

ZAMBIA DEVELOPMENT AGENCY

TOURISM SECTOR

AUGUST 2014

OVERVIEW

The Government of the Republic has identified tourism, including arts and culture as one of the priority growth sectors of the national economy. It has the potential to be a major contributor to socioeconomic development as an important source of jobs, prosperity and competitiveness, particularly in rural areas. Key assets include pristine national parks and game management areas, which are home to a great diversity of wildlife and flora. Tourism has also been singled out by Government as one of the priority areas for investment due to its numerous forward and backward linkages to various other sectors of the economy.

Tourism as an industry is seen to offer opportunity for revenue generation in both the private and public sectors, whilst at the same time, stimulating economic activities that deliver conservation, social and financial benefit to the communities where the facilities are based, as well as the nation. This potential has been recognized by the Government of Zambia (GRZ) and as such in the 'Industrialization and Job Creation Strategy' (2013) Tourism has been defined as priority sector, with the target to create 300,000 jobs by 2016. This represents significant growth from the current tally of 57,337 jobs in the Tourism sector counted in 2013

Zambia stands out as one of the prime tourism destinations in Africa offering a wealth of natural tourism assets – waterfalls, lakes and rivers holding about 35% of Southern Africa's total natural water resource, 'wildlife protected areas' occupying about 10% of the country's total land area, and a tropical climate – a passport to sunshine almost throughout the year.

Zambia is home of the Victoria Falls, one of the Seven Natural Wonders of the World and UNESCO Heritage site. In addition, Zambia is endowed with a rich and diverse culture resulting in the occurrence of more than 30 colorful traditional ceremonies annually.

II. WHY INVEST IN ZAMBIA'S TOURISM

Tourism is one of the fastest growing sectors in Zambia. Notable improvements were recorded in the tourism industry during the Fifth National Development Plan (FNDP 2006-2010) period, as evidenced by higher tourist numbers and greater private sector investment. From a target of 736 450, international tourist arrivals averaged 793 999 over the FNDP. Accommodation in the hospitality industry also grew substantially, from 500 establishments in 2005 to 940 in 2009, and from 10,900 beds to 19,000 over the same interval. Average direct tourism earnings increased from US\$174.00 million in 2005 to US\$200.00 million in 2009 against the target value of US\$304.00 million by 2010. Employment in the sector rose to 25,860 in 2009 from 19,650 in 2005, compared with the FNDP target of 30,404. During this period, the sector's contribution to GDP remained constant at 3.1 percent.

1. HUGE POTENTIAL IN HOTEL INDUSTRY

In 2013 Zambia had 914,576 visitors, of all types, including business travelers, visiting friends and relatives and holiday focused visitors. One of the objectives of ZTB (Zambia Travel Bureau) is to exceed a milestone of 1 million international arrivals in the year 2013.

In 2012, 859,088 tourists visited the country compared to 920,299 arrivals recorded in 2011. Between 2005 and 2007, the number of visitors to Zambia increased threefold, reaching to 897,000 arrivals. While the 2007-2008 International financial crisis negatively affected the tourism industry, dropping the number of arrivals to 710,000 in 2009, the tourism industry made a quickly recovery. In 2010, the number of arrivals to Zambia was 815,000 and increased to 920,299 in 2011. There was a 6.7% decrease in the number of arrivals in 2012, to 859,088. However, despite this slight decrease recorded between 2011 and 2012, the trend is expected to pick up again as the country anticipates a growing number of tourists. This will be enhanced

by the Government's long term vision for the sector which is to ensure that Zambia becomes a major tourist destination of choice with unique features, which contributes to sustainable tourism, economic growth and poverty reduction. With the expected number of tourist arrivals, the development of hotels, holiday resorts, and private estates in identified and famous tourist destinations of the country, Zambia holds excellent opportunities for tourism investment.

The excellent investment opportunities in hotel development are evidenced in the substantial number of operators already established in the country. Zambia has a wide range of standards when it comes to places to stay – from five-star hotels and first class luxury lodges, to rustic bush camps, guesthouses and campsites. Additionally, the majority of visitors who entered into the country travelled for business purposes, this illustrates the abundant investment opportunities in Zambia.

International and Regional Hotel Brands Already in Zambia



- Hotel Intercontinental
- Taj Hotels
- Southern Sun
- Sun International
- Protea Hotels
- Hilton Hotel
- The Carlson Rezidor Hotel Group Radisson Blu
- Courtyard Hotels
- Golden Bridge

NEW ENTRANTS IN THE HOSPITALITY INDUSTRY...

RADISSON BLU

The Carlson Rezidor Hotel Group is one of the world's largest and most dynamic hotel companies. It has a fantastic portfolio of 1,319 hotels in operation and under development, a global footprint covering 80 countries and a powerful set of global brands: Radisson Blu, Radisson, Park Plaza, Park Inn by Radisson, Country Inns & Suites By Carlson and Hotel Missoni

The Radisson Blu Hotel in Lusaka places guests near the city centre and a variety of exciting attractions, such as Mulungushi International Conference Centre, Arcades and Manda Hill Shopping Centres and the Agricultural Show Grounds. Guests enjoy plush, comfortable rooms that feature thoughtful amenities, including free high-speed, wireless Internet access. The hotel features delicious dining options, an on-site spa and fitness centre and flexible meeting facilities.

RICH RESOURCES AND COMPETITIVE COSTS FOR INVESTMENT

Zambia offers competitive operational costs, motivated English-speaking labour force, and training subsidies from Government Institutions.

• *Labour*: Zambia offers competitive labour costs. The average monthly salaries are as follows; US\$7,000 for executives in a sizeable organization; US\$1,400 for fresh graduates; US\$1,000 for technical workers; US\$250 for level graduates and US\$150 for unskilled or manual labour. Furthermore, Zambians are very friendly people.

• *Power:* At US\$0.03 – US\$0.04 per kWh, Zambia has some of the lowest power tariffs in Africa. Its' power tariff falls below the typical price range of US\$0.05-US\$0.10 per kWh among developing countries.

• *Water:* The Tourism industry requires abundant water supply. Zambia is well endowed with water relative to other countries in Southern Africa. According to World Bank data covering the last two years, the renewable internal freshwater resource per capita in Zambia was estimated at about 5,952m³ per year, well above the average for sub-Saharan Africa (4,710.3m³ per person per year). In Zambia the non-residential tariff is about US\$0.59 per m³ and the residential tariff is US\$0.48 per m3.

• Other resources include:

- Land at central location in proximity to other countries in the region
- Road Network
- Telecommunication
- Airline connectivity

II. ZAMBIA'S TOURISM RESOURCE BASE

Zambia's geographic position, scale and offerings in terms of landscape, wildlife, flora and fauna as well as cultural experiences, means that there are multiple Unique Selling Propositions (USPs) that can be leveraged to grow the sector. There are 20 National Parks and 34 Game Management Areas (GMAs), totaling 23 million hectares of land devoted to spectacular wildlife. Other offerings include vast Miombo woodlands, as well as vegetation and fauna that are unique to the region. There is vast diversity in animal species, including antelope (roan, sable, lechwe, sitangunga, defassa waterbuck and hartebeest); predators (cheetahs, lions, leopards and spotted hyena); and large populations of elephant, buffalo, zebra, crocodile and hippo.

Zambia is home to a diverse population. Boasting 73 local languages, Zambia offers a rich array of traditional cultural festivities and events, including:

• **Kuomboka** Ceremony (Western Province). The most famous and glamorous Kuomboka ceremony is held in March/April by the Lozi people to mark the migration from the flooded plains to higher ground.

• Nc'wala Ceremony (Eastern Province). Held every in February every year, it celebrates the harvest and is marked with impressive tribal dancing and traditional beer drinking.

• Umutomboko Ceremony (Luapula Province). This is a two-day ceremony which celebrates the advent of the Lunda and Luba people to Zambia from Kola in the Democratic Republic of Congo. The ceremony boasts not only traditional dances by the Royal Family but also

traditional Lunda and Luba feasts, as well as a taste of the fascinating history of the Lunda people.

• Likumbi Lya Mize Ceremony (North Western Province) comes from the tradition of boys' initiation ceremonies and has vibrant market stalls of baskets, metalwork, traditional fabric and carvings. Masked dances and theatrical performances take place throughout the days and the meanings of the masks are shared with onlookers. The traditional dress is fascinating as are the range of artefacts on display. The ceremony climaxes on the Mize day (on the Saturday) with a royal Makishi parade for the Chiefs.

These attributes position Zambia well to be able to offer nature and wildlife related tourism products. It would not be unreasonable to expect that Zambia should be able to perform on a competitive basis, both regionally and internationally. There are key propositions that can be exploited to market Zambian tourism.

1. AWESOME AND MAGNIFICENT WATER FALLS!

Home to extensive waterways, Zambia boasts 5 major rivers, 4 major lakes, and over 20 magnificent waterfalls, including the Victoria Falls, one of the Seven Natural Wonders of the World. It is a World Heritage Site with unique geological and geomorphologic significance.

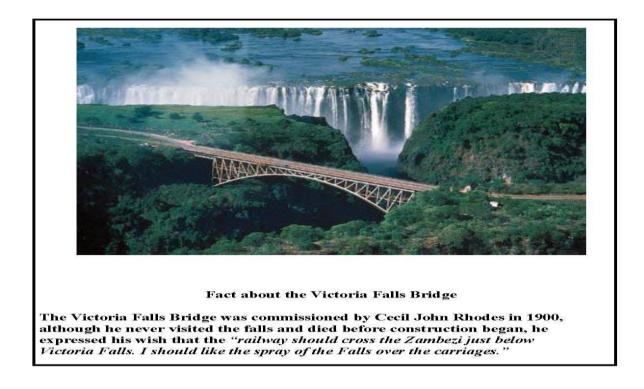
Zambia is endowed with more than 20 magnificent waterfalls which are located in different parts of the country. These natural wonders have particular importance to the country in attracting tourists from all parts of the world. Investors are encouraged to establish their investments close to these natural wonders.

The Victoria Falls

The Victoria Falls, which is one of the Seven Natural Wonders of the World is 'a must see'. At their peak, the Falls plunge into the Zambezi River at about 550,000 cubic metres per second. The impact of so intense that falling water raises a cloud of vapour that can be seen more than 30 kilometres away. It is because of this that the falls have been known for centuries as Mosi - Oa - Tunya, meaning *'The Smoke That Thunders'*. The falls, which lie in the country's tourist capital of Livingstone, in the south of Zambia, was declared a World Heritage Site for its unique geological / geomorphologic significance. The Victoria Falls area is rich in biodiversity. There are eight gorges as fascinating as the falls, as well as the 'look-out tree' - an enormous Zambezi valley baobab in which a platform has been built for an excellent view of the falls.

Magnificent Victoria Falls





Other Waterfalls

Although less known (but nonetheless equally as impressive), Zambia is also home to the Kalambo Falls are the second most significant waterfalls in Zambia. Located on the Kalambo River some 33 kilometers to the north-west of Mbala town in northern Zambia, the Kalambo Falls are nearly twice as high as the Victoria Falls and are the second highest uninterrupted falls on the African continent at 235 meters high.

Other waterfalls include **Ntumbachushi Falls** in the Luapula province, **Lumangwe Falls**, **Ngonye Falls** on the Zambezi, **Chipempe Falls** and the **Chishimba Falls** located in northern Zambia. These untapped waterfalls lie in areas of scenic landscapes providing potential investors with rich areas for development.

2. LAKES AND RIVERS

Zambia's other natural riches include the Zambezi River, Africa's 4th largest river and home to the Victoria Falls. Zambia hosts 35 per cent of Southern Africa's water resource. The country has lakes, rivers and swamps - there are 5 major rivers and 4 major lakes. The Zambezi River is Africa's fourth largest river and the country's longest spanning a total distance of 2,700 kilometers. It is on this river that the mighty Victoria Falls and the world's largest man-made Lake, the Lake Kariba lies. In the southern part of the country is the Kafue River which spills into the Zambezi River and in the Eastern Zambia is the Luangwa River. The Northern part of the country is endowed with two rivers bordering it namely the Chambeshi and Luangwa rivers, and three lakes that is, Tanganyika, Mweru and Bangweulu all known for their beauty and diversity of species in and around them. These water resources provide opportunities fishing, white-water rafting, boat cruises, canoeing river boarding, jet boating, and Gorge wing.



The Zambezi Floodplains in Western Zambia near Liuwa Plains

3. NATIONAL PARKS

Zambia's wildlife protected areas occupy about 10% of the country's total land area. There are a total of 20 national parks, 34 game management areas and 23 million hectares of land devoted to the conservation of spectacular variety of animals. The major national parks are:

Kafue National Park

Kafue National Park is Zambia's oldest park and by far the largest. It was proclaimed in 1950 and is spread over 22 400 square kilometers - The Park is still a raw and diverse slice of African wilderness with excellent game viewing, bird watching and fishing opportunities. Opportunities for investment within the park are available.

South Luangwa National Park

The South Luangwa National Park, located in the Luangwa Valley in Eastern Zambia, has one of the largest concentrations of wildlife in the world. A unique feature about the Luangwa valley is its game viewing walks and drives which vary from one (1) to eight (8) days with bush camps along the way. The South Luangwa National Park with an area size of 9,050 km² has probably the largest variety of animals and bird life in Africa. Its river lagoons host large populations of hippopotamus and the plains are roamed by giraffe, buffalo, zebra and numerous varieties of antelope. Other animals are the elephant, lion and leopard. Visitors interested in flora and fauna will be delighted at the numerous and exotic species of flowering trees and blooms, which grow above and below the heads and hooves of Zambia's wildlife.

Mosi – Oa – Tunya Park

The Mosi oa Tunya National Park is home to the mighty and spectacular Victoria Falls in Zambia's tourist capital of Livingstone. This park is home to a variety of wildlife and spreads over an area of 66,000 km².

Lower Zambezi National Park

The Lower Zambezi National Park is located in south Zambia and is mainly accessible by road and air. The park is endowed with both terrestrial and aquatic ecosystems and associated flora and fauna. It has a large population of elephants, buffaloes, waterbucks and Zebra. Other animal species include roan, eland, kudu and sable antelopes, lion, leopard, cheetah, African wild dog, hyena, etc.

Owing to its location and endowments, Lower Zambezi National Park is a very popular tourist destination. The tourist attractions include an abundant wildlife, mosaic of vegetation types ranging from the low floodplain seasonally waterlogged types to the mixed woodlands up on the plateau and the scenic escarpment provides important added attractions. The park offers the most spectacular canoeing experience than any other national park in Zambia. Tiger fishing takes place in the area and visitors enjoy viewing the sunset on the Zambezi River.

The legendary Zambezi River is in itself a spectacle and is the namesake of this pristine wilderness. Along its 2700 km course, the Zambezi fertilizes the Barotse floodplains, plunges over the Victoria Falls and replenishes the massive Lake Kariba before reaching the Lower Zambezi. Here, a myriad of islands have formed, creating a home and feeding ground for an incredible amount of diverse wildlife. This together creates one of the most diverse and interesting eco-systems on the planet, providing the opportunity to explore these habitats in an unmatched variety of safari activities.



View of the lower Zambezi

4. MUSEUMS

Museums present another source of entertainment and adventure for tourists, giving them an opportunity to acquaint themselves with some aspects of the country's history, culture and art. There are four national museums in the country that is, the Livingstone Museum in Livingstone, Copperbelt Museum in Ndola, Lusaka Museum in the capital Lusaka and Moto Moto Museum in Mbala. The museums play a significant role in interpreting the country's heritage through their research, collections, preservation and exhibitions. Investors are invited to set up hotels and other support services near the museums to take advantage of the flow tourists.

Moto-Moto Museum

The Museum is located in Mbala, near the tourist attractions of Lake Tanganyika and Kalambo Falls and it dates back to the 1940s. It became a National Museum in 1974 and most of its collections are from the Northern parts of Zambia, covering Prehistory (Archaeology), History and Ethnography. The prehistory collection includes the Kalambo Falls' findings that record the oldest evidence of the use of fire by man, south of the Sahara.

Lusaka National Museum

Lusaka museum started as a national political museum. It is now a cultural history institution specializing in ethnography, art, archaeology and history.

5. ENVIRONMENT AND CLIMATE

Despite its location in the tropical zone, Zambia has a temperate climate that makes it pleasant to visit all year round. As it is not as commercialized as many safari destinations, there are a variety of unspoilt wilderness environments.

III. UNDER-EXPLORED OPPORTUNITIES

1. ECO – TOURISM AND ADVENTURE ACTIVITIES

Eco-tourism is still under-exploited in Zambia. With abundant nature and wilderness, this segment of tourism offers exciting investment opportunities.

Opportunities exist in: safaris, canoeing, Game drives, Nature walks, bungi jumping, micro light flights, sport fishing, rock-climbing and orienteering.

2. CULTURAL TOURISM

Zambia's population is predominantly rural with only about 40% of the population being in urban areas while the remaining 60% lives in the rural parts of the country. The population is quite diverse with a total of 73 languages. However the major and most commonly spoken languages are Bemba, Lozi, Nyanja, Tonga, Lunda and Luvale. Each is distinguished from the other by unique and colourful traditional customs and lifestyles. Of great significance among the local customs, and 'must visits' are the several cultural festivals (traditional ceremonies) held annually to celebrate various events and seasons. Of these, there are six (6) major ones namely Kulamba (- Eastern Province), Kuomboka (- Western Province), Umutomboko (- Luapula Province), Likumbi Lya Mize (- North Western Province), and Shimunenga (- Southern Province) and Ukusefya pa Ng'wena (- Northern Province) ceremonies.

Kuomboka Ceremony: The glamorous and most famous Kuomboka ceremony is held by the Lozi people of Western Zambia annually in either March or April to mark the migration of the people from the flooded plains to higher ground. The move is prompted by the flooding arising from the rains.

Umutomboko Ceremony: The Umutomboko Ceremony of the Lunda speaking people of Luapula Province in north Zambia is held every last Saturday July at chief Kazembe's Palace.

Likumbi Lya Mize Ceremony: The Likumbi Lya Mize of the Luvale people of North-Western Zambia is held in July or August on the last Saturday of the month at the Mize palace of the **S**enior Chief Ndungu in Zambezi.



Kuomboka Ceremony

Umutomboko Ceremony

Investment opportunities in cultural tourism include:

- Packaging cultural ceremonies to local and foreign tourists
- Community/Ethno/Rural Tourism where tourists visit model villages to learn about the Zambian way of living

6. MOVIE TOURISM

Investment opportunities also exit in movie tourism. Tax concessions are provided to movie production companies and other film makers for shooting the movies on location in the country.

B. GOVERNMENT'S IDENTIFIED AREAS FOR GROWTH AND PROJECT UPDATES

There are currently two major areas which have been prioritized and earmarked by government for potential tourism development and these include the greater Livingstone and the Northern circuit situated in the Southern and Northern provinces of Zambia respectively. In order to support these, the Government has commenced rehabilitation works of infrastructure such as roads, airports and communications facilities.

The development of the Northern Tourism Circuit which encompasses Northern, Luapula and part of Muchinga Provinces presented an opportunity to not only diversify the economy away from copper as the country's economic mainstay, but also the tourism sector away from the focus of Livingstone as the main centre of tourism activities. Considering the huge extent of the Northern Circuit and the fact that such investments cannot be done at once due to limited resources, a phased approach beginning with an anchor project was deemed feasible and in this regard the Kasaba Bay Tourism Project area became the focus. The area encompasses Sumbu National Park, Iyendwe valley, parts of Tondwa and Kaputa Game Management areas and Sumbu Township.

Infrastructural works have begun in the following areas of the Northern circuit:-

Mbala- Kasaba Bay Road - In order to open up the Kasaba Bay Tourism Project area, government embarked on the programme to provide key basic infrastructure required for private sector investment. The construction of a gravel Mbala –Kasaba Bay road is one such activity and it is expected to link Mbala and other surrounding areas to the Kasaba Bay Tourism Project area. The works on the construction of the Mbala- Kasaba Bay road through the Road Development Agency (RDA) have significantly advanced.

Lufubu River Bridge - Works on the bridge on the Lufubu river which will connect Mbala to Mpulungu to Sumbu National Park were set to commence once the engineering and procurement process are complete. As at April 2013, KR9.0 Million has so far been appropriated to go towards the construction of the bridge in the 2013 Annual Work Plan (AWP2013).

Mbala-Kasaba Bay Power line - Government through the Rural Electrification Authority, has completed the construction of a 146 kilometres, 66 KV power line from Mbala to Kasaba Bay and this has been connected to the national grid with some commercial properties in the area utilizing this service. This project was completed in April, 2011 at a total cost of K94.0 billion and was technically commissioned on 6th May, 2011.

Nkamba Bay Lodge, Ndole Bay Lodge and some parts of Sumbu township have been connected to power. However, the Construction of a culvert under the Kasaba Bay airport runway to facilitate the connection of power to Kasaba Bay Lodge is in progress.

Construction of Lunzua Power Station - In order to ensure increased and sustainable power supply to the area, geotechnical and feasibility studies had been undertaken by ZESCO Ltd for the construction of a power generating plant at Lunzua power station with a capacity of 14.8 Mega Watts. The development of the power station is expected to be executed by the Engineering, Procurement and Construction (EPC) contractor.

Rehabilitation and Extension of Kasaba Bay Airport Runway - Government has advanced with works on Kasaba Bay airport runway intended to be extended from 1.7 kilometres to 2.1 kilometres and of which 1.5 Km of the major earthworks have been done.

LONG-TERM TOURISM GLOBAL TRENDS

A recent UNWTO publication revealed that over time, an ever increasing number of destinations have opened up and invested in tourism development, turning modern tourism into a key driver of socio-economic progress through export revenues, the creation of jobs and enterprises, and infrastructure development. In the past, emerging economy destinations have grown faster than advanced economy destinations, and this trend is set to continue in the future. Between 2010 and 2030, arrivals to emerging economies are expected to increase at double the pace (+4.4% a year) of those to advanced economies (+2.2% a year). As a result, the market share of emerging economies has increased from 30% in 1980 to 47% in 2011, and is expected to reach 57% by 2030, equivalent to over one billion international tourist arrivals.

Source: UNWTO Tourism Highlights, 2012

Given this background, Zambia's tourism sector has the right impetus for growth and for contributing to Zambia's comparative advantage as it is supported by the Government's vision and plans to intensify the integration of the various opportunities that lie in the sector to determine the optimal tourism development strategy.

D. USEFUL CONTACTS OF GOVERNMENT AGENCIES IN THE TOURISM SECTOR

S/N	NAME	ADDRESS	TELEPHONE/ FAX	E-MAIL/ URL
1	Zambia Development Agency (ZDA)	P.O. Box 30819, Lusaka	T: 260-211-220177 F: 260-211-293223	info@zda.org.zm www.zda.org.zm
2	Ministry of Tourism and Arts	P.O. Box 30055, Lusaka	T: 260-211227645/ 223930 F: 260-211- 229421	(E-mail and web domain names to be activated in due course)
3	Patents and Companies Registration Agency (PACRA)	P.O. Box 32020, Lusaka	T: 260-211-255127 F: 260-211-255426	pro@pacra.org.zm www.pacra.org.zm
4	Zambia Environment Management Agency (ZEMA)	P.O. Box 35131, Lusaka	T: 260-211-254130/ 254023/59 F: 260- 211-254164	www.zema.org.zm
5	National Heritage Conservation Commission (NHCC)	P.O. Box 320013, Lusaka	T: 260-211-226506 F: 260-211-226506	nhccecr@iconnect.z m www.zambiaheritage .org.zm
6	National Museums Board of Zambia (NMBZ)	P.O. Box 50491, Lusaka	T: 260-211-233961 F: 260-211-220204	nmboard@zamnet.z m www.museumszamb ia.org
7	Zambia Wildlife Authority (ZAWA)	Private Bag 1, Chilanga, Lusaka	T: 260-211- 278513 /366 F: 260-211- 278244 /365	info@zawa.org.zm www.zawa.org.zm
8	Zambia Public Procurement Authority (ZPPA)	P.O Box 31009 Lusaka	T: 260-211- 250632/42/87 F: 260-211-250633	info@zppa.org.zm www.zppa.org.zm
9	Zambia Tourism Board	1st Floor, Petroda House, Great East, P.O Box 30017, Lusaka	T: 00260 211 229087/9 F: 00260 211 225174	www.zambiatourism .com info@zambiatourism .org.zm ztb@zambiatourism. org.zm

For more information and services tailored to your needs, contact ZDA to guide you through the investment process.

Zambia Development Agency (ZDA) P.O. Box 30819, Lusaka +260-211-220177; +260-211-225270 info@zda.org.zm

Zambia Development Agency has established a One-Stop Shop aimed at supporting Investors in obtaining information and processing all the regulatory requirements in one place thereby making it easier and quicker to set up or expand their businesses in the country.