Chaminuka Wildlife estates





# Upcoming Opportunities

- **ZESCO and Power China partnership:** Power China will add 600 MW of solar power to Zambia's power grid in 2022. The Chinese contractor will build three solar PV projects in Chibombo, Chirundu and Siavonga districts on an engineering, procurement and construction plus finance basis. This is expected to be in the range of around \$548m. Power China is the parent company of Sinohydro
- **Batoka gorge Hydro Power:** This is been constructed by GE and PowerChina -This a planned \$4billion project that is a joint venture between the Zambian and Zimbabwean government's. When completed, the project is expected to produce 2,400-megawatt of power.
- **Prospero Climate Fund investment programme:** As part of its commitments made in the Paris agreement, the UK government ringfences some Overseas Development Assistance as "International Climate Finance". Prospero has been granted £900,000 under this commitment to support SMEs to help Zambia respond to the challenges and opportunities of climate change.
- **Climate resilient agriculture by Green Climate Fund:** The project will take the value-chain approach and help to provide increased access to climate information services, support for climate-resilient agricultural inputs and practices, sustainable water management, and alternative livelihoods. The project latest disbursements will cover regions 1 and 2 and is expected to cost \$6.5m out of the project total cost of \$137m.
- **Green Bonds issuance:** With the conclusion on the Green bonds guidelines by the Securities and Exchange commission (SEC) and the Lusaka stock exchange (LuSe), there is a growing demand from some local companies to syndicate a green bond
- **Livingstone Green City plan**





# Sustainable Investment- Intermediaries and facilitators





# Green growth intermediaries and facilitators

Zambia has cooperated with various stakeholders to promote clean energy and green growth, including with the EU on low emission programmes. The EU-UNDP Low Emission Capacity Building Programme (LECBP) was launched as part of a joint collaboration between the European Union (EU - European Commission and Member States) and the United National Development Programme (UNDP). Efforts are also focused on reducing the demand for charcoal by providing alternative fuel sources and fuel-efficient technologies like gel fuel and cook stoves.

Other key partners and actors in the road to realising the green growth agenda include the following:

## KfW

- The Global Energy Transfer Feed in Tariff (GET FiT) is an implementation programme of the Renewable Energy Feed in Tariff (RE FiT) Strategy of the Ministry of Energy. The GET FiT program is supported by the German Government through KfW

## Prospero

- Prospero Zambia operates at the intersection of market systems development and the impact investment ecosystem, transitioning growth-stage businesses into viable recipients for impact capital

## The National Advisory Board for Impact Investment (NABII)

- Non- Profit organisation that works to promote and grow impact investment in Zambia

## World Wide Fund

- Working to support implementation of the Dutch Fund for Climate and Development (DFCD) in addition to supporting improved government approaches to conservation and rural development

## Local International Financial institutions

- The **Development Bank of Zambia** recently obtained a green finance accreditation.
- **Zambia National Commercial Bank (Zanaco)** *partnered with some of the local players to be part of the tax: The first green outcome fund.*
- **Africa Development Bank:** Has financed some of the renewable energy projects and still continues to look for more projects
- The **World Bank:** Supporting local partners with finance and technical expertise
- **Zambia Industrial Commercial Bank (ZICB)**
- **International Finance Corporation (IFC)**

## Green Growth Compact agreement between the UK and Zambia

- The agreement is aimed at facilitating foreign direct investment from the United Kingdom in renewable energy, urban planning and trade connectivity, among others.



# Green growth intermediaries and facilitators

## Other Cooperating partners

- The United Nations
- British High Commission in Zambia
- United States of America International Aid (USAID)
- Power Africa
- The European Union
- The Swedish Embassy

## Accelerators and innovation hubs

Promotes the startup / Early stage SMEs ecosystem

- The Women's Entrepreneurship Access Centre (WEAC): Focuses on providing a safe environment for women entrepreneurs to gain access to important resources and tools for economic empowerment.
- Bongo hive
- Jacaranda hub





# Investor Landscape





# Generic investor landscape





# Zambia: Close-up



2022 GDP Forecast  
3.5%

Total debt (June 22)  
\$14.9 bn

364 TB rate  
13.05%

Corporate tax rate  
30% (mostly)



# Priorities

## Sectors expected to power recovery

### Mining



1. Copper
2. Gemstones
3. Value addition
4. Support industries

### Agriculture



1. Large scale estates
2. Value addition
3. Exports

### Manufacturing



1. MFEZ
2. Exports

### Tourism



1. Diversification
2. Infrastructure development
3. International Conferences



# Government focus areas

## Underpinning growth agenda



## Environment and Green economy



# Technology



## SME focus



# Zambia's Fiscal Policy and strategic direction towards green growth



**VISION 2030** - One of the objectives of Vision 2030 is to establish development policies that are consistent with sustainable environment and natural resource management principles

**8NDP** - The overall aim is to improve the efficiency and competitiveness of the economy to sustainably lift the living standards of the people. This includes achievement of the United Nations Sustainable Development Goals ("SDGs")

**MTEF** - The government through the MTEF aims to strengthen climate change adaptation and mitigation by developing climate resilient infrastructure, extend and enhance coverage of early warning systems to facilitate preparedness and prompt response to adverse weather events as well as shift the focus towards renewable energy sources such as solar and geo thermal and reduce dependence on fossil fuels.

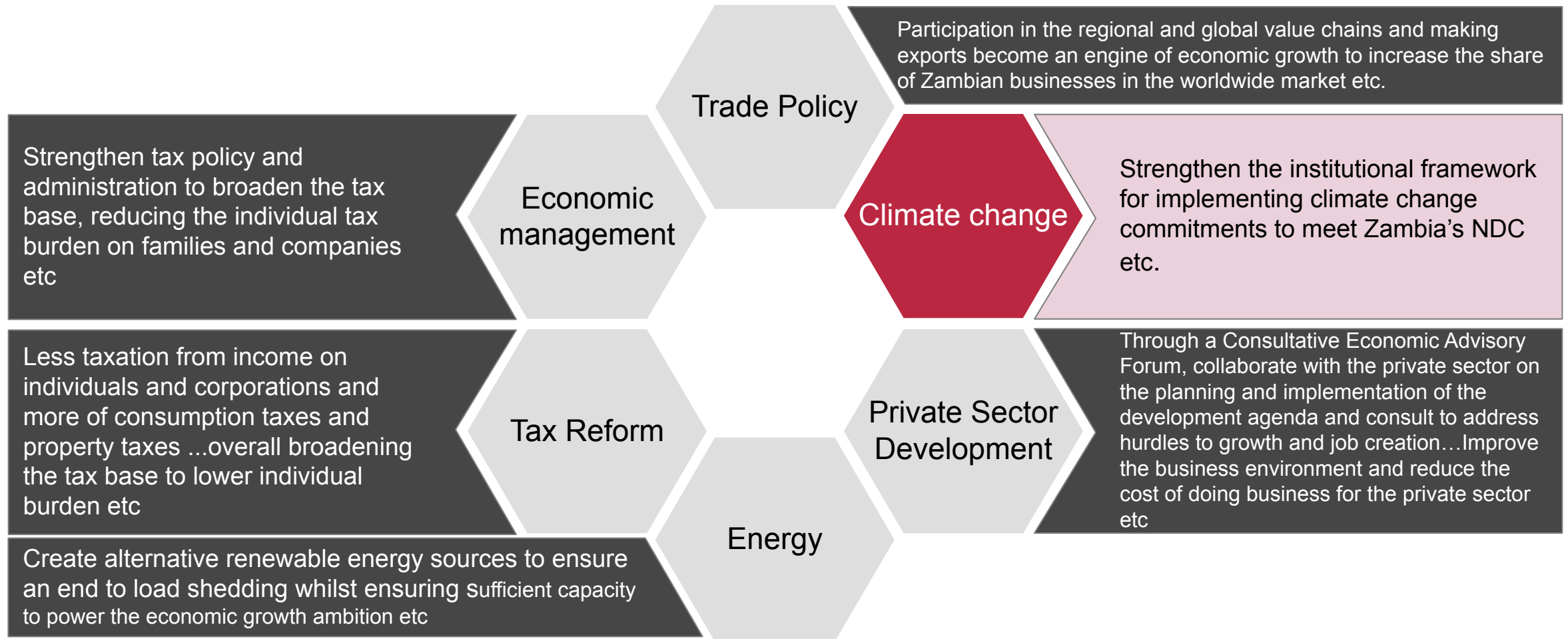
**ZRA CSP** - The CSP aims at enhancing revenue collection through enhancing tax compliance through the implementation of simplified, efficient, and reliable business systems.

**IMF ECF Report** - The program underpins the Zambian government's efforts to restore macroeconomic stability and foster higher, more resilient, and more inclusive growth including increasing agricultural productivity.

**2023 National Budget** - Outlines measures to be taken by government to achieve Environmental Sustainability, including promoting sustainable management of the environment, eco-systems and natural resources.



# Tax, Trade and Business Policy Direction – in general





# Tax, Trade and Business Policy Direction – Sector specific

1

**Agriculture and agro processing – Increase agricultural productivity to become the regional bread breakfast etc.**

2

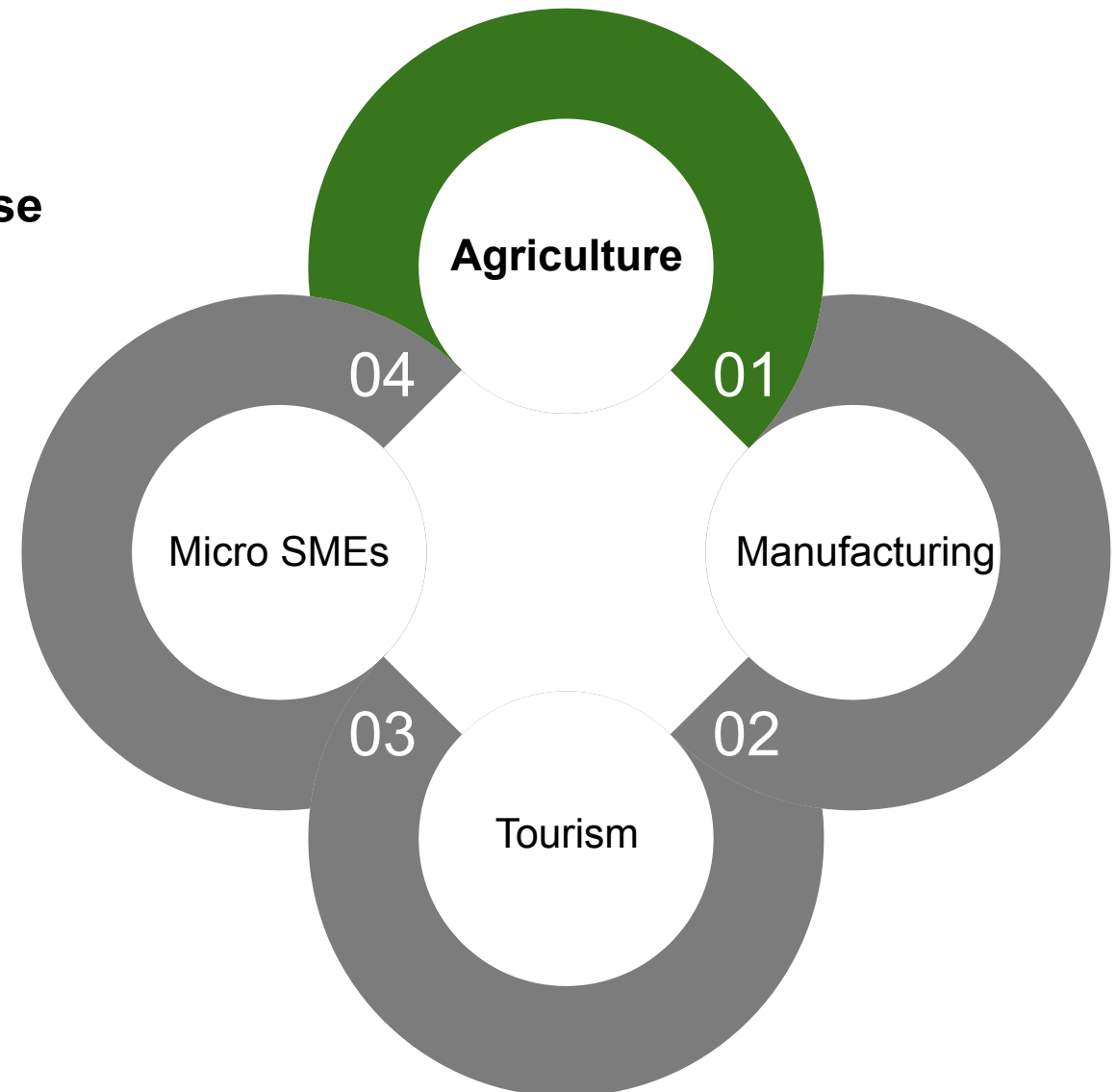
Manufacturing – Targeted policy incentives that attract large capital inflows with required Zambian equity etc.

3

Tourism – Reduce the cost of doing business, license, tax compliance, visas and improving connectivity etc.

4

Micro, Small and Medium Enterprises – To enhance growth and support MSMEs, place a high priority on establishing a stable and predictable policy environment that.





# Financial regulations and key institutions

## Three main regulators of the financial sector



1. **The Bank of Zambia (BoZ):** Responsible for monetary and supervisory policy and regulates banks and other financial service institutions. There are currently 17 Commercial Banks in the country and 74 non banks financial institutions
2. **The Securities and Exchange Commission (SEC):** Responsible for the supervision and development of the Zambian Capital Markets; There are currently has 26 licensed dealer institutions
3. **The Pensions and Insurance Authority (PIA):** Regulates the conduct of the pension and insurance industry through prudential supervision in order to protect the interest of pension scheme members and insurance policyholders. Currently has 33 licensed insurance companies and 244 of pension schemes

## Trade agreements



- Member of the Common Market for Eastern and Southern Africa (COMESA), which allows for preferential tariff duties among 21 member states.
- Member of the 16-member Southern African Development Community (SADC), which established an FTA in 2008.
- Member of the Tripartite Free Trade Area (COMESA, the East African Community [EAC], and SADC).
- Zambia has duty-free and quota-free access to the EU market, under the “Everything but Arms” (EBA) program for the world’s Least-Developed Countries (LDCs).
- Eligible for trade benefits under the African Growth and Opportunity Act (AGOA), which provides duty-free/quota-free access to the U.S. market for most goods, including textiles and apparel.

## Trade policies



The country has in place the National Trade policy that seeks to support Zambia’s industrialisation agenda and the promotion of sustainable growth and development. The NTP is anchored on Zambia’s aspiration of becoming a prosperous middle-income economy by 2030, as set out in the Vision 2030.



# Zambia – Income tax regime

Corporate tax rates	2023 (Proposed)	2022
Standard rate	30%	300%
Banks	30%	30%
<b>Telecommunication companies</b>		
• Income not exceeding K250,000	35	30%
• Income exceeding K250,000	35	40%
Farming/agro-processing or export of non-traditional products from farming/agro-processing	10%	10.0%
Income earned by producers of organic and chemical fertilizers	15%	15.0%
Export of other non-traditional products*	15%	15.0%
Income earned by hotels and lodges accommodation and food services	30%	15.0%
Income earned from value addition to gemstones through lapidary and jewellery facilities	25%	30%
Manufacturing of ceramic products	0.0%	0.0%
Mining	30%	30.0%
Companies add value to copper cathode	15%	15.0%
New listings on LuSE**	2.0% discount	2.0% discount
New listings on LuSE> 33.0% shares taken up by Zambians**	5.0% discount	5.0% discount
Listings on LuSE>33.0% shares taken up by Zambians	5.0% discount	5.0% discount
Advanced Income Tax (on importation of goods in the absence of a valid tax clearance certificate)	15.0%	15.0%
Turnover tax levied on business with turnover below K800,000 (excludes income earned from consultancy service, property rental, mining and VAT registered businesses)	4.0%	4.0%
Turnover Tax levied on rental income below K800,000	4.0%	n/a
Rental income above K800,000	12.5%	12.5%



# Zambia – Income tax regime

Withholding Tax (WHT)	Resident	Non Resident
Dividend	15.0%*	20.0%*
Branch profits	n/a	20.0%
Interest	15.0%**	20.0%
Coupon Income (Interest) on Government Bonds	15.0%	15.0%
Management or consultancy fee	15.0%	20.0%
Royalties	15.0%	20.0%
Commissions	15.0%	20.0%
Non-resident construction and haulage contractor	n/a	20.0%
Non-resident entertainers/sports persons fees	n/a	20.0%
Insurance placed with non-resident reinsurers	n/a	0.00%

\*0.0% for dividends paid by mining companies and LuSE listed companies to individuals.

\*\*interest payable to local banks and financial institutions are exempt.

\*\*\*This is the final tax on income from rentals.

## Tax Treaties

Zambia has tax treaties with the following countries:

Canada, China, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Kenya, Netherlands, Norway, Seychelles, South Africa, Sweden, Switzerland, Tanzania, Uganda, United Kingdom, Yugoslavia\*, Zimbabwe\*, Botswana\*\*

\*These treaties have not been ratified and are therefore infective currently.

\*\*Status of tax treaty currently uncertain.





To invest in Zambia, you may either decide to incorporate a subsidiary or register a branch of a foreign company.

Generally, for income tax purposes, there are no differences in the tax treatment of a branch and a subsidiary. There are however legal and regulatory differences which we detail herein.

# Investing in Zambia - The Options

Subsidiary vs Branch			
	Distinction factors	Subsidiary	Branch
1	Legal personality	Yes	No
2	Tax personality	Yes	Yes
3	Liability	Limited to the amount of the company's share capital	Parent company would be held liable in case branch defaults or is non-compliant
4	No. of shareholders	Minimum of 2 and no more than 50	Not applicable
5	Stakeholders' perception	Long-term presence	Short-term presence
6	Audited accounts	Mandatory	Mandatory
7	Duration	Unlimited	Unlimited
8	Taxation of distributions to non-residents	20% WHT on dividend distribution	20% WHT on repatriation of surplus branch profits
9	Eligibility for licenses/concessions	Suitable for all	Suitable for all - except mining and petroleum licenses
10	Liquidation/closure	Complex and long	Medium complexity.



ESG@PwC





# ESG @ PwC

## Our net zero commitment and journey as PwC



## Our commitment to Net Zero by 2030





# PwC approach to ESG risks and opportunities

To integrate your ESG approach you should consider the following:

- **Integrate ESG strategy into Corporate Strategy and Business Planning Processes** - this includes identifying material ESG issues and designing initiatives to address the gaps in the business strategy
- **Ensure organisational alignment all the way up to the board** - elevate ESG performance to the highest level of the organisation
- **Leverage existing reporting requirements** - communicate response to ESG issues





# Contacts





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# 4

Question and Answer



# Questions





# Thank you

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# Question and Answer



# About Zambia

## Government ambition

To foster accelerated national development through the mobilisation and sustainable use of human and natural resources for the empowerment of every Zambian citizen.

## Purpose of this document, why it's been produced

The purpose of the document is to showcase the various opportunities available in Zambia around the green growth agenda.



## STRATEGIC DEVELOPMENT AREA 3: ENVIRONMENTAL SUSTAINABILITY

### DEVELOPMENT OUTCOME 2: SUSTAINABLE ENVIRONMENT AND NATURAL RESOURCES MANAGEMENT

#### Promote integrated environmental management

- Pollution prevention and control
- Chemical and waste management
- Environmental compliance tracking
- Environmental services valuation
- Urban and regional planning

#### Enhance natural resources management

- Sustainable land and forest management
- Sustainable wildlife and fisheries management
- Urban and land use planning
- Community based natural resources management
- Water catchment protection and conservation
- Natural resource valuation and accounting



# Governing policy

## Statutory bodies / Institutions

### Ministry of Green Economy and Environment

- Protection Fund
- National Biosafety Authority
- Zambia Environmental Management Agency
- Zambia Forestry College.

### Ministry of Energy

- Energy Regulation Board
- Kariba North Bank Limited
- Office for Promoting Private Power Investment
- Rural Electrification Authority
- Zambezi River Authority
- Zambia Electricity Supply Corporation Limited

### Ministry of Water Development And Sanitation

- National Water Supply and Sanitation Council
- Water Resources Management Agency
- Water Utility and Sanitation Companies

### Ministry of Lands and Natural Resources

- Agricultural Lands Board
- Compensation and Advisory (Land Acquisition)
- Lands Commission
- Lands Tribunal
- Survey Control Board

## Legislation

### Ministry of Lands and Natural Resources

- Agricultural Lands Cap. 187
- Lands Cap. 184
- Common Leasehold Schemes Cap. 208Land (Perpetual Succession) Cap. 186
- Lands Acquisition Cap. 189
- Land Survey Cap. 188

### Ministry of Energy

- Electricity Act No. 11 of 2019
- Energy Regulation Act No. 12 of 2019
- Rural Electrification Act No. 20 of 2003
- Higher Authority for Power (Special Provisions) Cap. 437
- Zambezi River Authority Cap. 467

- Water Resources Management Act No. 21 of 2011
- Water Supply and Sanitation Act No. 28 of 1997

### Ministry of Water Development And Sanitation

- Biosafety Act No. 10 of 2007
- Forests Act No. 4 of 2015
- Environmental Management Act No. 12 of 2011

### Ministry of Green Economy and Environment



# Trading Partners Influence

## European Green Deal

### European Green Deal

11 December 2019

EU climate neutrality by 2050



### European Climate Law

28 June 2021

Legally **binding** commitment

Environmental and climate policies

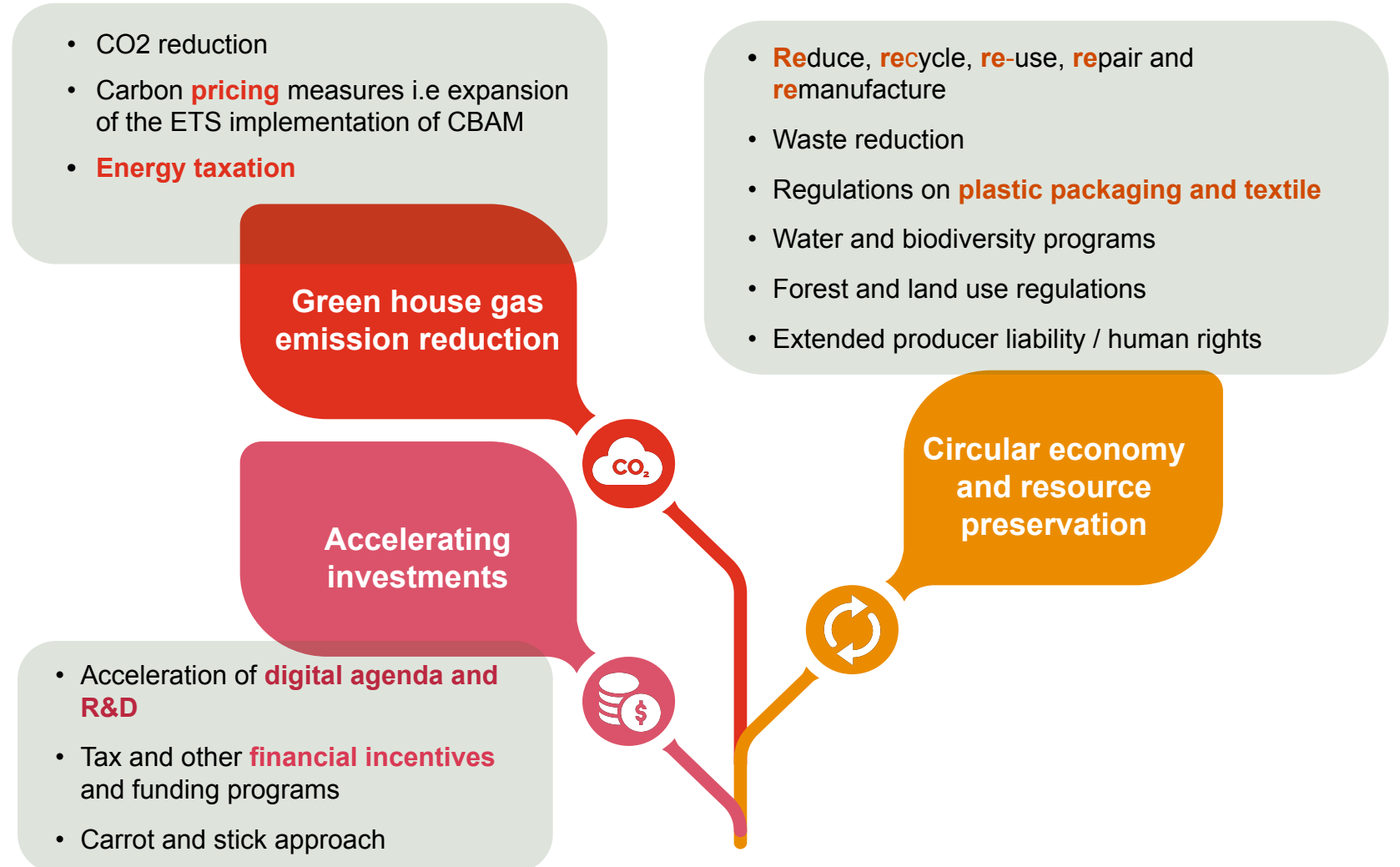


### Fit for 55

14 July 2021

Modernization of existing legislation and implementation of new Regulation

55% greenhouse gas reductions by 2030

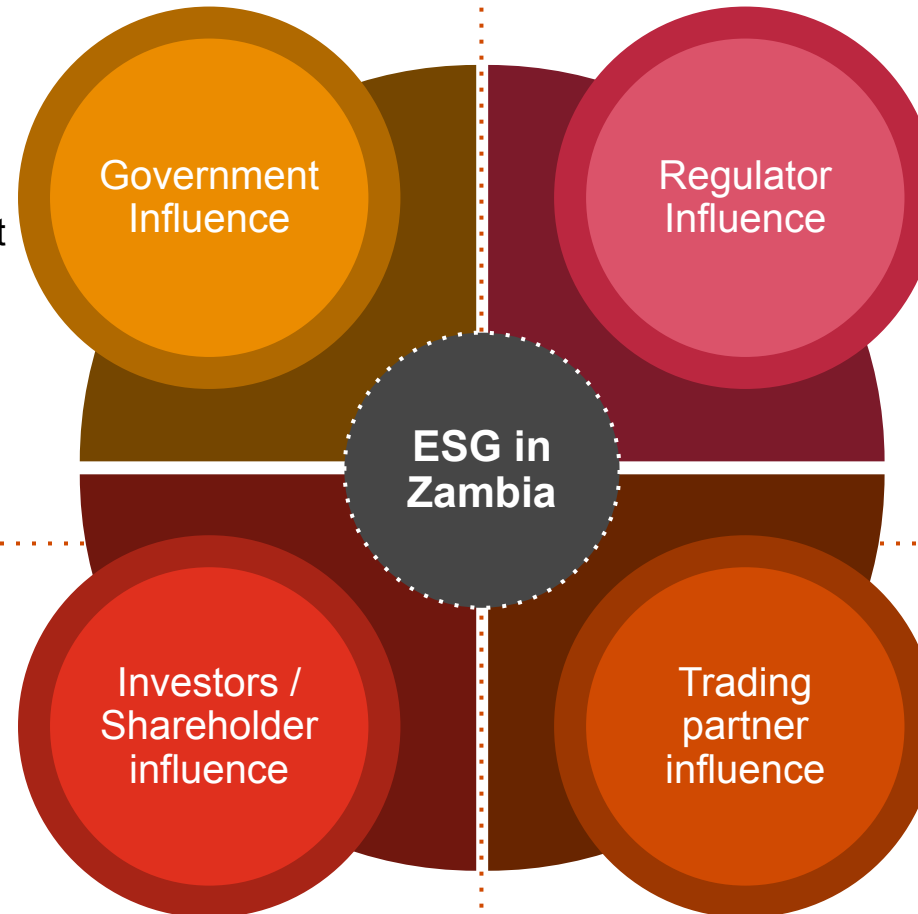




# Zambia local ESG Catalysts

## Government

- Ambitious Environmental Sustainability Plan in the 8NDP
- Set up of Ministry of the Green Economy and Environment
- 2023 National Budget pronouncement
- Green Growth Agenda



## Regulators

- Scaling up efforts on sustainable finance mobilization including through carbon markets Green Finance Mainstreaming Working Group ( BoZ, SEC,PIA)
- SEC/ LuSE Integrated Reporting (Code H of the Listing rules)
- Possible influence of the ISSBs Sustainability Reporting Framework through adoption of IFRS

## Investors

Top down implementation of ESG initiatives, etc

## Trading Partner jurisdictions etc

Influence by regulatory influence etc in jurisdictions of trading partners eg EU Green Deal and impact on exports to EU, etc



# 2023 National Budget Speech



*In environmental sustainability, focus will be to strengthen climate change adaptation and mitigation, promote sustainable natural resources management and enhance the coverage of early warning systems. With the renewed focus of the New Dawn Administration on greening the economy, we will ensure that our social and economic activities are sustainable and efficient.*

**Dr. Situmbeko Musokotwane, MP**

Minister of Finance and National Planning

*2022 Budget address delivered to the National Assembly on Friday, 29th October, 2021.*

The minister proposed to allocate ZMW 1.1 billion to the Environmental Protection function in an effort to to promote sustainable environmental and natural resource management across the country.

To promote green growth, the minister proposed that Government will promote sustainable management of the environment, eco-systems and natural resources.

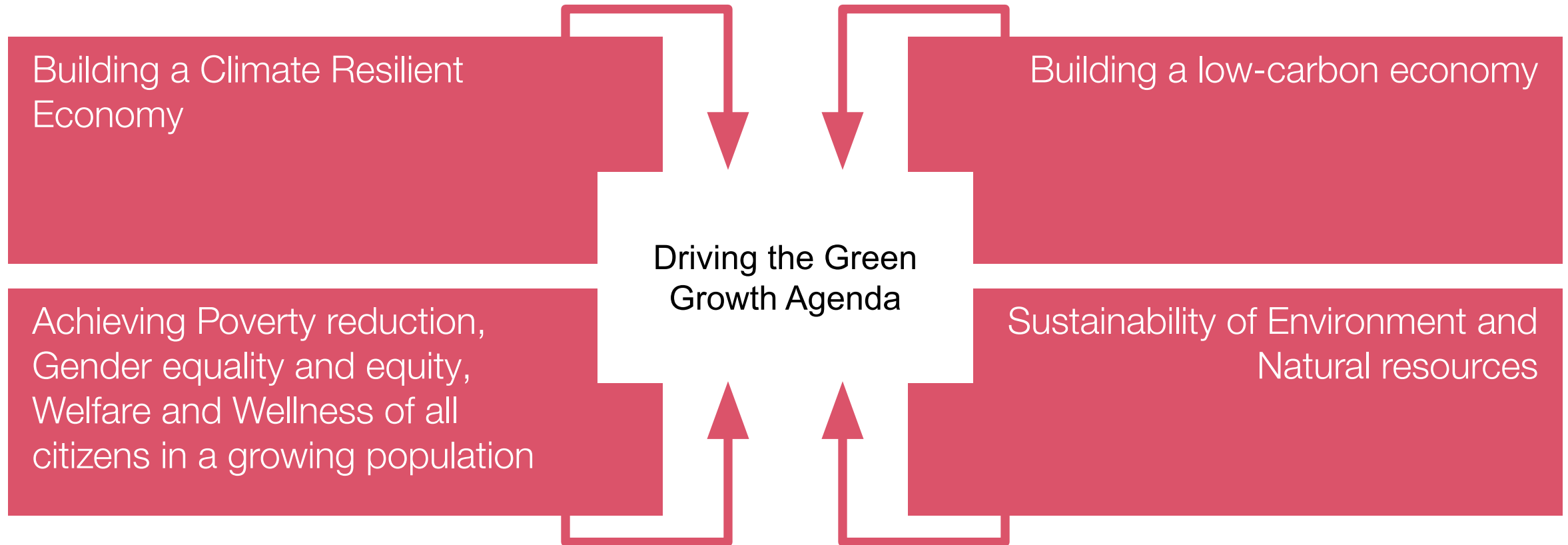
The minister proposed that the government would continue implementing projects aimed at sustainable management of the environment through projects such as Transforming Landscapes for Resilience and Development; Zambia Integrated Forestry Landscape Programme; and Strengthening Climate Resilience of Agricultural Livelihood in Agro-Ecological Regions

The minister advised that the Government signed a green growth compact worth £1 billion with the UK Government to enable the participation of project developers in the carbon market through the United Nations Framework Convention on Climate Change.

The minister advised that the Government is pursuing innovative sources of financing such as green bonds to support low carbon development pathways.



# The Way Forward - Government Objectives to drive Green growth Agenda





## (b) Green Bonds and Climate Finance

Green bonds, Zambia's next viable funding option post 'disease pandemic' recovery

Green bonds: sustainable investments in Zambia becoming a reality

Zambia Ministry of Finance adopts new fiscal benefits for green bonds

IFC Zambezi Bond Marks First International Issuance in Zambia's Domestic Capital Markets

**Budget 2023 | Green Bonds and Sustainable Finance Walking the Talk**

SHARON SAKUWAHA • OCTOBER 3, 2022 • CAPITAL MARKETS, SUSTAINABILITY



# Integrated and Sustainability Reporting

The board should specifically integrate into its business practice human capital development in areas of demographics, gender, people with disabilities, corporate training initiatives, employee development and financial investment committed to the development of these areas

The board should adopt or formulate an appropriate strategy, plan and policy to address and manage the potential impact of HIV/AIDS

The board should actively promote plant safety and accident prevention where this is applicable



Pension plan actuarial assumptions and investment performance should be reviewed by the board of directors

The organisation must have an environmental policy in relation to itself and to its suppliers or customers

The organisation should have a policy of supporting local as well as national charitable or educational appeals

The social and environmental effects of projects in which the organisation is involved, or of those it is contemplating, should be monitored by the board



(iii) Investor/ shareholder influence  
& (iv) Trading partner etc  
Influence

