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Executive Summary

Zambia has tremendous political and economic potential. Centrally located within southern Africa, Zambia has the possibility to become a primary trading partner with the eight countries with which it shares a border (plus South Africa). Yet Zambia has failed to capitalize on these possibilities. Its main export trading partners are copper purchasers, while its main import trading partners provide mostly foodstuffs and machinery and parts for extracting copper and cobalt.

As a commodity-based economy, most of Zambia’s business is focused on mining and the auxiliary industries that support mining. However, this exposes Zambia to wild and unpredictable swings between high and low money injections, as copper’s uses are mostly industrial (60 percent is made into electrical wire) and thus is demanded in cyclical and erratic terms. Moreover, there are substitutes for copper in almost all of its industrial uses, limiting its ability to command prices above that of its substitutes. For instance, as industry slowed around the world and inventories rose, the price of copper dropped from $8,930 per ton in July of 2008 to $2,912 in December of 2008.

The Zambian government has tried with limited success to diversify its economy and make it less susceptible to the prices of copper. Through the Zambian Development Agency, the government has incentivized business ventures in non-traditional exports. Since then, non-traditional exports have been trending upwards, but at a place slower than general export growth. Further diversification has eluded the country despite intense efforts from home and abroad. The country is lacking in the necessary infrastructure to facilitate growth in other industries.

Basic foundations such as roads, railroads, and airports are old, neglected, and underutilized. Business and trade, which could very easily thrive in Zambia, is caught between the poor planning and poor execution of a fragmented system. Once the pieces are properly connected, Zambia can look forward to a strong manufacturing industry. Several factors point to Zambia’s natural progression toward outsourced manufacturing jobs. First, Zambia has already shown a desire to grow its manufacturing sector. It has committed to giving tax breaks. It has established several economic zones, ideal for factories and textiles. Second, China and India’s maturing economies are not only going to provide outsourced jobs of their own for Zambia (China has already begun this process), but will over time become less and less desirable as a factory destination. As wages rise and China becomes less dependent on Western investment and more domestically focused, labor laws and other conditions will change and China will become less desirable as a factory destination, leaving room for Zambia to receive those investors. Lastly, Zambia has had an unemployment rate as high as 50 percent in recent years. With a labor force of approximately 4.6 million, most of whom will have received seven years or less of schooling, Zambia will be able to provide a rather deep pool of eligible workers, quickly.

Moreover, Zambia’s stable political system adds to its appeal as an eventual investment mecca. Corruption, although an issue that has to be addressed, is not the prominent problem like it is for other poor and developing nations. It certainly has not and will not be the decisive deterrent that keeps foreign businesses away. On the contrary, Zambia’s government is an asset, as it has proved – especially in the last decade – amiable to supporting pro-business laws. They have also seen the economy grow because of it. Zambia’s economy has been growing at a rate above five percent for the past three years and is expected to have real growth of between five and seven percent for the year 2010.
Timeline

1851 First visit to the area by the Scottish missionary and explorer David Livingstone.
1872 First English traders arrive at the court of Sipopa of Barotseland.
1873, May 1 Livingstone dies at Chitambo’s village.
1877 London Missionary Society begins work in Central Africa.
1889, January Lewanika (King of the Lozi) makes the first request for protection over Barotseland.
1889, June Lewanika signs Ware Concession. Cecil Rhodes buys concession. Royal charter is granted to Cecil Rhodes’ British South Africa Company (BSA).
1890 Alfred Sharp and Joseph Thomson conclude various treaties in the Luapula, Luangwa, and Copperbelt areas.
1891, June 11 Anglo-Portuguese treaty signed, under which Portugal abandons claim to the belt of land across Africa.
1896 Forbes is appointed first deputy administrator of North-Eastern Rhodesia.
1898 British forces defeat Mpezeni’s Ngoni in North-Eastern Rhodesia. Last slave cargo is stopped in Chipata. Giving BSA exclusive mineral rights.
1898, June 25 Lawley and Lewanika sign a treaty.
1904 Railway reaches Victoria Falls.
1908 Railway reaches Congo border.
1909 Explorers discover Nkana copper source.
1912 First copper concentrator is erected in Northern Rhodesia at Bwana Mkubwa.
1922 Major development of Northern Rhodesia begins.
1924 BSA cedes control over Northern Rhodesia to British Colonial Office.
1924, April 28 Kenneth Kuanda born.
1949-52 Conferences on the possibility of federation Northern Rhodesia, Southern Rhodesia, and Nyasaland (Malawi) held.
1950 Compulsory education of Africans begins.
1951, June Harry Nkumbula is elected president of Northern Rhodesia African Congress, which later renamed African National Congress (ANC). Kenneth Kaunda is appointed northern provincial organizing secretary.
1953 Final conference on the possibility of federation is held. Queen Elizabeth II signs declaration establishing federation between colonial territories of Northern and Southern Rhodesia and Nyassaland.
1954 ANC boycotts butcheries in Lusaka and other towns.
1955, January Kaunda and Nkumbula are sentenced to three months’ imprisonment.
1956, September Northern Rhodesia government declares state of emergency in Copperbelt.
1957 ANC boycotts beer halls.
1958 ANC hold emergency conference; Kuanda and others split from Nkumbula. Zambia African National Conference (ZANC) is formed.
1959, March ZANC is banned in Northern Rhodesia.
1959, June Kaunda is sentenced to nine months’ imprisonment.
1960 Kuanda is elected president of UNIP.
1960, May Federal government declares UNIP to be an unlawful society.
1962 Civil disobedience accelerates moves toward independence.
1963, June Victoria Falls Conference is held to dismantle federation is held.
1963, December Federation is officially dissolved.
1964, January UNIP wins general election: Kaunda is appointed prime minister.
1964, August Kaunda is proclaimed president-elect of Zambia.
1964, October 24 The Republic of Zambia is born; Independence.
1969 Kwacha becomes official unit of currency.
1972, December One Party Declaration is enacted.
1973, August President Kaunda approves new constitution after passage by Parliament.
1973, December Kaunda is elected president of Zambia in first elections of Second Zambian Republic.
1975, March TAZARA railway reaches Kapiri Mposhi.
1975, June Times of Zambia and privately owned land are nationalized.
1976 President Kaunda allows Zimbabwe nationalist to use Zambia for a base of operations against the Smith government of Rhodesia.
1978 Rhodesian troops invade deeply into Zambia, attacking...
Zimbabwe guerilla bases.

1983  Kaunda is reelected president of Zambia, receiving 93 percent of the “yes” vote.

1985  IMF suspends SDR 225 million standby loan due to arrears on repayment to the fund.


1987, October  IMF declares Zambia ineligible for further borrowing until it clears it arrears, which amount to about $370 million.

1988  President Kaunda receives 95.5 percent yes votes in election, but voter turnout is down from 1983.

1990, June  President Kaunda announces that referendum on multiparty politics will be held on October, 17 1990.

1990, July  Movement for Multiparty Democracy (MMD) is founded at meeting in Lusaka’s Garden House Motel.

1990, July  President Kaunda announces that referendum on multiparty democracy will be delayed 10 months.

1990, September  MMD holds its first three rallies in Kabwe, Lusaka, and Kitwe, which attract large crowds.

1990, October  22-member constitutional review commission, under chairmanship of Patrick Mvunga, is sworn in and begins and implement the return to multiparty democracy. Fredrick Chiluba and eight other MMD members are arrested and charged with unlawful assembly.

1990, December 4  Parliament unanimously approves an amendment to constitution repealing provisions for one-party state.

1990, December 20  MMD is launched as a political party, the first opposition party in 17 years.

1991, March  Frederick Chiluba and eight other MMD members are acquitted in Choma court on charges of unlawful assembly and belonging to an unlawful society.

1991, August  President Kaunda signs Constitution of Zambia (Amendment) Bill, which provides for multiparty democracy.

1991, September  World Bank announces that it is suspending aid to Zambia because of Zambia’s failure to meet deadlines for clearing arrears.

1991, October  MMD and Chiluba sweep multiparty elections. MMD takes 126 of 150 parliamentary seats, and Chiluba wins the presidential race with over 80 percent of the votes.

1991, November  Frederick Chiluba is sworn in as country’s second president.

1994  Lusaka Stock Exchange begins operation.


1996, December  Chiluba is reelected to second term, and MMD sweeps 131 of 150 parliamentary seats in national elections.

1997  Coup attempt averted; several arrested.

1999, December  Junior doctors go on strike, citing poor working conditions and the state of the healthcare system in the country.

2000, October  Zambia joins Africa’s first free-trade-zone, known as the Common Market of Eastern and Southern Africa (COMESA).

2000, December  Zambia meets initials benchmarks – the so-called “decision point” – for participation in the Highly Indebted Poor Country (HIPC) debt relief initiative.

2001, December  Unexpectedly high turnout for the country’s tripartite election.

2002, January  Levy Mwanawasa of the MMD is declared the victor of the election.

2002, August  Zambia refuses to accept genetically modified food aid, saying that there is not enough knowledge about the impact genetically modified foods.

2005, April  Boards of IMF and World Bank decide the Zambia has fulfilled requirements for obtaining debt relief, meeting the “completion point.” Under the HIPC, creditors may forgive up to $3.8 billion in debt owed by Zambia.

2006  Mwanawasa is declared the winner of the presidential election, with 43 percent of the vote.


2008, June  Mwanawasa suffers a stroke while attending summit of the African Union in Egypt. Rupiah Banda is takes over as acting president while Mwanawasa bedridden.

2008, August  Mwanawasa dies. Acting president and former vice-president Rupiah Banda is sworn in as interim president.

2008, October  Rupiah Banda wins the presidential election with 40 percent of the vote.
Government

<table>
<thead>
<tr>
<th>Style</th>
<th>Constitutional Republic</th>
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<tbody>
<tr>
<td>Capital</td>
<td>Lusaka</td>
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<tr>
<td>Administrative Divisions</td>
<td>Nine</td>
</tr>
<tr>
<td>President</td>
<td>Rupiah Banda</td>
</tr>
<tr>
<td>Vice President</td>
<td>George Kunda</td>
</tr>
<tr>
<td>Presidential Term</td>
<td>Five Years</td>
</tr>
<tr>
<td>Parliamentary Term</td>
<td>Five Years</td>
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**History**

Zambia became a republic immediately upon attaining independence in October 1964. The constitution promulgated on August 25, 1973, abrogating the original 1964 constitution. The new constitution and the national elections that followed in December 1973 were the final steps in achieving what was called a "one-party participatory democracy." The 1973 constitution provided for a strong president and a unicameral National Assembly. National policy was formulated by the Central Committee of the United National Independence Party (UNIP), the sole legal party in Zambia. Under the one-party system, President Kaunda was able to win every election between 1973 and 1991 – some, with as much as 95 percent of the vote.

In December 1990, at the end of an eventful year that included riots in the capital and a coup attempt, President Kaunda was pressured to sign legislation ending UNIP’s monopoly on power. Zambia then enacted a new constitution in August 1991, which enlarged the National Assembly from 136 members to a maximum of 158 members, established an electoral commission, and allowed for more than one presidential candidate who no longer had to be a member of UNIP.

The first multi-party elections in November 1991 resulted in the victory for the newly-formed Movement for Multi-Party Democracy (MMD) and the election of President Frederick Chiluba. The present constitution dates from June 1996. While similar to the 1991 constitution, it contains amended provisions regarding the qualifications of presidential candidates and the beginning of 2001 President Chiluba tried to amend the constitution in order to seek a third term. But on May 8, 2001, feeling pressure from the opposition, international donors and even by members of his own cabinet, Chiluba announced that he would not stand for an unconstitutional third term in office. In May 2001, an impeachment petition was filed against President Chiluba before the House Speaker of the National Assembly. The petitioners, mostly MMD parliamentarians, obtained 65 signatures, enough to compel the speaker to convene the National Assembly to hear charges of gross misconduct against President Chiluba, who had come under intense criticism for corruption in his government. Twenty-two days later the National Assembly postponed the debate on the impeachment motion. President Chiluba was able to stay in office throughout the rest of his presidency.

Elections in 2001 saw an unexpectedly high turnout for the tripartite elections. The MMD saw another victory in the race for the presidency with the election of President Levy Mwanawasa. President Mwanawasa won the presidential elections again in 2006 by plurality, with 43 percent of the vote, only to suffer a stroke in June of 2008. The stroke sidelined President Mwanawasa; allowing his vice-president, Rupiah Banda, to take over as acting president for the two months before Mwanawasa died. As required by the constitution, Rupiah Banda took over as interim president for the 90 days after Mwanawasa died, when elections were to be held for a new president. Rupiah Banda won a fairly close election in October of 2008 to start his first term as president of Zambia.

**Branches**

Zambia’s government is made up of three autonomous branches: the executive, the legislative, and the judicial. The Executive Branch is headed by the president, his vice
president, and the ministers who are appointed to fill (currently) 23 positions. Legislative power of Zambia vests in Parliament, which consists of the National Assembly and the President. The legislature consists of a unicameral body of 150 elected representatives and up to eight appointed members. The judiciary is made up of the Supreme Court, the high courts, any other lowers courts that the legislature should deem necessary.

The Executive
Ultimately, all of the power of the executive branch rests with the president. In addition to being the head of government and head of state, he is also the commander-in-chief of Zambia’s armed forces. Besides these conventional powers, the president also has the power to dissolve the National Assembly and in turn call for elections (including his own). Most strikingly, however, the president has the power to appoint the Attorney General as well as the Director of Public Prosecutions, both of whom serve at the pleasure of the president.

If the president has not dissolved the National Assembly and called for elections himself, then Parliament (which is comprised of the National Assembly and the president) picks the day for elections. Since 1996 the president has been limited to serving two five-year terms. Elections are by universal adult suffrage (age 18) and are done by popular vote. The impeachment of the president involves both the legislative and the judicial branches of government.

The Legislative
The National Assembly consists of a unicameral body of 150 elected representatives and up to eight appointed members. Members serve five-year terms after being elected by popular vote. Each member represents one constituency. The constituencies are periodically redrawn by the National Assembly to more accurately represent the changing population trends. Each of the nine administrative units must have at least ten constituencies. The National Assembly can be dissolved at any time by two-thirds vote of National Assembly members or by the president. Whenever the National Assembly is dissolved the country must hold elections within three months.

Bills can be submitted by any Zambian citizen. It is then debated by the entire National Assembly. A bill becomes a law once it is passed by a majority of the National Assembly and assented to by the president. A bill must be read and debated three times before it is submitted to the president. When a bill is presented to the president, he shall either assent or withhold consent. If the president withholds his assent, the president may return the bill to the National Assembly with suggestions for amendments. The National Assembly will reconsider the bill as amended. However, if the bill is passed once again by the National Assembly by at least two-thirds of the National Assembly, amendment or no amendment, the president must assent to it unless he dissolves the National Assembly and calls for his and their elections. Once a bill is passed and assented to, it does not become technically operational until it has been published in the official Zambian Gazette (in practice, this can take quite some time).

The Judicial Structure
Part VI of the Constitution organizes the judiciary. It provides for a Supreme Court, the High Court, the Industrial Relations Court, subordinate courts, local courts, and any other courts that Parliament may proscribe. The Judicature is autonomous and subject only to the Constitution and laws of Zambia.

The Supreme Court of Zambia is the highest court and the final court of appeal in all matters. It is composed of the Chief Justice, the Deputy Chief Justice (whose duties include serving as Chief Justice if the Chief Justice is temporarily incapacitated) and seven other Supreme Court judges. Parliament can increase the number of Supreme Court judges, although they are limited as the constitution mandates that there always be an odd number of Supreme Court judges.

The High Court is the second highest court and has unlimited and original jurisdiction to hear all civil and criminal matters, with the only exception being cases that fall under the jurisdiction of the Industrial Relations
Court. Although it does hear appeals and rule on interlocutory issues, it is not strictly a court of appeals.

The Industrial Relations Court is essentially a labor court that has exclusive power to adjudicate employment law matters which come primarily from Zambia’s ever-important mining industry. The bench is composed of a Chair, a Deputy Chair and not more than seven other members. The Chair and Deputy Chair are appointed by the president. The other judges are appointed by the Minister of Labour.

Under the High Court are the subordinate courts, which are situated in each of the 72 districts of Zambia. Subordinate courts are broken down into classes based on the importance and value of the matter. The differing authority of the Magistrate sitting determines the class of the court. These courts have original yet limited jurisdiction to hear some criminal and civil cases. Subordinate courts have the limited appellate power to hear cases appealed from the local courts.

Local courts have limited jurisdiction to hear local matters in the rural areas. Although all courts (excluding the Industrial Relations Court) have the discretion to apply or enforce the application of African Customary Law, the local courts are most likely to be charged with such a task simply by virtue of their being located where such laws still take precedence. However, the customary laws applied in these courts vary widely depending on location. The Local Courts Act prevents attorneys from appearing in these courts; claimants and respondents appear on their own behalf usually before a lay judge. Local court rulings can be appealed to the appropriate subordinate court.

Administration
All judges and justices of the Supreme Court and the High Courts are appointed by the president and assume their post after being vetted and approved by the National Assembly. Moreover, all judges serve, with good behavior, until the age of 65. No court or judgeship can be abolished while there is still someone holding that office.

Subordinate court judges and local court judges are appointed, on the advice of the president, by the Judicial Services Commission.

Pursuant to the Constitution, the Chief Justice is charged with the task of drafting the rules with respect to the procedure and direction of the judicature. The Chief Justice is ex officio judge of the High Court.

The Judicial Services Commission is a constitutionally created institution. It is responsible for appointing all of the local court judges, all of the magistrates to the subordinate courts, and has an advisory/vetting role for High Court judges and Supreme Court Justices. The Judicial Services Commission is made up of the Chief Justice as chairman, The Attorney General, the chair of the Public Service Commission, the Secretary to the Cabinet, a Judge nominated by the Chief Justice, the Solicitor General, a member of the National Assembly appointed by the Speaker, a member of the Law Association of Zambia, the Dean of the University of Zambia Law School, and an additional member appointed by the president. The Commission is also responsible for the promotion, discipline, and removal of judicial personnel on behalf of the President.

Jurisdiction
Subordinate courts have the authority to hear cases arising within the limits of the district for which the court is constituted. Moreover, there are additional subject-matter restraints placed upon the courts. For instance, subordinate courts have jurisdiction to hear civil matters with up to 30mm kwacha in controversy (approximately, $6,500; €4,685; ¥585,900; £4,060). They can hear certain family cases, and if both parties agree, they can adjudicate cases involving disputes as to land title. The Subordinate Court has the power to enforce by attachment any order made by it or the High Court.

In criminal matters subordinate courts are even more restricted. Subordinate courts of the first through third class can try any offense under the Penal Code or any other written law, and may pass a sentence or make any
other order authorized by the Penal Code, provided that a
senior resident magistrate does not impose a sentence of more
than nine years, a resident magistrate not more than seven
years, and a magistrate first class not more than five years.
Moreover, no sentence by a subordinate court presided over
by a magistrate of the first class (other than a Senior Resident
Magistrate or Resident Magistrate) executing two years
imprisonment shall be carried into effect in respect of the
excess, until it has been confirmed by the High Court. No
case of treason or murder shall be tried in the subordinate
courts unless authorized by the High Court.

The High Court has original jurisdiction to hear all cases that
can be brought before the subordinate courts as well as origi-
nal jurisdiction to hear cases that could not be brought before
the Subordinate Court. The High Court has appellate
jurisdiction to hear any judgment, order, or decision of a
subordinate court, whether final or interlocutory. Appeals are
usually heard by one High Court judge. When cases are
heard by two judges and they are divided, the case is
dismissed. Interlocutory appeals are heard by one judge. In
the High Court, an appeal does not operate as a stay of
proceedings (unless the High Court so orders). Similarly,
interest on any sum remaining due or damages payable as a
result of the termination of the appeal shall not be allowed for
such time as satisfaction of the judgment was delayed by the
appeal.

The Supreme Court’s appellate rules allow it to hear both civil
and criminal appeals as a matter of fact or as a matter of law.
There are very few limits on the court in terms of what it can
do and in terms of what it can decide to hear. The final appel-
late court has the power to order new trials, remand cases,
instrucct lower courts to rehear parts of a case for new
evidence, set aside a case, and reverse a conviction. The Court
also has the power to hear new evidence, call witnesses
(regardless of whether they were a part of the original trial),
and to increase or decrease sentences of those convicted as
they see fit (provided that the sentence is not fixed by law).

The Supreme Court receives its cases on appeal from the
High Court. In some instances it is the court of first appeal,
STRUCTURE & INSTITUTIONS

Zambia’s government is made up of about thirteen cabinet-level ministries. Each ministry is further broken down into sub-ministries, departments, and agencies. There is a bit of overlap, but on the whole the ministries are independent of each other and serve different functions. These cabinet-level ministries are as follows.

Ministry of Information & Broadcasting
Purpose: to facilitate the development of the media industry.

Ministry of Communications & Transport
Purpose: to formulate policies in relation to communications, transportation, and meteorology.
Responsible for: 1) maintaining and growing Zambia’s internet connectivity and strength 2) providing warnings and predictions on weather and climate conditions and 3) setting policy as to Zambia’s transportation network. The MCT sets the civil aviation and airways policy, the road and traffic policy and the railway policy. Institutions include:

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<tr>
<th>Department of Communications</th>
<th>Department of Maritime &amp; Inland Waterways</th>
<th>National Airports Corporations Limited</th>
</tr>
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<tbody>
<tr>
<td>Department of Civil Aviation</td>
<td>Road Transport &amp; Safety Agency</td>
<td>Zambia Telecommunications Company Limited (ZAMTEL)</td>
</tr>
<tr>
<td>Department of Meteorology</td>
<td>The Communications Authority of Zambia</td>
<td>Zambia Postal Services Corporation (ZAMPOST)</td>
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</table>

Ministry of Finance & Natural Planning
Purpose: to coordinate national planning and economic management
Responsible for: 1) national budget, collecting and analyzing data and statistics (including the census) and 2) the procurement of government resources. The MFNP is divided into two divisions. The first division is the Financial Management and Administration and the second is the Planning and Economic Management division. Institutions include:

<table>
<thead>
<tr>
<th>Financial Management and Administration</th>
<th>Planning and Economic Management</th>
</tr>
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<tbody>
<tr>
<td>Office of the Accountant General</td>
<td>National Planning Department</td>
</tr>
<tr>
<td>Centralized Computer Services Department</td>
<td>Monitoring and Evaluation Department</td>
</tr>
<tr>
<td>Government Stores</td>
<td>National Policy and Program Implementation</td>
</tr>
</tbody>
</table>
Ministry of Tourism Environment & Natural Resources
Purpose: to help promote tourism in Zambia, protection of the environment, and planning for natural resources. Responsible for: 1) issuing permits and conducting environmental surveys and 2) marketing Zambia as a tourist destination. Institutions include:

- Planning and Information Department
- Tourism Development Department
- Environmental and Natural Resources Department
- Forestry Department

Zambia Wildlife Authority
Environmental Council of Zambia
National Museum Board
Hotel and Tourism Training Institute

Ministry of Health
Purpose: promote healthy living through education and maintain the nation’s health facilities. Responsible for: 1) setting nation’s health policy 2) health-care training and 3) coordinating with international NGOs. Institutions include:

- Malaria Control Center

Ministry of Education (MoE)
Purpose: to guide the provisions of education for all Zambians. Responsible for: 1) setting a national curriculum 2) teacher education and certification 3) teacher development and 4) the universities of Zambia. The MoE is also the administrator of Zambia Library Services, which is the public library system of Zambia. Institutions include:

- Planning and Information Department
- Standards and Curriculum Development
- Human Resources and Administration

Teacher Education and Specialized Education Services
Distance Learning Department

Ministry of Labor & Social Security
Purpose: to provide regulations for employers and employees and to provide a national safety measure for retired workers. Responsible for: 1) employment administration and regulation 2) planning for jobs and training 3) unions and union law and 4) the National Safety Net Program. Institutions include:

- Department of Labor
- Department of Social Security

Department of Occupational Safety and Health
Labor Planning

Department of National Productivity Development
Ministry of Science Technology & Vocational Training
Purpose: Promote technology integration throughout Zambia.
Responsible for: Policy formulation of technological education. Institutions include:

<table>
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<tr>
<th>Institution</th>
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<tbody>
<tr>
<td>Technical Education, Vocational and Entrepreneurship Training Authority</td>
<td>Training Institutions (23 total)</td>
</tr>
<tr>
<td>National Science and Technology Council</td>
<td>National Technology Business Center</td>
</tr>
<tr>
<td>The National Institute for Scientific and Industrial Research</td>
<td>Youth Inventors Fund</td>
</tr>
</tbody>
</table>

Ministry of Local Government and Housing
Purpose: to facilitate consistency among the local government administrations.
Responsible for: 1) administration of the local government system 2) urban and regional planning 3) valuation of 4) water supply and sanitation. Institutions include:

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<thead>
<tr>
<th>Institution</th>
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<tbody>
<tr>
<td>Chalimbana Local Government Training Institute</td>
</tr>
<tr>
<td>National Fire Services Training School</td>
</tr>
<tr>
<td>National Housing Authority</td>
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Ministry of Commerce Trade & Industry
Purpose: to administer national policy for private sector development.
Responsible for: foreign and domestic trade. Institutions include:

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<tbody>
<tr>
<td>Department of Foreign Trade</td>
<td>Zambia Development Agency</td>
<td>Zambia Weights and Measurements Agency</td>
</tr>
<tr>
<td>Department of Domestic Trade</td>
<td>Zambia Bureau of Standards</td>
<td>Patents and Companies Registration Office</td>
</tr>
<tr>
<td>Department of Planning</td>
<td>Zambia Competition Commission</td>
<td>Citizen Economic Empowerment</td>
</tr>
</tbody>
</table>

Ministry of Energy & Water Development
Purpose: Management of energy and water resources in Zambia.
Responsible for: 1) energy exploration and management and 2) renewable energy. Institutions include:

<table>
<thead>
<tr>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Regulation Board</td>
</tr>
<tr>
<td>ZESCO (Zambia Electricity Supply Corporation)</td>
</tr>
</tbody>
</table>
Administrative Divisions

The Provincial and District Boundaries Act gives the president the power to divide Zambia into provinces and to divide such provinces into districts as may be convenient for administration. Currently there are nine provinces in Zambia, which are further divided into 72 districts. Each province has a capital. Within the provinces there are 72 local authorities consisting of four city councils, 14 municipal councils and 54 district councils.

Central Province

The province lies north of Lusaka and south of the Katanga Pedicle (the DRC intrusion). The province was once joined with Lusaka. Eventually Lusaka was split to become its own province. The major ethnic groups are the Ila, Lenje, Swaka, and Lala. The province is made up of six districts of differing degrees of significance and development. Serenje district is mostly subsistence farmers.

<table>
<thead>
<tr>
<th>Capital: Kabwe</th>
<th>Population: 1,343,835</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts: Mumbwa, Chibombo, Kapiri Mposhi, Serenje, Mkushi, Kabwe</td>
<td>Economic Activity: textiles, farming, fishing</td>
</tr>
</tbody>
</table>

Copperbelt Province

This province includes the land that is tremendously rich in copper in addition to a large area to its west and to its south. Seven of Zambia’s 10 largest cities are on the Copperbelt – Ndola, Kitwe, Luanshya, Chingola, Mufulira, Kalulushi, and Chililabombwe – which are collectively home to close to 90 percent of the Copperbelt’s people and 18 percent of Zambia’s people. Each city is also the name of a district. There are 10 districts in the province, including the seven municipalities plus Lufwanyama, Masaiti, and Mpongwe.

<table>
<thead>
<tr>
<th>Capital: Ndola</th>
<th>Population: 2,034,012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts: Ndola, Masaiti, Mpongwe, Lufwanyama, Kalulushi, Mufulira, Chililambwe, Chingola, Kalulushi, Kitwe, Luanshya</td>
<td>Economic Activity: the Copperbelt province is essentially a mining province. Other activities include farming, manufacturing (textile, cement, cables)</td>
</tr>
</tbody>
</table>
**Eastern Province**
Eastern Province has two million hectares of arable land. It retains one of Zambia’s most precious resources – home to South Luangwa National Park. The province’s main agricultural products are maize, groundnuts, cottonseed, tobacco sunflower seed and livestock.

<table>
<thead>
<tr>
<th>Capital: Chipata</th>
<th>Population: 1,740,180</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts: Chipata, Chadiza, Chama, Petauke, Katete, Lundazi, Mambwe</td>
<td>Economic Activity: farming (tobacco, cotton, groundnuts)</td>
</tr>
</tbody>
</table>

**Luapula Province**
Luapula Province is situated in the northern part of Zambia. A large proportion of the province, which has two lakes, is covered by water mostly from the Bangweulu swamps. Besides the two lakes, the province also has two water falls.

<table>
<thead>
<tr>
<th>Capital: Mansa</th>
<th>Population: 1,030,572</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts: Mansa, Sanfya, Nchelenge, Kawambwa, Mwense, Chiyengi</td>
<td>Economic Activity: tea farming, fishing</td>
</tr>
</tbody>
</table>

**Northern Province**
Northern Province is territorially the biggest of the nine provinces in the country. It has great potential in terms of land, rivers, and lakes. It could truly become the country’s food basket.

<table>
<thead>
<tr>
<th>Capital: Kasama</th>
<th>Population: 1,619,980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts: Kasama, Mungwi, Chilubi, Kaputa, Mpulungu, Mbala, Isoka, Nakonde, Mporokoso, Luwingu, Chinsali</td>
<td>Economic Activity: farming, fishing</td>
</tr>
</tbody>
</table>

**Lusaka Province**
Lusaka Province hosts the capital city of Zambia, Lusaka. It is center of economic activity in Zambia.

<table>
<thead>
<tr>
<th>Capital: Lusaka</th>
<th>Population: 1,733,830</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts: Lusaka, Chongwe, Kafue, Luangwa</td>
<td>Economic Activity: manufacturing, trading, commercial farming, business</td>
</tr>
</tbody>
</table>
### North-Western Province

North-Western Province is where the Africa’s fourth longest river, the Zambezi River, rises. It flows through Angola and returns to traverse through western Zambia; forming a border with northeastern Botswana and southern Zambia where it drops more than 120 meters as the Victoria Falls.

<table>
<thead>
<tr>
<th>Capital: Solwezi</th>
<th>Population: 781,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts: Solwezi, Mwinilunga, Zambezi, kabompo, Mufumbwe, Kasempa</td>
<td>Economic Activity: mining, pineapple farming, tourism</td>
</tr>
</tbody>
</table>

### Southern Province

Southern Province has Victoria Falls – one of the seven natural wonders of the world. Known locally as 'Mosi-oa-Tunya' (Smoke that Thunders) Victoria Falls is on the Zambezi River. The people of Southern Province are farmers and cattle herders.

<table>
<thead>
<tr>
<th>Capital: Livingstone</th>
<th>Population: 1,592,864</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts: Choma, Monze, Mazabuka, Siavonga, Gwembe, Sinanzogwe, Kalomo, Namwala, Itezi, Kazungula</td>
<td>Economic Activity: tourism, farming</td>
</tr>
</tbody>
</table>

### Western Province

Western Province is a diverse province and it is characterized by extreme geographic and climatic conditions. The Zambezi River and Barotse floodplain divide the province into 2 parts with the western portion less developed than the east.

<table>
<thead>
<tr>
<th>Capital: Mongu</th>
<th>Population: 963,107</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts: Mongu, Kaoma, Lukulu, Kalabo, Senanga, Sesheke, Shangombo, Segongo</td>
<td>Economic Activity: farming, fishing</td>
</tr>
</tbody>
</table>
Legal System

The Zambian legal system is based primarily on the English common law tradition. Zambia is overly reliant on the colonial legal system (many of the government’s inefficiencies can be traced to its decision to adhere to a system that is ill-fitted for post-colonial rule). For instance, English law is used as a gap filler in all aspects of law from procedure, to contract, to legislative acts. Moreover, the system is structured in the same manner as it was during colonial rule and recognizes traditional customary law only if it is not “repugnant” to “civilized” ideas of justice. Further still, judges and lawyers continue to wear the antiquated dress of judges in the 19th century – especially complicated robes and white-haired wigs – while these customs have been phased out in most of the rest of the world, including England where they originated.

Like the American and South African legal systems (which were heavily influenced by the British tradition), Zambia has a hybrid common law system with a legal authority hierarchy as follows: 1) constitutional law 2) statutory law 3) common law 4) customary law and 5) authoritative texts (which are merely persuasive and not binding).

The Zambian constitution is the highest law of the land and provides for, essentially, the structure of government and the protection of the Zambian people’s rights. The constitution is broken into parts and articles. Article five provides for citizenship, while articles 12 through 21 provide for the rights to life, personal liberty, a fair hearing, freedom of conscience and religion, expression, assembly, and protections from slavery, inhuman treatment, deprivation of property, against arbitrary search.

Parliament is the legislative body. It is responsible for promulgating acts that become the law of Zambia upon printing in the law in the Zambian Gazette (See “Branches” section). The government of Zambia publishes the Zambian Gazette, which contains all relevant announcements and enactment or amendments of laws and regulations. Zambia also has a law report series known as the Zambia Law Reports (ZLR). These Law reports organize common law by subject and are obtainable at the High Court. The statutes of Zambia are available online and are listed by name. Supreme Court, High Court, Industrial Relations Court, Land Tribunal, and Revenue Tribunal rulings are also found online. The Zambian Law Journal, which is Zambia’s scholarly law journal, is found at the school of Law in the University of Zambia.

Precedent serves as the governing principle of Zambia’s common law. Deciding courts and lower courts with similar jurisdiction to the deciding court are bound by precedent. Therefore, any case that comes before the same or a lower court with substantially similar facts must be decided in the same way, unless the deciding court, for good reason, decides to overturn and set a new precedent. Higher courts are not bound by the decisions of lower courts. Courts with different jurisdiction (e.g., the Industrial Relations Court) are not bound to the decisions of other courts, but may find those decisions persuasive if only to provide the system with consistency. Decisions from South Africa and England are only persuasive, unless there is no Zambian authority to provide guidance, in which case the English law becomes precedent.

Authoritative texts will include any restatements of the law that may be found in treatises or official restatements. Also included will be scholarly journals found in Zambia and elsewhere. Zambia has a tradition of looking to more mature legal systems for guidance on how to handle issues that come before the court for the first time. All of these items are used when the other sources of law have proved unhelpful or nonexistent. They hold little weight against common law, and especially against statutes or the constitution.

Political Climate

Movement for Multi-Party Democracy

The MMD originally formed in July 1991 as a pressure group to campaign for the restoration of a multiparty system and to contest the ruling party, the United National Inde-
dependence Party. It quickly transformed itself into a political party to contest and win in the 1991 elections. The party is responsible for ousting former President Kenneth Kaunda, who was Zambia’s first president and had served in the one-party system of the Second Republic for 27 years. At the time, MMD was Zambia’s first opposition party in 17 years.

The MMD has an organizational presence in all of Zambia’s provinces. It is also the party of the current administration of president Rupiah Banda. With a center left ideology, the MMD, historically, has been the majority party because of its popularity with businesspeople, students, and academics who tend to vote regularly and are traditionally more active in campaigns. However, the MMD lost its absolute majority in 2001 due to lack of cohesion within the party and several high-powered members defecting to start rival parties. Under MMD rule, Zambia has been relatively stagnant economically and remarkably stable politically. The party is associated with the African National Congress.

The United Party for National Development

The party was formed in 1998 to promote a social democratic platform of providing free health and educational services to the Zambian people. It also proposed a commitment to providing agricultural subsidies to rural farmers to increase agricultural production. The UPND’s performance in local government and parliamentary elections between 1998 and 2000 made it the main opposition party to the MMD.

Although the party claims an organizational presence in almost all of Zambia’s nine provinces, it is better organized in the Central, North-Western, Southern and Western provinces. UPND finished second to the MMD presidential candidate in the 2001 elections. The party won the majority of local government seats in Western, Central, North-Western, Southern and Lusaka provinces. With these 49 seats UPND was the second largest party in Parliament.

Although the party’s national leadership is representative of all the ethnic groups, the electorate perceives it as a regional or ethnic party because of its concentration in four main provinces. Additionally, the party has had difficulty asserting itself as the main national opposition. Without recognition as the official opposition, on account of falling short of the threshold of 53 seats, the party has been unable to systematically challenge government policy in Parliament and to initiate legislation. Notwithstanding these shortcomings, UPND has been internally cohesive, as evidenced by very few defections among the senior leadership. Additionally, it is the only political party that successfully expelled its MP for accepting a ministerial appointment in the MMD government.

United National Independence Party (UNIP)

UNIP is the oldest African political party in Zambia. It was established in 1959, and was the governing party in Zambia from 1964-1991. The leader of the party up until 1992 was former President Kenneth Kaunda, who was the first president of Zambia as an independent country. He voluntarily stepped down in 1991.

Between 1992 and 1998 UNIP suffered harassment under the government’s rule, including arrests and detentions over allegations that the party conspired to overthrow the government. The most controversial of these alleged conspiracy acts were the “Zero Option” and “Black Mamba plots” that resulted in a number of UNIP leaders being detained, including the party’s vice president Chief Inyambo Yeta. Additionally, UNIP president Kenneth Kaunda was detained in connection with an alleged coup attempt to overthrow the MMD government in December 1997.

Although the party can legitimately claim to have country-wide organizational structures, the party has experienced serious organizational problems since leaving office in 1991, perhaps because of its lack of a non-wavering platform.

Forum for Democracy and Development

This party was formed in July 2001 by senior party and government officials who were expelled from the MMD for opposing a third term of the country’s president. The original founders included the former Vice President of Zambia, Christon Tembo, cabinet ministers, deputy ministers and MPs. In the 2001 elections the FDD won 12 MP seats in Lusaka and Eastern provinces. It also gained control of the
Lusaka City Council. Its candidate in presidential elections finished third, managing to win 13 percent of the national vote.

Additionally, the party fielded the largest number of councilors and MPs and won the mayoral ticket. Unsatisfied with the results, however, the FDD have joined in collaboration with other parties to contest the 2001 elections results in the Supreme Court. The party has an organizational presence in all nine provinces of the country.

Although relatively well organized, lately a significant number of FDD party members have defected to the MMD government. Recently three of its MPs were appointed to governmental ministerial positions without party consultation. While the party supports a Government of National Unity (GNU), as it has sought to negotiate its involvement in the MMD government with the president, to date it has been unable to reach a workable partnership.

United Democratic Alliance
An alliance among three major political parties – the FDD, the UNIP, and the UPND – formed in 2006 and agreed not to field more than one candidate among the three parties in any single race in the 2006 presidential and parliamentary elections. Because officials are elected by plurality, members of the UDA collectively were getting 50 plus percent of the vote but still losing to the MMD. This alliance sought to change that by cooperating with each other and by proposing a “fifty plus one provision” for future elections. The alliance was set back by the sudden death of its 2006 presidential candidate.

Other Parties
Other parties that have national recognition and organization but have failed to get any significant percentage of the votes include the Heritage Party, the Zambian Republican Party, and the Patriotic Front.
Social

Health

Zambia’s health sector faces several hurdles. There is a high disease burden compounded by an HIV/AIDS epidemic and a critical shortage of health personnel.

The main providers of health care services in Zambia include public health facilities under the Ministry of Health, facilities under the Ministry of Defense that include clinics and one hospital in Lusaka, clinics under the Home Affairs, mine hospitals and clinics, mission hospitals and clinics, private hospitals and clinics, NGO clinics, and traditional healing. For the most part, health facilities in Zambia fit into one of five categories – health posts, health centers, first level referral hospitals, general hospitals, and central hospitals.

Health posts are intended to cater to populations of 500 households (or roughly 3,500 people) in rural areas and 1,000 households (7,000 people) in urban areas. As of December 2005 there were 20 health posts throughout Zambia, well under the target of 3,000. Health centers, however, are found in most of the 72 districts. They are designed to serve populations between 30,000 and 50,000 or in rural areas with a radius of 29 Km. There are more than 1,300 health centers in Zambia. First level referral hospitals are intended to serve populations of between 80,000 and 200,000 with medical, surgical, obstetric, and diagnostic services. They lack the specialization, however, that is usually found at general and central hospitals. The most comprehensive health facility in Zambia is the central hospital. Central hospitals are designed for populations of 800,000 and above, and have sub-specializations in internal medicine, surgery, pediatrics, and intensive care among others. These are the elite training hospitals of Zambia. Yet three of the five central hospitals of Zambia are in the Copperbelt Province. In terms of facilities and ability, the general hospitals, which serve as regional hospitals, are in between the referral hospitals and the central hospitals.

Added to the facility situation is the current human resource crisis. Currently, the health sector in Zambia is experiencing a human resource crisis, which is significantly undermining its capacity to provide even the most basic health care services to the people. Consequently, the trends in vital statistical rates such as life expectancy, maternal, infant, and child mortality are not improving.

<table>
<thead>
<tr>
<th>Age Distribution</th>
<th>40-44 years</th>
<th>3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4 years</td>
<td>18%</td>
<td>3%</td>
</tr>
<tr>
<td>5-14 years</td>
<td>28%</td>
<td>3%</td>
</tr>
<tr>
<td>15-24 years</td>
<td>20%</td>
<td>2%</td>
</tr>
<tr>
<td>25-29 years</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>30-34 years</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>35-39 years</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Age Distribution

- 0 to 9: 6%
- 10 to 14: 4%
- 15 to 19: 8%
- 20 to 24: 15%
- 25 to 29: 8%
- 30 to 34: 12%
- 35 to 39: 4%
- 40 to 44: 3%
- 45 to 49: 3%
- 50 to 54: 3%
- 55 to 59: 2%
- 60 plus: 5%
- 65 plus: 3%
- 80 plus: 4%

Population: 12.8 million
Population Growth Rate: 1.6%
Migration Rate: -2.6 per 1,000 inhabitants

New Economia
Health, continued

and in some cases deteriorating. As a result of this crisis, many rural health centers have no staff or are staffed by untrained personnel. Some wards are grossly understaffed with dozens of patients attended to by one nurse, and new facilities are being opened without additional staff to run them. Contributing to the shortage are poor and unattractive conditions of service and a growing reluctance of qualified medical staff to serve in rural locations.

HIV & Blood Safety
HIV prevalence in the general population is high, with 17 percent of the population aged 15-49 being HIV positive (2007). Prevalence rates are higher in urban than in rural populations, estimated at 23 percent and 11 percent, respectively. Prevalence rates also vary among geographical areas; the highest at 22 percent was Lusaka and the lowest at eight percent was the Northern Province. Women are more vulnerable than men, with prevalence rates of 18 percent and 13 percent, respectively. About eight percent of boys and 17 percent of girls aged 15-24 are living with HIV and approximately 40 percent of babies born from HIV positive mothers are born with the virus. In total there are over one million people living with HIV in Zambia.

Malaria
Malaria is also a major public health problem in Zambia. It is the leading cause of morbidity and mortality, accounting for 45 percent of all hospitalizations and outpatient attendances and 50 percent of cases among children under five years of age (2007). The National Malaria Control Center estimates that malaria is responsible for nearly 4.3 million clinical cases (in a population of roughly 12 million) and over 50,000 deaths per year, including up to 20 percent of maternal mortality.

Education
The education sector is managed mainly by two ministries: the Ministry of Education and the Ministry of Science, Technology and Vocational Training. The Ministry of Education is responsible for providing primary and secondary education, teacher training and continuing education. It is also responsible at a policy level from university to pre-school education. On the other hand, the Ministry of Science, Technology and Vocational Training, through the Department of Technical Education and Vocational Training, offers training at technologist, technician, and craft levels in technically oriented programs.

There are also two other ministries that have smaller scale involvement in the provision of education. These are: the Ministry of Sport, Youth and Child Development and the Ministry of Community Development and Social Services. These two ministries offer apprenticeship skills training and adult literacy programs.

Early childhood education in Zambia is reserved only for those who can afford to pay for private education at one of the few facilities available in the country. Compulsory education in Zambia begins at seven and lasts only seven years, although physical capacity issues prevent Zambia from serving all eligible citizens. In urban and rural areas alike, schools are forced to turn away eligible potential students, and the situation is only worsening. At its core, Zambia’s educational structure resembles the British system, as they both focus on standardized certifications (such as ‘O’ and ‘A’ levels) for advancement.

Schooling begins at seven years of age with basic education. Basic education includes grades one through nine, however, only grades one through seven are provided free of charges by the government. School is taught in English.
Upon the completion of high school, students take another exam called the Zambia School Certificate Examination, which is advertised as roughly the equivalent of the O-level (Ordinary-level, which has been reformed in the U.K.) examinations in the British education system. This test determines the student's aptitude for further study in Zambian universities or other universities.

The Zambian Ministry of Education, cognizant of the fact that under the current circumstances the vast majority of students will leave school at grade seven or earlier at an age of around 14, has tried to set basic educational goals that reflect the reality facing the students upon graduation. The Ministry has set the goals for basic education as:

- Ensure that students acquire basic literacy, numerical, and communication skills,
- Enable students to develop practical skills in one or more relevant areas
- Foster healthy living and lifestyles,
- Promote positive social behavior for living in Zambia, and
- Further the acquisition and knowledge of Zambia’s democratic institutions.

The circumstances change drastically in terms of the goals set for students once they reach grades eight and especially 10. The goals for high school are quite different:

- Prepare students for their post-secondary school education,
- Respond to the needs of the country for individuals who are soundly grounded in communication, mathematics, science, and problem-solving skills,
- Provide educational experiences that will nurture skills that will allow students to take charge of their own learning, and
- Provide extensive knowledge, exact skills, and accurate understanding of chosen areas of language, mathematics, science and technology, the social sciences, practical subjects, and the arts.

Clearly, there is a drastic contrast between the goals of the schools. The basic education goals are to teach the students
to survive in society, while the high school goals seem to be purposed to teach students how to shape society.

Universities
The three public universities of Zambia operate under legislation which makes them responsible to Parliament while still conferring on them a certain amount of autonomy. Each university is responsible for setting its own policies for education, recruitment and retention of faculty, the conferring of degrees, and the requirements for admission. The universities derive their revenue from government grants, student fees, and other university undertakings. Donor support accounts for roughly 40 percent of total annual cost per student.

The University of Zambia, which is the largest of the three public universities, has nine schools – agriculture, sciences, education, engineering, humanities and social sciences, law, medicine, mines, natural sciences, and veterinary sciences. The Copperbelt University has five schools – business studies, mathematics and natural sciences, built environment (engineering), natural resources, and technology. Mulungushi University, which opened in 2008, is the result of public-private partnership involving a mine in the Copperbelt region and the Massachusetts Institute of Technology. Currently, Mulungushi has three schools – business studies, social studies, and agricultural development studies. The Copperbelt University and the University of Zambia both have graduate schools. All three universities have distance education capacity.

Although the students are of quality, retention of professors has been and continues to be a problem for the universities. Economic conditions in Zambia have made it difficult for the universities to retain qualified local staff. While the salaries paid to professors are high relative to other opportunities in the Zambian economy, they are low compared to the pay of academics in universities in other parts of southern Africa. The exodus of highly qualified professors is a clear attestation to this fact.

Languages & Ethnic Groups
Zambia’s population is mostly made up of Bantu-speaking peoples divided into as many as 70 ethnic groups, although nearly 90 percent of Zambia’s people belong to one of nine ethnic groups. The Bemba, who originated in what is now the Democratic Republic of the Congo, dominate the Northern Province. Southern central Zambia is home to the Tonga, while the Ngoni are the primary ethnic group in the southeast.

The Bemba (or Awemba, Wemba) are of the larger and more influential of Zambia’s ethnic groups. Although only about 11 percent of Zambia’s population is Bemba, over a quarter of the population speaks ciBemba – the language of the Bemba – as their native tongue. This is due to the spread of Bemba political control in the last half of the 19th century, and to the disproportionately large portion of Bemba-speaking labor immigrants to the Copperbelt mines from the 1920s. The United National Independence Party (UNIP) once was considered a Bemba-dominated political party as was the Movement for Multiparty Democracy Party in the 1990s.

The Tonga are the second largest group. Both a linguistic and ethnic term, Lenje, Soli and Ila are all included in the Tonga language family, but are not counted among the ciTonga speakers in Zambia. Tonga speakers constitute about 12 percent of the population and include languages such as Toka, Totela, Leya, Subiya. Ethnically, there are about 800,000 Plateau and Gwmbe Tonga in Zambia. They live in the Southern Province, south of the Kafue River and along the western half of the Zambezi River border with Zimbabwe.

Lunda is another major ethnic and linguistic group in Zambia as well as other parts of southern and central Africa such as Angola and the Democratic Republic of Congo (DRC). The Lunda language is one of Zambia’s eight official languages, and is spoken primarily in North-Western Province.

Besides sharing a common language with the Lunda, the Mambwe people, like the Lunda, seem to have their origin
(according to oral tradition) in the pre-colonial land of what is not the DRC. They live in the northeastern part of the Northern Province, straddling the Zambia-Tanzania border. The Mambwe are best known for their iron-working and their productive, grass-composted garden mounds.

The Lozi (or Barotse, Rotse) are, historically, one of the most prominent peoples of Zambia. They were the first to be involved with the Europeans. Missionaries like David Livingstone, Frederick Arnot, Reverend François Coillard and others all wrote back to Europe about their contacts with the Lozi. In addition, Cecil Rhodes secured rights within Lozi territory through concessions secured by men like Frank Lochner and Harry Ware. Because of this, the British South Africa Company opened up Barotseland to European influence. During the 20th century, the Lozi were very open to European education, and thus provided many of the African civil servants working in other parts of the country.

Throughout the independence era, the Lozi struggled to regain the semi-autonomous status that they enjoyed as a Barotseland Protectorate, prior to the Local Government Act of 1965.

Several other smaller ethnic groups and sub-groups exist in Zambia.

**Religion**

Zambia is 85 percent Christian, although there is much diversification among the denominations. The religion has been dictated to the people of Zambia since some of the earliest contact with Europeans. Missionaries from denominations such as the Catholic Church, Jehovah’s Witnesses, the Anglican Church, the Pentecostal Church, Lutherans, and others have been in the area for a good portion of Zambia’s history. It was not until the 1890s, however, that they made headway in converting the population.

The five percent of the population that are Muslim can be attributed, mostly, to the small Asian population that live along the railroad line from Lusaka to Livingstone and in the Eastern Province. Another five percent of the population is of the Baha’i Faith, Hindu, or other. The remaining five percent are categorized as atheist.
Economy

<table>
<thead>
<tr>
<th>GDP</th>
<th>$16.898 Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita</td>
<td>$1,320</td>
</tr>
<tr>
<td>GDP Real Growth</td>
<td>4.5%</td>
</tr>
<tr>
<td>Inflation</td>
<td>11.6%</td>
</tr>
<tr>
<td>Currency</td>
<td>Kwacha</td>
</tr>
<tr>
<td>Exchange Rate</td>
<td>5,137/$1</td>
</tr>
<tr>
<td></td>
<td>6,909/€1</td>
</tr>
<tr>
<td>Labor Force</td>
<td>4.689 Million</td>
</tr>
</tbody>
</table>

History

When the commercial possibilities of Northern Rhodesia’s copper stock were recognized, the British government was quick to act. The industrial revolution in Europe meant the demand for copper was growing rapidly. Copper mining was largely in the hands of two firms, the South African Anglo American Corporation and the Roan Selection Trust. The mineral rights were owned by the British South African Mining Company and its founder, Cecil Rhodes. Black Africans provided labor for the copper mines. Many of these workers were forced from their farms and villages by European settlers (the colonial government introduced the infamous hut tax where the local population were charged such a high rate of tax on their homes that working in the copper mines was a financial necessity to pay the taxes).

When independence and self-determination arrived in 1964 the government of Kenneth Kaunda adopted a socialist economic model. There was large-scale nationalization of the mining industry and the creation of large state owned conglomerates or parastatals such as Zambia Consolidated Copper Mines (ZCCM) which, unfortunately, is a model still favored by the Zambian government (see ZAMTEL, ZESCO). A considerable degree of central planning involving the setting up of a large civil service followed as the government aimed to ensure self-sufficiency. This period was relatively prosperous as the earnings from mineral exploitation grew as copper prices increased.

In the 10 years following Independence the level of real GDP grew at only 2.3 percent per annum.

The relative prosperity of the ’60s did not last. The fall in world price of copper and a decline in the quality of its ore exposed the country’s over-dependence on copper. In addition, the world price of oil and energy fuelled global inflation pushing up the price of capital imports. Its dependence on imported manufactured goods was also exposed. Its balance of payments situation deteriorated and borrowing from overseas grew significantly. Throughout this period Zambia was also providing support to the various Africa freedom fighting movements in Zimbabwe, South Africa, Mozambique and Angola. As a consequence its main trade routes were often interrupted. As a landlocked country this was a major barrier to development.

In the period between 1975 and 1990 the level of real GDP per capita declined by almost 30 percent.

The newly elected government of Frederick Chiluba in 1991, adopted a structural adjustment program at the suggestion of the IMF and World Bank and began privatization of several government-run companies. Despite attracting praise from the World Bank for the ‘success’ of its privatization program, the quick changes had mixed results. Although some failing state run enterprises began to operate more effectively after being privatized, many companies collapsed and sent the number of unemployed even higher.

Paid employment in mining, manufacturing and agriculture fell by nearly 40 percent during the ’90s. It also had a negative impact on government revenues which fell by more than 30 percent in real terms. Real government expenditure on domestic issues (excluding interest on debt) fell by almost half through the ’90s. Consequently, spending on infrastructure, such as transport and communications, was heavily cut.

World Bank-sponsored agricultural market reform had a similarly poor record. A 2000 World Bank study acknowl-
edged that the removal of all subsidies on maize and fertilizer led to “stagnation and regression instead of helping Zambia’s agricultural sector.” Devastating droughts in 1992 and 1994 deepened poverty in rural areas.

**Current State**

Zambia’s economic performance is closely tied to the price and demand for copper as it is the main source of the much needed foreign capital. However, by percentage of GDP, Zambia’s main industries stand in agriculture, forestry, and fishing as well as the retail, restaurant and hotel trades. As much of Zambia is rural, agriculture’s large share of the GDP is due mostly to subsistence farmers. Likewise, the retail trade is supported by, and tied to, the mining industry – Zambia’s only real source of export receipts. Copper accounted for about 93 percent of Zambia’s foreign exchange earnings in 1991 and 74 percent in 2008.

As a commodity-based economy, most of Zambia’s business is focused on mining and the auxiliary industries that support mining. In addition to copper, Zambia mines significant amounts of coal, cobalt, amethysts, nickel, zinc lead, gold, silver, emeralds, marble, and some diamonds.

Gemstones and marble also represent sizable mining-linked exports for Zambia. The country has the second largest emerald deposit behind Colombia. Zambia’s emeralds are valued almost as highly as Colombia’s. The gems are mined on a small scale, however, leaving plenty of room for growth. Marble deposits in Lusaka are diversified in color – pure white, pink, green, and salmon – and most are hard-wearing enough for use in flooring and as countertops.

The Zambian government has tried to diversify its economy and make it less susceptible to the prices of copper. Manufacturing represented about 10 percent of GDP in 2008. Growth in the manufacturing sector for many years was very moderate, rarely achieving a full percentage point. However, in 2007 manufacturing grew by five percent, mostly due to Mwanawasa Government’s policy change that lowered the import duty on raw materials. The 2009/10 Budget Address indicated that the Banda Government intended to continue the policy, recognizing that “stimulating growth in the manufacturing sector is a critical element of any diversification drive.”

Activities that experienced growth in 2006 included food processing, beverages, tobacco, rubber, plastics, paper, and paper products. The Mwanawasa Government identified tourism as a growth sector. Under his leadership, the number of tourist arrivals increased from 650,000 in 2005 to 805,000 in 2007, while tourism receipts rose from $164.8 million in 2005 to $188 million in 2007. Zambia shares one the largest tourist attractions in the world, Victoria Falls, with Zimbabwe, which lies on their shared border splitting the Zambezi River. Historically, Zimbabwe has attracted a far larger share of tourists because of its developed infrastructure around that area, especially compared to Zambia’s town of Livingstone, which receives most of Zambia’s tourists visiting the falls. However, due to Zimbabwe’s recent and ongoing crisis and Mwanawasa’s Government’s commitment to tourism (Zambia exempted the Livingstone District Area from paying VAT) the trends are reversing.

Tourist interest in Zambia expands beyond Victoria Falls; the country’s game parks have been growing its business since 2004. The Tourism Development Credit Facility, launched in 2004, facilitated the private-sector interest in rapidly building tourism infrastructure such as lodges, guesthouses, and camping sites.

**Government Finance**

Because of debt relief from the IMF, the World Bank, and the African Development Bank, in 2006 Zambia was able to shed its status as a heavily indebted poor country (HIPC). Zambia’s external debt had stood at $7.3 billion. The effort of the IMF first reduced Zambia’s external debt from $7.3 billion to $4.5 billion and later to $635 million. However, this figure of $635 million was later revised upwards, to $1.01 billion, to reflect what the 2008/09 budget statement described as “undelivered HIPC initiative debt relief from some of the bilateral creditors with whom we have not yet reached agreement.”
Total domestic debt amounted to about $1.9 billion in January of 2008, equivalent to 17 percent of GDP. The IMF forecasted a government revenue raise of 2.5 percent of GDP for the 2008/09 year, which would eliminate the need for deficit financing. The new mining tax program was supposed to increase revenue by K917 billion, but only increased revenue by K319 billion, requiring massive domestic borrowing in the amount of K811 billion.

**Taxation & Borrowing**

**Personal Taxation**

An individual becomes a tax resident and thus subject to Zambian taxation by either entering the country with the intent to establish permanent residency or by being present in Zambia for at least 183 days in a tax year. Individuals are taxed on income received from an actual or deemed Zambian source. Taxable sources include business income, employment income, annuities, interest, royalties, and property income. Taxes on income are levied on a progressive basis, with four bands. The first K8.4 million per annum is not taxed. Income from K8.4 million (plus one) to K16.02 million is taxed at 25 percent, while K16.02 million (plus one) to K49.2 million is taxed at 30 percent. Any income in excess of K49.2 million is taxed at 35 percent. In addition to the national tax schedule, local authorities are permitted to add a two percent charge on residents, up to K15,000 annually. There is no outright capital gains tax. Instead the disposal of assets is included as part of taxable income.

Likewise, there are no capital acquisitions, estate, inheritance, or net wealth taxes. There is, however, real property tax. Local councils have the authority to levy rates on property, which must be paid yearly. There is also a transfer tax of 3 percent of fair market value imposed on the transfer of real property. Stamp duties are imposed on documents and other services on an ad valorem basis. Employee income contributions to the National Pension Scheme Authority (NAPSA) is capped at the lower of five percent of basic income or K4,697,782 per annum.

**Corporate tax**

A company or similar resident is a tax resident if it is incorporated in Zambia or if the control and management of the business is exercised within Zambia during the year. A company may be taxed on income received or accrued from an actual or deemed Zambian source, which may include trading profits, interest, royalties, and rental income, among others. Expenses and revenue losses that are wholly and exclusively incurred for the purpose of the business are allowed as deductibles. However, the cost of providing non-cash benefits to employees is not. Losses may be offset against future income from the same source for the next five years for most businesses and for ten years for cobalt and copper mining companies. For mining companies, losses may be indexed to the kwacha exchange rate against the dollar.

The tax rate is 35 percent. There is a surcharge for banks that have profits above K250 millions of five percent. Meanwhile mining companies receive a five percent reduction from the regular 35 percent. There is also a one-year discount of two percent for newly-listed companies on the Lusaka Stock Exchange (that discount rises to seven percent if 33 percent of the shares are taken up by Zambians). Companies are given a foreign tax credit for taxes suffered on foreign income taxable at source and in Zambia. Companies that wish to enter sectors that the Zambian Development Agency has deemed a priority will also receive certain tax incentives.

Dividends received by a resident company from another resident company are not taxable on the recipient (foreign source dividends are taxable at the corporate rate). They are, however, subject to a withholding tax against the issuer. Dividends paid to residents and nonresidents are subject to a 15 percent withholding tax. Likewise, interest and royalties paid to resident and nonresidents alike is subject to a 15 percent withholding tax.

Employers are required to match employees’ contributions to NAPSA. Yet, there is no depreciation tax, capital duty, or payroll tax.
**Currency & Central Bank & Banking**

Zambia’s currency is cumbersome. It is made up of the kwacha and ngwee, where 100 ngwee is equal to one kwacha. It has nine banknotes ranging from K50,000 to K20 and five coins. With the exchange rate around K5,000 per dollar and K7,000 for the pound, dealing with the kwacha can prove to be more of an effort than it should be. Since 2000, notes K50,000 (which, along with K20,000, was created in that year) through K500 have been printed on a polymer compound to stave off counterfeiting and to increase durability. In the 16-year period from 1994 to 2009 currency in circulation increased from K65 billion to K2,001 billion.

As part of its reform program, the Chiluba Government liberalized its exchange-rate policy. The first bureau de change, which opened in October 1992, were allowed to set their own rates for the buying and selling of foreign currency; Zambian residents were initially limited to purchases of $2,000 per transaction. The exercise proved extremely successful, and the kwacha fared much better during its initial period as a free market currency than any other African currency had in similar circumstances.

When Chiluba was defeated by Mwanawasa, the kwacha lost 24 percent of its value overnight. However, currency stability was achieved in the next 12 months after President Mwanawasa proved himself to be a relative forward looking and responsible president. The kwacha maintained its stability despite double-digit inflation. Between 2005 and 2006 the kwacha appreciated significantly, strengthening from K4,635/$1 in 2005 to K3,780/$1 in 2006, an appreciation of 22 percent in a single 12 month period. As of March 2010 it stood at K4,755/$1.

**Central Bank**

The functions of Zambia’s central bank, the Bank of Zambia, include regulating and supervising banks and financial services institutions. The Bank is also responsible for managing the currency and payments systems. Like other central banks, the Bank of Zambia is in charge of inflation targeting and management. However, because the economy is so susceptible to copper price fluctuations and inconsistent foreign aid distributions, the Bank has little power to control inflation.

Despite this, the Bank has proven itself very capable of using monetary policy effectively to manage inflation. For the year 2009, the Bank of Zambia was able to keep inflation within the projected ban of 10 percent to 12 percent. The Bank uses indirect (and widely accepted best practices) for monetary manipulation, such as open market operations and the auctioning of government securities. This level of sophistication and commitment bodes well for the prospects of the Bank achieving its goal of keeping inflation below six percent by the end of 2012. The bank faced inflationary pressures from increased electricity tariffs from ZESCO by as much as 35 percent, which increased the prices of manufactured goods through increased cost of production and transportation. Adding to the increased cost of transportation was the fuel shortage experienced from October to December of 2009. Lastly, the Bank had to mitigate a domestic beef and beef product shortage, which caused prices to rise due to increased imports.

In a continued effort to have well developed financial markets, the Bank introduced an overnight lending facility to commercial banks. This facility is expected to increase liquidity among the commercial banks and to improve the effectiveness of monetary policy. The facility will also provide a mechanism by which the Bank can detect liquidity problems at particular banks.

**Banking**

Zambia’s banking system is fairly sophisticated. As 12 of Zambia’s 17 registered banks are foreign based, they bring the standards from their home countries to Zambia. Commercial banks are, however, at the mercy of Bank of Zambia and its monetary policy – often stabilizing measures designed to counter swings in money injection from government, NGO, and aid spending. Commercial banks face high inflation, which limits their capacity for long-term lending.
Several micro-lending institutions have emerged over the last decade. There are 23 micro-lending organizations currently in Zambia compared to the one savings and credit union, three building societies, and 12 leasing companies. Besides the micro-lending institutions, the banking sector has seen little growth in the number of banks competing, but has seen a steady growth of the number branches and ATMs throughout all nine provinces. The number of ATMs grew from 83 in January of 2006 to over 415 at the end of 2009. Branch banking likewise saw an increase year over year. This has led to a major increase in transactions, and surprisingly Zambia’s clearing system has been able to hold up.

**Trade**

**Foreign Exchange Earnings**
The volume of foreign exchange trading in the market stabilized in the second half of 2009, mainly on the back of increased demand of copper from China and India. The volatility originated from the procurement by the government of oil and fertilizer. In the interbank market, the volumes of foreign exchange reached $4.6 billion.

Commercial banks were net seller of the South African Rand, as demand for the currency remained in excess of supply. Sales of the Rand reach ZAR2.6 billion.

**Trade**

Zambia actively participates in the 14-country regional Southern Africa Development Community (SADC) Trade Protocol as well as the Common Market for Eastern and Southern Africa (COMESA) with twenty members, offering preferential tariff access to a total market potential of nearly 380 million people. Similarly, with the advent of the Africa Growth and Opportunity Act (AGOA) Zambia now has duty free access to the US market. Moreover, Zambia is party to the Cotonou Agreement, which provides for reciprocal duty free trade provisions between the EU, and certain African and Caribbean nations.

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**Top Ten Import Commodities 2006 to 2009**

1. Petroleum oils, crude
2. Petroleum oils, other than crude
3. Copper ores and concentrates
4. Machinery for sorting, screening, crushing
5. Motor vehicles for transport of goods
6. Self-propelled bulldozers
7. Motor cars for transport of passengers
8. Parts suitable for use as machinery heading
9. Structures
10. Medicaments

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**Top Ten Export Commodities 2006 to 2009**

1. Refined Copper and copper alloys
2. Copper plates, sheets, and strips
3. Copper ore and concentrates
4. Cobalt mattes and other intermediate products
5. Copper wire
6. Unrefined copper
7. Unmanufactured tobacco; tobacco refuse
8. Cane and beet sugar
9. Cotton, not carded or combed
10. Insulated wire and cable

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Despite the rise in imports (due to the strengthening of the kwacha), Zambia recorded a $464 million goods trade surplus for 2009. Merchandise exports earnings grew by 68 percent to $2.7 billion from $1.6 billion registered during the first half of 2009, reflecting a 68 percent and 69 percent increase metal (copper and cobalt) and non-traditional export earnings, respectively. Copper export earnings at $1.9 billion were 62 percent higher than the $1.2 billion recorded during the first half of 2009, largely on account of the 41 percent and 15 percent increase in the average realized price and export volumes, respectively. The increase in export volumes was mainly attributed to the seasonal increase in copper production during the second half of 2009. Similarly, cobalt export earnings increased to $131 million during the second half of 2009 from $37.5 million recorded in the first half. The improvement in the global economy contributed to the surge in the metal prices on the international market. During the same period, non-traditional exports earnings, at $602.5 million were 69 percent higher than the $356 million realized during the first half. Increased earnings arising from the export of cane sugar, burley tobacco, cotton lint, copper wire, and fresh flowers largely explained this outturn. With regard to cane sugar, increased production following the launch of the Zambia Sugar Expansionary Project, contributed to the rise in export earnings. Similarly, goods imports increased by 26 percent to $2.1 billion from $1.7 billion in the first half of 2009. This was mainly explained by increased imports of iron and steel (65.5%), plastic and rubber products (42.4%), paper and paper products (42.3%), fertilizer (41.7%), and industrial equipment (42.4%).
The purpose of the Zambian Development Agency (ZDA) is to build Zambia’s economy. Its efforts are channeled toward encouraging investment, exports, and small business. In terms of investments, Zambia has focused on certain priority sectors aimed at diversifying the economy away from copper and cobalt mining. Through the ZDA, Zambia offers cumulative tax breaks to investors who invest at least $500,000 in priority sectors such as floriculture, horticulture, coffee and teas, cotton, cattle hides, chemicals, pharmaceuticals, paper and paperboard, and health services.

Chinese businesses have been taking advantage of these priority sector incentives long before 2007, when the ZDA was formed by combining the functions of five predecessor organizations. Over the last 10 years, investment from China has mainly been concentrated in mining, manufacturing, construction, and tourism, where their contributions accounted for 25 to 50 percent of the foreign investment in those sectors. However, just a few companies are reaping the benefits. For example, in the mining sector, Zanmeng, Tycoon Mining, and Zhougui Mining Group were the main Chinese firms.

The ZDA small business initiative is designed to cultivate and encourage entrepreneurship in the country through various programs. The Small Business Aggregate program seeks to find and facilitate lending to small companies that would not be able to get funding otherwise. The Entrepreneur and Technology program is a capacity-building program of the U.N. that trains potential and beginner entrepreneurs on the traits and skills that they will need to be successful on the international stage and provides support to the graduates of the program. Also there is the business development voucher program, which is an innovative program that provides vouchers to selected clients and entities to buy business support services from qualified and experienced service providers.

### Development & Assistance

**Zambia Development Agency**

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**African Development Bank**

The Development Bank of Zambia, whose mission is to reduce poverty and improve living conditions through targeted project loans and support, currently has 13 projects in various stages in Zambia that have originated in the last 10 years. There is one transport project funded by the Bank that is set to reduce poverty by strengthening local community road networks. There are several water supply and sanitation projects and a few health projects.

**Development Bank of Zambia**

The Development Bank of Zambia was established in the 1970s by an act of Parliament as joint venture between the government of Zambia and various private sector financial institutions. Its purpose is mainly in development finance and guidance for private sector initiatives that are geared toward development. The bank has six product facilities to fund the different type of projects it supports as well as a business advisory arm to provide support to the projects that it has funded and other projects that have not come to the bank for financing. The bank provides project, leasing, and trade financing. It also provides equity financing, working capital loans, and bond financing services.
Since 1998 all disbursements from the IMF to Zambia have been through the Poverty Reduction and Growth Facility lending window, which is a lending facility reserved for the poorest member countries. The facility operates as a mechanism for the IMF to control more of what happens to the money once it has been disbursed (much like a federal government might do with local governments). Although the program has seen moderate success, the IMF has plans to dismantle the program and start lending to the poor nations through the Extended Credit Facility, which will focus on Zambia’s own development goals. Currently, Zambia has SDR168.92 million ($256.72 million) outstanding in loans.

**World Bank**

The World Bank currently has 15 projects that are active in Zambia. Its largest project is from October of 2009 and deals with road construction and maintenance. Its second largest project is also focused on road construction and rehabilitation. Other projects include facilities for poverty reduction, malaria containment, economic diversification, and regional trade.

**Debt Relief**

Zambia’s external debt recently was as high as eight billion dollars. Since the early 2000s, Zambia had been trying to have most, if not all, of that debt cancelled through the Highly Indebted Poor Country (HIPC – a joint IMF-World Bank program aimed at external debt reduction) initiative. The country was up for review in 2003, but was unable to qualify for the program because of fiscal problems and inflated civil servant salaries. Zambia corrected these problems and in 2005 was able to have a majority of its debt cancelled. Zambia redirected the money that it had earmarked for debt servicing to providing free health care to rural citizens.

**Outlook**

Decades after copper became Zambia’s main source of foreign exchange, the economy is still heavily dependent on the commodity. Significant lip service has been given to the idea of diversifying Zambia’s economy, while little progress has been made. However, some success has been achieved in encouraging alternative exports – mainly agricultural commodities. Though figures indicate that non-traditional exports such as cauliflower, paprika, and roses are increasing their share of export earnings, the industries are young and rather fragile.

Every succeeding president, from Chiluba to Mwanawasa to Banda, has recognized that overdependence on one commodity, known for its volatility, leaves the country extremely vulnerable. Every one of those presidents has put forth measures to diversify the economy. Yet, in 2010 the country is still over-dependent on copper. It is important to remember that such diversification is possible. Uganda reduced its dependence on coffee exports from 97 percent in the 1980s to around 13 percent in 2002.

<table>
<thead>
<tr>
<th>Private Consumption as Percent of GDP</th>
<th>59%</th>
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<tr>
<td>FDI as Percent of GDP</td>
<td>6.2%</td>
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<tr>
<td>Foreign Exchange Reserves</td>
<td>2.1</td>
</tr>
<tr>
<td>Expressed in Terms of Months of Import Cover</td>
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Infrastructure

Transport

Roads
The road network in Zambia is supported by three main inter-provincial highways and several secondary roads servicing each of the nine province capitals. The highways and the secondary roads that service the province capitals are paved while a significant proportion of the back roads are unpaved, yet well-traveled and clear. Road maintenance in Zambia has taken a backseat to other municipal priorities over the last 15 years and thus paved and unpaved roads alike have been neglected and therefore motorists, for long stretches of road, are required to travel at sub speeds to avoid damage to their car from severe potholes.

The Great North Road connects Chirundu to Lusaka to Mpulungu in the northeast of the country (by way of Mpika and Mbala) and is the only one of the three highways that is connected to the other two – acting as a central connector from north to south and east to west, with Lusaka as the epicenter. The Great North Road continues beyond Zambia’s borders into Tanzania and ends in the coastal city of Dar es Salaam.

The Great West Road connects Lusaka to the capital of the Western Province, Mongu. In Lusaka, the road serves as a main corridor to the suburbs of the city. Once past Lusaka, the road deteriorates as it passes through the more rural areas. Lastly, the Great East Road connects Lusaka to Chipata – the capital of the Eastern Province – via Nyimba.

There are several secondary branches that take off from the three main highways to connect the province capitals to the highways. There is an offshoot from the Great North Road connecting Kabwe to Solwezi – the capital of the North-West Province. Kasama, the capital of the Northern Province, is connected to the Great North Road by a secondary road which passes through Mpepo and Sabwa. Lastly there is a secondary road connecting Lusaka to Livingstone, the Southern Province capital, along the railroad path.

Railways
Zambia has two railroad lines. Both originate in Livingstone and share a line through Lusaka and Kabwe until Kapiri Mposhi where one line bears east and the other continues north. The Tanzania Zambia Railroad Authority (TAZARA) line bears east on its way to Dar es Salaam, with Tanzania passing through Kasama and Kanona in Zambia. This line serves as a major conduit for the landlocked country to reach a seaport. The other line continues north into the Democratic Republic of Congo after passing through Ndola and several other cities.

The TAZARA railway line is designed with a 1067mm-gauge, which is compatible with traffic operations in other Southern African railways, such as Spoornet of South Africa, Botswana Railways, and the National Railways of Zimbabwe, which allows for international transport of passengers and goods. With a designed capacity of five (5) million tons of freight per annum, TAZARA has been handling traffic for the Southern African Development Community (SADC) as well as the Common Market for Eastern and Southern Africa (COMESA), thereby providing a vital regional link with Southern and Eastern and Central African regions.

Airports
Zambia has four main international airports and several domestic airports. The four main airports are run by the National Airports Corporation – a government owned corporation.

Seaports
Zambia does not have any seaports as it is a landlocked country. It does have access to the Dar es Salaam port through the TAZARA railroads line. Zambia also has access to ports in Angola, Namibia, and South Africa.

Energy
Electricity is the second most important energy source after wood fuel, contributing 10 percent to the national energy supply. Current electricity demand is about 2,000mw, while
The feedstock is transported through the pipeline to the refinery. The finished products are marketed and distributed by oil marketing companies.

In terms of petroleum consumption, the transport sector is the biggest consumer (53 percent) of the petroleum products followed by the mining industry at 27 percent.

Proven coal deposits are estimated to be over 30 million tons. Probable coal reserves at Luangwa North, Luano, Lukusashi in the Luangwa Valley and Kahare, Chunga, Lubaba in the Western trough system are believed to be in the region of several hundred million tons.

Currently Zambia has two coal mines. The major one was once government owned and has a capacity of 1 million tons per year. However, despite the large reserves, the contribution of coal to total energy has been declining over the years due to the lack of capitalization in the industry which resulted in production constraints at the main mine and also the reduced demand in the mining industry.

Communications

Internet connectivity

Internet is available in Zambia. However, it is most commonly available in the urban areas. There has been steady growth in the number of people in Zambia who have access to the Internet (although access is a rather broad term and includes those who do not frequently have access). There has been an attempt by government and non-government organizations to increase access to the Internet in the most rural parts of the country where affordability is not only an issue, but also a reach, as lack of demand has prevented the necessary services in those areas.

Through the Universal Access Project, the Information and Communication Technology Authority has embarked on a project aimed at establishing Multi-
purpose Community Tele-centers (MCTs) in various rural outposts in Zambia. MCTs are expected to cater to rural populations by providing access to basic Internet and telecommunications service such as computers, printers and scanners, telephone access, sending and receiving faxes, and other services at an economical fee. In addition to providing access to various technology services, MCTs will offer training in computers (e.g., teaching basics such as Internet surfing and email, word processing, website creation, and desktop publishing).

**TELEPHONE**

*Landline*

Telephone penetration was historically a major issue for Zambia. Because of the high costs associated with landline phone grids, at its apex (in 2005), there were only 94,000 landline subscriptions in the whole of the country. Moreover, since 2000, landline telephone service subscribership grew at an average rate of 1.8 percent per year. Subscribership has since declined. The number of subscribers in 2009 for landline phone service was at 90,000, just 5,000 more than the 85,000 subscribers in 2001.

*Mobile*

Mobile phone service has practically solved the telephone penetration problem that the country suffered from for so long. As of 2009 there were more than 4.1 million mobile phone subscribers – a third of the country’s population. Mobile phone service subscribership overtook that of the landline service in 2003, and has been increasing ever since.
There are three main providers of mobile phone service in Zambia – Zain (Indian Company), MTN (South African Company), and Cell Z. Zain and MTN operate in all 72 districts of Zambia, while Cell Z has only managed to provide service in 44 of the 72 districts.

Television and Radio
The telecommunications spectrum is managed by the Zambian Information and Communications Technology Authority under the Ministry of Transport and Communication. Radio and television providers must pay a relatively hefty fee for access to the public spectrum. There are approximately 23 radio stations in Zambia operating approximately 65 transmitters throughout the country, of which three stations and 28 transmitters feature government-sponsored content. Meanwhile, there are over 10 television stations – mostly all are sponsored by the government.

Print Media
Lusaka Times is an online news aggregator of news focusing on issues affecting Lusaka. It is owned by its operators. www.lusakatimes.com

Mining Weekly provides real-time news on mining in Zambia and the southern African region. The paper is based in Johannesburg, South Africa and is owned by Creamer Media. www.miningweekly.com

The Post Independent daily paper of Zambia. Provides daily news on business, sports, politics, and the general happenings in Zambia. The paper is privately owned and based in Lusaka. www.postzambia.com

The Times of Zambia government-owned daily paper of Zambia. www.times.co.zm

Zambia Daily Mail government-owned daily paper of Zambia. www.daily-mail.co.zm
Business Environment

Law

Investment

Zambia has implemented several laws to promote investment throughout the country. The laws are directed toward investment in the most neglected markets (e.g., non-traditional exports or rural areas).

The Investment Act incorporates and establishes the Investment Center and Board, which is designed to be the superintendent of investment in Zambia. An investor's interaction with Zambia begins with the Board, to which the investor must apply in order to receive a Certificate of Investment if the investor wishes to receive the support and tax breaks available to them.

Depending on the products introduced and location of the enterprise within Zambia, the investor may receive tax benefits ranging from 15 to 100 percent. Investors who have export enterprises will be taxed at a rate of 15 percent on income that is determined to be originating from the export of non-traditional exports. Likewise, capital expenditures on farm improvements qualify for a 100 percent tax allowance on that expenditure. Moreover, building and machinery expenditures on farming, manufacturing, or tourism enterprises are allowed a 50 percent tax deduction on those expenditures for the first two years of those assets.

Investors who register with the Investment Center are allowed the larger allowances for investment losses. Investment losses can be carried forward for five years (to offset income from the same source).

For foreign investors, the Investment Center, with consultation with the Ministry of Commerce, has the power to commission and license economic development zones or export processing zones, which are subject to special tax treatment under the Customs and Excise Act. Foreign investors, whose home country have a tax agreement with Zambia, are permitted to offset their Zambian tax liability against what income tax they have already paid to their home country. Those wishing to immigrate to Zambia have the option of a $250,000 investment that employs at least 10 people in order to obtain resident status.

Company Characteristics

<table>
<thead>
<tr>
<th>Membership</th>
<th>Public Company</th>
<th>Private (limited by shares)</th>
<th>Private (limited by guarantee)</th>
<th>Private (unlimited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usually open to all public</td>
<td>The articles of incorporation for a private company must limit the number of members to a number no more than 50</td>
<td>The articles of incorporation for a private company must limit the number of members to a number no more than 50</td>
<td>May have more than 50 members under certain circumstances</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liability</th>
<th>Public Company</th>
<th>Private (limited by shares)</th>
<th>Private (limited by guarantee)</th>
<th>Private (unlimited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited to the investment in shares</td>
<td>Limits the liability of its members to the capital originally invested in the shares of the company</td>
<td>Members are only liable for their original guarantee</td>
<td>Members of unlimited private companies are liable to creditors, at wind-up without limit of</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alienability</th>
<th>Public Company</th>
<th>Private (limited by shares)</th>
<th>Private (limited by guarantee)</th>
<th>Private (unlimited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannot limit the transferability of shares except that the public company can stop a shareholder who has unpaid liability on the shares in question from selling those shares</td>
<td>The articles of a private company shall not impose any restriction on the transferability of shares after they have been issued unless all the shareholders have agreed in writing</td>
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<td>The articles of a private company shall not impose any restriction on the transferability of shares after they have been issued unless all the shareholders have agreed in writing</td>
<td></td>
</tr>
</tbody>
</table>
Companies
There are several laws regulating businesses in Zambia. However, the Companies Act is the only act that sets out the mechanics of companies in Zambia. Companies (or corporations for U.S. readers) in Zambia are formed by filing articles of incorporation with the government of Zambia. The articles must include: 1) the name of the company 2) the physical and mailing address of the company 3) the type of company to be formed 4) the division and distribution of shares, if there are shares 5) the particulars of the first secretary and the first directors and 6) the name and address of the persons filing the articles.

Zambia’s companies law is based on the U.K. companies law and divides companies into four categories – the public company and three different types of private companies (limited by shares, limited by guarantee, and unlimited).

Conversion from one business form to another is possible as long as the surviving company complies with the rules of its new form. A name change may also be required (from “limited” to “PLC” as the case may be) to avoid penalty.

The nature of the shares of a company are generally governed by the articles of incorporation. In the absence of rules in the articles of a company, the rules set out in the Companies Act will control. The Companies Act allows for the dividing of shares into classes. The variation of class rights is not allowed without the consent of three-fourths of the holders of the issued shares of that class.

Separate share certificates are to be issued for each share of each class of shares. Within two months after the allotment of any its shares or after the registration of the transfer of any shares, a company must deliver a certificate under the seal of the company to the registered holder thereof. The certificate must contain, inter alia, the name and address of the holder and the number and class of shares held.

Securities
Securities trading is managed by the Securities and Exchange Commission, which is established by the Securities Act. The Commission regulates all aspects of securities trading from registration of securities and dealers to establishing exchanges and managing the Compensation Fund.

All exchanges within the country must be licensed by the Commission. Those who operate an exchange or advertise as an exchange within first obtaining a license will be guilty of an offense punishable by a monetary fine. Likewise, all securities dealers must be licensed in order to operate as an agent and carry on business as a dealer. Dealer and advisors must also contribute to the Compensation Fund, which is set up to protect investors who suffer a pecuniary loss because of the default of a licensed dealer, advisor, or employee thereof.

The Commission regulates all aspects of securities. All public company securities that are to be traded publicly (meaning traded on an exchange or the securities of a company with over 50 members) must be registered with the Commission before they are to be issued. Moreover, there is a continuing duty to keep the public informed on all matters which affect the value of the securities.

The registering apparatus for new securities is the prospectus, which must contain all information about the issuing company as may reasonably be required by dealers and advisors to adequately advise investors of the issuing company – this standard is further explained in the Commission’s publications. The Commission also monitors short selling, as it is a more rigorous process to qualify for the privilege in Zambia than it is in other parts of the world.

Pensions and other collective investment schemes are also licensed and supervised by the Commission. Insider trading and market manipulation is likewise heavily regulated and enforced.

Tax
Corporate tax
A company or similar resident is a tax resident if it is incorporated in Zambia or if the control and management of the business is exercised within Zambia during the year. A company may be taxed on income received or accrued from
Corporate Tax, continued

an actual or deemed Zambian source, which may include trading profits, interest, royalties, and rental income among others. Expenses and revenue losses that are wholly and exclusively incurred for the purpose of the business are allowed as deductibles. However, the cost of providing non-cash benefits to employees is not. Losses may be offset against future income from the same source for the next five years for most businesses and for ten years for cobalt and copper mining companies. For mining companies, losses may be indexed to the kwacha exchange rate against the dollar.

The tax rate is 35 percent. There is a surcharge for banks that have profits above K250 millions of five percent. Meanwhile mining companies receive a five percent reduction from the regular 35 percent. There is also a one-year discount of two percent for newly-listed companies on the Lusaka Stock Exchange (that discount rises to seven percent if 33 percent of the shares are taken up by Zambians). Companies are given a foreign tax credit for taxes suffered on foreign income taxable at source and in Zambia. Companies that wish to enter sectors that the Zambian Development Agency has deemed a priority will also receive certain tax incentives.

Dividends received by a resident company from another resident company are not taxable on the recipient (foreign source dividends are taxable at the corporate rate). They are, however, subject to a withholding tax against the issuer. Dividends paid to residents and nonresidents are subject to a 15 percent withholding tax. Likewise, interest and royalties paid to resident and nonresidents alike is subject to a 15 percent withholding tax.

Employers are required to match employees’ contributions to NAPSA. Yet, there is no depreciation tax, capital duty, or payroll tax.

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Starting a Business

<table>
<thead>
<tr>
<th>Survey Subject</th>
<th>Standard Medium-Sized Company*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Reforms have been made to reduce the number of procedures and time (ranked 94 out of 183 countries – down from 72 in 2009)</td>
</tr>
<tr>
<td>Procedures</td>
<td>• Check name uniqueness at PACRO  &lt;br&gt;• Open a bank account  &lt;br&gt;• Register the company with PACRO  &lt;br&gt;• Register with the local Zambia Revenue Authority to receive a tax number  &lt;br&gt;• File VAT registration to obtain VAT number  &lt;br&gt;• Register with National Pension Scheme Authority for social security</td>
</tr>
<tr>
<td>Time</td>
<td>These procedures usually take 18 days to complete.</td>
</tr>
</tbody>
</table>

* The time necessary for a company of any size to start a business would be substantially reduced with the use of a navigator (see below).
### Construction

<table>
<thead>
<tr>
<th>Survey Subject</th>
<th>Building a new warehouse*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Overly cumbersome (Ranked 151 of 183 countries)</td>
</tr>
</tbody>
</table>
| Procedures     | - Obtain planning permit (location permit)  
- Obtain notarization of property title  
- Obtain building permit from the municipal authority (City Development Department)  
- Submit Environmental Impact Assessment  
- Inform the municipality of the beginning of construction and receive inspection of foundation works  
- Request and receive inspection of concrete works  
- Obtain completion certificate/ occupancy permit  
- Receive inspection by the Fire Department  
- Receive inspection by the Environmental Council  
- Request opinions on project completion by the Public Health Agency  
- Request power connection  
- Receive inspection of electric works  
- Obtain electric power connection  
- Request water and sewerage services and inspection  
- Receive site inspection by the water authority  
- Obtain water and sewerage connection  
- Obtain telephone connection |
| Time           | 254 days |

* The time and difficulty of building a structure of any size or purpose would be substantially reduced with the use of a navigator (see below).

### Property Transactions

<table>
<thead>
<tr>
<th>Survey Subject</th>
<th>Full sequence of procedures necessary for one business to the purchase property (two-story warehouse) from another business and transfer title from seller to buyer.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Reforms have seen the time to sell property drop from 70 days to 39 days. (ranked 94 out of 183 countries)</td>
</tr>
</tbody>
</table>
| Procedures     | - Lawyer obtains a non-encumbrance certificate  
- Lawyer drafts the sale agreement  
- The seller applies for the state's consent to assign  
- Pick up tax form at the Zambian Revenue Authority (ZRA)  
- The seller settles the Property Transfer Tax with the Zambian Revenue Authority (ZRA)  
- Purchaser notes the purchase and change in title with the Lands and Deeds Registry to complete the process |
| Time           | 39 days |

* The difficulty of selling real property (land and buildings) can be significantly reduced with the use of a navigator (see below).
## Enforcing Contracts

<table>
<thead>
<tr>
<th>Survey Subject</th>
<th>Contract for the sale of goods between two businesses.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Judicial neglect in Zambia has made it difficult to find efficient recourse through the court system. Many sales contracts provide for alternative dispute resolution (ADR).*</td>
</tr>
<tr>
<td>Procedures</td>
<td>Thirty-five procedures at an average cost of 39 percent of the claim. (ranked 97 out of 183 countries)</td>
</tr>
<tr>
<td>Time</td>
<td>471 days</td>
</tr>
</tbody>
</table>

* The use of navigators can help reduce time necessary to reach a conclusion on contract disputes. New Economia employs several attorneys who have experience in international sales contracts and ADR (see below).

## Trading Across Borders

<table>
<thead>
<tr>
<th>Survey Subject</th>
<th>The traded goods are ordinary, legally manufactured products transported in a dry cargo 20-foot full container load.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Overly cumbersome (ranked 157 out of 183 countries)</td>
</tr>
<tr>
<td>Documents</td>
<td>Import: Nine</td>
</tr>
<tr>
<td>Time</td>
<td>Import: 64 days</td>
</tr>
<tr>
<td>Cost</td>
<td>Import: $3,335 per container</td>
</tr>
</tbody>
</table>
Navigators

New Economia
New Economia is an emerging market consulting firm based in New York. It focuses on certain countries of the Southern African Development Community (SADC) – namely, Zambia, Botswana, South Africa, Angola, Mozambique, Namibia, and Tanzania. Members of the firm specialize in law, economics, business, and other disciplines that related to investment. Services offered include:

Consultancy
• Southern Africa (SAf) Strategy Consulting
• Product Adaptation Consulting
• Emerging Markets Consulting

Facilitation
• Lobbying (SAf and US)
• Legal Services (SAf and US)
• Corporate Tax Services (SAf, US, and EU)
• Legal Compliance (SAf)
• Due Diligence
• Market Research

Coordination
• Logistics
• Political risk Insurance Brokerage
• Talent Strategy (SAf)

www.neweonomia.com

Aon
Aon Corporation is a multinational insurance brokerage company based in Chicago, Illinois. It has strong foundations in political risk insurance and specialty insurance underwriting. The economy operates 500 offices in 120 countries, employing around 36,000 workers. Services offered in Zambia include:

• Political Risk Insurance
• Risk Consulting
• Management Consulting
• Outsourcing Management
• Global Compensation Consulting and Management
• Specialty Insurance Underwriting

www.aon.com
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Statistical data was obtained from the following institutions:

- African Development Bank
- Bank of Zambia
- Development Bank of Zambia
- Food and Agriculture Organization
- International Labor Organization
- International Monetary Fund
- United Nations Commodities Trade Statistical Database
- United Nations Conference on Trade and Development
- United Nations Educational Scientific and Cultural Organization
- United Nations Statistical Division