

DATA
GOVERNANCE
IN AFRICA

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HUB

Supporting development-oriented and human-centric data regulation, use and infrastructure in Africa

Zambia's Digital Frontier : Pioneering Innovation for Inclusive Growth

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Abbreviations

Abbreviation	Full Term
8NDP	Eighth National Development Plan
AfCFTA	African Continental Free Trade Area
AU	African Union
BOZ	Bank of Zambia
BRRA	Business Regulatory Review Agency
COMESA	Common Market for Eastern and Southern Africa
D4D	Digital for Development
DSI	Digital Social Innovation
ECF	Extended Credit Facility
EHR	Electronic Health Record
ESTDEV	Estonian Centre for International Development
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)
HMIS	Health Management Information System
IDC	Industrial Development Corporation
IMF	International Monetary Fund
MSME	Micro, Small, and Medium Enterprises
mHealth	Mobile Health
NAP	National Adaptation Plan
NFS	National Financial Switch
PACRA	Patents and Companies Registration Agency
REFIT	Renewable Energy Feed-In Tariff
TPIN	Taxpayer Identification Number
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development

WHO	World Health Organization
ZDA	Zambia Development Agency
ZEPRS	Zambia Electronic Perinatal Record System
ZPPA	Zambia Public Procurement Authority
ZRA	Zambia Revenue Authority

General Country Information



Population

Approximately
20,216,029
(2023 estimate)



GDP

Approximately
\$29.536 billion
(nominal, 2023 estimate)



GDP Growth Rates

2021	2022	2023	2024
4.6%	2.91%	5.8%	2.3%(Forecast)



Currency

Zambian Kwacha
(**ZMW**)



Official Language

English



National Languages

Bemba, Nyanja, Tonga, Lozi, Chewa, Nsenga, Tumbuka, Lunda, Kaonde, Luvale, and others



Imports Volume

Approximately
\$6.899 billion
(2021 estimate)



Exports Volume

Approximately
\$11.111 billion
(2021 estimate)



Time Zone

Central Africa Time
(CAT), UTC +2

Foreword

Zambia's Digital Frontier – Pioneering Innovation for Inclusive Growth

Zambia, with its rich natural resources and growing digital landscape, is fast becoming a key player in Southern Africa's digital transformation. As the country moves towards greater digitalization, key sectors such as agriculture, fintech, renewable energy, and digital health offer significant opportunities for sustainable investment. This Pocket Guide provides critical insights into Zambia's investment landscape, showcasing how digital solutions can drive development and economic growth.

The Pocket Guide is developed under the [Data Governance in Africa Initiative](#), Digital Social Innovation (DSI) 'Think Like an Investor' program, led by HAUS ([Finnish Institute of Public Management Ltd](#)) and ESTDEV ([Estonian Centre for International Development](#)). Through the 'Think Like an Investor' program, the private sector is encouraged to leverage data in creating new services and products that can add societal value while promoting digital and economic transformation across borders in Zambia.

The Data Governance in Africa is a 3.5-year AU-EU partnership initiative designed to foster a human-centric data economy that supports sustainable growth across the continent. The initiative supports the African Union (AU) and its member states in forming development-oriented and human-centric data regulation, data use and data infrastructure at continental, regional and member-state levels. The project is co-funded by the European Union, Belgium, Estonia, Finland, France, and Germany under the EU Global Gateway Strategy. It is implemented by Digital Africa, Enabel, ESTDEV, HAUS, Expertise France, and GIZ, under the [Digital for Development \(D4D\) Hub](#).

The contents of this Pocket Guide are the sole responsibility of BongoHive Consult and PRS365 (through primary and desk research) and do not necessarily reflect the views of the funders.

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Executive Summary

This guide outlines Zambia's investment potential, which is supported by a stable political environment, supportive regulations, and a growing entrepreneurial ecosystem. The country's GDP growth in 2023 was 5.8% ¹ and was projected to be 2.3% in 2024 ². With a business-friendly regulatory framework that encourages capital flow and simplifies business registration, Zambia presents opportunities for both large-scale and smaller investors. Zambia's young and dynamic workforce, with over half the population under 35 ³, is driving growth in digital and innovation sectors. Key areas for investment include:

- **E-Health:** Expanding telemedicine and digital health services are broadening healthcare access, especially in underserved regions.
- **Renewable Energy:** Initiatives like the Renewable Energy Feed-In Tariff (REFIT) support solar and other green technologies, aiding in Zambia's transition to sustainable energy.
- **Digital Finance:** High mobile money adoption rates open pathways for fintech solutions, especially in areas with limited traditional banking infrastructure.

Situated within the COMESA, SADC, and AfCFTA trade blocs, Zambia has access to a regional market of over 580 million consumers ⁴, along with abundant copper and cobalt resources that present further opportunities in mining and clean energy. While infrastructure gaps, particularly in rural areas, remain a challenge, Zambia's political stability, regulatory improvements, and youthful workforce offer significant potential for investors interested in Africa's economic and digital transformation.

1 African Development Bank. African Economic Outlook 2024: Country Notes. Abidjan: AfDB, 2024. Available at https://www.afdb.org/sites/default/files/2024/06/06/aeo_2024_-_country_notes.pdf.

2 International Monetary Fund. "Zambia and the IMF." Accessed November 21, 2024. <https://www.imf.org/en/Countries/ZMB>.

3 United Nations Population Fund Zambia. "Behind the Number — Our World at 8 Billion." August 1, 2022. <https://zambia.unfpa.org/en/news/behind-number-%E2%80%94-our-world-8-billion>.

4 International Trade Administration. "Zambia - Trade Agreements." Last modified June 6, 2024. <https://www.trade.gov/country-commercial-guides/zambia-trade-agreements>.



**Why Invest in
Zambia?**

Recognized for ease of doing business in Africa, Zambia offers steady growth and stability, with a projected **5.8% GDP growth in 2023**. This upward trajectory, coupled with a stable political climate, makes Zambia a prime destination for investors seeking opportunities in an emerging market.



Zambia offers steady growth and stability, with a projected **5.8% GDP growth in 2023**.

Key Investment Factors

- **Political Stability:** Known for peace and security, Zambia provides a strong foundation for investment, bolstered by government initiatives in climate action, early warning systems, and cross-sector collaboration. Investors benefit from a stable political environment, enabling long-term planning and confidence in growth.
- **Favourable Regulatory Environment:** Zambia supports foreign investment with a transparent framework, allowing free capital flows and repatriation of profits with no foreign exchange controls or capital gains tax. The use of SAFE notes and streamlined online company registration reinforce Zambia's commitment to ease of entry for investors.
- **Young and Dynamic Population:** With 79% of its population under 35, Zambia is fueled by a tech-ready workforce open to new technologies and innovations. This young, digitally savvy population is a key asset for growth in technology and knowledge-based sectors.
- **Government Incentives:** Targeted incentives support key sectors, such as agriculture, with tax holidays and duty-free imports. The Zambia Development Agency (ZDA) assists investors with access to financing and comprehensive resources, ensuring informed decision-making and facilitating business success.

Additional Advantages

- **Untapped Potential:** As Southern Africa's second-leading location for startup funding, Zambia's fintech, cleantech, and agritech sectors are booming. With €85 million in funding since 2015, including €15.6 million in 2023 alone, Zambia's entrepreneurial ecosystem is securing investor confidence and solidifying its role as a regional hub for innovation.⁵
- **Regional Memberships:** Zambia's strategic location and membership in COMESA, SADC, and AfCFTA provide access to a regional market of over 580 million consumers. Duty and quota-free access within these trade blocs makes Zambia a launchpad for expansion across Africa.

⁵ United Nations Development Programme (UNDP). Meet the Tōshikas: Startup Ecosystem Map Zambia 2024. New York: UNDP, August 2024. Available at https://www.undp.org/sites/g/files/zskgke326/files/2024-08/meet_the_toshikas_-_startup_ecosystem_map_zambia.pdf.

- **Abundant Natural Resources:** Zambia is rich in natural resources, including copper and cobalt, essential for clean energy solutions. With government support for value addition and non-traditional exports, Zambia's mining sector offers sustainable, environmentally conscious opportunities.



Zambia combines political stability, a business-friendly environment, a young workforce, and rich natural resources, backed by government incentives and strong support systems. With high-growth potential and strategic positioning, **Zambia offers lucrative opportunities for investors in Africa's economic transformation.**



Sector Deep Dives

Digital Health



Summary

The Digital Health sector in Zambia leverages telemedicine, mobile health, and electronic medical records to expand healthcare access, especially in underserved areas. Supported by initiatives like the eHealth Strategy, this sector offers investment opportunities in remote diagnostics, health data systems, and digital health platforms. Challenges like limited connectivity in rural areas are offset by government backing and partnerships with local providers, positioning the sector for steady growth.

Sector Overview

Zambia's healthcare system faces challenges, particularly in rural areas, **where approximately 60% of the population experiences limited access to essential services**. The [eHealth Strategy](#) (2017-2021) aims to address these challenges by promoting digital health technologies that enhance accessibility, efficiency, and quality, aligning with Zambia's goal of achieving Universal Health Coverage (UHC) by 2030.


The government's focus is on using Information and Communication Technology (ICT) to bridge healthcare gaps, especially for underserved populations. Key digital health initiatives include telemedicine, mobile health (mHealth) applications, and electronic health management systems. For instance, the Zambia Electronic Perinatal Record System (ZEPRS) enables remote monitoring of maternal and infant health, improving care in rural regions. Additionally, the Digital Health Systems Project supports nationwide healthcare digitization, enhancing patient access and essential medicine availability.

Key Developments

The rise of telemedicine in Zambia has been transformative, especially during the COVID-19 pandemic, when movement restrictions highlighted the need for remote healthcare solutions. Telemedicine allows patients in remote clinics to access consultations and information via mobile health apps. In rural clinics, it facilitates consultations between local providers and urban specialists, improving outcomes in maternal and child health.

Innovative events like the **Digital Health Hackathon in Lusaka** have spurred new health-tech solutions, including platforms for patient record management, medication tracking, and real-time health monitoring. Such initiatives underscore the role of local startups in advancing healthcare innovation, particularly in underserved areas.

SDG Alignment

 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Investments in Zambia's digital health sector support SDG 3: Good Health and Well-being by improving healthcare access through telemedicine and digital health platforms, particularly in underserved rural areas</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Expanding digital health also contributes to SDG 9: Industry, Innovation, and Infrastructure by strengthening digital infrastructure and promoting inclusive healthcare innovation.</p>
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Key Innovations

Zambia's digital health transformation is underpinned by several pioneering solutions:

- 1. SmartCare:** This electronic health record (EHR) system, developed by the Ministry of Health with U.S. CDC support, operates in approximately 963 facilities. SmartCare enhances continuity of care for chronic conditions like HIV/AIDS by centralising patient records across healthcare sites.

2. **Health Management Information System (HMIS):** HMIS serves as Zambia's primary health data monitoring tool, collecting statistics on disease, maternal and child health, and service delivery. Recent USAID-supported efforts aim to improve data quality.
3. **Project Mwana:** This mHealth initiative, in collaboration with UNICEF, uses SMS technology to facilitate communication between healthcare providers and mothers, supporting immunisation tracking and antenatal care.



Case Study: Telemedicine in Rural Zambia

In rural Zambia, access to specialised healthcare remains limited. The Virtual Doctor Project, launched in 2010, addresses this gap by using mobile technology for virtual consultations. Operating in 288 facilities, the initiative enables patients in remote areas to access healthcare expertise, reducing travel costs and improving timely diagnoses. With its focus on chronic disease management, the project has significantly enhanced healthcare access and outcomes for underserved communities. Further investment could expand its reach, enhance infrastructure, and train more healthcare workers in telemedicine.

Market Snapshot

Zambia's digital health market has shown consistent growth, fueled by increasing smartphone ownership, government support, and demand for efficient healthcare delivery. Post-2020, the adoption of telehealth and mobile health solutions has accelerated. With smartphone ownership above 50% and internet connectivity at 36%, the infrastructure supports digital health growth. Market revenue is projected to reach €37.6 million by 2024, with forecasts of €59.6 million by 2029.⁶

The eHealth Strategy (2017–2021) has guided development in digital health, focusing on data digitization, telemedicine expansion, and enhanced Health Information Systems (HIS). Key players in Zambia's digital health market include:

- **Government Entities:** The Ministry of Health, Smart Zambia Institute, and ZICTA lead in digital health policy and ICT integration.
- **International Organisations:** UNICEF, UNFPA, WHO, and USAID provide funding and support for health information systems and disease monitoring.

⁶ Ministry of Health, Zambia. National Health Strategic Plan 2022–2026. Lusaka: Ministry of Health, 2022. Available at https://www.moh.gov.zm/?wpfb_dl=144.

- **Local Startups:** Companies like Telemedicine Zambia and AfyaPap offer telemedicine and mobile health solutions to improve access and data management.
- **Mobile Network Providers:** MTN Zambia, Airtel, and Zamtel provide essential connectivity for digital health applications, particularly in remote areas.

Investment Highlights



Telemedicine and Remote Diagnostics

The expansion of telemedicine provides a scalable solution for connecting rural patients with healthcare providers in urban centres. Government support for telemedicine frameworks presents a strong opportunity for companies to expand virtual care solutions in Zambia.



Electronic Medical Records (EMR) Integration:

Investments in secure EMR systems, like SmartCare, support continuity of care across healthcare facilities, contributing to national health policies driven by reliable data.

Investor Considerations & Risks

While Zambia's digital health sector is promising, several challenges persist:

- **Internet Connectivity:** Limited connectivity in rural areas affects the scalability of telemedicine and other digital health services, necessitating further infrastructure investment.

Mitigation:

When evaluating potential investments, prioritise companies that demonstrate partnerships with local telecom providers or have a clear plan to address rural connectivity barriers. Consider co-investing in digital infrastructure projects or funds that target rural healthcare access, as this can enhance scalability and market reach.

- **Data Privacy and Compliance:** As digital health services expand, data privacy is increasingly critical. Recent regulations aim to protect sensitive health data, but new entrants must ensure compliance to maintain patient trust.

Mitigation:

Evaluate startups or health platforms with robust data privacy measures already in place or a commitment to adhere to Zambia's data protection standards. Investing in companies that prioritise compliance can lower regulatory risk and enhance brand trust. Consider engaging legal advisors familiar with Zambian health data laws to ensure all portfolio companies meet compliance.

- **Infrastructure and Financial Constraints:** Digital health solutions require upfront investments in technology and healthcare training, particularly in the public sector. Public-private partnerships are essential for sustaining the long-term adoption of digital health innovations.

Mitigation:

Support companies that seek partnerships with government or international organisations to help scale technology and training. Investors may also consider structured financing options, like blended finance, to lower the risk of capital-intensive investments. Identifying companies that already engage in or are eligible for public-private partnerships (PPPs) can indicate readiness for sustained growth



Zambia's digital health sector offers a dynamic investment landscape, driven by national initiatives, international partnerships, and rising digital adoption, with opportunities and considerations that position it for growth in the years ahead.

Climate Change



Summary

Zambia's Climate Change sector is focused on climate-smart agriculture, renewable energy, and green technology innovations. With the support of the Renewable Energy Feed-In Tariff (REFiT) and the National Adaptation Plan (NAP), this sector offers promising opportunities in renewable energy projects and sustainable agriculture. The sector faces challenges in funding and regulatory clarity but is bolstered by government incentives and international partnerships, making it attractive for sustainability-focused investors.

Sector Overview

Climate action in Zambia is both an environmental priority and an investment opportunity. The country faces significant vulnerability to climate impacts such as deforestation, erratic rainfall, and rising temperatures, which threaten both its economy and the environment. For instance, deforestation intensifies droughts and floods, impacting rural communities and underscoring the need for climate-smart solutions for Zambia's sustainable future.

Emerging startups play a key role in addressing these challenges, especially in renewable energy, sustainable agriculture, and water management. Supported by government initiatives and international donors, the National Adaptation Plan (NAP) promotes resilience through climate-smart agriculture, renewable energy, and efficient water management. Prolonged dry spells and unpredictable rainfall now affect over 60% of Zambians who rely on agriculture for their livelihoods⁷. To counter these challenges, the [Eighth National Development Plan \(8NDP\) 2022-2026](#) prioritises renewable energy and climate-resilient agriculture.

SDG Alignment



Zambia's climate-tech sector advances SDG 7: Affordable and Clean Energy through investments in renewable energy projects such as solar and wind.



climate-smart agricultural practices align with SDG 13: Climate Action, fostering resilience to climate variability and promoting sustainable environmental practices across rural communities.

Market Snapshot: Policies and Climate-Tech Support

Zambia has embedded climate resilience into its policies as an investment driver. The [Renewable Energy Feed-In Tariff \(REFiT\) program](#) incentivizes renewable energy projects by guaranteeing stable pricing for electricity generated from renewables, reducing investor risk and supporting green technology growth. However, incentives like tax breaks for climate-tech ventures remain limited, potentially slowing broader adoption.

The [National Adaptation Plan \(NAP\)](#) underscores Zambia's commitment to scaling up climate-smart agriculture, renewable energy, and forest conservation. **Since agriculture contributes about 20% to the GDP**, it is particularly vulnerable to climate shocks.

Government support for drought-resistant crops and smart irrigation systems remains essential for food security and agricultural productivity.

⁷ Republic of Zambia. National Adaptation Plan (NAP) of Zambia 2023. Lusaka: Government of Zambia, 2023. Available at <https://unfccc.int/sites/default/files/resource/NAP-Zambia-2023.pdf>.

Investment Highlights

Zambia offers strong investment potential in climate-smart agriculture, renewable energy, and technological innovation, which are crucial for sustainable growth and climate resilience.



Climate-Smart Agriculture:

- **Drought-Resistant Crops:** Developing climate-resilient crops strengthens food security and helps farmers adapt to changing weather.
- **Efficient Water Management:** Advanced irrigation and water conservation practices maximise water use, critical during prolonged dry spells. These innovations stabilise incomes and enhance agricultural productivity in rural communities.



Renewable Energy:

- **Solar, Wind, and Biomass:** Through REFiT, guaranteed pricing for renewable energy attracts private investment and ensures stable revenue for producers.
- **Green Technology Development:** Investments in renewable technologies reduce reliance on fossil fuels and promote sustainable solutions that benefit both the economy and the environment.



Technology Innovations:

- **Agricultural Apps:** Mobile applications provide farmers with real-time weather data, market prices, and best practices.
- **Remote Sensing:** Environmental monitoring tools track climate impacts and inform agricultural practices.
- **Data Analytics Platforms:** Enhanced data collection and analysis empower stakeholders to respond to climate challenges effectively.



Case Study: Astanah Zambia

Astanah Zambia, a leader in sustainable energy, addresses climate challenges through solar technology. By providing affordable solar products, Astanah reduces reliance on fossil fuels, significantly lowering greenhouse gas emissions. In off-grid areas, Astanah's solutions bring reliable electricity to homes, schools, and small businesses, boosting resilience and promoting sustainability.

In addition to expanding energy access, Astanah participates in the Harvest Project, focused on collecting, reusing, and recycling electronic waste (e-waste) and lithium batteries. This initiative conserves natural resources, raises community awareness about sustainable practices, and creates green jobs by training local technicians in solar and waste management skills.

Through its dual focus on renewable energy and e-waste management, Astanah contributes significantly to Zambia's environmental sustainability, fostering a culture of responsible energy use and waste reduction.

Investor Considerations & Risks

While Zambia's climate-tech sector offers promising opportunities, investors should consider the following challenges:

- **Funding Challenges:** Climate-tech startups often face difficulties in securing funding due to the perceived long timelines for return on investment. Additional incentives could support early-stage growth.

Mitigation:

Consider co-investing alongside international organisations, which support climate-focused initiatives. This approach can reduce early-stage funding risks and provide a more stable investment landscape.

- **Regulatory Hurdles:** While Zambia's government promotes sustainability, the regulatory environment can be complex for foreign investors. A clearer framework for climate-tech could reduce barriers.

Mitigation:

Focus on projects that align with Zambia's Renewable Energy Feed-In Tariff (REFIT) program, which provides stable, government-backed pricing for renewable energy. Additionally, working with local advisors familiar with Zambian regulations can streamline compliance and reduce potential delays.

- **Market Volatility:** Climate variability affects energy production and agriculture, necessitating risk management strategies for investments, especially in renewable energy and agriculture.

Mitigation: Diversifying across multiple sectors (e.g., renewable energy and climate-smart agriculture) can help stabilise returns. Investors may also consider using insurance products, such as weather-indexed insurance, to mitigate climate-related risks.

Zambia's climate-tech sector, driven by supportive policies, international partnerships, and increasing demand for sustainable technologies, offers substantial potential.



While challenges around funding and regulatory clarity persist, strategic investments in renewable energy, climate-smart agriculture, and digital innovation can bolster **Zambia's economic resilience and environmental sustainability.**

Digital and Financial Inclusion



Summary

Rapid mobile money adoption and supportive government policies make Zambia's Digital and Financial Inclusion sector ripe for investment. Opportunities exist in fintech solutions, digital literacy programs, and rural connectivity expansion. While rural areas present infrastructure challenges, initiatives like the National Digital Transformation Strategy aim to bridge the digital divide and strengthen financial access, supporting growth in this high-potential sector.

Sector Overview

Zambia's digital and financial inclusion sectors offer high-growth investment opportunities, driven by rapid mobile money adoption, expanding fintech innovation, and supportive government policies. With over 58% of adults now using mobile money services—outpacing traditional banking access—Zambia is building a foundation for digital financial solutions, particularly in underserved rural areas.

The government's [National Digital Transformation Strategy 2023-2027](#) aims to create a digitally empowered nation by 2030, including broadband expansion and the deployment of 998 new communication towers. This evolving ecosystem presents investment opportunities in digital infrastructure, fintech solutions, and financial services that address financial access gaps, digital literacy, and connectivity.

SDG Alignment

 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Investments in digital and financial inclusion directly support SDG 8: Decent Work and Economic Growth by expanding financial access and empowering underserved populations.</p>	 <p>10 REDUCED INEQUALITIES</p>	<p>Enhancing digital connectivity also aligns with SDG 10: Reduced Inequalities by bridging the digital divide in rural areas, making financial services more accessible to low-income and rural communities.</p>
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Market Snapshot

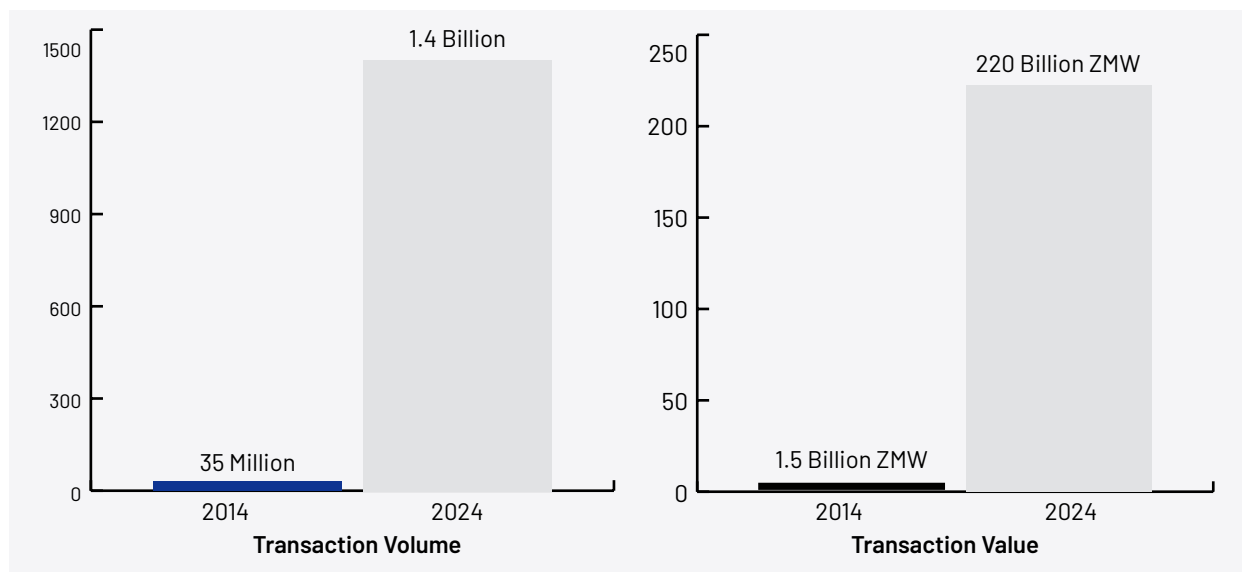
Zambia's mobile money penetration rate has reached 58.4% of adults, positioning the country as a leader in mobile financial inclusion in Southern Africa⁸. The sector has grown from **2.6 million users in 2016 to over 7 million by 2023**, indicating readiness for advanced fintech solutions beyond basic payments.



⁸ United Nations Capital Development Fund. The Fintech Landscape in Zambia. New York: UNCDF, August 31, 2023. Available at <https://www.uncdf.org/article/3375/>

Mobile Money

Transaction statistics highlight the role of mobile money in daily financial activities:



Zambia's mobile money infrastructure continues to expand, with agents bridging access gaps in areas with limited 4G and banking services. With a mobile penetration rate of 110 subscriptions per 100 inhabitants, the potential for mobile-enabled financial services is substantial.

Fintech

Beyond mobile money, Zambia's fintech sector comprises over [57 registered](#) companies focused on digital payments, lending, and micro-insurance. Key players like [Lupiya](#) and [PremierCredit](#) extend microloans and credit services through mobile networks, addressing financing needs in underserved segments. Supported by the National Financial Switch (NFS), these fintechs enhance interoperability, enabling low-cost, real-time transactions. With financial inclusion at 69.4% (up from 59.3% in 2015), fintech companies are expanding access, particularly in rural areas where inclusion remains at 56.9%.⁹

Digital Inclusion

Internet access continues to grow, with approximately 11.4 million active Internet subscribers as of 2024, alongside 21.9 million mobile cellular subscriptions. Over 300 government services are now accessible online, with the National Financial Switch facilitating real-time transactions across financial institutions. Despite these advances, 47% of Zambians remain digitally excluded, with rural areas facing greater connectivity challenges. Limited digital literacy is also a barrier, with only 6.8% of the population using computers, far below the global average of 47%.¹⁰

9 United States Agency for International Development (USAID). Zambia Digital Ecosystem Country Assessment (DECA). Washington, DC: USAID, 2022. Available at https://www.usaid.gov/sites/default/files/2022-12/USAID_Zambia_DECA.pdf.

10 Zambia Information and Communications Technology Authority (ZICTA). 2023 Mid-Year Market Report. Lusaka: ZICTA, 2023. Available at https://www.zicta.zm/market-reports/2023_mid_year_market_report.pdf.

Infrastructure Limitations in Rural Areas

Infrastructure limitations, particularly in digital connectivity and reliable energy access, pose unique challenges for companies expanding outside urban centres. Partnerships with telecom and energy providers have proven effective for companies aiming to increase their rural footprint, enabling businesses to reach underserved areas more effectively.

Investment Highlights



High Transaction Costs

Mobile money fees can be a barrier, particularly for low-income rural users.



Regulatory Complexity

Though supportive, Zambia's regulatory framework requires lengthy licensing processes, impacting startup entry.

Funding Gaps: Many early-stage fintech startups face challenges securing capital, with needs ranging from \$50,000 to \$500,000. Tailored financing solutions may be necessary.



Funding Gaps

Many early-stage fintech startups face challenges securing capital, with needs ranging from \$50,000 to \$500,000. Tailored financing solutions may be necessary.



Infrastructure Limitations

Limited fibre optic connectivity in rural areas restricts digital service reach, as only 83 of 116 districts currently have fibre access..



Cybersecurity Concerns

With rising digital adoption, robust data protection is essential for maintaining trust. Investments in cybersecurity frameworks will be critical to securing user information and digital transactions.

Investor Considerations & Risks

Investors should consider the following aspects of Zambia's digital and financial inclusion landscape:

- **High Transaction Costs:** Mobile money fees can be a barrier, particularly for low-income rural users.

Mitigation:

Consider investments in companies that focus on cost-efficient digital financial services or explore opportunities to support companies working on fee-reduction solutions. Encouraging fintech startups to adopt tiered pricing structures based on usage frequency could make mobile money services more accessible to low-income users.

- **Regulatory Complexity:** Though supportive, Zambia's regulatory framework requires lengthy licensing processes, impacting startup entry.

Mitigation:

Prioritise investments in companies that have a strong understanding of Zambia's regulatory environment or establish local partnerships to facilitate smoother entry. Investors should also learn about the regulatory environment for themselves to make informed decisions and assess compliance risks accurately (see section IV Key resources and contacts). Engaging local regulatory consultants can help investors and startups alike navigate the licensing process more efficiently.

- **Funding Gaps:** Many early-stage fintech startups face challenges securing capital, with needs ranging from \$50,000 to \$500,000. Tailored financing solutions may be necessary.

Mitigation:

Consider offering or partnering on structured financing options, such as venture debt or convertible notes, that can provide the flexibility startups need at early stages. Investors could also explore co-investment opportunities with development finance institutions (DFIs) or impact funds targeting financial inclusion.

- **Infrastructure Limitations:** Limited fibre optic connectivity in rural areas restricts digital service reach, as only 83 of 116 districts currently have fibre access.

Mitigation:

Support companies with clear plans to expand into underserved areas through mobile networks or innovative satellite technology. Investors may also consider contributing to public-private partnerships (PPPs) aimed at infrastructure improvements, which can accelerate connectivity expansion.

- **Cybersecurity Concerns:** With rising digital adoption, robust data protection is essential for maintaining trust. Investments in cybersecurity frameworks will be critical to securing user information and digital transactions.

Mitigation:

Focus on companies with established cybersecurity measures or allocate funds specifically for cybersecurity improvements within portfolio companies. This approach not only protects user information but also builds customer trust and safeguards the investment.

Governance



Summary

Zambia's stable political environment and commitment to transparency create a solid foundation for investment in governance-related sectors. Recent reforms promote efficiency and support economic diversification, while digital transformation initiatives enhance public sector transparency. Despite occasional regulatory hurdles, Zambia's active participation in regional alliances like COMESA and AfCFTA enhances market access, adding appeal to governance-focused investments.

Sector Overview

Zambia's political landscape is generally stable, with a history of peaceful transitions of power that provides a supportive environment for investment. The government has committed to transparency, economic diversification, and sustainable development, promoting growth through initiatives to streamline business processes and tackle corruption. However, Zambia's regulatory environment can still present challenges, such as occasional policy changes and bureaucratic delays, particularly in heavily regulated sectors.

As an active participant in regional alliances like the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), and the African Continental Free Trade Area (AfCFTA), Zambia benefits from broad market access, though economic pressures within the region can influence local economic conditions. For investors, Zambia's political and economic environment presents both substantial opportunities and considerations.

The Zambian government's focus on good governance is further demonstrated through various reforms aimed at transparency, efficiency, and accountability. Recent initiatives streamline regulatory processes, embrace digital transformation, and strengthen public sector integrity, which are essential for building investor confidence. By fostering open communication with the private sector and implementing anti-corruption measures, Zambia has positioned itself as an attractive destination for foreign direct investment (FDI), vital for economic diversification and sustainable growth.

SDG Alignment



Zambia's commitment to governance reform and e-governance initiatives supports SDG 16: Peace, Justice, and Strong Institutions by promoting transparency, efficiency, and accountability in public services.



Digital transformation in government also aligns with SDG 9: Industry, Innovation, and Infrastructure, as it promotes the development of digital infrastructure and public service innovation.

Market Snapshot

Governance reforms, such as the [Revised National MSME Development Policy \(2023-2027\)](#), support economic growth by reducing bureaucratic barriers for small businesses and aiding local diversification. Additionally, the National Climate Change Policy integrates sustainability into development plans, balancing economic progress with environmental responsibility.

Public financial management reforms backed by the IMF's \$1.3 billion (€1.19 billion) [Extended Credit Facility \(ECF\)](#) promote transparency in budgeting and spending. [The Public Finance Management Act](#) underpins these reforms, focusing on debt reduction and prioritising funding for social services, education, and healthcare. Decentralisation efforts also grant fiscal autonomy to local governments, promoting regional economic growth with the

support of international partners like GIZ, the EU, and USAID.

Zambia's governance framework continues to evolve, with recent policy changes aimed at bolstering economic growth and sustainability. However, investors should stay informed of potential regulatory adjustments, particularly in sectors like climate-tech, where new legislation is actively being developed. Regional economic pressures and policy shifts in climate action may occasionally impact market conditions, making it essential for investors to approach long-term projects with a flexible and adaptive strategy.

Transparency and Digital Platforms

Zambia's governance efforts have improved transparency and accountability, notably through Open Government Initiatives. These initiatives promote data availability for citizens and investors, allowing insight into government spending, contracts, and decision-making processes. Examples include:

- **Zambia Public Procurement Authority (ZPPA):** The ZPPA's online portal provides real-time project updates, enabling citizens to monitor spending and procurement, reducing corruption risks.
- **PACRA:** The Patents and Companies Registration Agency offers an online platform for business and intellectual property registration, streamlining registration processes and supporting digital payments, which safeguard intellectual property and simplify business setup.
- **Zambia Revenue Authority (ZRA):** ZRA's online tax filing and smart invoicing systems enhance tax compliance efficiency, providing user control over financial transactions and improving public sector efficiency.

Regulatory Reforms

To foster entrepreneurship, Zambia has implemented regulatory reforms that simplify business registration. The Business Regulatory Review Agency (BRRA), established under the Business Regulatory Act, No. 3 of 2014, has reduced business registration time from weeks to days, creating a more favourable environment for local and foreign investors. Navigating Zambia's regulatory environment can involve complex steps, particularly in sectors like fintech and renewable energy where specific compliance measures apply. Investors often find that engaging local legal advisors or partnering with agencies familiar with Zambia's business laws can streamline these processes. Case studies have shown that companies which build relationships with regulatory bodies early in their setup phase experience fewer delays and more predictable timelines.

Investment Highlights

Zambia offers investment potential in e-governance and open data:



E-Governance Solutions

Continued digital transformation in public services presents opportunities for investment in e-governance platforms, enhancing efficiency and user experience.



Open Data Platforms

Investing in open data infrastructure fosters accountability, enabling evidence-based decisions and building trust in government operations.

Investor Considerations & Risks

While Zambia's e-governance sector offers strong potential, investors should consider:

- **Regulatory Clarity:** Navigating regulations can be complex for startups, making an understanding of compliance requirements essential.

Mitigation:

Focus on companies that demonstrate a strong grasp of regulatory compliance or have established partnerships with local regulatory consultants. Investors may also benefit from engaging local legal advisors to ensure compliance and reduce the potential for costly delays.

- **Bureaucratic Hurdles:** Despite reforms, certain inefficiencies persist (e.g. delays in licensing, registration, and permit approvals), impacting business set-up timelines.

Mitigation:

Investors may consider supporting companies with experience in navigating bureaucratic processes or partnering with local entities that can facilitate quicker entry. Additionally, patience with timelines and proactive communication with regulatory bodies can help streamline setup for portfolio companies.

- **Access to Capital:** The availability of venture capital is vital for scaling e-governance solutions, particularly for startups looking to expand in this sector.

Mitigation:

Explore opportunities to provide growth-stage capital or to partner with venture capital firms focused on tech and governance sectors in emerging markets. Structuring investments with milestone-based funding can also mitigate risk while supporting sustainable scaling for e-governance companies.





Investor's Toolkit: Navigating the Investment Landscape



Registering a business in Zambia involves several essential steps, primarily centred around the registration process with the Patents and Companies Registration Agency (PACRA). Entrepreneurs can register their businesses online through the PACRA website. All formal corporate entities in Zambia are governed by the [Companies Act No. 10 of 2017](#), while unincorporated businesses, such as partnerships and sole traders, are registered under the [Registration of Business Names Act No. 16 of 2011](#).

The registration process begins with name clearance, which verifies the uniqueness of your proposed business name. Once the business name you have chosen is cleared and reserved, you can proceed with registration requirements. There are three main types of business structures to choose from:



Steps to Register a Company

1. Reserve a company name
2. Prepare, Sign and Submit the required documents
3. Pay the requisite fees for company registration in Zambia
4. Download the company registration certificate. This is normally approved in about 10 days or less.
5. Register for Tax and Open a Bank account

Types of Companies

1. **Local Companies:** These can be limited liability companies (either through shares or guarantees) or unlimited liability companies. A private limited company must have at least two shareholders and a maximum of fifty.
2. **Foreign Companies:** Companies incorporated outside Zambia can register as foreign companies but must have at least one local director and a registered office in Zambia.
3. **Sole Proprietorships and Partnerships:** These entities can register a business name without limited liability.

After registration, every company must file annual returns with PACRA within three months after the end of each fiscal year; failure to do so may result in deregistration. Additionally, any changes to the business structure, ownership, or address must be reported to PACRA.

Following registration, businesses must also register with the Zambia Revenue Authority (ZRA) to obtain a Taxpayer Identification Number (TPIN) and comply with tax obligations. Employers should adhere to employment standards set by the [Employment Code Act](#), which includes specific regulations on working hours and leave entitlements. The standard working hours should not exceed 48 hours per week, typically structured as eight hours per day for a six-day workweek. Employees are entitled to 21 working days of annual leave after one year of continuous service, as well as sick leave and maternity leave of at least 12 weeks for female employees.

Compliance with child labour regulations is mandatory under the [Employment of Young Persons and Children's Act](#), which prohibits the employment of children under a certain age. Furthermore, adherence to the [Occupational Safety and Health Act](#) is essential to ensure safe working conditions for employees.

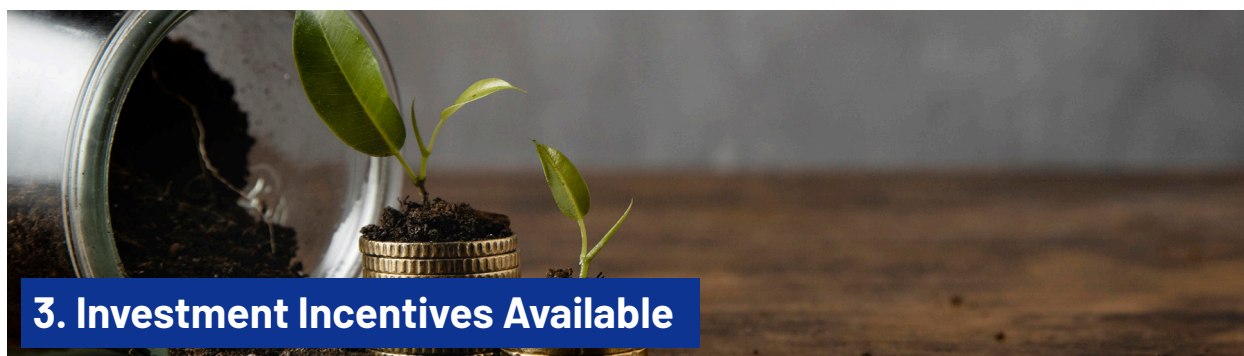


Investors looking to support Zambian startups can explore various funding options:

- **Angel Investors:** Individual investors who provide capital for startups in exchange for equity or convertible debt.
- **Venture Capital Firms:** These firms invest in early-stage companies with high growth potential in exchange for equity.
- **Government Grants and Subsidies:** Various government initiatives provide financial support to startups in priority sectors.
- **Crowdfunding Platforms:** Allow startups to raise small amounts of money from a large number of people.
- **Microfinance Institutions:** Offer small loans to entrepreneurs who may not qualify for traditional bank financing.

According to Briter Bridges, while funding opportunities are growing, many early-stage startups still face challenges accessing capital due to limited resources and market knowledge.

Investors may explore co-financing opportunities with international organisations, such as USAID or the African Development Bank, which actively support climate-smart and inclusive business initiatives. This approach can reduce investment risks while creating alignment with Zambia's national development goals.



Zambia's investment landscape is governed by several key regulations aimed at promoting and facilitating both domestic and foreign investments. Central to this framework is the [Zambia Development Agency Act](#), which provides a legal basis for investment incentives, protections, and operational guidelines. The act categorises investors into different categories based on their investment amounts and sectors, offering various fiscal and non-fiscal incentives.



\$500,000

For instance, Category 1 investors—those investing **\$500,000 (€458,509)** or more in priority sectors or Multi-Facility Economic Zones—are entitled to significant benefits such as:

- **Reduced Corporate Tax Rates:** Investors can enjoy lower tax rates compared to standard rates.
- **Exemptions on Dividends:** Investors are exempt from paying taxes on dividends for a period of five years.
- **Customs Duty Waivers:** Exemptions on customs duties for machinery and equipment for five years.

Non-fiscal incentives include guarantees against state nationalisation and assistance with immigration permits and land acquisition. This framework is designed to create a conducive environment for investment while ensuring that Zambian laws protect both local and foreign investors.

Additionally, the Investment, [Trade and Business Development Act of 2022](#) further enhances the regulatory framework by promoting economic diversification and protecting

investors' rights. This act assures that property rights will be respected, stipulating that no investment can be expropriated without compensation at market value. It also facilitates the transfer of profits, allowing investors to repatriate dividends and other earnings without restrictions after fulfilling tax obligations.



Zambia's investment landscape supports various exit strategies for foreign investors, each aligning with regional integration and market growth:

- **Mergers and Acquisitions (M&A):** Zambia's role in trade blocs (COMESA, SADC) encourages M&A activity. Investors can explore mergers with local firms expanding in fintech, renewable energy, and agribusiness, creating regional synergies and expanding market presence. This is the most likely type of exit.
- **Initial Public Offerings (IPOs):** For high-growth investments, IPOs on the Lusaka Stock Exchange (LuSE) offer a viable exit. Recent developments in capital market infrastructure support public listings, with opportunities in high-demand sectors like digital finance and healthcare.
- **Private Sales:** Private sales, including trade sales and divestments, offer flexibility. Investors may sell to local partners, international corporations, or private equity firms interested in market access, especially in maturing sectors like digital health and agriculture.
- **Regional Partnerships and Cross-Border Exits:** Zambia's economic integration through COMESA, AfCFTA, and SADC provides opportunities for cross-border exits, leveraging partnerships and free trade areas across Southern and Eastern Africa.

These exit pathways allow investors to align their strategies with Zambia's regional positioning and sector growth, creating flexible options to realise returns on investment.



5. Investment Climate and Challenges

The investment climate in Zambia is shaped by various factors that can impact decision-making for potential investors. According to the [2023 Foreign Private Investment and Investor Perceptions in Zambia Report](#), key challenges include:

- **Regulatory Uncertainty:** Frequent changes in regulations can create an unpredictable investment environment.
- **Infrastructure Deficiencies:** Limited access to reliable infrastructure can hinder business operations.
- **Corruption Concerns:** Perceived corruption can deter foreign investment.

Despite these challenges, Zambia remains one of the fastest-growing economies in Southern Africa, presenting significant opportunities for investors willing to navigate its complexities.



6. Cultural Considerations and Business Etiquette

Understanding cultural nuances is essential for successful business interactions in Zambia. Key considerations include:

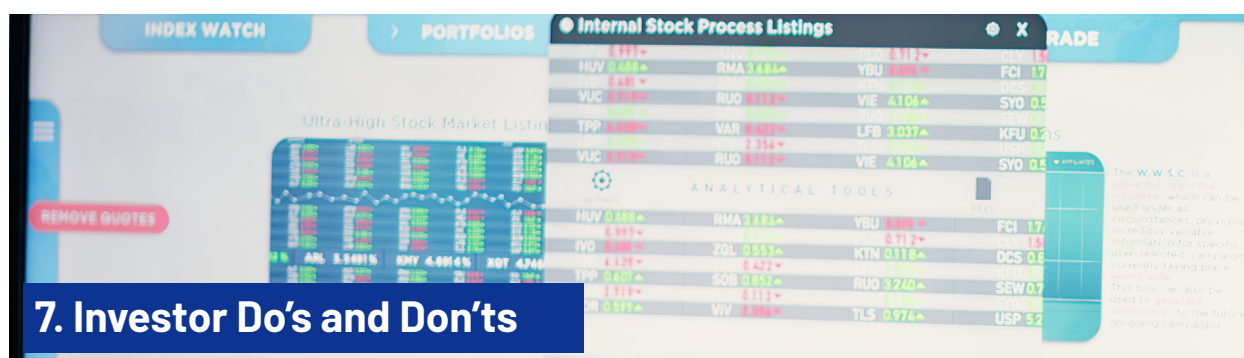
- **Building Relationships:** Personal connections are vital; investing time in networking can facilitate smoother business dealings.

Understanding cultural nuances is essential for successful business interactions in Zambia. Key considerations include:

- **Building Relationships:** Personal connections are vital; investing time in networking can facilitate smoother business dealings.
- **Formal Communication:** Zambians often prefer formal greetings; addressing individuals by their titles shows respect.
- **Punctuality:** While meetings may not always start on time, arriving punctually demonstrates professionalism.
- **Respect for Hierarchies:** Business culture in Zambia appreciates hierarchical respect, especially in formal meetings with government officials.
- **Greetings:** Handshakes are usually preferred; firm handshakes combined with direct eye contact convey confidence and respect during introductions.
- **Dress Code:** Corporate attire is recommended for formal meetings, especially with government officials. It is advisable to understand the company culture of the organisation or institution you are meeting; while smart casual attire may be acceptable in some contexts, corporate attire is encouraged if you are unsure about company culture.



While formal greetings and hierarchical respect are appreciated in all settings, certain sectors may follow different protocols. For instance, negotiations with government bodies may take longer than expected and often require repeated engagements to align on terms. Being mindful of these dynamics and exercising patience can facilitate smoother interactions and better long-term partnerships.



Do's

Build Local Partnerships: Connect with local businesses and advisors to gain valuable insights and establish trust in the community.

Invest in Digital Literacy: Supporting digital education can enhance engagement in tech-driven sectors like fintech and e-health.

Be Patient with Processes: Some regulatory steps may take time; demonstrating patience shows respect for local systems.

Leverage Local Expertise: Local advisors can provide insights into regulatory and market dynamics, preventing costly oversights.



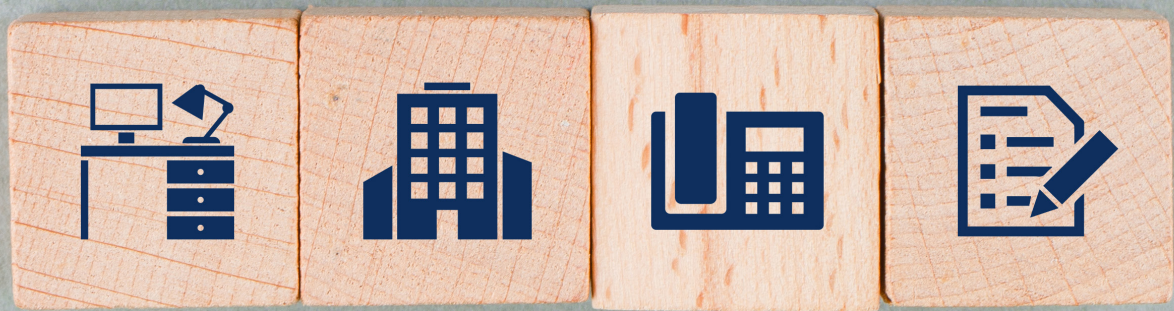
Don'ts

Don't Rush Negotiations: Take a respectful, flexible approach to decision-making timelines, especially with government agencies.

Avoid Western Etiquette Assumptions: Adapt to Zambian norms, such as formal greetings and respect for hierarchy.

Don't Overlook Infrastructure Limits: Plan for logistical and connectivity challenges in rural areas.

Avoid Compliance Shortcuts: Adhere to Zambia's evolving legal requirements to avoid regulatory issues.



Key Resources and Contacts

Category	Organisation	Description	Address	Contact
Government Agencies	Zambia Development Agency (ZDA)	Primary investment and export promotion	Privatisation House, Nasser Road, Lusaka	+260 211 220177
	Bank of Zambia (BOZ)	Central bank regulating the financial system and monetary policy	Bank Square Cairo Road, Lusaka	+260 211 399300
	Ministry of Commerce, Trade, and Industry (MCTI)	Promotes industrial development, trade, and investment	Government Complex, Independence Avenue, Lusaka, Zambia	+260 211 223617
	Patents and Companies Registration Agency (PACRA)	Registers businesses, trademarks, patents, and industrial designs	PACRA House, Haile Selassie Avenue, Lusaka, Zambia	+260 211 255151
	Zambia Revenue Authority (ZRA)	Manages taxes and customs duties	Revenue House, Lusaka	+260 211 381111
	Industrial Development Corporation (IDC)	State-owned investment company driving development projects	61 Independence Avenue, Prospect Hill	+260 211 427000
	National Technology Business Centre (NTBC)	Supports technology and innovation for commercial applications	8th Floor, Nasser Road, New Government Complex, Lusaka	+260 (211)222335

	Ministry of Small and Medium Enterprise Development (MSME)	Supports the development and growth of small and medium enterprises in Zambia	Independence Avenue , Lusaka, Zambia, Block 28	+260211253887
	Zambia Information and Communications Technology Authority (ZICTA)	In charge of licensing, technical regulation, and standards in the ICT sector.	Plot 4909, Corner of Independence Avenue & United Nations Road, Lusaka	+260 211 378200
Investment and Innovation Hubs	BongoHive Technology and Innovation Hub	Technology, Innovation and Entrepreneurship Hub.	Mass Media, ZEP-RE Business Park, Alick Nkhata Rd, Lusaka 10101	+26 095 3017526
	Zambia Business Angels Network	Angel investor network supporting startups	No. 4 Bishops Road, Lusaka	+260 978 382206
Legal Service Providers	Musa Dudhia & Co.	One of Zambia's longest established Corporate legal firms	2nd Floor, ALN House, 1394 Mushemi Road, Rhodes Park, Lusaka	+260 211 253 866
	Corpus Legal Practitioners	Legal firm specialising in corporate law and investment	Piziya Office Park, Stand No. 2374 Thabo Mbeki Rd, Lusaka	+260 211 372 300
	Moir Mukuka & Co	Provides legal services in corporate and commercial law	Plot 4987, Block A, First Floor, LA Complex, 10101 Los Angeles Blvd, Lusaka	+260 211 372 300

Tax and Financial Advisory Services	PwC Zambia	Provides tax, legal, and financial advisory services	Stand No. 2374, Thabo Mbeki Road, Lusaka, Zambia	+260 211 256 471
	Deloitte Zambia	Offers tax, consulting, and advisory services for investors	Abacus square, Plot No. 2374/B, Thabo Mbeki Road, Lusaka	+260 211 228 677
	Open Capital	Advisory firm specialising in finance and investment	Lusaka, Zambia	+254 799 862668
Banking and Finance Institutions	CitiBank	Corporate banking with an international reach	Chikwa Rd, Lusaka	+260 211 444 400
	Zambia National Commercial Bank	Provides corporate and investment banking solutions	Cairo Rd, Lusaka	+260 211 228 979
	Stanbic Bank Zambia	Offers corporate banking and large project finance	Plot 2375 Addis Ababa Drive	8200

Venture Capital Firms

[Kukula Capital](#)

Investment firm supporting high-growth

Foxdale Forest Club House Farm
32 A Off Zambezi Road
Kabanana Lusaka ZM,

+260 211 256 471

[Inside Capital](#)

VC firm focused on SMEs in Southern

8th Floor, Sunshare Tower,
Katima Mulilo Road,

+260 211 388 720

[WCap](#)

Gender Lens and Climate Impact Venture Capital Firm

Stand No. 4642, Office No. 03a,
Corporate Office, Addis Ababa Dr,
Lusaka 10101

+260 771860511

[30Thirty Capital](#)

Impact investment firm specialising in high-growth, sustainable businesses in Sub-Saharan Africa, with a focus on Zambia.

Selby Taylor House,
Roan Road, Kabulonga,

Lusaka, Zambia

+260 955 632721

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