



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON CABINET AFFAIRS

ON THE

**INVESTMENT, TRADE AND BUSINESS DEVELOPMENT (AMENDMENT) BILL
N.A.B NO. 3 OF 2024**

FOR THE

THIRD SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

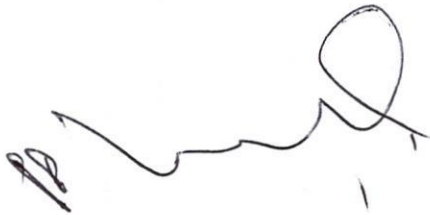
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FOREWORD

Honourable Madam Speaker, the Committee on Cabinet Affairs has the honour to present its Report on the consideration of the Investment, Trade and Business Development (Amendment) Bill, N.A.B No. 3 of 2024, for the Third Session of the Thirteenth National Assembly. The Committee is mandated to consider any Bills that may be referred to it by the House, as per Standing Order 197(m) and 198 of the National Assembly Standing Orders, 2021.

In order to acquaint itself with the ramifications of the Bill, the Committee sought both written and oral submissions from different stakeholders, the list of which is at Appendix II. The Report highlights a summary of submissions from stakeholders; concerns raised by stakeholders; and the observations and recommendations made by the Committee.

Madam Speaker, the Committee is grateful to the stakeholders who tendered both written and oral submissions. The Committee also wishes to thank you, for according it an opportunity to consider the Investment, Trade and Business Development (Amendment) Bill, N.A.B No. 3 of 2024. Further, appreciation is extended to the Clerk of the National Assembly and his staff for the support and guidance rendered throughout the Committee's deliberations.



Mr Andrew Zindhlu Lubusha, MP
CHAIRPERSON

March, 2024
LUSAKA

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1.0 COMPOSITION OF THE COMMITTEE

The Committee consisted of Mr Andrew Zinhlu Lubusha, MP, (Chairperson); Ms Sibeso Sefula, MP, (Vice Chairperson); Dr Christopher Kalila, MP; Mr Oliver Amutike, MP; Ms Given Katuta, MP; Mr Cliff Mpundu, MP; Mr Peter Phiri, MP; Mr Kaliye Mandandi, MP; Mr Elias Musonda, MP; and Mr Newton Samakayi, MP.

2.0 BACKGROUND

The *Investment, Trade and Business Development Act, No. 18 of 2022* was enacted to foster economic growth and development by promoting trade, business development and investment in the Republic of Zambia through an efficient, effective, and coordinated private sector-led economic development strategy. Further, it was enacted to promote economic diversification through the growth of exports and to promote, facilitate, protect, and monitor domestic and foreign direct investment. Furthermore, it was enacted to promote investment through joint ventures and partnerships between local and foreign investors and to facilitate the development of industrial infrastructure and commercial services. The Act was also meant to promote research on matters related to industrial development and facilitate the protection of infant industries and provide for matters connected with, and incidental to the foregoing.

The implementation of the Act, however, revealed that it was limiting and not inclusive in the promotion of investment, trade, and business development. This was particularly in relation to the definition of rural area and the applicability of incentives to existing investors who intended to expand or re-invest in a project in special economic zones, priority sector, rural area, or farm block. In light of this, the Investment, Trade and Business Development (Amendment) Bill, N.A.B No 3 of 2024 was introduced.

3.0 OBJECTS OF THE BILL

The objects of the Bill were to:

- (a) delete the definition of “rural area”;
- (b) extend the eligibility for incentives to investors who invest in an expansion project in a special economic zone, priority sector or rural area;
- (c) extend the eligibility for incentives to investors who invest in a new project or expansion project in a farm block; and
- (d) provide for matters connected with, or incidental to, the foregoing.

4.0 PROVISIONS OF THE BILL

The features of the Bill were as set out below.

Clause 1 - Short Title

This clause provided for the short title of the Act which was to be read as one with the principal Act.

Clause 2 - Amendment of section 2

Clause 2 sought to amend section 2 of the principal Act by deleting the definition of “rural area”, to enable the words have the ordinary meaning for purposes of increasing the beneficiaries for rural area incentives.

Clause 3 – Amendment of section 30

Clause 3 sought to amend section 30 of the principal Act by deleting subsection (1) and substituting it with a new subsection (1), which seeks to extend the applicability of incentives under the Act to existing investors who intend to expand or re-invest in a project in a special economic zone, priority sector, rural area or farm block.

5.0 STAKEHOLDERS’ SUBMISSIONS AND CONCERNS

All of the stakeholders who appeared before the Committee fully supported the Bill. However, they also expressed concerns as outlined hereunder.

Clause 2 - Amendment of section 2

Most of the stakeholders were in agreement with the observation by the Government that the definition of “rural area” in the *Investment, Trade and Business Development Act, No. 18 of 2022* which had the meaning assigned to the words in the *Income Tax Act, Chapter 323 of the Laws of Zambia*, reduced the scope of beneficiaries for rural area incentives. They were, however, concerned that merely deleting the definition without providing an alternative would potentially lead to inconsistency in the enforcement of the law and this might have unintended consequences.

6.0 COMMITTEE’S OBSERVATIONS AND RECOMMENDATIONS

While supporting the Bill, the Committee shares the concerns raised by stakeholders. In this regard, the Committee observes that the definition of “rural area” which has the meaning assigned to the words in the *Income Tax Act, Chapter 323 of the Laws of Zambia* excludes all Municipal Councils and hence reduces the number of districts that can benefit from rural area incentives. It contends that merely deleting the definition of rural area in the *Investment, Trade and Business Development Act* without offering an alternative, may lead to inconsistency in enforcement.

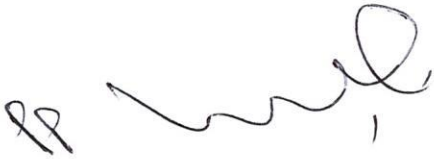
In this regard, the Committee strongly recommends that the Bill should provide a clear definition of “rural area” to ensure certainty and prevent potential disputes. The Committee urges the Government to ensure that definitions should be aligned across relevant legislation to ensure consistency and facilitate interpretation.

7.0 CONCLUSION

The Committee is of the view that once enacted, the Bill will strengthen the legal and institutional framework on investment promotion which will in turn have a ripple effect on trade and investment across the country. However, there is need to define “rural area” to increase the beneficiaries for rural incentives.

The Committee wishes to express its gratitude to all stakeholders who appeared before it to render both oral and written submissions. The Committee also wishes to thank you, Madam Speaker, and the Office of the Clerk for the guidance and services rendered to it throughout its deliberations.

We have the honour to be, Madam, the Committee on Cabinet Affairs mandated to consider the Investment, Trade and Business (Amendment) Bill, N.A.B No. 3 of 2024, for the Third Session of the Thirteenth National Assembly.



Mr Andrew Zindhlu Lubusha, MP
CHAIRPERSON

March, 2024
LUSAKA

APPENDIX I – List of National Assembly Officials

Mrs Doreen N C Mukwanka, Director, Social Committees
Mrs Chitalu Mumba, Deputy Director, Social Committees
Ms Christabel Tawanda Malowa, Senior Committee Clerk (SC 1)
Ms Carol Ndoti, Committee Clerk
Mrs Ruth N Mwiinga, Administrative Assistant
Mr Daniel Lupiya, Committee Assistant
Mr Muyembi Kantumoya, Parliamentary Messenger

APPENDIX II – List of Witnesses

Ministry of Mines and Minerals Development
Ministry of Commerce, Trade and Industry
Ministry of Finance and National Planning
Ministry of Lands and Natural Resources
Ministry of Justice
Ministry of Small and Medium Enterprise Development
Zambia Institute for Policy Analysis and Research
Zambia Revenue Authority
Zambia Chamber of Commerce and Industry
Industrial Development Corporation
Caritas Zambia
Zambia Development Agency
Zambia Chamber of Mines
Citizens Economic Empowerment Commission
Zambia Environmental Management Agency
Centre for Trade Policy and Development
Maamba Collieries Limited