# Cabinet Approval Packet

ZAFSA/AIA – ZAMTEL Equity Partnership

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For Submission to: Cabinet Secretariat, Government of the Republic of Zambia

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## 1. Executive Summary

This packet requests Cabinet approval for the ZAFSA/AIA – ZAMTEL Equity Partnership, aimed at modernizing Zambia’s telecommunications backbone to support military and national development objectives. The proposed joint venture will leverage ZAMTEL’s existing MPLS network and ZAFSA/AIA’s strategic mandate to deploy 5G-enabled command-and-control capabilities at all air bases, with a revenue–share model that ensures sustainability and economic growth.

## 2. Joint Venture Agreement

### 2.1 Parties and Structure

ZAFSA/AIA Consortium: 40% equity  
ZAMTEL: 60% equity  
Consortium Entity: ZAFSA-AIA–ZAMTEL Telecom JV Ltd.

### 2.2 Capital Contributions

ZAFSA/AIA: $30 million (infrastructure investment, spectrum licenses)  
ZAMTEL: $45 million (network assets, operating licenses)

### 2.3 Governance and Board Composition

Board of Directors: 7 members (3 ZAFSA/AIA nominees, 3 ZAMTEL nominees, 1 independent chair)

### 2.4 Roles & Responsibilities

ZAFSA/AIA: Network security, C2 integration, regulatory liaison  
ZAMTEL: Network operations, customer interfaces, maintenance

### 2.5 Term, Termination, and Exit Mechanisms

Initial Term: 15 years, renewable by mutual consent  
Exit: Buy–sell mechanism at fair market valuation

## 3. Revenue Model

### 3.1 Investment Commitments & Shareholding Ratios

Detailed in Appendix B.

### 3.2 Projected Revenue Streams

Military C2 service contracts  
Civilian data carriage (wholesale)  
Value-added services (5G IoT, analytics)

### 3.3 Cost Structure & OPEX/CAPEX Analysis

CAPEX: Base-station upgrades, fiber redundancy  
OPEX: Maintenance, spectrum fees, personnel

### 3.4 Revenue–Share Mechanism

Net revenues distributed 60% ZAMTEL / 40% ZAFSA-AIA quarterly

### 3.5 Sensitivity Analysis & Key Assumptions

Base-case annual revenue: $20 million  
Downside 20% variance; Upside 30% variance

## 4. Impact Assessment

### 4.1 National Telecommunications Capacity Enhancement

Expanded 5G coverage at critical installations reduces latency by 70%.

### 4.2 Strategic Benefits for ZAFSA/AIA Operations

Enhanced real-time intelligence sharing; secure comms nodes.

### 4.3 Economic and Social Development Impacts

Creation of 200 skilled jobs; GDP uplift by 0.1% annually.

### 4.4 Risk Analysis & Mitigation Measures

Regulatory delays: Engaged ZICTA; see Appendix C.

## 5. Regulatory & Compliance Overview

All filings completed with ZICTA (Appendix C) and grid-load integration report submitted to Ministry of Energy (Appendix D).

## 6. Implementation Roadmap

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| Phase | Milestone | Timeline |
| I | Cabinet Approval | Jun 2025 |
| II | Regulatory Licensing & JV Incorporation | Jul–Aug 2025 |
| III | Network Upgrades & 5G Pilot Launch | Sep–Nov 2025 |
| IV | Full Roll-Out & Training | Dec 2025–Mar 2026 |

## 7. Appendices

A. Full Text of Draft JV Agreement  
B. Detailed Financial Model Outputs  
C. ZICTA Filing Documents  
D. Grid-Load Integration Report