



# INVESTOR GUIDELINES

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Lusaka South Multi Facility Economic Zone Limited

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## 1.0 Who we are

Lusaka South Multi Facility Economic Zone (LS MFEZ) was established on 28<sup>th</sup> June 2010 under Statutory Instrument No. 47 of 2010. It is a Special Economic Zone designed to achieve economic diversification and development of Zambia. The company, LS MFEZ Limited was incorporated on 25<sup>th</sup> June, 2012 and has the mandate to develop, operate and manage the Zone.

### 1.1. VISION

*“Leading the way in the diversification of the Zambian Economy”*

### 1.2 MISSION

*“To develop, Operate and Manage the LSMFEZ in order to promote eco-friendly and sustainable investments”*

### 1.3. CORE VALUES

Our Values, are summarized by the acronym “SPACE 2i”. This highlights that we are creating a space that will be a center of excellence in pursuit of our goals. Each letter in the word SPACE 2i is further interpreted as;

- **Service** - We endeavor to provide an acclaimed Investment environment to all investors.
- **Professionalism**- We perform our duties in a respectable manner with competence and thoroughness.
- **Accountability**- We take responsibility for our decisions and actions
- **Collaboration** - Continuous strengthening of partnerships with all the stakeholders through stronger and effective coordination.
- **Excellence**- We uphold the highest standards of service delivery in the execution of our duties.
- **Integrity**- We pledge to discharge our responsibilities honestly, transparently and sincerely.
- **Innovation** - We embrace new ideas and develop skills that meet current and future challenges.

## 2.0 What do we do

The Lusaka South MFEZ offers land for investment to both local and foreign investors. We develop, operate and manage the zone in order to promote the manufacture of high-quality products.

## 3.0 Purpose of these guidelines

To offer investors an insight into our offerings, processes and requirements needed to invest in the Lusaka South MFEZ

## 4.0 Our Product Offerings:

We offer the following products at affordable rates with flexible payment plans:

- 4.1 Commercial Land
- 4.2 Industrial land
- 4.3 Residential plots (Subject to availability)

## 5.0 Site Plan



## 5.1 Infrastructure

LS MFEZ Ltd leases serviced land to all its clientele and the following infrastructure upon approval of the investment. The infrastructure is available at a monthly fee in accordance to use by the investor:

**5.1.1 Power:** LS-MFEZ has developed a substation where power is tapped from, the substation has a capacity of 600 MW of power. The Economic Zone is connected to a 33KV line which supplies investors with reliability power supply with confidence level of about 99%.

**5.1.2 Communication:** The Economic Zone has developed the backbone fiber optic network. The investors are connected to the optic fiber network which provides high speed internet and voice calls services.

**5.1.3 Water and Sewerage:** LS-MFEZ provides water supply infrastructure and sewerage treatment infrastructure at the convenience of the clientele.

**5.1.4 Road network:** Roads are very critical in the development of the Economic Zone and it is the responsibility of LS MFEZ to develop and maintain the road network. The road network links the Investors to suppliers of raw materials as well as provides access to both local and regional markets.

## 6.0. Why Choose LS MFEZ

### 6.1 Fiscal Incentives

6.1.1 Manufacturing & Energy: Accelerated depreciation for capital expenditures plus zero percent duty on imported capital goods

6.1.2 Agro processing: Corporate tax at 10% plus 0% duty rate on imported capital goods

6.1.3 Construction (Education, health, Tourism, Housing, Agriculture, Energy & Water Dev): 0% duty rate on imported capital equipment & machinery

*\*All incentives except Agro-Processing are valid for the first five years of the project.  
Incentives may be amended due to change in policy*

## **6.2. ZRA Incentives**

### **6.2.1 Manufacturing**

- 6.2.1.1 Refund of VAT on export of locally manufactured products by non-resident businesses under the Commercial Exporters Scheme.
- 6.2.1.2 Input tax claim for two years prior to commencement of production.
- 6.2.1.3 Income from organic and chemical manufacturing of fertilizers is taxed at a reduced rate.
- 6.2.1.4 Capital allowances on industrial buildings used for the purposes of manufacturing shall be entitled to a deduction of 10% in case of low-cost housing and 5% for other industrial buildings of the cost of the building
- 6.2.1.5 Persons who incur capital expenditure on an industrial building are entitled to claim a deduction called initial allowance at 10% of the cost incurred in the charge year in which the industrial building is first brought into use.
- 6.2.1.6 Any person who incurs capital expenditure on an industrial building is entitled to an investment allowance at 10% of such expenditure in the first year used for manufacturing purposes.

## **6.3. General**

- 6.3.1 Import VAT relief for VAT registered businesses on imports of eligible capital goods. (VAT Deferment)
- 6.3.2 Zero rate of VAT on export of taxable products
- 6.3.3 Guarantee of VAT refund after lodgment of adequately supported claims.
- 6.3.4 Relief of VAT on transfer of business as a going concern.
- 6.3.5 Equal treatment of services for VAT irrespective of domicile of supplier (Reverse VAT)
- 6.3.6 Cash accounting for VAT for members of the Association of Building and Civil Engineering Contractors (ABCEC) and Mining companies
- 6.3.7 Reintroduction of voluntary registration for compliant businesses whose turnover is below K800,000 per annum subject to conditions stated above.

- 6.3.8 Tax charged on the supply of petrol to a taxable supplier is excluded from any claim, deduction or credit under section 18, except when that supply is for resale.
- 6.3.9 Exemption of interest component of finance Leases
- 6.3.10 VAT relief on input tax paid for purchases made by registered suppliers
- 6.3.11 Income from non-traditional exports is taxed at a reduced rate in line with policy guidelines
- 6.3.12 Exemption from income tax for collective investment schemes under the Income tax Act to the extent that the income is distributed to the participants in the collective investment scheme.
- 6.3.13 Zero rate supplies for PBO's to provide tax relief

*N.B: Further, note that all fiscal incentives maybe amended in line with changes to Policy*

## **7.0 Services Offered**

- 7.5. Roads:** infrastructure has been built giving access to plots along the road
- 7.6. Water & Sewerage:** Water supply and sewerage treatment services are available in the zone.
- 7.7. EIA:** We facilitate EIA with ZEMA through our in-house Consultancy Service.
- 7.8. Electricity:** We connect our investors to reliable power
- 7.9. Data and voice communication:** Optic fiber lines have been laid down throughout the entire Economic Zone
- 7.10 Inhouse information Resource Centre provides investors with timely information

## **8.0. Types of Industries acceptable in LSMFEZ**

- 8.1 Research and Development Institutions
- 8.2 High Technology Industries
- 8.3 Commercial Institutions
- 8.4 Agriculture and Agro Based Industries
- 8.5 Professional, Medical, Scientific and Measuring Services
- 8.6 Education & Skills Training Institutions

- 8.7 Packaging & Printing Industries
- 8.8 Palm Oil Production & their Derivatives
- 8.9 Processing of Gemstones
- 8.1.0 Pulp & Packaging Boards
- 8.1.1 Diagnostic & Medical Services
- 8.1.2 Electrical & Electronic Appliances Industries

## **9.0 Application Process**

### **9.1 Application form and requirements**

Obtain application form from our offices or website. Fill in application form and attach necessary documents as per checklist below:

- 9.1.1 Application Form LS-MFEZ 1
- 9.1.2 Certified copy of Company Registration/Incorporation
- 9.1.3 Certified copy of certificate of share capital
- 9.1.4 Zambia Revenue Authority TPIN
- 9.1.5 Certified copy of list of shareholders and / or directors
- 9.1.6 ID/Passport certified
- 9.1.7 Business plan and/or feasibility study
- 9.1.8 Verifiable evidence of project finance
- 9.1.9 Brief resumes/CVs for shareholders and/or directors
- 9.10 Layout plan of Proposed development. (required after approval on the application)

*Submit Application form online together with a non-refundable application fee to be advised by LS MFEZ.*

## **10.0 Proposal Evaluation**

### **10.1 Investor due diligence**

**10.1.1** Scrutiny of financial statements or audited financial reports to determined capability of investor to implement the project sought for. A letter of comfort from financier is sought for as well.

**10.1.2** Investors should not have engaged in illegal business in the past 5 years



## 10.2 Criteria for Evaluation

**10.2.1 Value of investment:** Investment should be above \$500,000.00 for foreign investors and \$100,000.00 for local investors

**10.2.2 Jobs related:** Each investment should create not less than 50 job opportunities with an exception to specific industries with less labor intense

**10.2.3 Export Potential:** Quality of products to be produced should be of high standard that they can penetrate the regional market as well as internationally.

**10.2.4 Value Chain Maximization:** Percentage use of local raw materials, local transporters, supply agreements with locals, impact of product or service to the locals.

**10.2.5 Industry in Agro Processing:** Priority is given to investors who wish to venture in agro processing projects and general manufacturing with value addition to local raw materials.

**10.2.6 Investor Meeting (Interview):** Investors are invited for a meeting with the team for a familiarization interview and clarifications of any information that may be deemed unclear.

## 11. Letter of Offer

Letter of offer is given upon meeting all the application requirements above. Acceptance of offer letter is upon full payment of lease fees within 30 days of issue of offer. Failure to which the offer is deemed void.

Investor applications meeting above criteria will be given priority. Before an official offer is extended, land identification will take place. The Land Identification process will be provided upon request.

Once the investor is satisfied with the Land being offered an official Offer is extended.

## 12. Lease Agreement and Registration

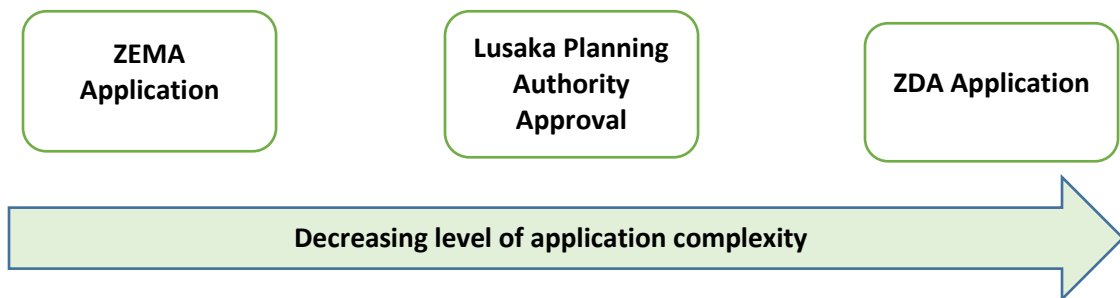
Lease agreement is issued and signed by both parties after payment of lease fees. Four (4) copies are sent to investor for his/her signature. Three (3) are sent back to LSMFEZ for lease registration at Ministry of Lands whilst one (1) is kept by investor to proceed with

sector approvals or other uses as may be deemed fit by the investor in accordance with the lease guidelines. The investor gets the registered lease agreement after 2 weeks.

### 13. Sector Approvals

Each investor is required to undertake sector approvals with different authorizing agencies/organizations. Sector approvals depend on which sector one is involved with but **ALL** Investors are required to get Zambia Environmental Agency (ZEMA) approvals and Lusaka Provincial Planning Authority (LPPA) approvals. All investors are also required to get Occupancy License, Fire Certificate, business certificate and other operational licenses.

Investors are advised to commence sector approvals immediately after lease agreement has been signed. The lodgment of sector approvals can all commence at the same time to avoid delays in completing all the processes.



### 14. Application Approval time frames

#### 14.1 ZEMA

The investor needs to engage an Environmental Consultant or use LS MFEZ consultancy services to draft the EIA papers.

1<sup>st</sup> Submission - Environmental Project Brief (EPB)

2<sup>nd</sup> Submission - Revised EPB.

Project duration > 45 days. (45 days is the approval period and not the preparation period)

#### 14.2 LPPA

The investor should engage a local architect who will prepare the detailed architectural designs for the proposed development and submit to LS-MFEZ when they are ready. LS-MFEZ will evaluate the plans if they meet the design and building standards for the zone

and once cleared, the plans will be submitted to LPPA for approval. LPPA has meeting once every month and they meet the last Friday of every month. The process has a duration of >30 days

#### **14.3 ZDA Investor's License**

LS MFEZ drafts a letter of recommendation to ZDA for issuance of the investors' License. The License details the incentives offered to the investors. This process duration > 14 days

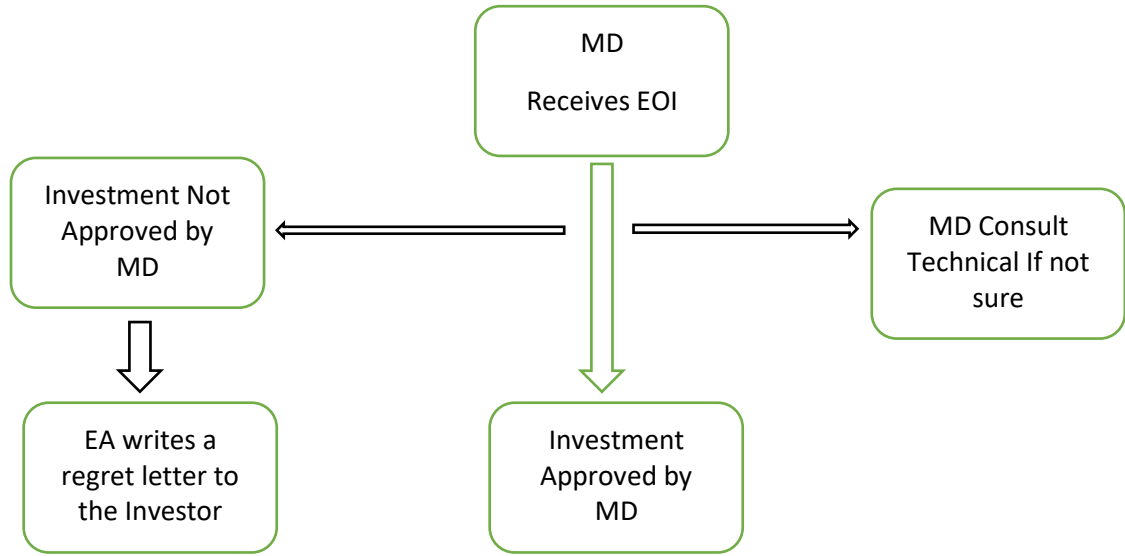
#### **15. Waiting Period**

The Investor is given three (3) months within which to complete the registration process and mobilize resources to commence construction work.

#### **17. Construction Inspections**

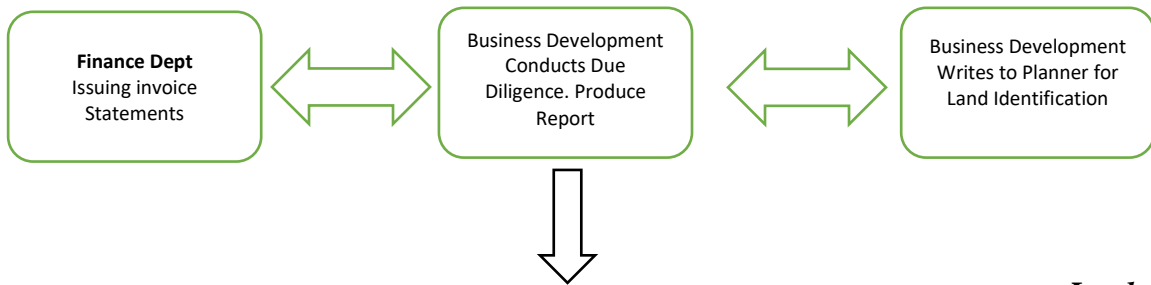
The Technical department conduct periodic construction inspection to ensure compliance with set standards.

## APPLICATION FLOW PROCESS



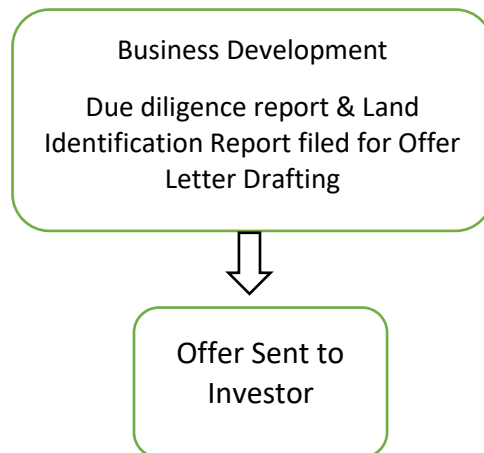
*Lead*

*time: 1 Day*



*Lead*

*time: 7days*



*Lead time: 2*

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*days*

*Follow up: 1<sup>st</sup> Follow up after 14 days from date of offer. 2<sup>nd</sup> Follow up – 7 days before offer*

*Lapses*

#### ANEXURES

1. Investor Application Form
2. ZESCO Application Form
3. ZEMA Application Form
4. Water Connection Application Form