

ZAMBIA IMPACT INVESTMENT MARKET SIZING STUDY

RESEARCH REPORT SEPTEMBER 2025



I. EXECUTIVE SUMMARY

Methodology

This study applied a mixed-methods approach to size and analyse Zambia's impact investment market between 2021 and mid-2025. Evidence was drawn from a survey of 24 respondents, around 30 semi-structured interviews, and an 80-plus source desk review of laws, policies, reports, and databases. For the market sizing, custom AI-assisted web scrapers tracked investor websites, transaction disclosures, and business news. A gap-analysis lens compared supply and demand across sectors, instruments, and ticket sizes, while triangulation of surveys, interviews, case studies, and secondary data ensured reliability. Ethics protocols included informed consent, optional anonymity, and GDPR-aligned handling.

Market Growth and Scale

The research estimates that Zambia attracted USD 1.4 billion in impact investments across 128 transactions from 87 investors between 2021 and Q2 2025. This represents a dramatic increase from the 2019 baseline (USD 580m) and the 2021 survey (USD 85m AUM). Growth has been driven by rising international climate finance flows and local policy reforms that have opened space for institutional participation.

Market Structure and Investor Types

Between 2021 and mid-2025, Zambia attracted USD 1.4 billion across 128 transactions from 86 investors. DFIs remain the backbone with USD 622 million deployed. PE added USD 210 million, VC USD 32.5 million, and pension funds USD 246 million, largely driven by NAPSA. Banks contributed USD 168 million via renewable energy bonds and impact sector lending.

Sectoral and Temporal Patterns

Capital is highly concentrated in climate-linked sectors: Energy & Renewables (USD 603 million), Climate Tech (USD 300 million), FinTech (USD 290 million), and Agriculture (USD 164 million). Nearly all deals align with SDGs 7, 13, 2, 8, and 9. The market peaked in 2024 (USD 886 million) on the back of blockbuster clean-energy and green bond deals, highlighting both momentum and volatility.

BDSPs and Pipeline Development

Business Development Service Providers (BDSPs) are vital for investment readiness but remain

-73% donor-dependent, with weak links to investors. Some, BongoHive, BDSPAZ, LiNC Advisory, demonstrate more resilient models. A strength is gender inclusion: ~46% of supported entrepreneurs are women, above regional averages. Sustainability remains uncertain if donor funding shifts.

Policy and Regulatory Environment

Government acts as regulator, market builder, and catalytic investor. It has raised pension allocation caps (5% → 15%) but lacks an LLP vehicle and consistent execution. Programs such as CEEC enterprise pipelines and TEVET skills support ecosystem growth but face delivery gaps. Catalytic tools include SME credit guarantees (50% cover on USD 1-3m loans) and a proposed SME Fund.

Investor Perspectives

Interviews show three archetypes: balanced, impact-first, and commercially focused investors. While most stress commercial viability, they acknowledge Zambia's high social impact potential. High risk premiums (22%) and costly FX hedging push investors toward debt-heavy, hard-currency instruments. Early-stage equity remains thin: 27% of deals but under 2% of value.

Outlook

Zambia's ecosystem demonstrates both momentum and fragility. Capital deployment has surged but remains concentrated in a few sectors and investors. Growth-stage financing dominates, while early-stage innovation and equity funding lag. Domestic institutional participation is growing, yet still narrow. To consolidate gains, Zambia must:

- 01. Mobilize more local capital** through improved fund structures, risk-sharing tools, and regulatory reforms.
- 02. Strengthen early-stage equity** and align BDSPs with investor needs to build a robust pipeline.
- 03. Enhance transparency and execution** in public programs to de-risk private participation.

The market stands at a crossroads: global investor interest is strong, but long-term success will depend on bridging the "missing middle" and embedding resilience in the ecosystem so that impact capital drives inclusive and sustainable growth.

II. ACKNOWLEDGEMENTS

1.1. About NABI Zambia

The National Advisory Board for Impact Investment Zambia was established in 2019 as a non-profit organisation with the mandate of advancing the growth and effectiveness of impact investing in Zambia. NABIIZ serves as the national platform for coordinating stakeholders in the impact ecosystem and represents Zambia within the GSG Impact, positioning the country within an international network of peer NABs and global impact investors.

NABIIZ's mission is to mobilise stakeholders and resources to support the creation of a private sector-driven "impact economy", through the identification of domestic opportunities for change and innovation that contribute to achieving the Sustainable Development Goals (SDGs). NABIIZ's vision is a prosperous Zambia driven by inclusive green growth and sustainable development.

Within the Zambian ecosystem, NABIIZ plays a dual role: first, as a convener and knowledge broker, providing evidence-based insights and coordination across government, private capital providers, and development partners; and second, as an ecosystem catalyst, promoting the integration of social and environmental impact measurement across investment practices and policy-making. By anchoring Zambia within the GSG network, NABIIZ ensures that Zambian stakeholders are connected to global best practices and innovations in mobilising capital for sustainable development.

1.2. About GSG Impact

GSG Impact builds impact economies. We do this by working to embed social and environmental impact at the heart of every political, investment, business and consumption decision. We connect global leaders, governments, investors, regulators and social innovators, so that together we can build the infrastructure and incentives for social and environmental impact to be central to all decision making. GSG Impact is the cornerstone of the wider GSG Impact Partnership - a global network of 43 National Partners representing 48 countries: more than half in emerging markets.

1.3. About the Ministry of Foreign Affairs Japan

The Ministry of Foreign Affairs is an executive department of the Government of Japan, and is responsible for the country's foreign policy and international relations.

1.4. About Kukula Capital

Kukula Capital is a Zambian-based independent investment and advisory firm established in 2009 in Lusaka. The firm specializes in impact investing through a tripartite model: Direct Investments, Corporate Advisory, and Asset Management. Kukula is licensed by the Securities and Exchange Commission of Zambia (SEC). Kukula offers financial advisory and portfolio management, in addition to consulting services, to a broad range of local SMEs with high-growth and impact orientation. The firm's mission-driven strategy is grounded in sustainable, financially attractive investments, reflecting its belief that responsible companies deliver superior returns.

Kukula has previously operated several proprietary funds, including Kukula Fund I and the Kukula Seed Fund, which targeted the investment gap for early-stage and "missing middle" SMEs in Zambia. The team is supported by industry professionals across investment, compliance, and operations.

1.5. Contributing Authors

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- GSG Impact
- Henning Olweus, Olaf Alexander Styrmoie & Darryl Higgins (Kukula Capital)

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IV. ACRONYMS

Acronym	Full Form
4IP	4P Group (Market Size Survey)
AATIF	African Agriculture Trade and Investment Fund
AfDB	African Development Bank
AGG	Africa Go Green Fund
AI	Artificial Intelligence
ALCB	African Lion Capital Bank
AMCIL	Africa Mortgage & Civil Infrastructure Limited
AUM	Assets Under Management
AVCA	African Private Equity and Venture Capital Association
BDSP	Business Development Support Provider
BDS	Business Development Services
BII	British International Investment
BoZ	Bank of Zambia
CAGR	Compound Annual Growth Rate
CCPC	Competition and Consumer Protection Commission
CEC	Copperbelt Energy Corporation
CEO	Chief Executive Officer
CEEC	Citizens Economic Empowerment Commission
CDFI	Community Development Financial Institution
CFO	Chief Financial Officer
CGT	Capital Gains Tax
CTO	Chief Technology Officer
DCF	Discounted Cash Flow
DD	Due Diligence
DDM	Dividend Discount Model
DFIs	Development Finance Institutions
DFC	U.S. International Development Finance Corporation
EAVCA	East Africa Venture Capital Association
EAIF	Emerging Africa Infrastructure Fund

Acronym	Full Form
EBI	Equity Bank Investment
EIB	European Investment Bank
EMEx	Equity Market Exchange
EMEA	Europe, Middle East and Africa
EPF	European Financing Partners
ESG	Environmental, Social and Governance
EU	European Union
FDI	Foreign Direct Investment
FinDev	Finance for Development
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
FSD	Financial Sector Deepening
FX	Foreign Exchange
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GIIN	Global Impact Investing Network
GIP	Growth Investment Partners
GSG	Global Steering Group
HIPSO	Harmonized Indicators for Private Sector Operations
HNWI	High Net Worth Individuals
ICCF	Interact Climate Change Facility
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPO	Initial Public Offering
IRIS	Impact Reporting and Investment Standards
DFC	U.S. International Development Finance Corporation
EAVCA	East Africa Venture Capital Association
EAIF	Emerging Africa Infrastructure Fund

IV. ACRONYMS

Acronym	Full Form
IRIS+	Impact Reporting and Investment Standards Plus
IRR	Internal Rate of Return
KPI	Key Performance Indicator
KYC	Know Your Customer
LLP	Limited Liability Partnership
LuSE	Lusaka Stock Exchange
M&A	Mergers and Acquisitions
MFI	Micro Financial Institution
MIS	Management Information System
MoF	Ministry of Finance
MSMEs	Micro, Small & Medium Enterprises
MW / MWh	Megawatts / Megawatt Hours
NAB	National Advisory Board
NABIIZ	National Advisory Board for Impact Investment Zambia
NA	North America
NAP	National Agriculture Policy
NAPSA	National Pension Scheme Authority
NAV	Net Asset Value
NDP	National Development Plan
NGO	Non-Governmental Organization
NTBC	National Technology Business Center
OPIC	Overseas Private Investment Corporation
PACRA	Patents and Companies Registration Agency
PE	Private Equity
PEA	Private Equity Association
PIA	Pensions and Insurance Authority
PPP	Public-Private Partnership
Q1/Q2/Q3/Q4	First/Second/Third/Fourth Quarter
SAFF	Sustainable Agriculture Financing Facility

Acronym	Full Form
SADC	Southern African Development Community
SDG(s)	Sustainable Development Goal(s)
SEC	Securities and Exchange Commission
SGB	Small and Growing Business
SGBs	Small and Growing Businesses
SI	Statutory Instrument
SME	Small and Medium Enterprise
SSA	Sub-Saharan Africa
SSTP	Small Scale Trade Programme
SSBCI	State Small Business Credit Initiative
STEM	Science, Technology, Engineering and Mathematics
TA	Technical Assistance
TEVET	Technical Education, Vocational and Entrepreneurship Training
TVET	Technical and Vocational Education and Training
TFC	Trade Finance Company
ToR	Terms of Reference
TT	Technical Training
UK	United Kingdom
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
USD	United States Dollar
VC	Venture Capital
WASH	Water, Sanitation and Hygiene
WCTF	Workers Compensation Trust Fund
WHT	Withholding Tax
ZANACO	Zambia National Commercial Bank
ZDA	Zambia Development Agency
ZCCM-IH	Zambia Consolidated Copper Mines Investment Holdings
ZMW	Zambian Kwacha

A background image of a waterfall with white water cascading over rocks, set against a blurred green forest and a clear sky. The image is faded and serves as a decorative backdrop for the text.

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2. FOREWORD'S

2.1. National Advisory Board for Impact Investment Zambia

It is with great conviction and excitement that we present the Zambia Impact Investment Market Sizing Study 2025. This study isn't just a report; it's a powerful validation of Zambia's rapidly accelerating position as a leading destination for mission-driven capital, setting a decisive and actionable agenda for the Zambia National Advisory Board for Impact Investment (NABII) as we pursue our vision of a prosperous nation driven by inclusive green growth and sustainable development.

The momentum is undeniable. Between 2021 and the second quarter of 2025, Zambia attracted an estimated USD 1.4 billion in impact investments across 128 transactions, bringing the total estimated market value to an impressive USD 1.9 billion. This surge has been anchored by Development Finance Institutions (DFIs) and significantly amplified by robust international climate finance flows, primarily targeting key sectors like energy, renewables, and climate technology. Critically, domestic institutional investors, particularly pension funds, deployed USD 246 million following essential policy reforms that expanded their allocation limits to alternative assets⁷.

Navigating the Pivotal Juncture

However, the market stands at a pivotal juncture, characterised by both growth and existing challenges. The study clearly highlights structural constraints that could restrict inclusive and sustainable growth for our startups and businesses. These notably include the limited flow of early-stage equity capital for small and growing businesses and the impact of Zambia's high country risk premium and currency volatility on investor appetite. Addressing these constraints is absolutely essential to consolidate our gains and attract the long-term, patient capital that delivers both financial returns and social impact.

A Roadmap for Collective Action

The findings of this study provide a powerful evidence base for NABII's ongoing work in mobilising capital, strengthening enterprises, and shaping a more enabling environment for impact investing. Our ambition is to unlock greater participation from local investors through improved fund structures and well-designed risk-sharing mechanisms. This includes the Small Business Growth Initiative (SBGI) Debt Sleeve, developed



Mr. Simunza Muyangana
Board Chairperson

in collaboration with the Bank of Zambia (BoZ) and supported by GSG Impact and other partners. We are also focused on advocacy for policy incentives that actively encourage private investment in early-stage enterprises.

Furthermore, the report underscores the vital role of our ecosystem partners, the business development service providers, in supporting your investment readiness. To maximise their impact, there is an urgent need to strengthen their financial sustainability and align their services more closely with the practical needs of different types of investors.

NABII remains committed to deepening collaboration across the entire ecosystem of government, investors, intermediaries, and enterprises to ensure that impact capital drives inclusive outcomes. By combining robust data with practical insights, this study provides a clear roadmap to bridge Zambia's missing middle, foster enterprise resilience, and firmly embed impact as a central driver of national development.

This report is more than a reflection of progress; it is a call to collective action. We invite all stakeholders, including government, investors, development partners, and ecosystem enablers, to collaborate with us in realising Zambia's full potential as a thriving impact economy that delivers measurable results for our people and our planet.

A handwritten signature in black ink, appearing to read 'Simunza'.

Mr. Simunza Muyangana
Board Chairperson, NABII Zambia

2.2. GSG Impact

Zambia's 2025 Impact Investment Market Sizing Study comes as countries everywhere are facing a simple truth: capital is available, but economic systems are not directing it to where it is needed most. With sovereign debt pressures rising globally and public budgets under strain everywhere, Zambia shows what becomes possible when policy choices create the market incentives and transparent data required to align private capital with public goals.

This report captures the scale of that progress: US\$1.4 billion has been deployed in impact investments in four years. This has been driven by policy reform, increased institutional participation (led by pension funds), and strong advances in financing climate solutions, clean energy, and digital financial services such as mobile money and fintech start-ups. These shifts are part of a wider global movement: governments are seeking value for money, sustainability focused investors are demanding clarity on impact, and companies are increasingly integrating impact into how they operate and create value.

We also see important indicators of where the ecosystem must go next. Early-stage equity remains scarce, capital continues to cluster around a narrow group of sectors and investors, and the finance gap for impact start-ups still limits their ability to scale.

This is where policy matters. Around the world, we see that when governments set the right enabling structures and incentives, such as clear taxonomies, disclosure standards, and guidance on investor duties, capital starts to flow toward national priorities. Zambia's reforms, particularly in pension allocations and the growing use of blended finance structures, show how domestic innovations can both unlock local capital, and attract international participation.

These are steps towards an impact economy: an economy where impact is at the heart of political, investment, business and consumer decision-making.

GSG Impact's National Partner, NABII Zambia, has been central to this progress. NABII has strengthened the evidence base, expanded stakeholder coordination, and staked Zambia's place within a global community working toward greater accountability, transparency, and economic resilience.



Ms. Elizabeth Boggs Davidsen
GSG Impact CEO

GSG Impact is committed to supporting Zambia in this journey, drawing from global lessons and helping build the frameworks, tools, and vehicles that reward what works. With continued collaboration and smart policy, this momentum can deliver long-term impact.

Elizabeth Boggs Davidsen

Ms. Elizabeth Boggs Davidsen
GSG Impact CEO

3. ABOUT THIS STUDY

The commissioning of a new 2025 market sizing study responds to both historical progress and current stakeholder demand. The 2019 baseline ecosystem study conducted by Kukula Capital provided the first comprehensive mapping of Zambia’s impact investing landscape, structured around the five ecosystem pillars (supply, demand, intermediation, regulatory environment, and enablers). It found USD 580 million in impact transactions since 2015, highlighted a shortage of local investors and intermediaries, and identified a significant financing gap between the demand for smaller tickets by Zambian SMEs and the larger ticket preferences of DFIs and international investors.

This was followed by the 2021 market size survey, which provided the first quantitative estimate of Zambia’s impact AUM, assessed active demand for impact capital, and traced sectoral patterns such as the dominance of agriculture, financial services, and renewable energy. That study also documented persistent gaps in business readiness, transparency, and regulatory alignment (NABIIZ, 2019).

Since 2021, Zambia’s macroeconomic and policy landscape has shifted considerably, with new fiscal reforms, currency dynamics, and a renewed emphasis on attracting private capital for SDG-aligned sectors (NABIIZ, 2021). At the same time, international impact investment practices have evolved, with stronger presence of instruments such as blended finance facilities and local currency structures. Furthermore, there is a growing emphasis on climate, gender, and digital inclusion.

Against this backdrop, stakeholders across government, private sector, and development finance have requested updated and reliable figures to guide policy, inform investor strategies, and strengthen Zambia’s positioning within regional and global capital markets. The 2025 market sizing study is therefore intended to estimate the size and scope of Zambia’s impact investment market and deliver a data-driven analysis of:

- 01. Actors and investment flows;
- 02. Sectoral and thematic shifts since the 2019 and 2021 studies;

- 03. Investor strategies, instruments, and performance;
- 04. Enabling frameworks, including regulatory and policy developments;
- 05. Growth opportunities for capital providers, enterprises, and policymakers.

In sum, the 2025 study will serve as a decision-support tool to underpin policy reforms, strengthen Zambia’s ecosystem architecture, and crowd in new pools of capital to address pressing development challenges - and vast opportunities.



SECTION

04

4

METHODOLOGY



4. METHODOLOGY

This study uses a mixed-method design: two short surveys (25 responses), 30 semi-structured interviews, 2 case study interviews, and an 80+ source desk review (laws, policies, industry reports, and global databases). A gap-analysis lens compares supply and demand across instruments, ticket sizes, sectors, and SDGs, with triangulation of interviews, survey, case studies, open-web/news scraping, and DFI/fund disclosures to validate partial data-points. Reliability and ethics are ensured through double-checking key statistics, stakeholder validation, informed consent, optional anonymity, and secure GDPR-aligned data handling.

4.1. Research Design

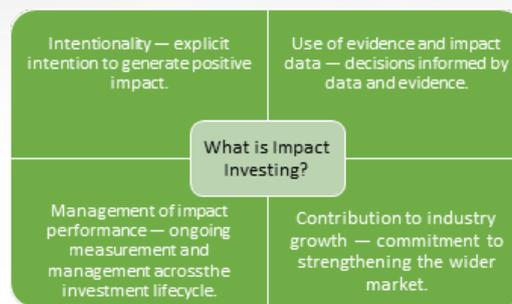
The study follows a mixed-method design combining qualitative and quantitative evidence streams. This is appropriate given the dual focus:

01. Producing robust numerical estimates of market size and deal flow, and
02. Capturing the perspectives of ecosystem actors on barriers, instruments, and enabling frameworks.

The approach is interpretive in nature, recognising that investor strategies and ecosystem dynamics must be understood through the lenses of the actors involved.

Our methodology uses both primary and secondary data. Primary data was collected through surveys and interviews with stakeholders across the impact-investment ecosystem, including investors, BDS providers, and policy actors. The survey size was modest (25 responses), reflecting the small and informal nature of Zambia's impact-investment market, but it captured essential dimensions such as current investments, expected returns, priority sectors, targeted SDGs, and expectations for future supply and demand of impact capital. Semi-structured interviews (about thirty minutes each) elicited detailed perceptions and lived experiences of market participants.

Impact investing refers to investments made with the intent to generate measurable social and environmental benefits alongside financial returns. According to the Global Impact Investing Network (GIIN), four characteristics typically distinguish impact investing:



In line with this definition (GIIN, 2025), our study excludes capital deployed in mining, roads, and railway infrastructure. While this exclusion lowers the estimated average ticket size and the overall invested volume, it ensures conceptual alignment with GIIN's framing of impact investing.

Secondary data collection relied on an extensive desk review of 80+ unique sources, including national laws and regulations, policy documents, industry reports, and global databases (Crunchbase, Traxn, GIIN, AVCA, BoZ, IMF, World Bank). Screening combined a “top-down” review of databases and published research with a “bottom-up” snowballing approach via local networks to capture stakeholders overlooked in formal listings.

To strengthen the evidence base, we used a gap-analysis lens comparing the supply and demand of impact capital. By analysing how instruments, target SDGs, and ticket sizes align-or fail to align-across the market, we assessed absorption capacity.

Triangulation was a core principle. We cross-checked open web data, interview insights, survey responses, business-news scraping (national, regional, global), and web-pages of DFIs and active PE funds. We also accessed commercial and open-access transaction databases. The research consolidated a directory of angel investors and HNWIs in Zambia and across Sub-Saharan Africa with a record of funding Zambian ventures, illuminating private capital often invisible in official statistics. This layered strategy allowed us to validate and reconcile partial data-points and increased confidence in market “guestimates” despite ecosystem opacity.

4.2. Scope & Market Boundaries

This study further defines clear boundaries around which deals are counted as “impact investment” in Zambia to ensure comparability with international market sizing exercises. Establishing these boundaries is important, as Zambia’s ecosystem is small, heterogeneous, and includes flows that in other contexts might be classified more as sustainable finance than as strict impact investing.

The analysis is guided by the Impact Management Platform’s ABC framework, which classifies investments into three categories: Class A (“Act to Avoid Harm”), Class B (“Benefit Stakeholders”), and Class C (“Contribute to Solutions”). While Class A investments are relevant for responsible business conduct, they are not generally included in international market sizings, as they focus on risk management rather than creating positive outcomes. For this study we therefore distinguish between Classes B and C. We report two totals: a broader impact-aligned estimate that includes Classes B and C, presented as the total market size, and a core impact-generating estimate that counts only Class C transactions (see section 6.6). This dual approach mirrors the treatment in Europe and Latin America, where comparability depends on separating aligned from solutions-oriented capital.

Because most deal-level details in Zambia are private, highly precise ABC classification becomes unfeasible. Our sizing relies mainly on public disclosures, news, and transaction databases rather than detailed survey data on terms, technical assistance, or governance. As a proxy, we apply pragmatic estimation rules to break down investments beyond the GIIN definition of impact investments:

- **Class C (core):** Private equity, quasi-equity, and debt transactions where concessional-ity, intentionality, or a solutions mandate is clearly evidenced (e.g. DFI concessional debt, climate-linked project finance, impact-first VC/PE).
- **Class B (aligned):** Flows such as green and social bonds, general-purpose bank lending to impact sectors, or pension allocations into renewables, where capital benefits stakeholders but lacks clear additionality or a solutions thesis.

This estimated classification is sufficient to produce internationally comparable totals, but further disaggregation would be misleading given the opacity of private deal terms. Additionality

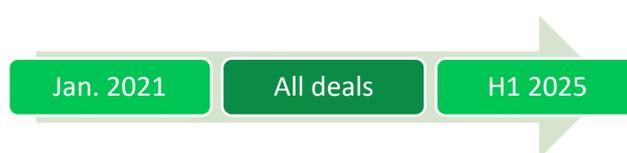
is estimated from surrounding facts and deal specifics where available, rather than directly measured. Transactions were split into high, medium, or none for both financial (e.g., concessional pricing, longer tenors, local currency, anchor role) and non-financial additionality (e.g., governance, technical assistance, market access). These categories are indicative only, with assumptions clearly noted, and should be read as portfolio-level estimates rather than verified deal attributes.

The scope is further delimited along three dimensions:

- **Entities:** We include DFIs, PE and VC funds, institutional investors such as pension funds, and specialist debt providers that deployed capital into for-profit enterprises in Zambia. Pure philanthropy and grants are excluded. Angel and high-net-worth deals are not counted due to lack of verifiable data and their relatively small size.



- **Instruments and asset classes:** The core figure includes private equity, quasi-equity, private debt, and blended-finance structures. Social & green bonds are disclosed separately in section 6.3.
- **Time window:** Only closed and disbursed transactions between 1 January 2021 and September 2025 are included. Forward commitments and pipeline announcements without financial close are not counted.
- **Geography:** Transactions are included if they finance enterprises or projects operating in Zambia.



Finally, special attention is paid to the treatment of indirect flows. Fund-of-funds, guarantees, and other intermediated structures are counted once at source, and downstream investments are excluded from the total to prevent double counting. This method aligns with the GIIN’s global market sizing practice and ensures that Zambia’s USD 1.4 billion estimate reflects the true origin of capital.

Within this frame, the analysis covers nine core tasks:

- Mapping of active investors.
- Estimation of market size.
- Analysis of trends and innovations.
- Profiling of fund managers.
- Assessment of sectoral risk-return dynamics.
- Tracking of enterprise-level capital flows.
- Review of policy and regulatory frameworks.
- Examination of government’s role across four dimensions (investor, policy-maker, regulator, convenor).
- Mapping of the BDS ecosystem.

4.3. Data Collection

Primary data collection relied on four tools:

- Desk review
- Surveys
- Semi-structured interviews
- Case studies

80+ sources, including national laws and regulations, industry reports, global databases (Crunchbase, Traxn, GIIN, AVCA, BoZ, IMF, World Bank), and targeted academic literature.

Short structured surveys to investors and BDS intermediaries capturing AUM, ticket sizes, services, pipeline challenges, and instrument use.

More than 30 interviews with investors, fund managers, BDS providers, and policy actors, using flexible guides for comparability and emergent insights.

Two emblematic transactions documented in depth (capital structure, KPIs, lessons learned) to represent the demand side.

As an important component of the desk review, we also designed and employed an AI-assisted data analysis tool, summarized in the box below.

AI-Assisted Data Collection
 Custom AI web scrapers systematically tracked business news (national, regional, global) and parsed websites of DFIs, PE/VC funds, and BDS providers. They also extracted information from deal databases and open web sources, compiling a comprehensive record of deals in Zambia over the past four years and mapping active inves-

tors and funds. This automated process complemented surveys, interviews, and desk research.
The scrapers were designed by Henning Olweus (Msc. Computer Science at NTNU).

4.4. Sampling Strategy

To capture a system-level view of Zambia’s impact-investment ecosystem, we used a purposive, breadth-oriented sampling frame spanning investors, BDS providers, policy actors, and enterprises. Targets were drawn from the desk review and stakeholder mapping of entities active over the last four years, with selection guided by mandate, instrument mix, sector focus, and institutional role. The design balances depth and coverage by pairing in-depth interviews with a short survey; legacy interviews from the authors’ 2024-2025 thesis were integrated to extend reach. The counts and response rates are as follows:

Category	Target	Response	Churn (%)
Investors	69	18	26%
BDS providers	31	8	26%
Policy actors	9	3	33%
Enterprises	2	2	100%
Survey	247	24	10%

The sample is deliberately broad across investors, intermediaries, policymakers, and enterprises, providing a holistic view of Zambia’s impact-investment ecosystem. In addition, 14 legacy interviews from the authors’ master thesis were integrated and lightly updated, further strengthening coverage. The sampling logic prioritises depth and credibility over statistical representativeness, consistent with the mandate to deliver actionable intelligence for policymakers and investors.

Alongside surveys and desk research, about 30 in-depth semi-structured interviews (approx. 30 minutes each) were conducted with representatives from investor organisations (including DFIs, PE/VC funds, and debt providers), BDS intermediaries, and policy institutions. Interviews explored perceptions of Zambia’s impact-investment landscape, market opportunities, prevailing barriers, and the effectiveness of support structures. This ensures findings reflect both quantitative coverage and lived perspectives.

#	Segment	Firm Name
1	BDS	BongoHive
2	BDS	LiNC Advisory
3	BDS	Kukula Capital
4	BDS	NABII
5	BDS	Prospero Limited
6	BDS / Gov't	BDSPA Z
7	BDS	Citizens Economic Empowerment Commission (CEEC)
8	BDS / NGO	Impact Capital Africa
9	Investor	AgDevCo
10	Investor	Metier
11	Investor	Salt Capital
12	Investor	Enko Capital
13	Investor	EXEO Capital / Agri-Vie
14	Investor	Facility for Energy Inclusion (FEI)
15	Investor	AATIF
16	Investor	30Thirty Capital

#	Segment	Firm Name
17	Investor	AfLife
18	Investor	Amigos VC
19	Investor	Goodwell Investments
20	Investor	Growth Investment Partners (GIP)
21	Investor	Inside Capital
22	Investor	Renew Capital
23	Investor	XSML Capital
24	Investor	Cygnum Capital
25	Investor	CCPC
26	Investor	European Investment Bank (EIB)
27	Investor / DFI	Norfund
28	Investor / DFI	FMO
29	Policy Maker	Capital Markets Association of Zambia
30	Policy Maker	Securities and Exchange Commission (SEC)
31	Policy Maker	Lusaka Stock Exchange (LuSE)



4.5. Use of Thesis Data

The study builds on a knowledge base developed through a 2024–2025 master’s thesis on Zambian and Kenyan risk-capital ecosystems (Olweus & Styrmo, 2025). Fourteen fully transcribed and NVivo-coded interviews are reused as legacy data, nine of which were with Zambian investors or fund managers. These inform analysis of instruments, risks, exits, and policy perceptions, and are updated where necessary through short follow-up calls.

4.6. Data Analysis

Survey data was sparse, providing partial coverage. To compensate, findings are triangulated with interview material, case studies, and an extensive desktop review. Interview and case-study data are thematically coded in NVivo, combining pre-defined categories with emergent themes.

In parallel, a market sizing model was constructed incorporating parameters from policy documents, investor disclosures, and industry reports to estimate AUM, deal flow, and sector/instrument distributions. Cross-source triangulation and model-based estimation help maintain robustness despite survey limitations.

4.7. Market Size Modelling

Our approach to estimating Zambia’s total impact investment market (2021–2025) combined verified disclosed transactions with carefully triangulated estimates for undisclosed and double-undisclosed transaction. The methodology followed a structured, stepwise process to ensure both comprehensiveness and accuracy:

01 Investor Screening

We began by identifying the relevant investor universe. From an initial pool of 182 actors, we screened down to 108 investors who had completed transactions in Zambia during the study period and whose transactions met our definition of impact investments. Duplicate entries, future commitments, and double-counted fund allocations were excluded to avoid inflating results.

02 Transaction Data Collection

Disclosed transactions were compiled using a combination of scraping tools, desktop research, investor reports, and validated survey responses. This formed the backbone of our dataset, representing 70% of all captured transactions (90 of 128), totalling approximately USD 1.3 billion.

03 Direct vs. Indirect Capital Flows

To identify the origin of investor flows and prevent double counting, we applied a clear prioritization rule for intermediated capital. Where an investor (e.g., A, B, C) contributed to a fund (Fund 1), and that fund subsequently invested in a company (Company X), only the capital flows from investors A, B, and C into Fund 1 were included. The downstream transaction (Fund 1 → Company X) was excluded from aggregation. This ensured that indirect flows were consistently captured at their source, reflecting the true origin of capital and preventing inflation of the total market size through multiple inclusions of the same flows.

04 Triangulation of Undisclosed Transactions

For transactions where ticket sizes were undisclosed, we applied a two-stage triangulation process:

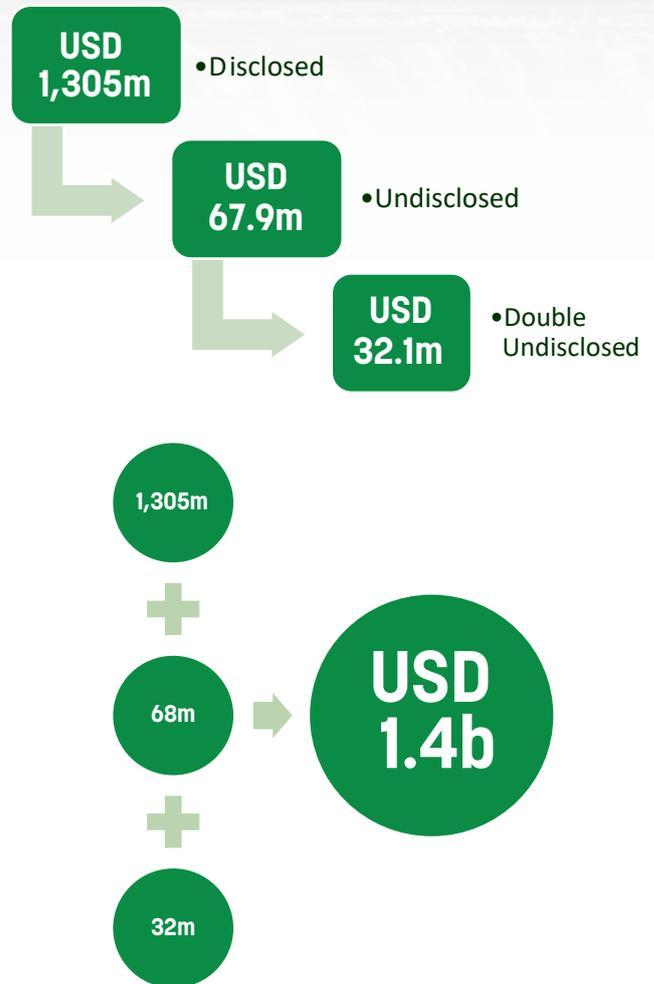
- **Investor-specific averages:** Where possible, we used investor-specific average ticket sizes within Africa to estimate undisclosed transactions (38 transactions, USD 67.9 million)
- **Segment averages:** In cases without investor-level benchmarks, we used segment-level averages based on disclosed transactions within the same category (DFI, PE, VC, etc.)

05 Double-Undisclosed Estimation

For transactions where neither transaction data nor investor-specific averages were available, segment-level averages ensured these transactions were represented. This added 9 double-undisclosed transactions across VC, DFI, and incubator segments, estimated at USD 32.1 million. Importantly, this process relied only on in-sample averages, avoiding external benchmarks and better reflecting Zambia's market reality.

06 Final Aggregation

By summing disclosed transactions (USD 1.3 billion), undisclosed transactions estimated from investor averages (USD 67.9 million), and double-undisclosed transactions estimated from segment averages (USD 32.1 million), the total impact investment market size for 2021–2025 was calculated at approximately USD 1.4 billion.



4.8. Reliability, Validity, and Ethics

Reliability, Validity, and Ethics was strengthened through triangulation, double-checking of key statistics, and validation with stakeholders. Anonymity was offered to respondents, and politically sensitive findings were phrased in neutral language. Informed consent was obtained at the start of all interviews and surveys, with secure storage and GDPR-aligned protocols applied to raw data.

NB: Transaction disclosure varies significantly. There is a transparency gap between total transactions and those with disclosed transaction values. DFIs disclosed 38 of 52 transactions (73%), while VC disclosed 13 of 22 transactions (59%). This complicates market sizing efforts and has required estimation methodologies.



SECTION

05

05

MACRO TRENDS
ON SSA IMPACT
INVESTING



5. MACRO TRENDS ON SSA IMPACT INVESTING

Impact investing has evolved from a niche practice into a mainstream strand of private capital markets:

GIIN estimates that more than 3,907 organizations currently manage around USD 1.57 trillion in impact investing assets under management worldwide (GIIN, 2024). This scale underscores how impact capital has moved from niche to mainstream, with DFIs, foundations, and institutional investors now active participants.

This trend is particularly evident in the increasing focus on climate-aligned assets, gender-lens investing strategies, and digital inclusion efforts.

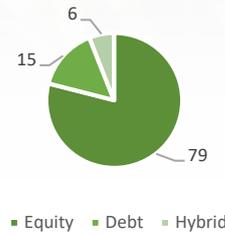
In SSA, private capital flows have become increasingly dynamic. In the first two quarters of 2025, deal activity and invested value increased significantly. Specifically, Q2 2025 recorded 147 transactions worth USD 3.0 billion, compared to 125 transactions worth USD 1.6 billion in Q1 2025—representing a 22% rise in transaction count and an 87.5% surge in transaction value (EAVCA Q1 2025, EAVCA Q2 2025).

SSA Private Capital Flows



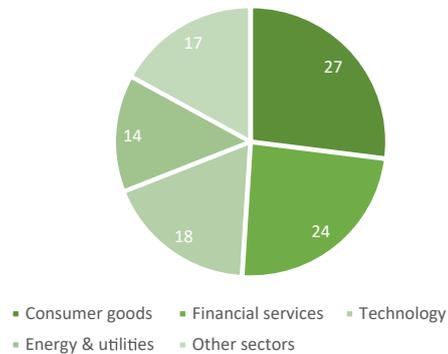
Equity investments dominated, comprising 79% of transactions, though debt and hybrid financial instruments are becoming more prevalent as investors adapt to challenging economic conditions and currency volatility (EAVCA Q1 2025, EAVCA Q2 2025).

Instrument share (% of transactions) (2025)



Sectoral deal flow in Q2 2025 was concentrated mainly in consumer goods and services (27%), financial services (24%), technology (18%), and energy and utilities (14%). This distribution reflects both the growth of fintech and the global emphasis on renewable energy (EAVCA Q1 2025, EAVCA Q2 2025).

Sectoral Split (%)



Venture capital activity across Africa is heavily concentrated in four main hubs: Kenya, Nigeria, South Africa, and Egypt. These countries accounted for 55% of all African venture capital transactions and 64% of invested capital in 2024. They continue to dominate into 2025, attracting over 80% of continent-wide venture funding and remaining the primary destinations for investors (Clyde & Co, 2025; Tech in Africa, 2025).



In contrast, secondary markets such as Zambia are more reliant on DFI-led debt and mezzanine financing, alongside donor-supported blended finance facilities (Olweus & Styrmo, 2025).

This divergence is influenced by local macro-economic factors; in markets with high equity risk premiums and foreign exchange volatility, investors prefer self-liquidating instruments, revenue-based financing, or investments structured in hard currency. These regional differences highlight the critical connection between macro-economic stability, exit opportunities, and investment instrument selection.

Zambia exhibits the highest country risk premium in SSA at 22.00%, reflecting its Restricted Default (RD) rating following the 2020 sovereign debt default. The updated risk premiums are based on Damodaran's equity risk regime (Damodaran, 2025):

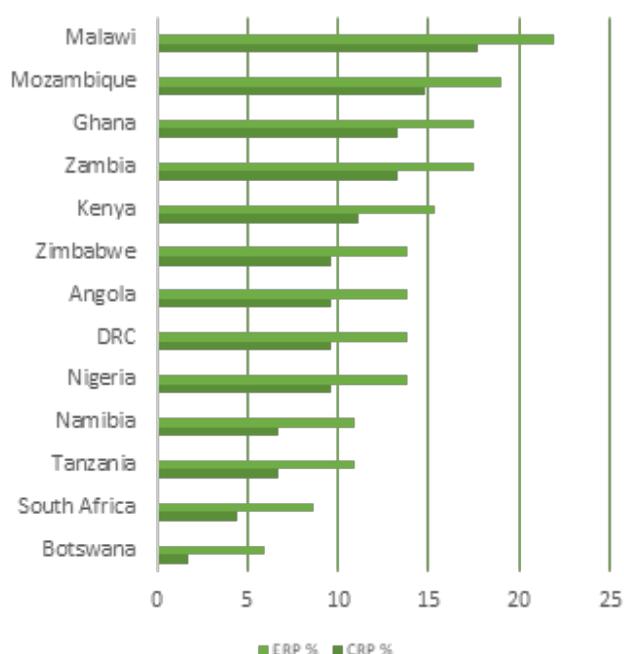
$$\text{Country Risk Premium} = \text{Default Spread} \times ((\text{Equity Market Volatility})/(\text{Bond Market Volatility}))$$

$$\text{Cost of Equity} = \text{Risk-Free Rate} + (\text{Beta} \times \text{Mature Market ERP}) + \text{Country Risk Premium}$$

$$\text{Total ERP} = \text{Mature Market Premium} + \text{Country Risk Premium}$$

This premium is significantly above the regional average of 8.68% and substantially higher than regional benchmarks like South Africa (2.25%) and Botswana (1.60%).

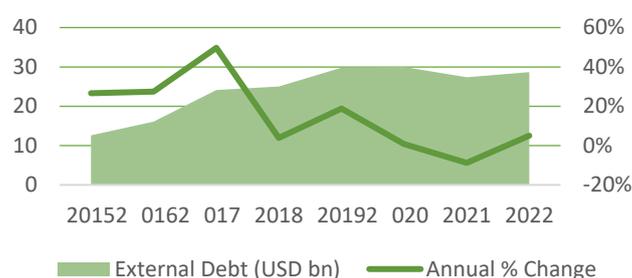
Country Risk Premium



The elevated premium stems from Zambia's ongoing debt restructuring, limited access to international capital markets, and high macroeconomic vulnerabilities. This substantially increases the cost of capital for Zambian enterprises and impact investments, requiring higher return thresholds compared to regional peers (Olweus & Styrmo, 2025).

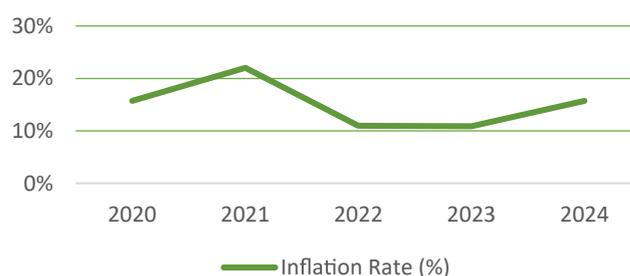
Zambia's macroeconomic context has played a defining role. After a sovereign default in 2020, Zambia entered a USD 1.3 billion IMF support program in 2022 and negotiated official debt restructurings totalling USD 6.3 billion and USD 3 billion with private bondholders by 2024 (IMF, 2025).

ZAM Debt Development



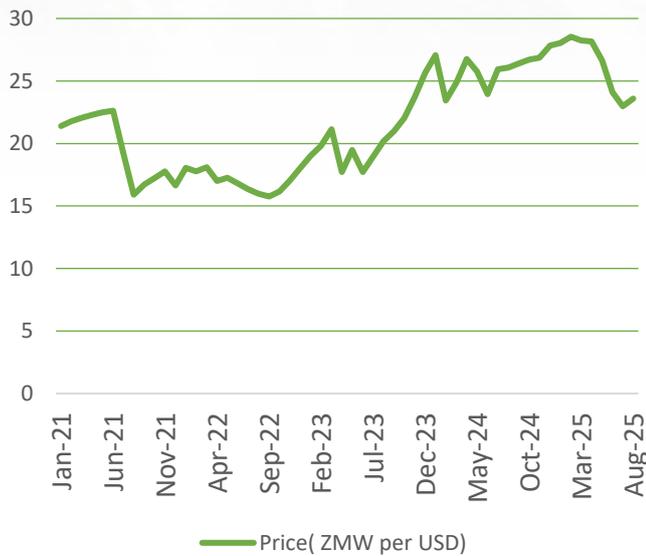
From 2015 to 2022, Zambia's external debt increased notably, with some years showing significant annual percentage changes. By mid-2025, the debt-to-GDP ratio is forecast to fall below 100%, economic growth is projected at 5.8%, inflation at 11.1%, and foreign reserves cover 4.7 months of imports (IMF, 2025).

Inflation Rate (%)



Despite these improvements, volatility remains; the Kwacha depreciated from 17.2 ZMW/USD in 2021 to 27.6 in 2024 before partially recovering to 24.6 in mid-2025 (Bank of Zambia, 2025).

USD to ZMW



These macroeconomic changes shape investor behaviour. Historical Zambian impact transactions (2015-2019) typically ranged from USD 1.9 million to 2.5 million in sectors like agriculture, agro-processing, and financial services, with DFIs providing most of the capital (NABIIZ, 2019). The 2021 NABIIZ market sizing estimated total impact assets under management (AUM) at just USD 85 million across 23 investors, of which 90% was DFI-originated (NABIIZ, 2021), illustrating a thin local pipeline.

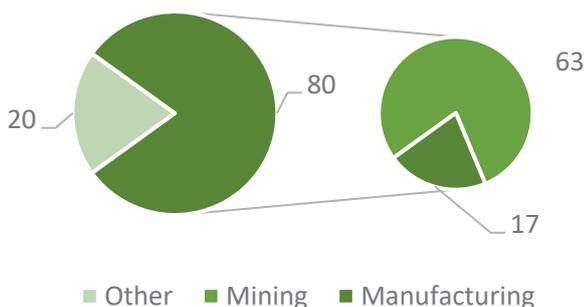
Opportunity areas for impact investment in Zambia are clear. Agriculture, which employs over half the population but contributes less than 2% to GDP (Olweus & Styrmo, 2025), needs productivity improvements through investments in irrigation, storage, and value addition. Energy reform and the growth of renewable independent power producers and off-grid solutions are vital for industrialization and social inclusion. Digital and financial services, especially mobile money and SME-oriented fintech, are beginning to scale from a low base.

On the domestic front, regulatory reforms such as the Pension Scheme Investment Guidelines (SI 50/2021), permitting up to 15% allocation to private equity and venture capital, along with proposed start-up legislation, may unlock institutional capital gradually. For now, Zambia faces a “missing middle” financing gap, where enterprises needing between USD 25,000 and 5 million remain underserved by both DFIs and commercial banks. Closing this gap will be essential to translate macroeconomic stability into inclusive growth and enable impact capital to support scalable, job-rich sectors.

The 22.00% country risk premium compounds with currency hedging costs, creating prohibitively expensive local currency financing. FX hedging in emerging markets typically adds 6-7 percentage points to foreign currency loan costs, while in Zambia specifically, currency swaps and FX forwards can cost an additional 8-12% annually due to the interest rate differential. This means local currency investments effectively face a combined cost premium of 28-34% (22% country risk + 6-12% hedging), explaining why ‘investors prefer self-liquidating instruments, revenue-based financing, or investments structured in hard currency’. The vicious cycle perpetuates as limited local currency financing further weakens the Kwacha and increases hedging costs.

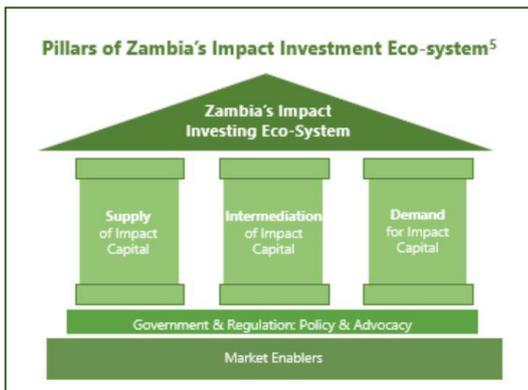
Net FDI flows turned positive in 2023 with USD 658 million after experiencing outflows in 2022. However, the stock of FDI remains concentrated in mining (63%) and manufacturing (17%).

DFI Sector Inflows 2023 (%)



5.1. 2019 Baseline (Kukula Capital)

The 2019 baseline study was the first systematic mapping of Zambia’s impact investing ecosystem. Using a five-pillar framework (supply, demand, intermediation, enablers, and policy/regulation), it found the ecosystem to be nascent (NABIIZ, 2019).

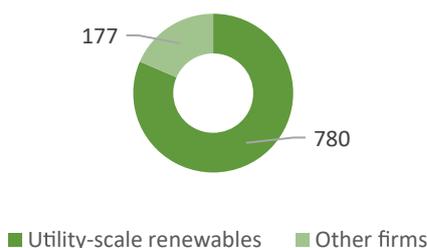


On the supply side, 700 investors were screened, with 131 having a mandate in Zambia. Between 2015 and 2019, 124 investments totalling about USD 580 million were recorded, averaging roughly USD 5 million per transaction. Pension funds were identified as potential latent local capital sources, contingent on enabling regulations and processes.

On the demand side, 503 companies were reviewed. Capital demand was estimated at USD 957 million, primarily concentrated in utility-scale renewables (USD 780 million) and USD 177 million across 77 other firms, with an average requested amount of approximately USD 3.4 million.

Impact transactions totalled approximately USD 120 million in 2019, compared to a potential flow of USD 1.58 billion into impact sectors, yielding an “impact versus total” investment ratio of only 8-13%. Nonetheless, impact transaction counts were growing faster than overall private equity activity.

Capital Demand(USDm)

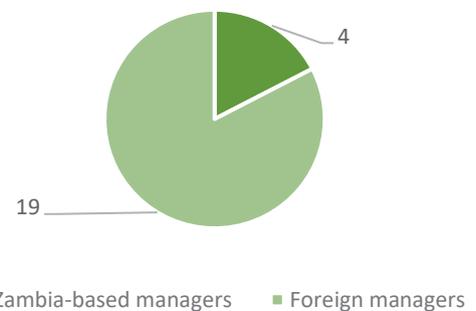


Constraints included information asymmetries, limited intermediation capacity, and weak coordination across pillars. Recommendations called for enhanced sectoral data through the Zambia Development Agency, stronger investment readiness via universities and technical assistance providers, and the creation of new platforms and instruments like social or impact bonds to bridge capital supply and demand.

5.2. 2021 Market Size Survey (4IP Group)

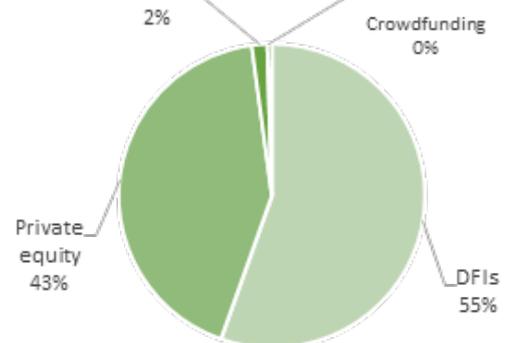
The 2021 survey updated Zambia’s impact capital market sizing, covering both DFIs and non-DFI Private Asset Impact Funds (NABIIZ, 2021). It reviewed 23 asset managers, including four hindquarters in Zambia, with investments spread across seven impact sectors.

of managers



Total impact assets under management were estimated at USD 85.2 million across 28 enterprises between Q1 2019 and Q4 2020. DFIs accounted for USD 47.2 million, private equity USD 36.2 million, high-net-worth individuals USD 1.4 million, and crowdfunding USD 0.4 million. DFI projects dominated, making up nearly 90% of the market. DFIs also extended USD 681 million in loans to Zambia, increasing from USD 109 million in 2019 to USD 509 million in 2020.

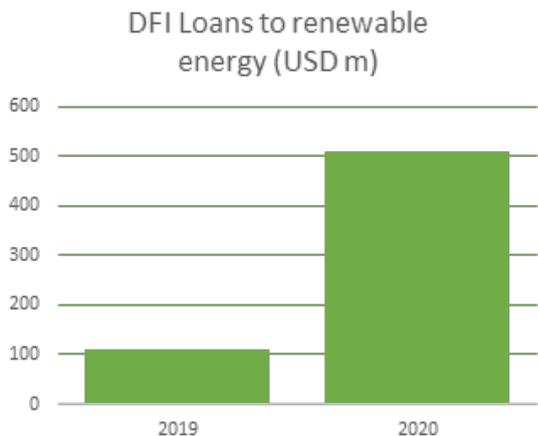
AUM (%)



Transaction flow included 28 enterprise-level

transactions (42 including DFI projects), with an average size of about USD 3 million. Debt instruments dominated at approximately 69%, while equity constituted 31%. Aggregate non-DFI debt was roughly one and a half times the amount of equity.

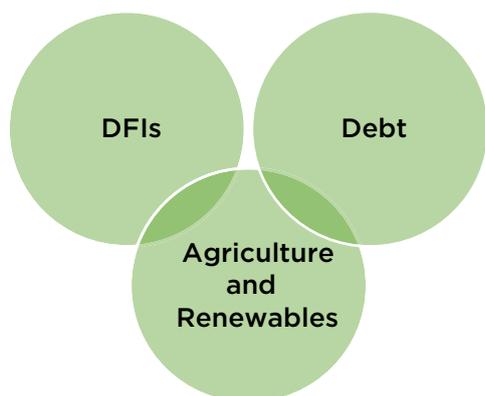
Sector focus shifted, with agriculture overtaking financial services in 2020 to capture 30% of enterprise-level impact capital, followed by aquaculture at 20%. DFI projects remained strongly concentrated in renewable energy:



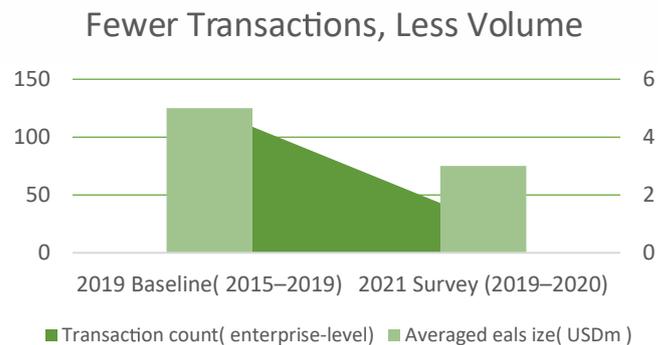
Risk perceptions centred on Zambia’s economic stability, with investors reporting average returns around 2.7%. DFIs primarily used standardized impact measurement frameworks such as HIPSO and IRIS+. Most surveyed investors were based in Europe and North America, indicating Zambia’s continued reliance on international rather than domestic impact investors.

5.3. Comparing the 2019 and the 2021 Study

Together, these studies show a small and thinly capitalized ecosystem still dominated by DFIs. Debt has become the preferred deal structure, with sector priorities evolving towards agriculture and renewable energy.



The persistent lack of local institutional participation, modest returns, and macroeconomic risks highlight the barriers to scaling impact investing in Zambia.



This study will use these previous findings as benchmarks to assess recent developments.



SECTION

06

06

ZAMBIA'S
IMPACT
INVESTORS



ZAMBIA'S IMPACT INVESTORS: OVERVIEW



Total impact investors
(2021-2025)

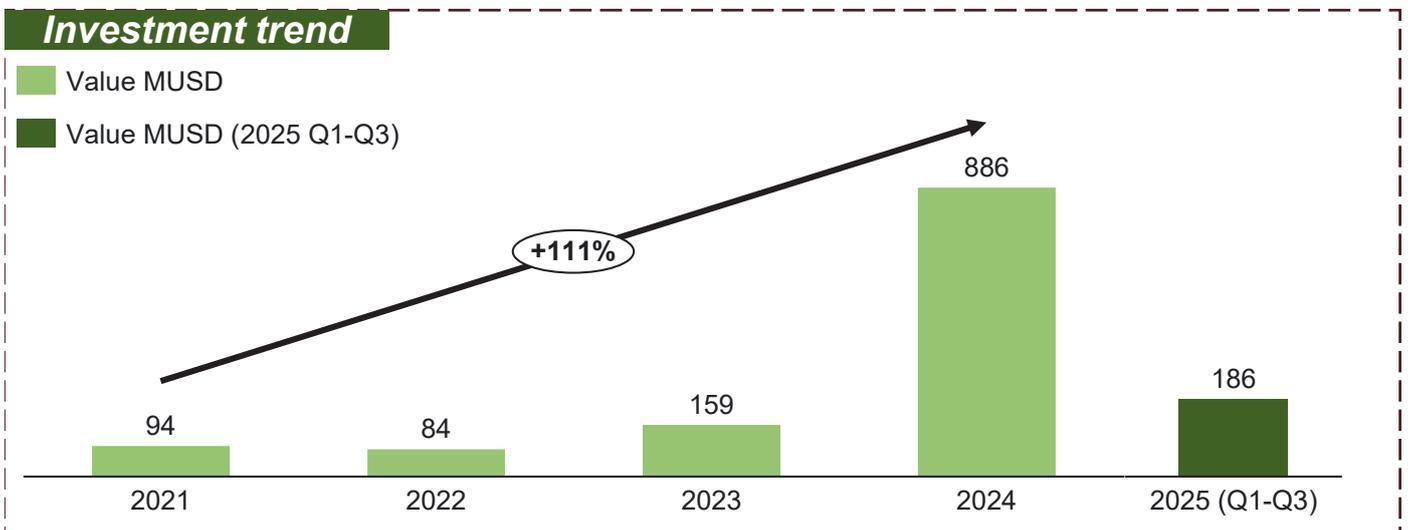
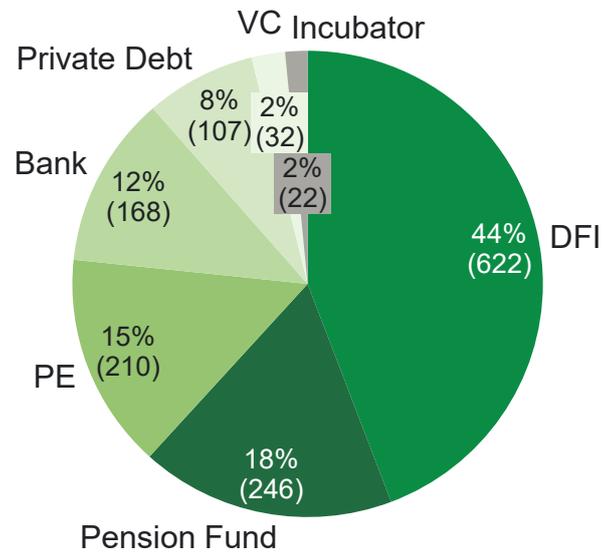


Total market size
(2021-2025)



Total deal count
(2021-2025)

DFI Backbone	Development finance drives majority of capital flows
2024 Explosion	Nearly tripled annual investment with infrastructure-heavy deals
Pension Fund Power	Zambian pension funds (NAPSA) emerging as major force
High Concentration Risk	Market heavily dependent on few large investors and deals



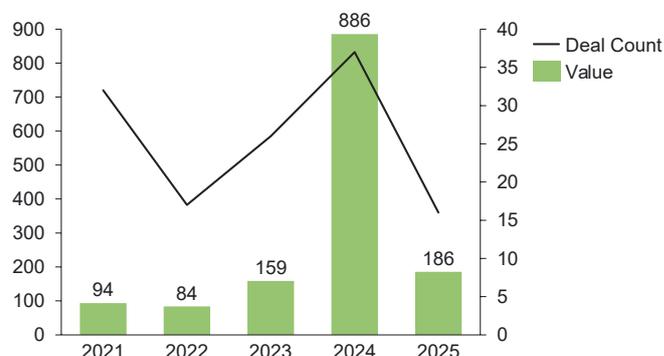
6. ZAMBIA'S IMPACT INVESTORS

Zambia's impact investment ecosystem represents a dynamic and rapidly evolving market, characterized by significant international interest and substantial capital deployment across diverse sectors. Between 2021 and 2025, the market has attracted USD 1.41 billion in impact investments across 128 transactions from 87 unique investors, establishing Zambia as an emerging destination for mission-driven capital in sub-Saharan Africa. The landscape is dominated by development finance institutions (DFIs) and characterized by a strong preference for growth-stage investments, with 91.4% of total investment value directed toward established enterprises rather than early-stage ventures.

DFIs remain the backbone, anchoring 52 transactions and 49.4% of disclosed capital (USD 695.3 million), particularly in agriculture, renewable energy, and infrastructure. Private equity is thin but provides large tickets averaging USD 19.9 million across 11 transactions totaling USD 218.6 million in consumer and manufacturing. Venture capital is fragmented, with 21 firms closing 22 mostly early-stage transactions totaling just USD 24 million. Incubators help pipeline-building but lack scale with only USD 4.6 million deployed.

Geographically, Europe anchors deployment with USD 674 million (47.9%), followed by Africa with USD 537.8 million (38.2%), while North America contributes USD 194.5 million (13.8%) in smaller tickets. Local institutional participation shows promise: two pension funds have deployed USD 246.4 million despite regulatory allowance for up to 15% in PE/VC.

This structure explains Zambia's "missing middle": growth-stage SMEs concentrate 91.4% of capital flows, while early-stage ventures (Pre-Seed through Seed) capture just 2.0% despite representing 34 transactions. The market demonstrates maturity in debt and equity instruments but maintains a development-oriented approach through significant DFI participation.



Key market development opportunities include strengthening early-stage capital formation, deepening domestic institutional investor participation beyond the current two pension funds, and diversifying geographic funding sources beyond the current Europe-Africa axis. The sharp acceleration from 2023-2024 indicates strong momentum, positioning Zambia as a regional impact investment hub.

Notable market characteristics:

- **Average transaction size:** USD 11 million across all segments.
- **Geographic diversity:** 87 investors from 4 continents.
- **Sector concentration:** Energy & Renewable Power (USD 602 million), Financial Services & FinTech (USD 289 million), and Agriculture & Food Systems (USD 164 million) dominate.
- **Instrument sophistication:** Beyond basic debt/equity to include mezzanine, guarantees, and convertible structures.
- **Timeline momentum:** 4-year CAGR of 76% in annual investment flows (2021-2024).

This foundation provides a robust platform for continued expansion, with potential in domestic institutional capital mobilization and early-stage ecosystem development.

Heat map of Investor Origin

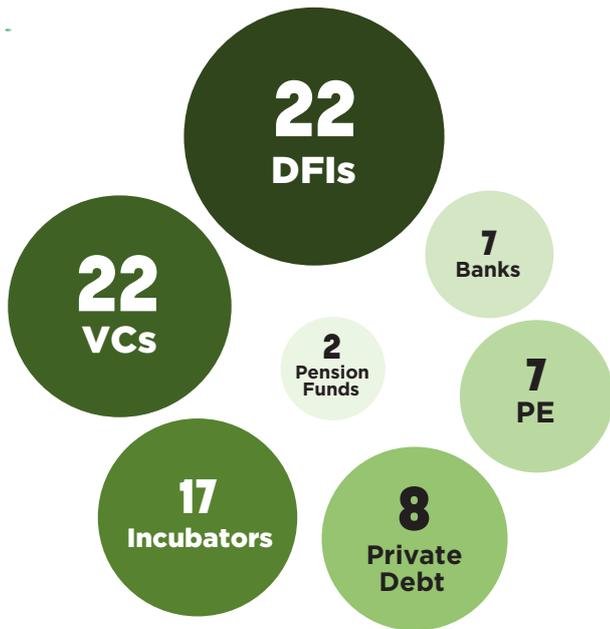


Top Contributing Continents

6.1. Investor Mapping

The Zambian impact investment ecosystem encompasses 87 unique investors spanning seven distinct investor categories, each playing different roles in channelling capital toward sustainable development outcomes

The market is small but diverse, with investors spread across DFIs, Pension funds, PE, Private Debt, Banks, VCs and incubators. DFIs make up the bulk (30 investors), followed by VCs (21), and Incubators (12).



6.1.1. Typology of Investors

Development Finance Institutions (DFIs)

DFIs represent the backbone of Zambia’s impact investment market, providing both catalytic capital and risk mitigation that enables broader private sector participation. These institutions deploy patient capital with below-market return expectations, focusing on sectors with high development impact but challenging commercial dynamics. The USD 695.3 million deployed by DFIs demonstrates their commitment to supporting infrastructure development across energy, agriculture, and financial services sectors.

The average DFI ticket size is large, with a value of USD 13.4 million, reflecting a preference for large-scale infrastructure projects and growth-stage enterprises requiring significant capital infusions. Key investors include FinDev Canada with a single USD 100 million investment, British International Investment (BII) with three deals totalling USD 87.5 million, and the U.S. International Development Finance Corporation (DFC) with five transactions worth USD 71.2 million. Their combined presence brings not only capital but also geographic diversity and development expertise. Notable examples include FinDev Canada’s USD 100 million climate adaptation facility with FirstRand Bank (2024) to boost SME lending and green finance; and DFC’s USD 40 million facility to Africa GreenCo (2024), supporting its innovative energy trading model that fosters a regional multi-buyer, multi-seller power market.

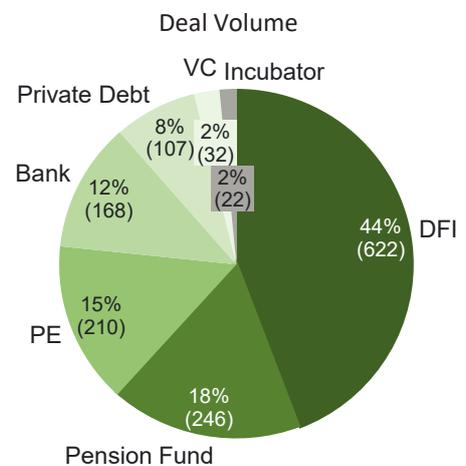
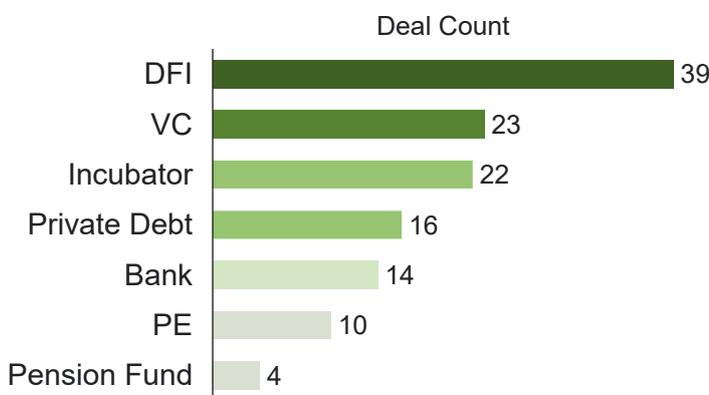


Table 6-1: DFIs in Data Set

Investor (DFIs)	Sectors	No. of deals	Investment Size, USDm	Years	Instrument	Investee
FinDev Canada	Climate/ SME Lend	1	100.00	2024	Debt	FirstRand Bank
British International Investment (BII)	FinTech, SME Finance	3	87.50	2022,2025	Debt, Equity	ZANACO, GIP
DFC (US DFC)	Ag, Energy, FinTech, Mfg	5	71.20	2024	Debt, Equity	Seba Foods, Africa GreenCo, Chillerton
FMO	FinTech, Energy	3	68.90	2021,2024	Debt	CEC Renewables Green Bond, First National Bank Zambia
AfDB	Agriculture, Climate Tech	2	51.6	2024,2025	Debt, Grant	Building Resilience, Zambeef Products

An additional milestone is the CEC Renewables Green Bond, oversubscribed across two tranches in 2023-24. It drew strong backing from DFIs including EAIF (USD 20 million + 18.9 million), FMO (USD 18.9 million), and the ALCB Fund (USD 8 million + 24.5 million), alongside ZCCM-IH (USD 10m) and local banks. The bond in total raised close to USD 150 million for Zambia’s renewable energy expansion.

Venture Capital and Private Equity

VC firms constitute the second-largest group by number of transactions and investor count, with 21 unique investors executing 22 transactions. While numerous, the segment focuses primarily on early-stage technology and innovation-driven enterprises with smaller capital requirements. With an average deal size of USD 1.1 million, VCs

serve as enablers of entrepreneurship and innovation, particularly in sectors like fintech, agritech, and digital services. Their role extends beyond capital provision to include mentorship, network access, and technical assistance. Despite their numerical presence, VCs account for only 1.7% of total investment value (24 million), highlighting the smaller-ticket nature of their interventions.

Compared to other Sub-Saharan African (SSA) markets, Zambia’s VC deals are generally smaller, and there are fewer large-Series A/B or mega-rounds. In SSA overall, median deal sizes in recent years have been USD 2-3 million or more, with more frequent high-growth fintech/ later-stage investments in Kenya, Nigeria, South Africa (AVCA Research, 2025).

The smaller deal sizes in Zambia – median deal size

Table 6-2: VC Firms in dataset

Investor (VC Firms)	Sectors	No. of deals	Investment Size, USDm	Years	Instrument Type	Investee
Tiger Global/ Earl Grey/ Not Boring	FinTech	1	12.00	2022	Equity	Union54
Tiger Global/ ACE/ Goodwater/etc.	FinTech	1	3.00	2021	Equity	Union54
Amano Capital	Healthcare, EdTech	2	2.18	2021,2022	Equity	Dawa Health, EduPay
Acumen	Clean Energy	1	1.20	2024	Debt	RDG Collective
Atom CTO	AgTech/ Logistics	1	1.09	2024	Equity	Koloso

Table 6-3: PE Firms in dataset

Investor (PE)	Sectors	No. of deals	Investment Size, USDm	Years	Instrument Type	Deal Names
Cygnum Capital	Climate & Clean Tech	1	166.00	2024	Equity	Africa Go Green Fund (AGG) Management
Inside Capital	FinTech	1	10	2024	Equity	Fund 2
Goodwell Investments	Agriculture & Food	1	8.50	2023	Equity	Good Nature Agro
Alitheia IDF, Inoks, KFW DEG	FinTech	1	8.30	2023	Equity	Lupiya
Zebu Investment Partners (Africa Food Security Fund)	Agriculture & Food	1	N/D	2021	Equity	Elgin Free Range Chickens Holdings (EFRCH)
Salt Capital	Agriculture & Food	1	4.00	2021	Equity	Seapride Zambia

of USD 300k - reflect the broader decline in VC demand from 2022 to 2024, when funding across Africa nearly halved, pushing investors toward modest, early-growth commitments rather than large-ticket deals (IFC, 2025).

Private equity firms, while fewer in number (8 unique investors), demonstrate significantly higher capital deployment efficiency, with 11 transactions totalling USD 218.6 million. The average PE deal size of USD 19.9 million indicates their focus on growth capital and buyout transactions that can

generate both commercial returns and measurable impact. This segment includes both traditional PE firms and specialized impact funds targeting specific sectors or development outcomes.

Pension Funds

Pension funds represent an emerging and potentially transformative investor category, with 2 active funds deploying USD 246.4 million across 4 transactions. The average deal size of USD 61.6 million demonstrates their capacity for large-scale

Table 6-4: Banks in dataset

Investor (Banks)	Sectors	No. of deals	Investment Size, USDm	Years	Instrument	Investee
Stanbic Bank Zambia	Energy, Environmental Conservation	4	92.50	2022-2024	Debt, Equity, Grant	CEC Green Bond, GreenCo Financing, Zambezi Campaign
Absa Bank	Renewable Energy	1	12.80	2023	Debt	CEC Renewables Green Bond
Atlas Mara Bank Zambia	Renewable Energy	1	12.80	2023	Debt	CEC Renewables Green Bond
FNB Zambia	Climate Tech, Healthcare	2	9	2023,2024	Debt	FNB Foundation, WWF partnership
Standard Chartered Zambia	Financial Services	4	4.2	2023	Debt, Grant	Women in Tech; Sustainable Deposits, EYEE Programme

investments, particularly in infrastructure and real estate projects. The National Pension Scheme Authority (NAPSA) leads this segment with transactions worth more than USD 200 million, indicating growing domestic institutional investor participation.

Compared to earlier decades, the increased participation from pension funds marks a monumental shift. During 2015–2019, pension funds contributed only 6% of total impact investments in Zambia (USD 32 million), compared to 18% during 2021–2025. The change can be seen as a direct effect of the Pension Scheme Reform under S.I. 50 of 2021, which lifted the ceiling on private equity and alternative asset allocations from 5% to 15%. This opened space for domestic institutional capital to engage more actively in private markets.(PIA, 2021)

Banks

Seven active banks, all Zambian, together contributed USD 167.8 million with an average ticket of USD 12 million. The largest single investor is Stanbic Bank Zambia with USD 92.5 million across four transactions, including a USD 55.5 million GreenCo Green Financing Deal (2024) and USD 24.5 million investment in CEC Green Bond Tranche 2. Absa Bank and Atlas Mara Bank Zambia also invested in the CEC Green Bond program. They each invested USD 12.8 million in Tranche 1 (2023), part of the inaugural USD 53.5 million bond which financed 94 MW of solar capacity supplying 6% of CEC's portfolio and already generating over 166,000 MWh of clean energy.

Several significant financial flows were deliberately excluded from the bank impact investment totals to prevent double counting of DFI investments. These exclusions included USD 226.1 million in DFI funding provided directly to Zambian banks, which the banks then used for their lending operations and green finance programs. Key exclusions were: BII's USD 50 million funding to ZANACO (2022–2025), FMO's USD 50 million facility to FNB (2021–2024), and EIB's USD 26.1 million to various banks (2021–2023). These funds were then used for investments like ZANACO's renewable energy financing programs (~USD 6 million) and FNB's green lending initiatives (~USD 18 million), which were excluded from the market sizing to ensure they were not double counted with the aforementioned DFI funding.

Summary:

DFIs drive deal flow. The 30 DFI institutions closed 53 transactions - half of all recorded transactions.

Private Equity remains thin. Only 13 PE funds are active with 10 transactions, mainly in consumer sectors and manufacturing.

Private Debt funds (six players) completed seven transactions, typically targeting trade finance secured by exports. Debt has become commercial investors' comfort zone in Zambia's volatile macro environment.

Venture Capital activity is fragmented. Despite 26 VC players completing 25 transactions, transaction sizes remain small, and early-stage focused (fintech, agritech).

Zambia's 12 Incubators facilitated 13 investments, highlighting their pipeline-building role where investable firms are scarce. Most startups remain micro-ventures rather than VC-ready companies.

Banks: Present a newer segment, with a series of large-scale green energy investments in 2022–2024.

6.1.2. Geography

In total, investors from 23 different countries have placed impact investments in Zambia. Zambia's impact investment market exhibits a pronounced international character, with 69% of total investment value originating from foreign investors, while domestic investors contribute 31% despite representing only 14 unique investors.

This dynamic reflects both the limited scale of domestic capital markets and the strong international perception of Zambia as an attractive investment destination, especially within large energy infrastructure projects.

European investors dominate the landscape, contributing USD 674 million (47.9%) across 58 transactions. This concentration reflects the historical development finance relationships between European institutions and Zambia, as well as the alignment between European impact investment priorities and Zambia's development needs. Key European contributors include institutions from the Netherlands (USD 108.4 million), Germany (USD 40.6 million), and Belgium (USD 40.8 million).

African investors are becoming increasingly significant, accounting for 38.2% of total value (USD 537.8 million), demonstrating the growing intra-regional investment flows within the continent. South African private equity firms, Mauritian

fund structures, and Nigerian fintech investors indicate the increasing sophistication of African capital markets and cross-border investment capabilities.

North American investors contribute 13.6% of total value, primarily through development finance institutions and specialized impact funds. This geographic diversification provides Zambia with access to different investment philosophies, due diligence approaches, and post-investment support capabilities.

Asian investors represent only a minor presence in Zambia's impact investment landscape, contributing a modest share of total capital through just 2 transactions and a limited number of unique investors. This low representation is largely due to the dataset's reliance on English-language sources and a deliberate exclusion of conventional infrastructure projects, such as roads and transport, which typically attract significant investment from Asian, especially Chinese, financiers. As a result, the profile captured is weighted toward development finance, venture capital, and direct impact-focused investments, categories where Asian participation is less visible than in large-scale infrastructure development.

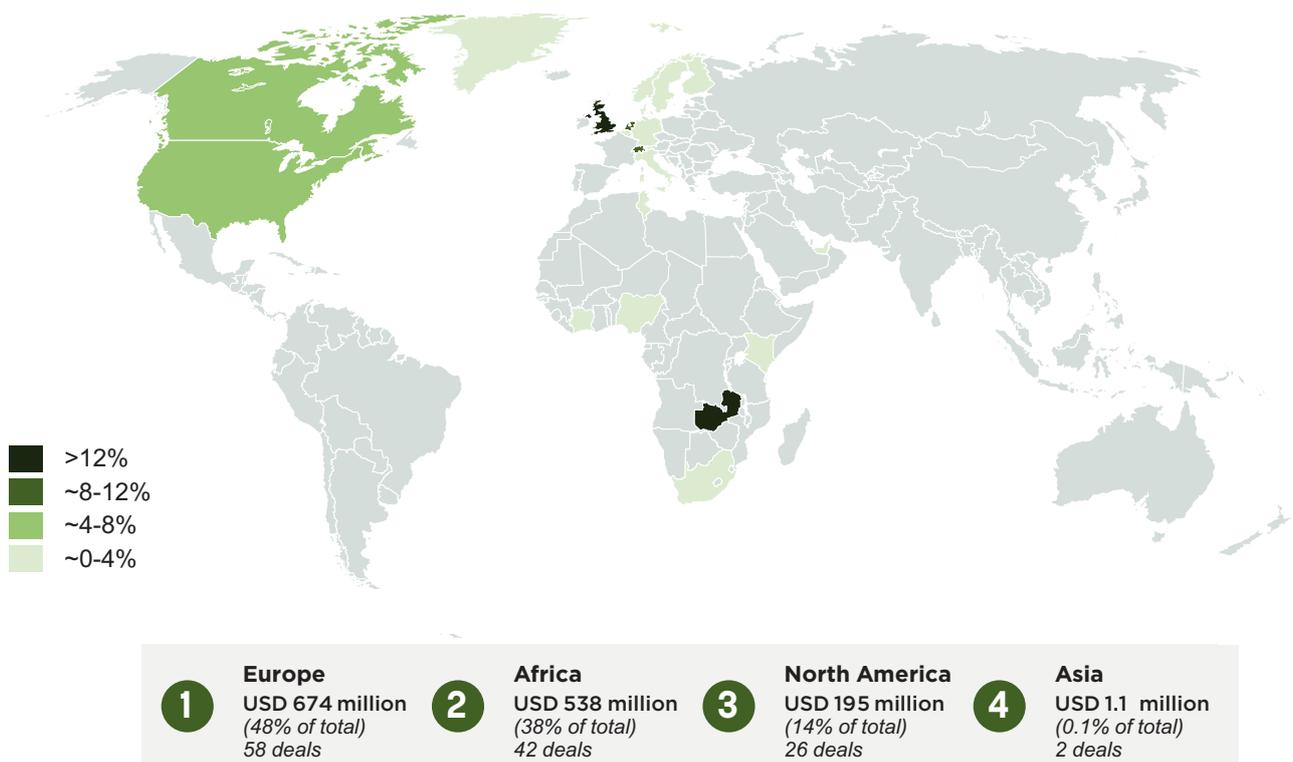


Table 6-5: Top Contributing Countries

Top Contributing Countries	Deal value (mUSD)	Deal count	Avg. Deal size	Investor count
1. Zambia	440 (31%)	26	17	14
2. UK	195 (14%)	13	15	8
3. Switzerland	166 (12%)	7	33	3
4. Netherlands	108 (8%)	11	10	6
5. Canada	100 (7%)	1	100	1
6. US	95 (7%)	25	4	21
7. Côte d'Ivoire	52 (4%)	2	26	1
8. Sweden	42 (3%)	2	21	1

Country analysis:

Zambia is the single largest source by recorded investor domicile (USD 440 million), reflecting a meaningful onshore footprint among a small set of active institutions. However, it is important to note that most of the value can be traced back to a single investor; NAPSA, which investments total over USD 200 million.

Among foreign domiciles, the largest are United Kingdom (USD 195 million), Switzerland (USD 166 million), Netherlands (USD 108 million), Canada (USD 100 million), and the United States (USD 95 million).

The top seven domiciles together account for over 80% of recorded volume, underscoring the narrow base of capital providers despite the long tail of market participants.

Implications of International Dependence:

The heavy reliance on international investors presents both opportunities and challenges for Zambia’s long-term economic development. While international capital brings technical expertise, global networks, and patient funding, it also creates potential vulnerabilities to external economic shocks and changing international priorities. The heavy but few domestic institutional investor base suggests the need for policies encouraging local pension fund participation, insurance company investments, and high-net-worth individual engagement in impact investing.

The concentration of European investment reflects established development cooperation frameworks but also indicates potential diversification opportunities with Asian and other regional investors. As Zambia’s economy grows and capital markets develop, fostering greater domestic investor participation will be crucial for sustainable impact investment ecosystem development.

6.2. Instruments used

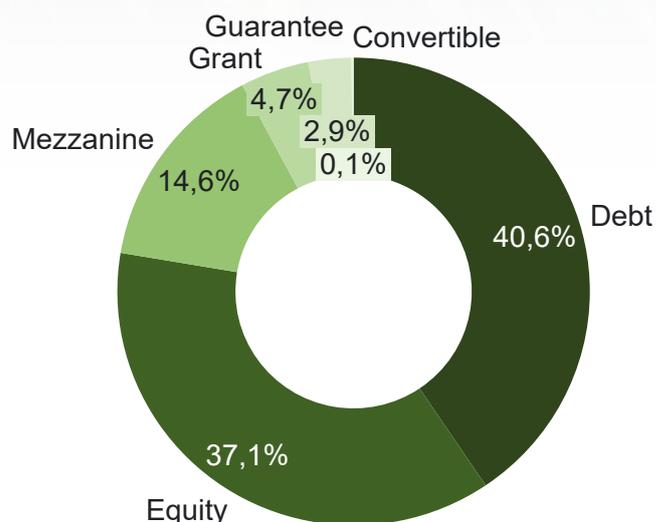
Debt and equity dominates, together accounting for nearly 80% of total investment value. Equity investments comprise 50 transactions totalling USD 521.9 million (37.1% of total value), while debt instruments account for 37 transactions worth USD 570.9 million (40.6% of total value). This near parity reflects the market's maturity and investors' ability to structure appropriate financing for different business models and development stages

Equity investments average USD 11 million per transaction, indicating substantial growth capital deployment and investor willingness to accept entrepreneurial risk in exchange for upside participation. The prevalence of equity financing supports long-term business development and aligns investor and entrepreneur incentives for sustainable growth.

Debt instruments average USD 15.4 million per transaction, reflecting their use in larger infrastructure projects and established businesses requiring expansion capital without ownership dilution. The significant debt component indicates investor confidence in Zambian businesses' ability to generate predictable cash flows and service financial obligations.

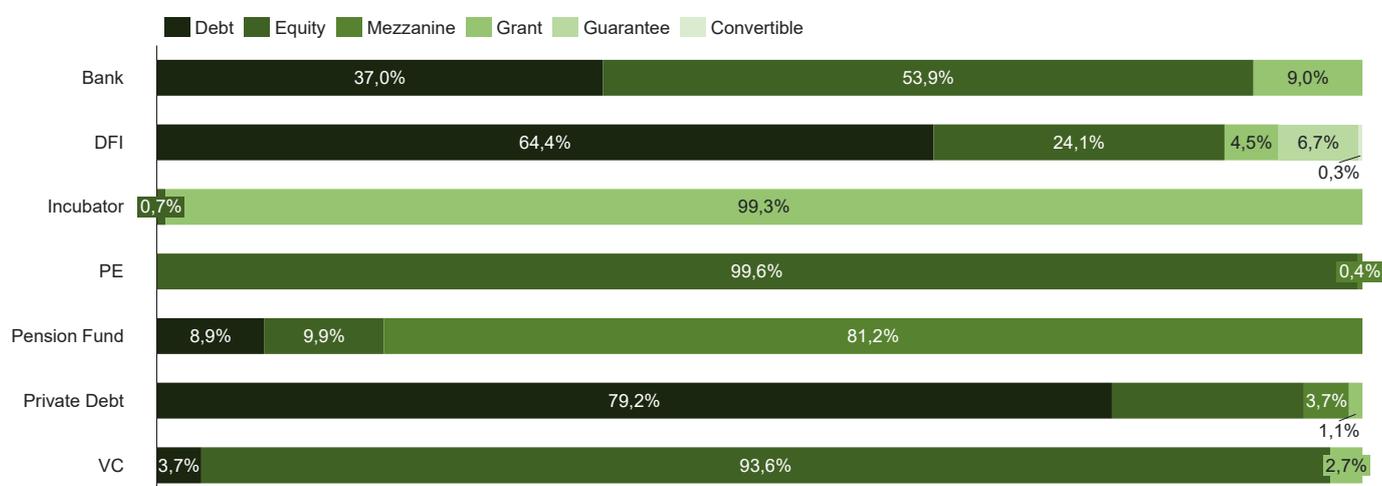
Mezzanine financing, though limited to 4 transactions (3.1% of total), represents a substantial 14.6% of total market value (USD 204.9 million), with an average size of USD 51.2 million. This points to greater market depth and increasing investor comfort with hybrid debt-equity structures for business expansion and risk sharing.

Chart 4-1: Instrument split amongst impact investors (% of transaction volume)



Grant funding accounts for 34 transactions (26.6% of total) but only 4.7% of total market value (USD 66.3 million), with an average deal size of USD 1.95 million. These grants are predominantly directed toward early-stage entrepreneurs, capacity building, and proof-of-concept projects.

Convertible instruments remain rare in Zambia's impact investment market, with only one recorded transaction totalling USD 2 million. Their limited use suggests that convertible debt and equity hybrids have not yet gained traction among investors, who predominantly favour traditional debt and equity structures for local deal-making.



6.3. Market Segmentation: Public vs. Private Markets

This section distinguishes between different types of sustainable finance to provide greater clarity and enable international comparability. This segmentation ensures that Zambia’s impact investment market size aligns with global reporting conventions while capturing the full spectrum of capital flows supporting SDG-aligned activities.

Green & Social Bonds (USD 150.4 million) are publicly issued debt securities specifically earmarked for environmental or social projects, accessible to institutional investors through transparent use-of-proceeds frameworks. The CEC Renewables Green Bond Program illustrates this category’s emergence in Zambia: the initial tranche raised USD 53.6 million in 2023, and a larger follow-on tranche secured USD 96.8 million in 2024, underscoring growing institutional appetite for sustainable fixed-income instruments.

Development Finance Intermediation (USD 226.1 million) covers DFI facilities provided to local banks for onward lending. These flows have been excluded from the USD 1,405.2 million total to prevent double counting, as they represent traditional development finance rather than direct impact investment.



Chart 4-2: Total volume (value) split on private market impact investments and Green & Social bonds

Private Market Impact Investments (USD 1,257 million) comprise all direct equity and debt investments by funds, institutional investors, and private capital providers into enterprises with measurable social and environmental impact alongside financial returns. This represents the core impact investment market as internationally defined, characterized by market-rate return expectations, active investor engagement, and formal impact measurement frameworks.

Share of Total Transaction Volume(%)

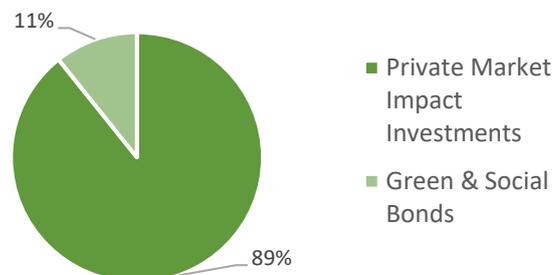


Chart 4-3: Total volume (%) split on private market impact investments and Green & Social bonds

Category	Transaction Volume (USD million)	Share of Transaction Volume (%)	Transactions or Issuances
Private Market Impact Investments	1,255	89.3	119 transactions
Green & Social Bonds	150	10.7	2 issuances (9 subscriptions)

Table 4-6: Overview of transaction split on private market impact investments and green & social bonds

6.4. Investment Stage Focus

The Zambian impact investment market exhibits a pronounced growth stage focus, with 78 transactions (61% of total) accounting for USD 1.29 billion (91.4% of total value). The average growth-stage deal size of USD 16.5 million reflects investor preference for established businesses with proven models, revenue streams, and clear paths to expansion. This concentration signals both private sector sophistication and risk management strategies centred on proven concepts.

While this approach ensures efficient capital deployment and higher success rates, it may also limit support for early-stage innovation and entrepreneurship, which drives long-term transformation. The limited early-stage funding could constrain the pipeline of future growth-stage opportunities.

Early-Stage Funding Gap

Pre-seed and seed stage investments account for 32 transactions (25% of total) but represent only USD 10.3 million (0.7% of total value), with average deal sizes of USD 0.4 million (pre-seed) and USD 2.5 million (seed). This significant gap at the earliest stages highlights the classic “valley of death” challenge, where innovative entrepreneurs struggle to access sufficient validation and market entry capital.

The limited early-stage funding suggests opportunities for specialized seed funds, government-backed innovation programs, and angel network development. Addressing this gap is crucial for long-term market health and a sustainable future pipeline. There are 24 unique pre-seed investors, showing some ecosystem support, but restricted capital limits the scale and reach of early-stage interventions.

Chart 4-4: Impact Investment Deal stage (USDm)

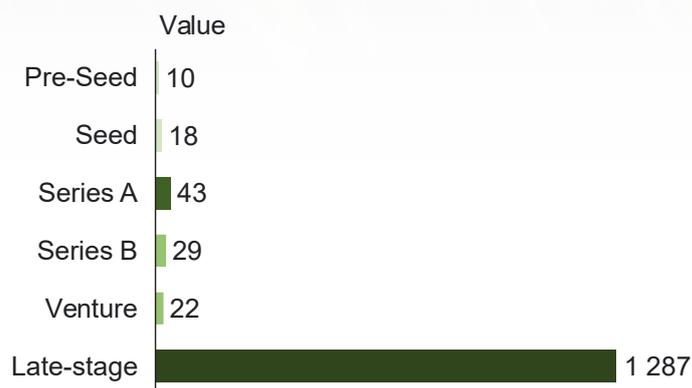
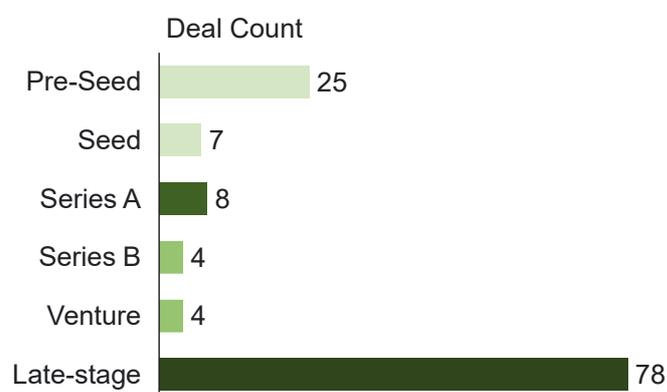


Chart 4-5: Impact Investment Deal Count (# of total transactions)



6.5. Sectoral Allocation & SDG Alignment

The sectors are split into three overarching groups capturing the developments in recent years: Explosive Sectors, Steady Growth Sectors and Emerging Sectors.

6.5.1. Explosive sectors

Energy & Renewable Power: 37 deals, USD 603 million (42.8% of total market), with an 8.8x growth multiple from early years to recent. This sector leads due to massive infrastructure demand, robust policy support, and surging international climate finance

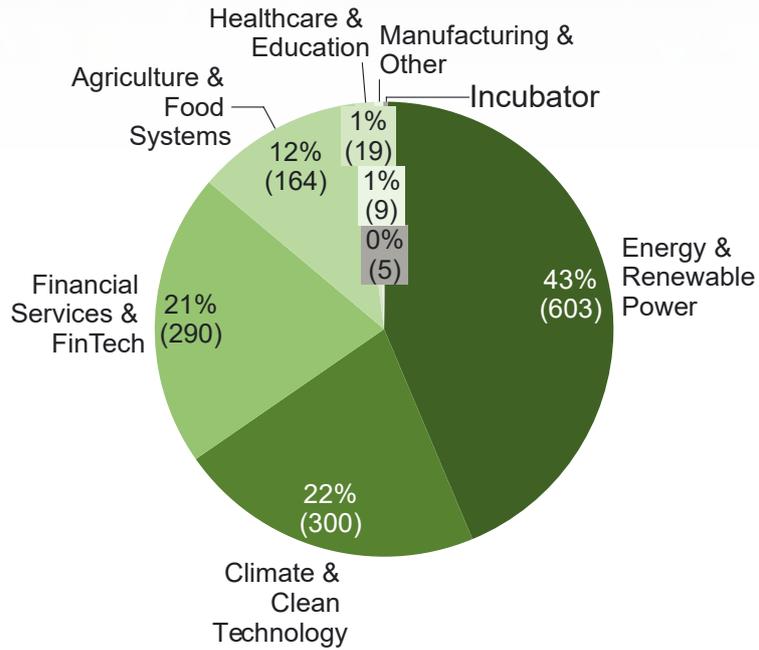
Climate & Clean Technology: 6 deals, USD 300 million (21.2% of total). A rapidly expanding sector, with the USD 166 million Africa Go Green Fund marking the emergence of “big bet” climate transition capital in 2024-2025

6.5.2. Steady Growth Sectors

Financial Services & FinTech: 27 deals, USD 290 million (20.5%). 2.3x growth multiple. A consistent performer attracting diverse investor types, spanning SME finance to digital payments.

Agriculture & Food Systems: 25 deals, USD 164.1 million (11.5%). 2.3x growth multiple. Solid fundamentals, food security focus, but fragmented deal sizes.

Chart 4-6: Sectoral split of investees (% of transaction volume)

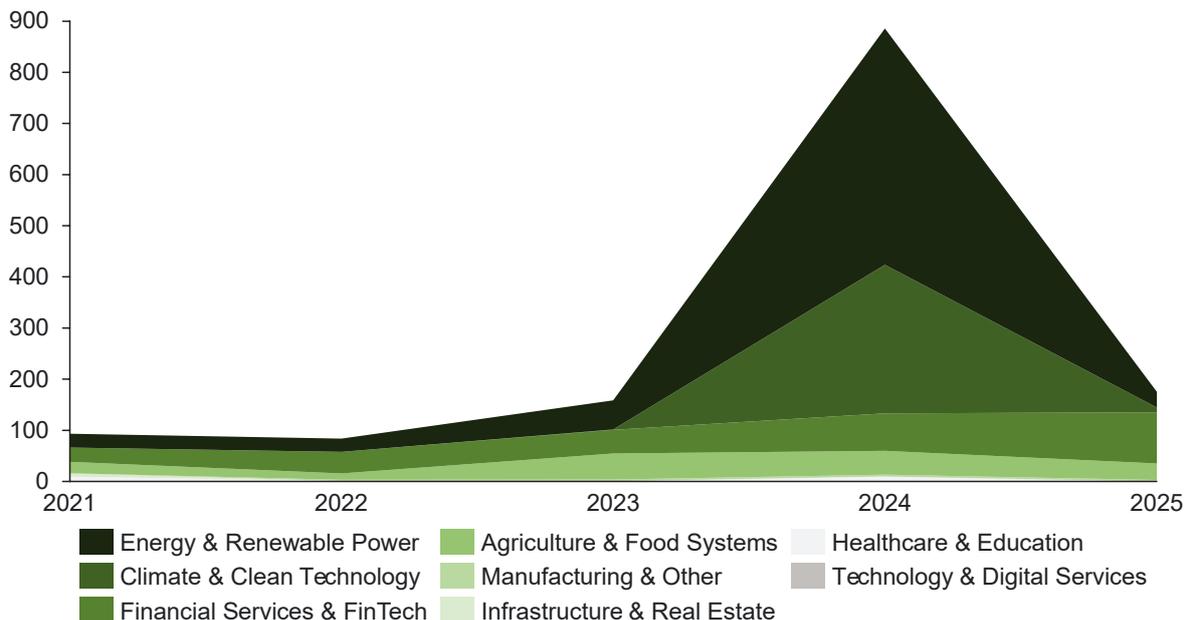


6.5.3. Emerging and Declining sectors

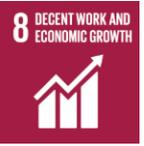
Agriculture & Food Systems: 25 deals, USD 164 million (11.7%). 2.1x growth multiple. Strong fundamentals and food security focus, but fragmented deal sizes persist.

Manufacturing & Other: 8 deals, USD 8.5 million. Strong growth multiple (10x) but from a low base.

Healthcare & Education: 6 deals, USD 9.4 million. Declining volume (0.6x growth multiple), early activity did not sustain.



6.5.4. SDG Alignment

Top Contributing Countries	Description	# of deals	% of total market
<p>1. SDG 7: Affordable and Clean Energy (USD 406.49 million) (USD 1021 million)</p> 	<ul style="list-style-type: none"> Largest SDG, 70% of all capital - deal sizes span \$28k-\$200M, avg. ticket size of USD 9.98 million. Mix of green bonds, solar, clean cooking, hydropower. Strong climate overlap: 19/43 also target SDG 13. 	<p>-36% (43 deals)</p>	<p>-71% (USD 1021 million)</p>
<p>2. SDG 13: Climate Action (USD 354 million) (USD 982 million)</p> 	<ul style="list-style-type: none"> No standalone deals -100% overlap with other SDGs. Energy dominates (19 deals worth \$248M). DFIs lead; new focus on green copper and adaptation. 	<p>-35% (41 deals)</p>	<p>-69% (USD 982 million)</p>
<p>3. SDG 2: Zero Hunger (USD 548 million)</p> 	<ul style="list-style-type: none"> Heavy fintech and digital infrastructure focus 36/37 deals are multi-SDG Ticket sizes range between \$10k-\$200M Private equity most active, targeting growth capital 	<p>-31% (37 deals)</p>	<p>-38% (USD 548million)</p>
<p>4. SDG 9: Industry, Innovation, Infra (USD 180 million) (USD 304 million)</p> 	<ul style="list-style-type: none"> Agriculture core, spanning smallholders to food processing 21/34 paired with SDGs 1 & 8; Big ticket: \$100M FinDev Canada facility. Agri-tech adds innovation to value chain. 	<p>-26% (31 deals)</p>	<p>-21% (USD 304 million)</p>
<p>5. SDG 8: Decent Work (USD 129 million) (USD 298 million)</p> 	<ul style="list-style-type: none"> Most deals (44) but smallest average ticket size among top 5 SDGs Strong SME/job creation focus across diverse sectors Employment as cross-cutting enabler 	<p>37% (44 deals)</p>	<p>-21% (USD 298 million)</p>
<p>Total Sum (Non-Overlapping)</p> 	<p>Zambia's SDG investments are dominated by clean energy and climate, complemented by food security, industry, and jobs—together covering 94% of deals and 99% of value, highlighting a push for climate-resilient, inclusive growth</p>	<p>-94.1% (112 deals)</p>	<p>-98.5% (USD 1.41 billion)</p>

Key insights

- Climate/Energy Dominance:** Most investments focus on energy access and climate solutions
- Strong Development Focus:** Addressing core development challenges (poverty, hunger, employment)
- Innovation Infrastructure:** Some support for technology and industrial development
- Social SDGs Underrepresented:** <2% in health, education, and gender equality
- Deal Size Variation:** 200x range from avg. ticket in governance (\$0.09M) to energy (\$23.74M)

Alignment with government efforts

National Energy Compact (2025):

\$9.5B private mobilization for universal access, clean cooking, and renewable expansion core to SDG 7 & 13.

8th NDP & Green Growth Strategy (2022-26):

Drives renewables, rural electrification, agri-value Chains, and green jobs, aligned with SDG 2 & 8.

Farm-to-Market Compact (2024-29):

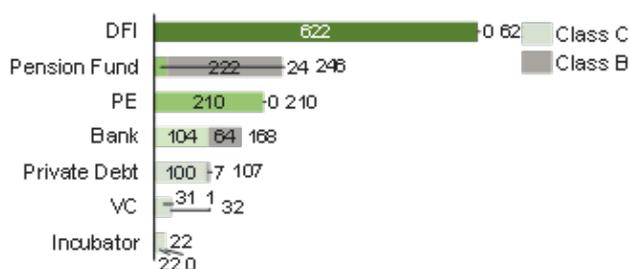
Invests in rural roads, irrigation, and storage boosting food security and growth (SDG 2, 8, 9).

6.6. Measuring and Classifying Additionality

Based on our ABC classification proxy defined in the methodology:

- Class C (Contribute to Solutions):** 114 deals (89.1%), USD 1,113 million (79.1% of value), including:
 - All DFI deals (concessional/catalytic by nature)
 - All incubator/accelerator programs (impact-focused)
 - VC/PE equity deals in impact sectors (health, education, agriculture, clean tech, energy)
 - Private debt in core impact sectors with SDG alignment
 - Renewable energy deals with SDG 7/13 alignment
 - Impact-first investments with clear IMM practices or underserved market focus
- Class B (Benefit Stakeholders):** 14 deals (10.9%), USD 294 million (20.9% of value), including:
 - Green bonds (7 bank deals) - commercial instruments without proven direct additionality
 - Private debt in telecoms/hotels/manufacturing without strong impact structuring
 - Pension fund commercial allocations
 - Bank CSR programs (tree planting, general education initiatives)
 - VC deals in impact adjacent sectors like fintech and manufacturing
 - Most transactions were classified as Class C, reflecting strong intentionality, SDG alignment, or concessional structuring. The Class B segment is limited to green bonds, pension fund allocations, and commercial bank lending without explicit additionality.

Chart 4-7: Classifying additionality (% of transaction volume)



6.6.1. Additionality

Additionality in this study was estimated rather than directly measured, given the lack of disclosed deal terms in Zambia. By analysing the available Investment Details, combined with the institutional segment mapping, we split transactions into high, medium, and none categories for both financial and non-financial additionality. Key assumptions include treating all DFIs as high financial additionality by mandate, incubators as high non-financial additionality, and equity as at least medium non-financial due to governance involvement. These estimates provide a transparent basis for the following figures while acknowledging the limitations of relying on public data.

Financial additionality:

- High (58% of deals): Grants, DFI investments, guarantees, catalytic/blended finance structures
- Medium (28%): Early-stage VC/PE equity, incubator investments, mezzanine capital
- Low (13%): Green bonds, commercial bank lending, pension fund allocations
- None (1%): Pure commercial financing
- Over half of total value exhibits high financial additionality, led by DFI concessional loans and blended-finance structures.

Non-financial additionality

- High (15%): Technical assistance, incubator programs, explicit governance/advisory support.
- Medium (52%): PE/VC active ownership, DFI capacity building, fund management structures.
- Low (20%): Bank commercial products, pension allocations, pure debt financing
- None (13%): No evidence of beyond-finance support.

While fewer in number, non-financial contributions were concentrated in VC, incubator, and some DFI programs. These forms of support complement concessional terms by strengthening enterprise capacity, improving governance, and opening new markets.

6.7. Deal Flow

6.7.1. Temporal Analysis

2024 stands out as a transformative year, with USD 885.6 million invested across 37 transactions, representing 62.9% of the entire market and more than all previous years combined. This surge was driven by blockbuster climate and energy deals, including major solar projects, green bonds, power infrastructure, and fintech scale-ups.

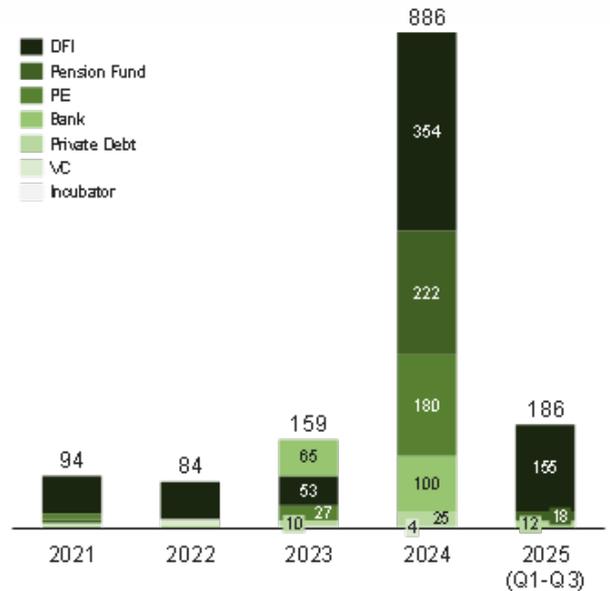
The explosive growth reflects converging forces: international climate finance commitments, regulatory acceleration, and urgent regional power needs. The market showed steady but modest growth from 2021–2023 (USD 93.7 million, USD 83.8 million, and USD 158.9 million respectively) before the dramatic 2024 acceleration, fuelled by global climate finance mobilization and market maturation.

While this surge may represent a one-off event, it has fundamentally shifted the baseline upward, confirming that Zambia’s market remains cyclical and highly dependent on macroeconomic policy, international climate finance flows, and regulatory conditions. Growth is concentrated in a few flagship mega-deals rather than broad-based market deepening.

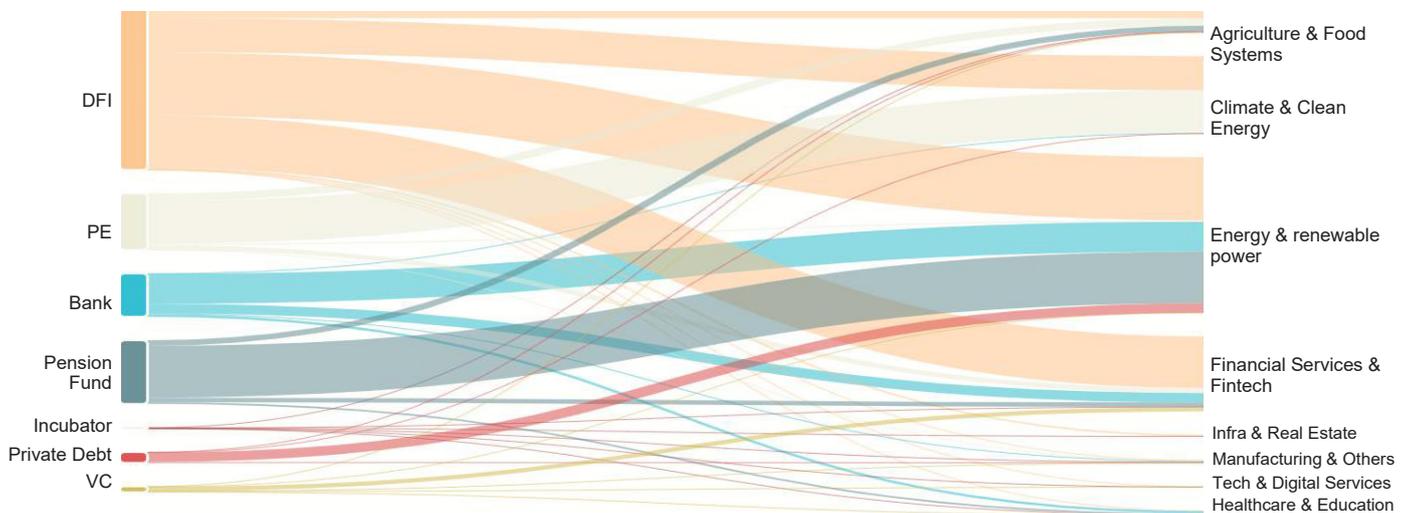
6.7.2. Capital Flow

DFIs dominate with substantial flows concentrated in energy and renewables (USD 244.5 million), financial services (USD 200 million), agriculture (USD 108.8 million), and climate technology (USD 75.8 million) across their 52 transactions. Pension funds are almost entirely focused on energy infrastructure (USD 200 million from 1 major deal), with

limited diversification into SME finance (USD 39.5 million). (2 deals; USD 269.9 million), with only limited moves into agriculture and SME finance.



Private equity deploys large tickets in climate technology (USD 166 million) and agriculture (USD 28.9 million), while venture capital supports financial inclusion and digital innovation but at much smaller average deal sizes (USD 1.1 million). Banks and private debt remain narrowly concentrated in energy projects and select agriculture deals, offering limited sectoral diversity. Incubators and early-stage investors distribute modest capital across technology, healthcare, and emerging sectors, primarily building deal pipelines for larger institutional players.



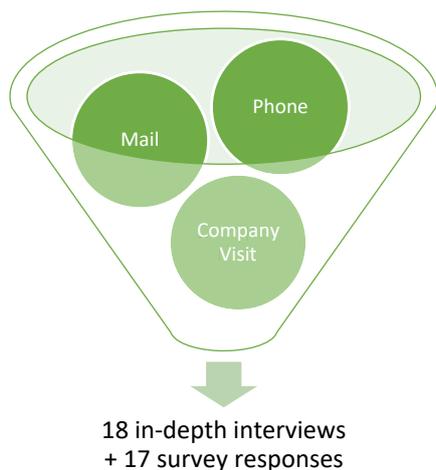
6.7.3. Highlights

- 01 DFI Backbone:** Development finance institutions provide consistent growth and stability across all years.
- 02 2024 Explosion:** Every segment except Incubators and Banks saw massive growth in 2024
- 03 Pension Fund Power:** NAPSA emerged as a mega-investor in 2024 with more than USD 200 million invested.
- 04 PE Volatility:** Private equity shows extreme swings but delivered huge 2024 investments (+638%).
- 05 VC Consistency:** Venture capital maintains steady small-ticket activity regardless of market conditions.
- 06 Bank Brief:** Commercial banks had a significant but short 2-year run (2023-2024).

6.8. Investor Interview & Survey Findings

This section is based on 18 in-depth investor interviews and 17 survey responses, covering a total of 27 unique non-overlapping investors. We reached out to 87 investors listing Zambia as a focus area, giving a total response rate of 31%.

The findings are presented thematically. Within each thematic sub-section, in-depth interview insights are presented first, followed by relevant survey findings and charts. This provides both quantitative and qualitative insights.



Across surveys and interviews investors portray Zambia as a market of high impact potential but constrained by risk, pipeline gaps, and macro instability. Most funds position themselves between impact and commercial objectives (44% impact-led, 39% balanced, 17% commercial), with agriculture, energy, and financial services consistently rated as the most investable sectors. Performance expectations vary widely, with IRR targets ranging from 0-25% (mean ~8.6%), reflecting uneven risk appetites and mandates.

Deal flow is relationship-driven - over 80% of investors highlight personal networks and proprietary sourcing as critical - while formal channels (banks, incubators, open calls) are seen as weaker. Impact measurement remains fragmented: around half of investors apply structured KPI frameworks (jobs, gender, tax, GHG), while others rely on informal or sector-specific proxies.

Key constraints emerge around due diligence quality—with 100% of survey respondents citing weak financial records and 67% rating investment readiness support as inadequate. FX volatility is seen as the top capital deployment risk, with inves-

tors leaning on natural hedges and hybrid instruments rather than expensive formal hedging. Exits remain scarce: only 4 of 19 investors reported successful exits in recent years.

Looking forward, investors link Zambia's ability to double allocations in the next 5 years to three conditions:

- 01** Macroeconomic stability (currency, power, political).
- 02** Deepening of key sectors (agriculture, mining, energy, fintech).
- 03** Capital market strengthening (regulatory clarity, FX access, exit pathways).

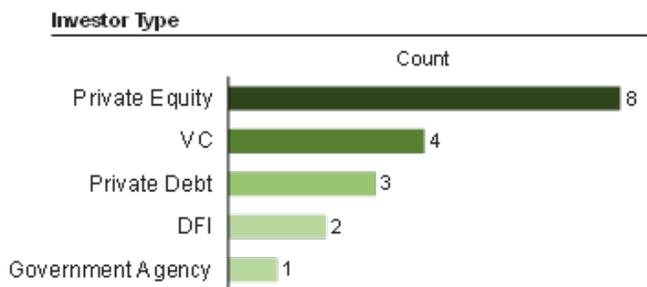
Sourcing	Transaction Structure	Exit
<p>Heavily relationship-driven (up to 90% exclusive in some cases).</p> <p>Proprietary networks, word-of-mouth, personal trust.</p> <p>Incubators/advisors used occasionally but pipelines remain thin</p>	<p>IRR modelling with scenario-based risk analysis.</p> <p>Use of hybrids, mezzanine, and natural hedges against FX volatility.</p> <p>TA/BDS costs often co-financed (e.g. 50% investee contribution).</p>	<p>Strategic buyer: e.g. logistics/consumer plays (SALT's Deep Catch → Imperial → DP World).</p> <p>Financial buyer: secondary sales in progress (EXEO Capital).</p> <p>Shareholder buyout: equity exited, debt retained (AgDevCo).</p> <p>Sector-specific de-risking: renewables positioned for sale to strategic investors (Norfund).</p>

6.8.1. Descriptive statistics

6.8.2. Interview respondents

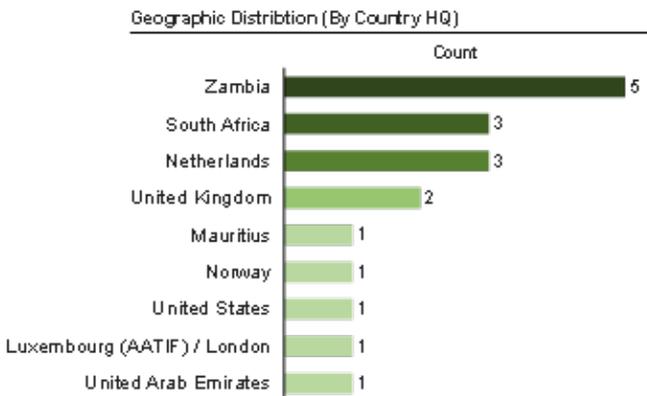
Of the 18 investors interviewed, 8 are Private Equity (44%), 4 Venture Capital (22%), 3 Private Debt (17%), 2 DFIs (11%), and 1 Government Agency (6%).

Geographically, 5 are based in Zambia (28%), while 13 (72%) are international, led by South Africa (3),

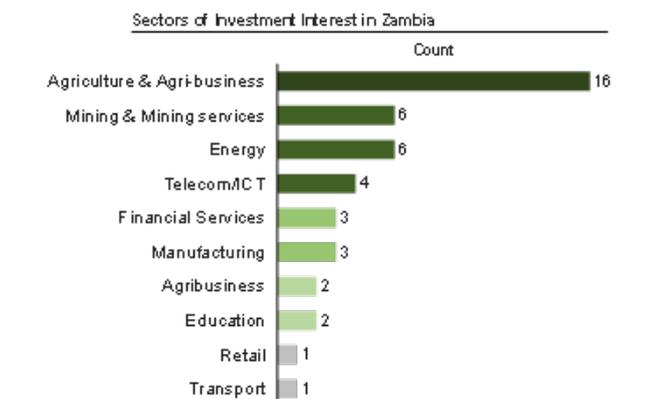


Netherlands (3), and UK (2). Outliers include the US, Norway, Mauritius, UAE, and Luxembourg.

Most cited sectors of investments among interviewees

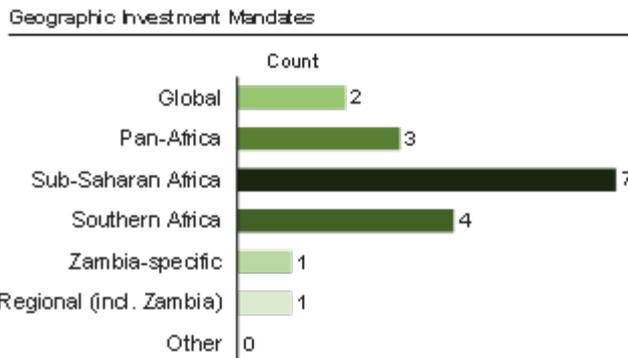


include Agriculture, Mining Services, and Energy.



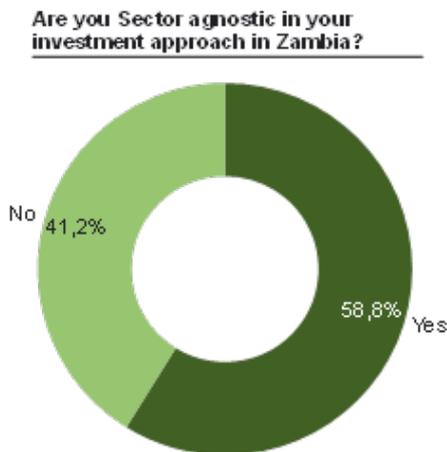
Survey respondents

Of 18 survey respondents, most operate with Sub-Saharan Africa mandates (39%), while only one fund has a Zambia-specific mandate. This highlights how Zambia's market is treated as an investment opportunity, often as secondary or opportunistic rather than primary.



Additionally, most survey respondents are sector agnostic in their investment approach in Zambia, further highlighting opportunistic investment strategies.

On average, the surveyed respondents allocate 14% of their AUM to Zambia. If we weight by fund size, the average Zambian AUM share is even smaller, standing at only 3.4%.



6.8.3. Theory of Change: Impact vs. Commercial opportunities

Investors broadly see Zambia as offering a blend of impact and commercial opportunities, with agriculture, energy, and financial services cited as the most investable sectors. The country's social needs drive high impact potential, but commercial viability is still considered essential. Our interviews asked the investors to rate their initiatives in Zambia on a scale from 1 – being all commercial – to 10, being all impact.

Several respondents placed Zambia at the midpoint of the spectrum. Niel from EXEO Capital rated it a 5, noting that “investing in Zambia has a very high impact element because of the social needs... but on the other hand, there's still a very strong commercial argument.” Similarly, Lombe from AATIF + FEI stressed that “for a business to be successful, it needs to be commercially viable... it needs commercial returns,” also rating Zambia a 5.

Others leaned more toward impact, with scores around 6–7. Lebo from Goodwell placed Zambia at a 7, saying “I see a lot of potential... but at the end of the day if we are not positive about it very few other people will be.” Jan from SALT Capital echoed this: “We believe investing without impact is impossible. So we lead with impact for sure,” also giving Zambia a 7. Fredrick from Amigos VC went further, rating it an 8 since “the fundamentals for a purely commercial play here is still lacking a little bit.”

By contrast, Elijah from AfLife represented the commercial minority, rating Zambia a 2 because their focus remains “strongly commercial.”

This divergence reveals three distinct clusters among investors:

- **Balanced group (ratings 4–6):** Emphasizing the interplay of commercial sustainability and social outcomes (e.g., EXEO, Norfund, AATIF + FEI, AgDevCo, Enko, 30Thirty Capital).
- **Impact-oriented group (ratings 6–8):** Stressing Zambia's developmental needs and the primacy of social impact (e.g., FMO, Goodwell, InsideCapital, SALT Capital, Amigos VC).
- **Commercially focused minority (rating 2):** Prioritizing financial returns over impact (e.g., AfLife).

Survey data from 17 institutional investors provides quantitative validation for interview findings on how investors position Zambia within their theory of change frameworks. The analysis reveals that 8 investors (44%) categorize impact as core to their

strategy, while 7 investors (39%) consider impact but prioritize financial returns, and only 3 investors (17%) focus primarily on commercial returns. This distribution explains why interview participants consistently rated Zambia between 4-7 on the commercial-impact spectrum.

Overall, investors agree that in Zambia, impact and commercial considerations are inseparable: impact drives opportunity, but without commercial viability, sustainability is not possible.

6.8.4. Performance and Risk Analysis

Investors described using a mix of financial and impact metrics when evaluating transactions, though the balance and formality varied. On the financial side, several emphasized structured IRR and risk assessments. Niel from EXEO Capital explained that his team conducts a “full 360 analysis on the company, the country and the sector” to weigh both upside and downside risks. Alix from Enko Capital outlined a scenario-based approach where IRRs are modelled under best, base, and worst cases, with impact metrics integrated into the business plan. By contrast, Elijah from AfLife highlighted a more risk-focused process centred on creditworthiness, noting: “Every investment goes through a risk assessment. On the debt side, we focus on credit risk, willingness and ability to repay.”

Impact evaluation showed even greater divergence. A more structured group, including AATIF + FEI, AgDevCo, and InsideCapital, track specific KPIs such as jobs, gender, income levels, tax contributions, and GHG reductions. As Lombe from AATIF + FEI put it, “You now need to have a good understanding of how this business model interacts with the ecosystem around it and where it's impacted.” Sytske from AgDevCo echoed this, stressing the importance of monitoring gender balance and transformational change for smallholder farmers. Similarly, Szymon from InsideCapital added that “Jobs is a big one... we tend to follow the 2x and bold... investment criteria that BI and IFC have set.” Other funds adopt a less formal but still deliberate approach. An anonymous VC fund, for instance, targets high IRRs of around 25% while setting informal impact goals. As they illustrated with healthcare investments: “For every patient that we save on cancer that can afford it, let's target two in the state sector that can't afford it.”

Survey responses show modest IRR expectations, with a mean of 8.55%, and a wide range (0-25%). This shows a highly uneven performance landscape.

Overall, while IRR and risk assessments are generally rigorous and quantitative, impact frameworks range from highly structured KPI systems to more informal, sector-specific targets. This divergence reflects different fund mandates: some view impact as inseparable from commercial success, while others place greater emphasis on financial performance.

6.8.5. Sourcing Channels

Most investors stressed that high-quality deal flow in Zambia depends heavily on proprietary networks and personal relationships, while more intermediated or formal channels often introduce challenges.

Several respondents, including EXEO Capital, Metier, and Enko Capital, emphasized that proprietary sourcing produces the best opportunities. As Niel from EXEO put it: “Quality pipeline, proprietary so yourself feet on the ground. And then quantity pipeline... normally through advisors.” Alix from Enko agreed, preferring one-to-one conversations with entrepreneurs: “We like proprietary... because it’s a one-to-one conversation... somebody that you know, or that you have had the time to get to know and trust.”

Personal networks were repeatedly cited as central to sourcing. Goodwell’s Lebo explained that “personal networks... and relationships with ecosystem players” are key, while AgDevCo’s Sytske highlighted word of mouth as the most reliable channel. XSM Capital’s Eka similarly noted reliance on informal, trust-based relationships, describing it as a “mouth to ear kind of deal sourcing.” SALT Capital’s Jan even estimated that “90% [of transactions are] exclusive to us,” underscoring the centrality of personal ties.

More structured approaches included leveraging advisors, banks, or incubators. FMO reported that deal flow often arrives ad hoc via referrals or its website, though governance and KYC weaknesses slow due diligence: “KYC is the biggest issue because some of these companies are not well organized.” Renew Capital’s Calvin valued incubators and pitch events but cautioned that strong opportunities often lie outside such platforms, requiring a strong “ground game.”

Breakdowns in the sourcing process were commonly noted. InsideCapital’s Szymon observed that “there are so little pipelines, especially investable pipelines, here in Zambia,” while AfLife’s Elijah flagged that the “pipeline isn’t particularly strong - limited innovation and persistent power constraints hold it back.” Others,

like SALT Capital, reported failing in competitive bidding processes, while AgDevCo pointed to wasted time from irrelevant applications when advertising opportunities.

Overall, sourcing in Zambia is highly relationship-driven, with proprietary and network-based approaches producing the highest quality pipeline. Formal or competitive processes often dilute quality or stall due to governance gaps, highlighting the importance of local presence, trust-building, and selective engagement.

6.8.6. Impact Measurement

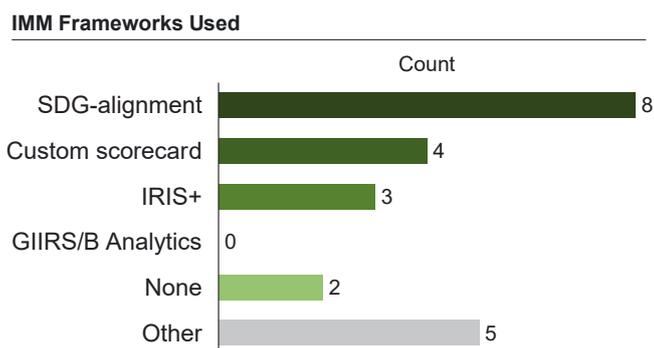
A small number of interviews addressed how Impact Measurement & Management (IMM) metrics are tracked and which ones present verification challenges, with clear differences in approach and emphasis.

FMO reported that IMM metrics are typically monitored either quarterly or every six months, depending on how the investment is structured. However, the hardest challenges were not tied to numerical impact indicators but rather to governance and compliance. As Teresa explained, “KYC is the biggest issue because some of these companies are not well organized from a governance sort of like point of view.” This indicates that while frequency of reporting is well established, the reliability of the underlying data often depends on company governance systems, which are uneven across Zambia.

AgDevCo’s Sytske focused on the measurement difficulties in agriculture, particularly when estimating reach and impact among smallholder farmers. She acknowledged that the numbers are often based on averages rather than precise records: “I think the number of smallholder farmers impacted... you got to use averages and stuff.” This reflects the wider challenge of measuring impact in informal or dispersed sectors, where verification is resource-intensive and subject to assumptions.

Enko Capital’s Alix confirmed that their fund tracks IMM metrics on a systematic quarterly basis across the portfolio. Standard indicators such as jobs and gender are consistently applied, while additional metrics are tailored to the company at the time of investment. He explained: “We track quarterly all the impact metrics on a quarterly basis. Within those metrics, some like jobs and gender metrics are tracked all throughout the portfolio.” Unlike FMO and AgDevCo, however, Enko did not identify specific metrics as being difficult to verify.

In summary, while quarterly IMM tracking is the norm for some investors, the ability to generate reliable data depends heavily on context. Governance and compliance gaps, as highlighted by FMO, and diffuse outcomes in agriculture, as noted by AgDevCo, remain the most difficult areas to measure. In contrast, funds like Enko have embedded quarterly tracking into their portfolio management processes, focusing on consistent metrics such as jobs and gender while tailoring others to each business case. This reflects both the diversity of sectoral challenges in Zambia and the varying degrees of rigor applied by investors in measuring and verifying impact.



Survey data reinforces these divergent practices. A majority of investors (44%) report aligning with the Sustainable Development Goals as their dominant framework, while many also rely on custom scorecards to reflect their specific mandates. By contrast, more technical global systems such as IRIS+ are used only by a minority, and GIIRS is absent altogether. This mirrors interview insights: while some funds integrate structured KPI frameworks, others adapt simple, flexible & context-driven tools, underscoring that in Zambia, impact measurement is more about practicality and signalling alignment than about strict adherence to global standards.

6.8.7. Due-Diligence Bottlenecks

Several investors highlighted recurring gaps in due diligence, particularly around documentation, governance, and the availability of local expertise.

Niel from EXEO Capital pointed to weak internal systems in family-owned businesses, noting that “standard operating procedures, SOPs [are] almost non-existing and then statutory company documents... more often than not lack completely.” Similarly, AgDevCo’s Sytske observed that firms may have procedures informally but fail to document them, adding: “A lot of them might have it in practice, but there’s just no paper trail of things.”

Financial transparency was another common challenge. InsideCapital’s Szymon warned that audited accounts are sometimes deliberately misleading: “You come across documents where they’ve been obfuscated... Used some accounting tricks to kind of mask what’s really going on.” Currency mismatches in reporting were also flagged, with local audits done in kwacha complicating analysis for dollar-based investors.

Compliance and governance bottlenecks were raised by multiple respondents. FMO emphasized that KYC is a persistent problem because “some of these companies are not well organized from a governance point of view.” Renew Capital’s Calvin described their reliance on a “very long checklist” for legal and compliance checks, noting that many start-ups struggle to meet basic requirements.

Capacity gaps within Zambia’s professional services sector compound these challenges. AfLife’s Nasilele highlighted difficulties in securing high-quality due diligence experts: “There is capacity challenges also in terms of finding experts that can conduct certain types of due diligence.”

Most Significant SGBI Investment Readiness Gaps (1 = biggest gap, 8 = least significant gap)

1	Financial documentation & forecasting	3.06
2	Business model clarity/revenue logic	3.75
3	Governance/decision-making	4.13
4	Market validation/traction	4.56
5	Technical talent/staffing	4.94
6	Legal structure & contracts	5.13
7	Understanding investment terms	5.13
8	ESG measurement/reporting	5.31

For example, tax due diligence or legal due diligence.” High costs for qualified professionals further constrain smaller transactions.

Overall, the most common due diligence bottlenecks in Zambia stem from:

- Statutory and operational policies: Missing or poorly documented requirements.
- Financial records: Weak or misleading documentation
- Governance and compliance: Gaps, especially around KYC.
- Expertise: Limited availability and high costs of qualified tax, legal, and technical experts.

Survey data provides quantitative validation for the due diligence challenges identified in interviews. The analysis of preparation gaps shows ranked investment readiness gaps, highlighting financial documentation and forecasting as the most significant readiness gap, followed by business model clarity and governance/decision making. Respondents also highlight that BDS in these areas is largely lacking. Among 17 survey respondents, 12 investors (67%) identified investment readiness support as either completely inadequate or inconsistently available, with only 1 investor (6%) viewing current support as sufficient, highlighting the need for more structured support for Zambia’s SGBs.

These constraints collectively slow transactions and raise risks, particularly for international investors accustomed to more standardized documentation and regulatory compliance.

6.8.8. BDS Co-Financing

Several investors outlined the conditions under which payment for Technical Assistance (TA) or Business Development Support (BDS) is made, revealing a mix of business-case justifications, due diligence outcomes, co-financing requirements, and selective outsourcing.

According to Niel, EXEO Capital, payment for TA or BDS is contingent upon clear business rationale: “If it makes business sense. If there’s a business case to be put around to be motivated... Many consulting expenses is for the better of the company.” He further noted that the use of technical assistance grants is common practice rather than exceptional: “We do it very often. Yes.” Similarly, Alix, Enko Capital, stressed that TA must provide “very concrete and measurable benefits to the company,” and ideally the TA provider should be partially incentivised on outcomes through a success fee.

Other investors highlighted different criteria. FMO emphasized that TA is typically triggered during due diligence when shortcomings are identified: “...when we do the due diligence and we find that there are some shortcomings where we can actually with the technical assistance, correct them, then we’ll provide the technical assistance as well.” InsideCapital’s Szymon distinguished their approach by noting that most support is provided in-house, with external advisors engaged only for significant gaps: “No, we don’t. We tend to do that in house. And that’s part of our job as fund managers is to assist in the value creation.”

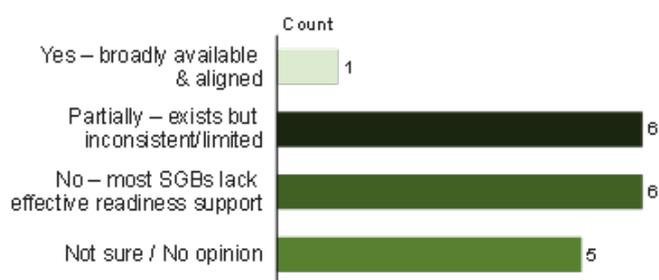
Co-financing requirements also surfaced. Sytske, AgDevCo, explained that their Technical Assistance Facility requires cost-sharing: “So for our TAF facility... the other half has to be done by the investee.” This highlights a model where TA costs are deliberately split to ensure investee commitment. Likewise, Elijah, AfLife, described reliance on external consultants and advertising services when specific expertise is required: “To some extent, yes. We engage external advertising services and use some advisors and consultants.”

In sum, conditions for paying for TA/BDS vary but generally fall into four patterns:

- Business case justification: Payment tied to clear business rationale and measurable company benefits (EXEO, Enko).
- Due diligence support: Triggered during assessments to address identified gaps (FMO).
- Selective outsourcing: Used when in-house expertise is insufficient (InsideCapital, AfLife).
- Co-financing models: Requiring shared investee contributions (AgDevCo).

This diversity suggests that while TA/BDS is widely recognized as critical, investors differ in how they structure, justify, and share its costs.

Do you feel that current BDS Support in Zambia is sufficient?



6.8.9. Exit Narratives

Several investors described recent exits in Zambia, illustrating different strategies and buyer motivations. The accounts reveal that exits have been achieved through sales to strategic investors, financial buyers, and shareholder buyouts, with interest driven by reduced risk, strong performance, and future growth potential.

Norfund highlighted a successful exit in the renewable energy sector, where the appeal to buyers stemmed from careful de-risking of projects before divestment: “From our exit in renewable energy has actually been very good.” This approach created an attractive investment profile in a sector that is rapidly developing in Zambia.

Jan, SALT Capital, described the sale of Deep Catch, which was acquired by Imperial and later DP World, generating a strong return. He noted both the company’s performance and the strategic positioning of the buyer pool: “We always have...a natural pool of buyers called the Johannesburg Stock Exchange.” This underscores how regional linkages, and strategic investors play a central role in exit pathways.

Sytske, AgDevCo, reported an exit where a shareholder bought out their equity while AgDevCo retained debt exposure. The buyer was drawn by the project’s readiness for the next stage and the need for fresh capital: “It was a complete green-field project... You’ve got to find somebody who’s got the new money and the energy to get it to the next stage.”

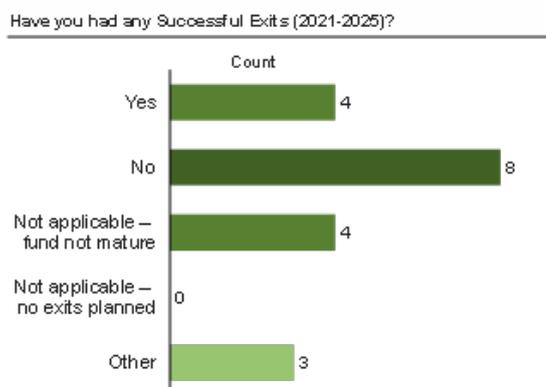
Niel, EXEO Capital, added that an exit is currently in progress for their Zambian investment, with the plan to sell to another financial buyer: “I would say selling to another financial buyer.” This highlights secondary sales as a practical option in Zambia’s market.

Overall, the Zambian exit landscape reflects diverse strategies, including:

- Renewable energy de-risking: Projects attracting buyers seeking stability (Norfund).
- Growth-sector acquisitions: Strategic investments in areas like logistics (SALT Capital).
- Shareholder buyouts: Facilitating next-phase investment (AgDevCo).
- Financial buyer-driven exits: Ongoing exits led by financial buyers (EXEO Capital).

Although exits are generally highlighted by interviewees as impractical or impossible, survey responses note their relatively low significance when compared to other capital deployment constraints. “Difficulty exiting investments” only

received an average constraint ranking of 5.65 (ranks from 1-10), placing it in the lower half of most significant capital deployment constraints. On the other hand, only 4 of 19 survey respondents had successfully exited an investment during 2021-2025, showing a scarcity of exit options.



Together, these cases suggest that exits in Zambia are scarce. They can however be successful when investments are positioned to reduce risk, demonstrate strong performance, and align with either strategic expansion or financial investor mandates.

6.8.10. FX and Macro Risk

Investors consistently highlighted the challenges of foreign exchange (FX) volatility and macroeconomic risk in Zambia, noting that while formal hedging instruments exist, they are often prohibitively expensive or impractical. As a result, most rely on structural or strategic approaches such as natural hedges, hybrid financing, or selective investment targeting.

Szymon, InsideCapital, emphasized reliance on natural hedges, focusing on firms with hard currency revenues rather than purchasing costly financial instruments: “We primarily invest in businesses that have US dollar revenue and that’s why we like manufacturing businesses that are scalable and that have an export focus.” Calvin, Renew Capital, described a similar approach, noting that while most portfolio companies start with local currency revenues, expansion across borders allows them to generate hard currency earnings: “In practice, most of the businesses we invest in are generating local currency. But when we grow with the company... we see a lot of hard currency earnings.”

A few investors employ more structured tools. Edzard, Metier, referred to using “mezzanine like self-liquidating instruments” as a way to manage liquidity risks arising from FX volatility, though he stressed that these structures require intensive engagement with investees. Alix, Enko Capital,

went further, explaining that FX risk is systematically factored into financial projections using inflation and interest rate differentials, with hybrid debt-equity structures used to spread exposure: “Maybe a hybrid structure, where you get a little bit of debt, a little bit of equity, try to hedge yourself a little bit, in terms of the currency factor, but it’s never easy.”

Other perspectives underline the limits of available instruments. Sytske, AgDevCo, explained that hedging costs are too high to be feasible, leaving investees to manage any such mechanisms themselves: “Most of the hedging structures are too expensive and we lend in dollars. So it’s actually the investees who would then have to be the ones putting in place the hedging structures.” Similarly, Elijah, AfLife, was explicit: “No, none in place. Currency is volatile, and there aren’t really advanced instruments available.” Niel, EXEO Capital, echoed this, noting that hedging products are cost-prohibitive: “It’s basically 15%. The fee is close to 15% of your amount being hedged, which immediately puts you out of the money.”

Overall, investors in Zambia tend to avoid direct financial hedges, instead managing FX and macro risks through:

- Natural hedges: USD-earning and export-oriented businesses (InsideCapital, Renew Capital).
- Structured instruments: Use of mezzanine and convertible notes (Metier, Renew Capital).
- Hybrid structures: Debt-equity transactions designed to balance risks (Enko Capital).

- Responsibility transfer: Shifting hedging burden to investees due to prohibitive costs (AgDevCo, AfLife, EXEO).

The significance of FX’s effect on profits was further highlighted by survey respondents. FX and currency risks was ranked as the number one most significant constraint to deploying capital in Zambia.

The total pattern suggests that FX volatility in Zambia is seen as among the most significant constraints for investors. To manage it, investors use strategies driven by investment structuring and portfolio strategy rather than using formal hedging products.

6.8.11. Trends: New Instruments

A few investors reported experimenting with innovative investment structures in Zambia, though such practices remain limited and often complex to implement.

Chitangala, GIP, described the deployment of flexible debt and revenue-linked instruments. Their offering includes three main products: “We have three products... Flexi, royalty, and mezzanine... But in reality, I think the Flex will be the majority. We will not do the mez... I’m looking forward to finding an equity play. It will be difficult.” This indicates that while revenue-share and mezzanine models are part of the toolkit, in practice more traditional flexible debt tends to dominate due to its relative simplicity and suitability for local businesses.

Capital Deployment Constraints (Ranked by Mean Score. 1 = most constraining, 10 = least constraining)

1	FX/currency risk	3.76
2	Ticket size mismatch (too small/large)	4.06
3	Regulatory uncertainty	4.65
4	Difficulty sourcing viable investments	5.06
5	Poor information sharing among ecosystem stakeholders	5.53
6	Difficulty exiting investments	5.65
7	High cost/limited availability of TA/BDS	6.00
8	Political or macroeconomic risk	6.29
9	Poor/inconsistent impact measurement and reporting	6.71
10	Lack of clear labelling/recognition of social enterprises	7.29

Edzard, Metier, noted a shift toward mezzanine-like self-liquidating instruments to address liquidity challenges and currency risk. He explained: “One thing that we are currently exploring and actually already pursuing in some of the newest investments is more mezzanine like self liquidating instruments,” but cautioned that “mezzanine investments... takes a lot more handholding to take a company along.” This suggests that while mezzanine approaches can mitigate risks, they require intensive engagement to succeed.

Overall, innovative structuring in Zambia has been explored primarily through revenue-share and mezzanine instruments. Yet, uptake appears cautious, with investors gravitating toward flexible debt models where risks and complexities are easier to manage.

6.8.12. Trends: Digital DD Tools

Several investors described the use of digital platforms and AI tools for pipeline screening, due diligence, and impact verification, though approaches vary in terms of adoption and trust in these technologies. The main benefits cited were speed and efficiency, while limitations included data confidentiality concerns and the need for human oversight.

Jan, SALT Capital, highlighted the efficiency gains from adopting AI-enabled due diligence tools through KPMG, noting that analysis quality had significantly improved: “The quality of this report is like, you know, I think it’s the best in the history of our firm. And it was done in a day.” This reflects how AI integration can dramatically reduce turnaround time for business reports and value creation plans.

Elijah, AfLife, reported using Bloomberg Terminal and S&P tools, which “help standardize and speed things up,” but cautioned that adoption lags in Africa due to limited skills. He emphasized that while tools improve efficiency, decision-making capacity remains critical: “Ultimately you still need decision-making capacity.”

Lombe, AATIF + FEI, expressed caution, stressing that while digital tools bring efficiency, they must be applied carefully: “On the speed and efficiency side it’s like it’s there but again it needs to be at this stage I would say used with a large amount of caution.” He also highlighted data privacy concerns, noting the limitations of aggregating sensitive information in African ecosystems.

Sytske, AgDevCo, acknowledged experimenting with AI but underlined its limited integration, citing compliance and confidentiality challenges: “I think we might play around a little bit with AI, but it’s

not a main part of our thing... I’m still very analog when it comes to going through information.”

Niel, EXEO Capital, mentioned using digital databases such as “Appsig AF sic” for pipeline tracking and noted AI’s usefulness in shortlisting opportunities, though he emphasized its incompleteness: “AI is useful, it’s still not the complete solution.”

Fredrick, Amigos VC, illustrated early adoption, experimenting with AI agents to scrape the internet for pitchbooks and leads: “We are looking into different AI agents that can scrape the Internet for... Pitchbooks and the Crunchbase and what have you.” He also noted efficiency gains in using AI for recording and note-taking during calls.

In summary, digital due diligence tools are being piloted across Zambia’s investment ecosystem, with the following trends emerging:

- Efficiency gains: Streamlined due diligence and reporting when integrated with established professional services (SALT Capital).
- Standardization tools: Reliance on established financial databases and platforms to improve consistency and speed (AfLife).
- Cautious adoption: Limited uptake due to data privacy and compliance concerns (AATIF + FEI, AgDevCo).
- Early experimentation: Use of AI scraping tools and workflow automation for sourcing and communication (Amigos VC).
- Complementary role: AI applied as a support tool rather than a replacement for primary and secondary research (EXEO Capital).

Overall, while enthusiasm for digital and AI tools is evident, most investors stress that these technologies enhance but do not replace traditional due diligence and decision-making processes.

6.8.13. Policy Engagement

Several investors identified specific regulatory and policy changes that could immediately improve Zambia’s investment climate and unlock more private capital.

Tax and incentive structures were a recurring theme. InsideCapital’s Szymon argued that eliminating dividend taxation for foreign investors would encourage FDI, and extending tax incentives beyond Special Economic Zones would broaden participation: “If you want to encourage more FDI, get rid of the taxation on dividends.” Likewise, AgDevCo’s Sytske suggested simplifying payroll taxes by consolidating multiple systems into one, noting: “It would really help if Napsa Nima pay as you and all of that was done in one go.”

Regulatory clarity and stability were also highlighted as critical enablers. Metier's Edzard pointed to gaps in legislation that undermine confidence, observing: "There's basically no law in place that defines what type of license that microfinance institution can have as of the end of this year." Enko Capital's Alix similarly stressed the importance of predictability, explaining that regulatory shifts, such as capital requirements, directly shape investment appetite.

Sector-specific reforms were also proposed. EXEO Capital's Niel called for the removal of restrictions on tilapia imports, describing it as a direct barrier to growth in aquaculture: "The first thing I would say is for the government to remove the restrictions on the importation of tilapia." Norfund advocated for opening Zambia's energy market to private trading and implementing wheeling policies: "One would be open market... allowing people who have excess power to move their power and then just trading." Renew Capital's Calvin focused on fintech and startups, citing the need to modernize outdated rules: "Regulation needs to patch up in certain verticals, i.e., FinTech... we need to catch up and we need to catch up fast." AfLife's Elijah highlighted the Securities Act as overly restrictive for brokers, while SALT Capital's Jan emphasized easing capital controls to reassure foreign investors: "If people say, look, I'm not concerned about getting my money out, it will be fine."

A broader concern, raised by XSMC Capital's Eka, was that Zambia sometimes adopts overly complex regulations without regard to market maturity, raising costs for businesses. As he cautioned: "You cannot ask a baby who just was born to start running."

In summary, investors called for reforms across three dimensions:

- Tax and incentive policies: Dividend taxation, payroll simplification, broader investment incentives.
- Regulatory clarity and stability: Clearer sector licensing, predictable capital rules.
- Sector-specific liberalization: Aquaculture import restrictions, energy trading, fintech modernization, forex controls, broker regulations.

Survey data validates the policy priorities identified in interviews through comprehensive constraint analysis. Among 17 investors providing constraint factor rankings, 100% identified regulatory uncertainty as a deployment constraint, while 100% also cited FX/currency risk and political/macro-economic risk, demonstrating universal

concern across policy dimensions. The finding that 8 investors (47%) consider Zambia a primary target while 6 investors (35%) view it as opportunistic suggests that policy improvements could substantially influence allocation decisions within existing mandates.

Together, these measures were seen as essential to reduce transaction costs, increase investor confidence, and stimulate both domestic and international capital flows into Zambia.

6.8.14. Forward Outlook

Several investors provided perspectives on what could drive a doubling of Zambia's investment allocation in the next five years, with responses generally marked by cautious optimism. A recurring theme was the centrality of macroeconomic stability-particularly currency management, power reliability, and political stability-as preconditions for sustained growth in allocations.

According to Niel of EXEO Capital, Zambia's investment climate is showing signs of recovery, but caution remains: "if you ask me, will I invest in the next six months? No. But if we have this conversation in December and things are looking the same or even better, then most likely, yes." This conditional optimism was echoed by others, who stressed that consistent stability would unlock further inflows.

Sectoral opportunities were highlighted as drivers of future growth. Chitangala of GIP pointed to mining as a key anchor, arguing that "if you look in the next 2-3-4 years, I think there will be a lot of opportunities all around," with government reforms gradually improving the investment climate. Similarly, Lebo of Goodwell saw a structural shift underway, describing Zambia's transition from an aid-based to an investment-led economy, particularly in agriculture and energy: "I see a lot of potential... if we are not positive about it very few other people will be."

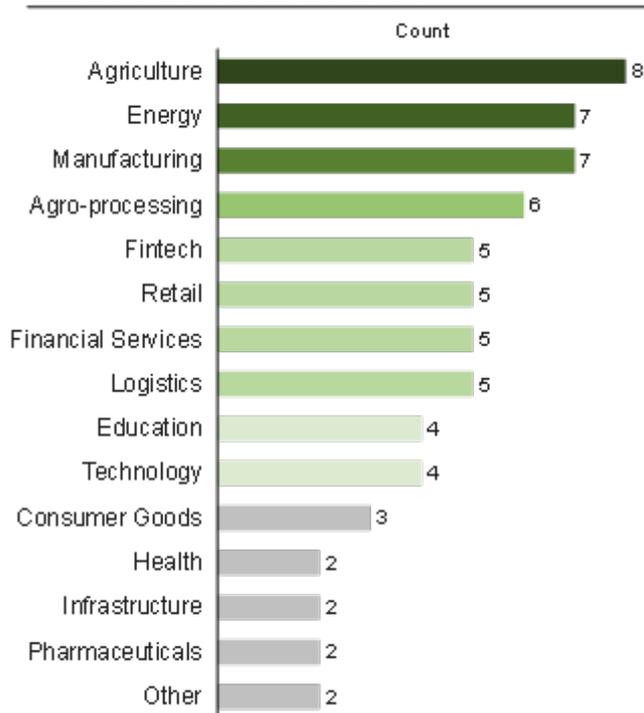
Infrastructure and value chains were also emphasized. Szymon of InsideCapital underlined that stability in the currency and energy sectors could unlock significant industrial opportunities: "If the currency stabilized, if the park situation stabilized, if we really had one of these value chains taking off... then we can definitely see these things happening because there's so much demand." Lombe of AATIF + FEI similarly stressed the long-term fundamentals-population growth, resources, and ingenuity-while warning that political instability could derail progress.

The financial ecosystem was another focal point. Elijah of AfLife linked Zambia's investment

BDS Support to Unlock Deals (Ranked by Mean Score, 1 = most needed, 6 = least needed)

1	Investment readiness advisory (financial/legal)	1.88
2	Blended finance structuring support	3.65
3	Talent or executive placement	3.76
4	Deal packaging / co-investor facilitation	3.82
5	Subsidised technical assistance post-investment	3.88
6	Accelerator/incubation programmes	4.00

Sectors of Investment Interest in Zambia



outlook to improvements in capital markets: “A stable currency and supportive macro conditions. Better information sharing. A more active market with stronger issuer participation. Growth in stock exchange activity and platforms open to international players. I’m optimistic - I believe the tides are turning.” Likewise, Jan of SALT Capital highlighted regulatory improvements such as forex accessibility, which could help Zambia outcompete neighbouring markets.

Finally, some investors stressed that increased allocations are contingent on pipeline development rather than fixed country targets. As Sytske

of AgDevCo explained, “We don’t have a fixed allocation... it just depends very much on which projects come along.” This underscores the need for investable opportunities alongside macro and regulatory reforms.

Survey data provides additional context for understanding investor perspectives on the future of Zambia’s investment landscape. When asked about business development support (BDS) needs, investors ranked investment readiness advisory (financial and legal) as the top priority, followed by blended finance structuring and talent or executive placement. These findings directly echo interview evidence that weak financial documentation, governance gaps, and pipeline quality remain the most critical bottlenecks for investability.

On the sectoral side, surveyed investors expressed strong interest in agriculture, energy, manufacturing, and fintech, aligning with interview narratives that these sectors combine high developmental impact with commercial potential. The survey also highlighted education and technology (especially in ICT and Telco) as emerging areas of interest, suggesting that while currently underrepresented in portfolios, these sectors may see increasing allocations if investable opportunities are developed.

Overall, the forward outlook is cautiously positive. Investors agree that Zambia’s potential to double allocations rests on three interlinked factors: macroeconomic stability, deepening of sectoral opportunities (notably mining, agriculture, energy, and tech), and improved capital market conditions. On the SGB side, survey insights highlight a need for better BDSP support in financial literacy, blended finance structuring, and talent sourcing.



SECTION

07



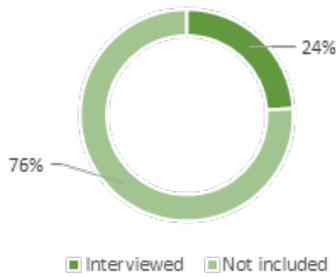
**ZAMBIA'S
BUSINESS
DEVELOPMENT
SUPPORT
PROVIDERS**



7. BDSPS IN ZAMBIA

Zambia’s BDSP landscape comprises 29 active providers supporting a total of 2,276 SGBs annually. The number of supported SGBs is extrapolated via website information, news articles, survey responses, and estimations based on company size and presence in Zambia. Accelerators and incubators account for 38% of organizations and 800 firms supported, while BDSP consultancies/NGOs reach 1,372.

Interview & Survey Coverage (%)



A handful of actors (FSD Zambia, BDSPA, Prospero, BongoHive) deliver most non-government support. The Ministry of Small and Medium Enterprises is a scale outlier (7,500 MSMEs).

The ecosystem matured rapidly in 2010-2019 (21 new orgs; 72% of today’s base). 67% of providers sit in Lusaka, enabling collaboration but leaving rural gaps where many opportunities lie.

Year of Establishment



Our survey and interviews covered 8 BDSPs, supporting 1714 SGBs yearly – or 78% of BDSP impact.

The surveyed BDSPs’ support is front-loaded: 46.9% focuses on growth-stage, 26.1% seed, 26.1% pre-seed. Services tilt toward business training (53.1%) and mentoring (37.5%), while technical training (25%) and market intelligence (6.3%)

remain under-provided.

Models are donor-led but slowly diversifying. Five of seven surveyed providers are majority grant-funded; three exceed 90% grant dependence, placing >1,000 SGBs at risk if the funding landscape shifts. Hybrid fee/success-fee models are emerging but remain modest.

Female-founded participation is high: 46% (803 SGBs/yr), well above the 20-30% global norm. Interviewed sample covers 78% of market reach, capturing the most active providers.

Top enterprise gaps: findings include

- Financial documentation/ forecasting,
- Investee literacy (equity vs debt), and
- Governance.

Secondary gaps: technical talent and impact/ ESG reporting.

This report suggests formalizing investor feedback loops, deepening sector mentorship, and mobilizing policy incentives (tax breaks, FX hedging) as the next priorities to translate service delivery into sustained capital flows.

7.1. BDSP Mapping

Zambia’s Business Development Support ecosystem comprises 29 active organizations spread across multiple provider types, collectively supporting an estimated 2,276 small and growing businesses annually.

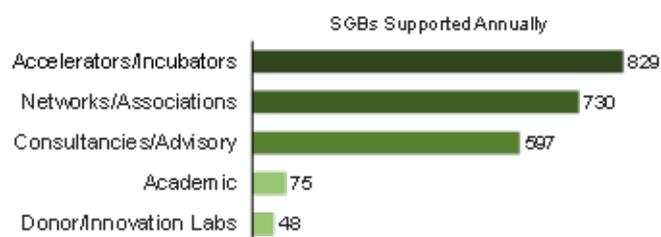
The ecosystem has evolved significantly since 2010-2019, when 21 new organizations were founded, indicating a maturing but still fragmented landscape.

Our desktop research identified 29 active BDSPs that have conducted technical assistance in Zambia since 2021, spanning from global accelerators like Y Combinator to local hubs like BongoHive. This comprehensive mapping provides the first complete inventory of Zambia’s BDS landscape, revealing a more diverse ecosystem than previously documented:

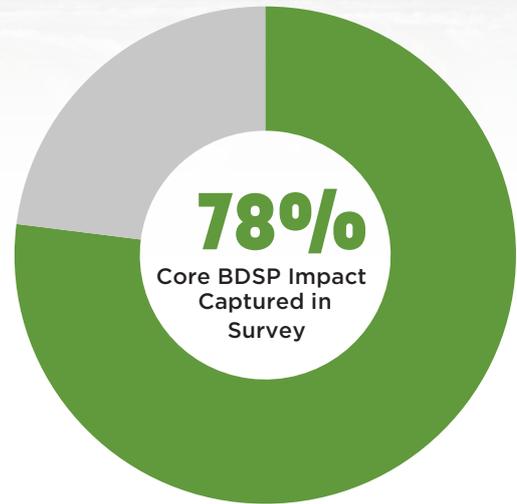
Name	Organisation_Type
BongoHive	Accelerator/Incubator
LiNC Advisory	BDSP/Consultancy
National Advisory Board for Impact Investment Zambia	Market Builder
Prospero Limited	BDSP/Project
ZCAS University	Academic
Villgro Africa	Accelerator/Incubator
GrowthAfrica	Accelerator/Incubator
FinTech4U Accelerator	BDSP Program (UNCDF)
UNDP Accelerator Lab	Donor/Innovation Lab
ZICTA ICT Innovation Programme	Government Innovation Program
Women's Entrepreneurship Access Centre (WEAC)	BDSP/Incubator
BDSPAZ	BDSP/Association
Citizens Economic Empowerment Commission (CEEC)	Government/Funding
Ministry of Small and Medium Enterprises	Government/Ministry
Jacaranda Hub	Accelerator/Incubator
Impact Hub Lusaka	Accelerator/Incubator
NyamukaAfrica	Accelerator/Incubator

Name	Organisation_Type
WeCreate	Accelerator/Incubator
Impact Capital Africa	BDSP
FSD Zambia	BDSP/NGO
Asikana Network	BDSP/Network
She Entrepreneurs	BDSP/Network
GSMA Ecosystem Accelerator	Accelerator/Innovation Fund
Tony Elumelu Foundation	Foundation/Accelerator
Adanian Labs	Venture Studio/Accelerator
Injini	EdTech Accelerator/Incubator
Seedstars	Accelerator/VC
Village Capital	Accelerator/Impact Investor
Y Combinator	Accelerator
The Baobab Network	Accelerator/Early-stage VC
Agova	BDSP
Challengers Group	BDSP

Across provider types, the scale of support varies considerably. Excluding government institutions, accelerators and incubators account for roughly 797 supported businesses in 2024, while BDSP consultancies and NGOs together reach an estimated 1,372. Foundations, universities, and venture studios play a more limited role, supporting fewer than 150 businesses combined. This distribution underlines the central role of donor-backed consultancies and locally embedded accelerators in extending direct services to Zambia’s SGBs.

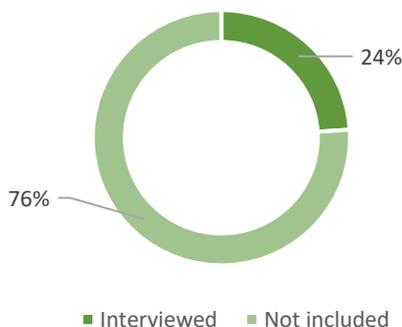


From the set of 29 active BDSPs, we conducted surveys and interviews with 7 key organizations, BongoHive, CEEC, Prospero, BDSPAZ, UNDP Accelerator Lab, LiNC Advisory, and GrowthAfrica achieving a 24% organizational coverage rate.

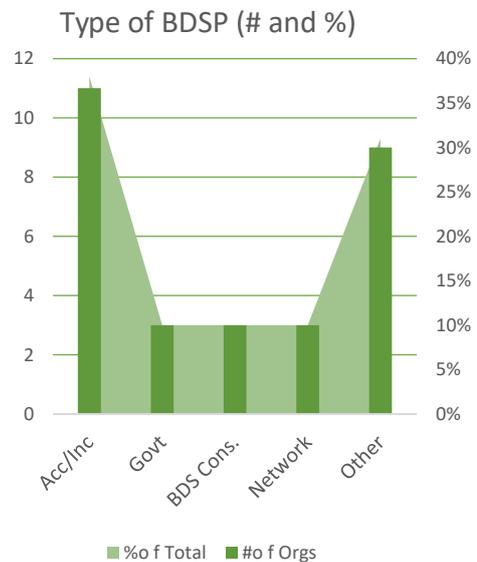


The provider typology reveals accelerators and incubators as the dominant organizational model, comprising 11 of the 29 mapped organizations (38%). This is followed by government institutions (3 organizations, 10%), BDS consultancies (3 organizations, 10%), and networking organizations (3 organizations, 10%). The accelerator dominance reflects the ecosystem’s focus on early-stage venture development, though it also suggests potential gaps in later-stage business development services.

Interview & Survey Coverage (%)



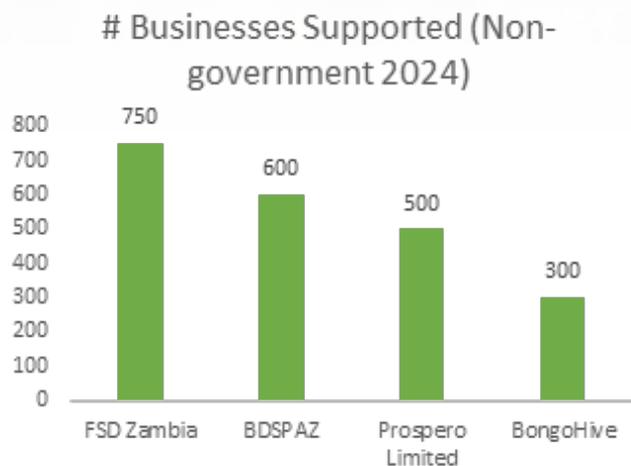
However, these interviewed providers punch above their weight in terms of impact, collectively supporting 1,747 SGBs annually, representing 78% of the estimated total market reach. This high impact coverage validates that our sample captures the most influential and active BDS providers in Zambia’s ecosystem.



The distribution of support is highly uneven across Zambia’s BDS P landscape. A small group of providers accounts for most businesses reached in 2024. The Ministry of Small and Medium Enterprises stand out as a clear outlier, with an estimated 7,500 MSMEs supported.

Among non-government actors, FSD Zambia (750), BDSPA Z (600), Prospero Limited (500), and BongoHive (300) emerge as the top contributors. Together, these five organizations deliver the bulk of non-governmental support, highlighting

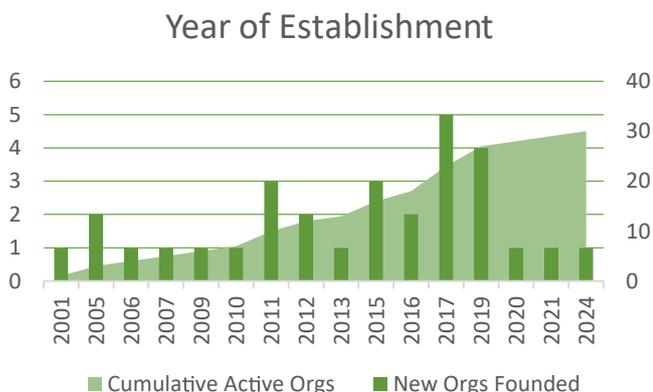
the bulk of non-governmental support, highlighting their central role in ecosystem capacity.



Many providers support small cohorts (<100 SGBs/year). This confirms a hub-and-spoke structure: a few high-throughput hubs surrounded by a long tail of niche or early-stage programmes. However, some providers are experimenting with multi-year, smaller cohorts (10-15) for late-stage readiness to balance donor scale pressures and investor quality demands.

7.1.1. BDSP Profiles & Characteristics

The BDS landscape experienced explosive growth during 2010-2019, with 21 new organizations founded representing 72% of the current ecosystem. This growth period coincided with increased international development focus on private sector development and entrepreneurship, though it also raises questions about sustainability and coordination among the numerous new entrants.



The 2010-2019 surge created today's backbone. Survey and interview insights suggest these 2010s-vintage actors now carry most operational capacity and relationships with lenders/investors, while newer entrants (<5 years old) are

experimenting with formats (virtual accelerators, success-fee consulting) but remain sub-scale.

About 40% of mapped providers are headquartered outside Zambia (pan-African or global hubs operating locally). This mix of local anchors (BongoHive, Prospero, BDSPAZ, FSD Zambia) and external programmes (GrowthAfrica, Seedstars, UNDP, Y Combinator, The Baobab Network) explains why playbooks are standardized.

Figure 7-1: List of BDSP Providers by Geographical Origin

Location	#
 Lusaka / Zambia	16
 Bangalore / Pan-African	1
 Cape Town / Pan-African	2
 London / UK (operates in Zambia)	2
 Lagos / Pan-African	1
 Nairobi / Multi-country (Lusaka office)	2
 Switzerland	1
 Silicon Valley / Global	2

The ecosystem shows strong urban concentration, with roughly two-thirds of providers and supported SGBs located in Lusaka.

This clustering facilitates knowledge sharing, collaboration, and easier investor access, but it also creates significant rural service gaps, a critical constraint given that around 70% of Zambians work in agriculture and many growth opportunities lie outside the capital (Olweus & Styrmoie, 2025).

Interviewees linked these gaps to weaker mentor availability beyond Lusaka and higher programme delivery costs, leaving peri-urban and rural enterprises underserved despite their potential in sectors such as agriculture and processing.

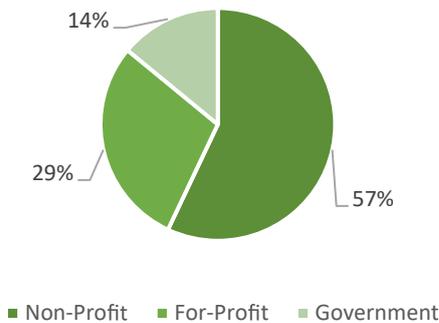
The Zambian ecosystem shows remarkable service standardization across core functions: 100% of surveyed providers offer investment readiness support, investor matching, and business training. Secondary services show more variation, with 86% providing entrepreneurship events, 71% offering acceleration programs, and only 43% delivering accreditation support.

However, critical service gaps persist. Based on interview findings, specialized services remain scarce: technical training (25% of providers), soft-skills coaching (6.3%), and market information services (6.3%). This creates a “services paradox”, universal coverage of basic functions alongside severe gaps in specialized support that enterprises need for investment readiness.

7.1.2. Operating Models

Legal structure diversity reflects different operational philosophies. Among surveyed and mapped providers, 57% operate as non-profits (BDSPAZ, GrowthAfrica, Prospero Limited, UNDP), 29% as for-profits (BongoHive, LiNC Advisory), and 14% as government entities (CEEC, Ministry of MSMEs).

Type of BDSP by Operating Model



This mix highlights a hybrid ecosystem where development-oriented models dominate, but commercial and state-led actors also play visible roles.

Emerging archetypes illustrate how providers position themselves:

- **Donor programme implementers:** grant-funded, multi-sector, and large reach (e.g., UNDP, Prospero).
- **Local innovation hubs:** mixed funding, with pipelines for tech and general MSMEs (e.g.,

BongoHive, Jacaranda Hub, Impact Hub).

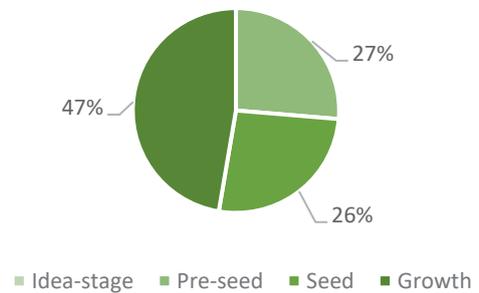
- **Membership / association platforms:** coordination, training, and advocacy at scale (e.g., BDSPAZ).
- **Private advisory/IR boutiques:** small, bespoke, success-fee or fee-for-service approaches (e.g., LiNC Advisory, ICA).
- **Government schemes: scale outliers,** leveraging credit guarantees and policy levers (e.g., Ministry of MSMEs, CEEC).

This typology underscores why Zambia’s ecosystem is strong on early-stage incubation and advisory support but weaker on post-accelerator, investor-specific readiness. Donor-driven implementers dominate reach, while for-profits and boutique advisors remain niche. Government schemes deliver scale but often lack the tailored services required to prepare firms for capital absorption.

7.1.3. Sectoral Focus

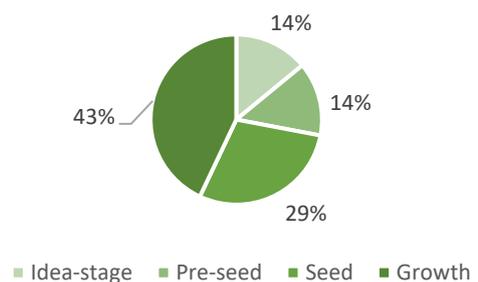
The BDS ecosystem demonstrates a front-loaded orientation toward early-stage enterprises, but with a pronounced growth-stage bias. Overall, 46.9% of support is directed at growth-stage businesses, compared to 26.1% for seed and 26.1% for pre-seed.

% of Support



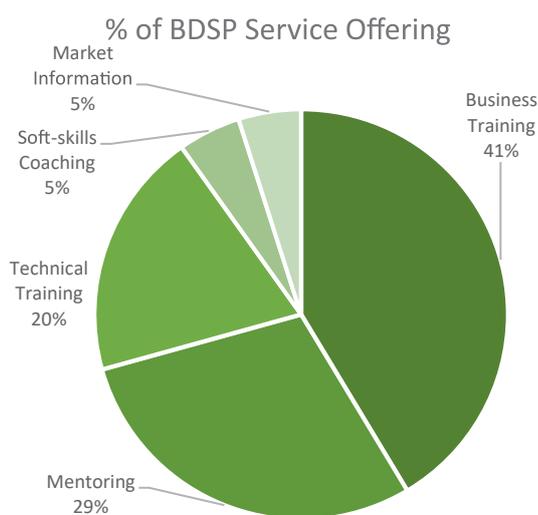
Survey data reinforces this skew: 43% of surveyed providers primarily target growth-stage enterprises (BDSPAZ, Prospero, LiNC Advisory), 29% focus on seed stage (GrowthAfrica, CEEC), 14% on pre-seed (BongoHive), and 14% on idea-stage (UNDP).

% of Surveyed Providers



While early incubation receives coverage through hubs and donor labs, and growth-stage support is anchored by consultancies and associations, the critical transition from seed to growth remains underserved a clear “missing middle” in Zambia’s entrepreneurial pipeline.

Service provision also reveals imbalances. Core offerings are nearly universal 53.1% of providers deliver business training and 37.5% provide mentoring but specialized services are scarce. Only 25% of providers offer technical training, 6.3% provide soft-skills coaching, and 6.3% deliver market intelligence.



This creates a paradox: while almost all entrepreneurs receive generic training, few access the deeper technical and market-specific expertise needed for scaling and investment readiness.

Sec Sector breakdown further illustrates both strengths and gaps. Agribusiness receives universal coverage, reflecting its central role in Zambia’s economy. Manufacturing & Processing and Renewable Energy also attract significant attention as secondary priorities. In contrast, high-potential verticals such as ICT/Digital Services and Climate Tech beyond renewable energy feature in fewer than one in five programs.

Finally, digital delivery and AI pilots offer early efficiency gains, but none have yet produced measurable capital-raising results—highlighting the urgent need for robust impact metrics to evaluate these nascent innovations.

Sector	Coverage Notes	
Agriculture & Agribusiness	100%	Universal support
Manufacturing & Processing	High	Secondary priority
Renewable Energy	High	Secondary priority
ICT/Digital Services	Limited	Few specialized actors
Climate Tech (beyond RE)	Limited	Emerging but small

7.1.4. Funding Structure

Zambia’s BDS ecosystem is donor-led but slowly experimenting with hybrid and commercial models.

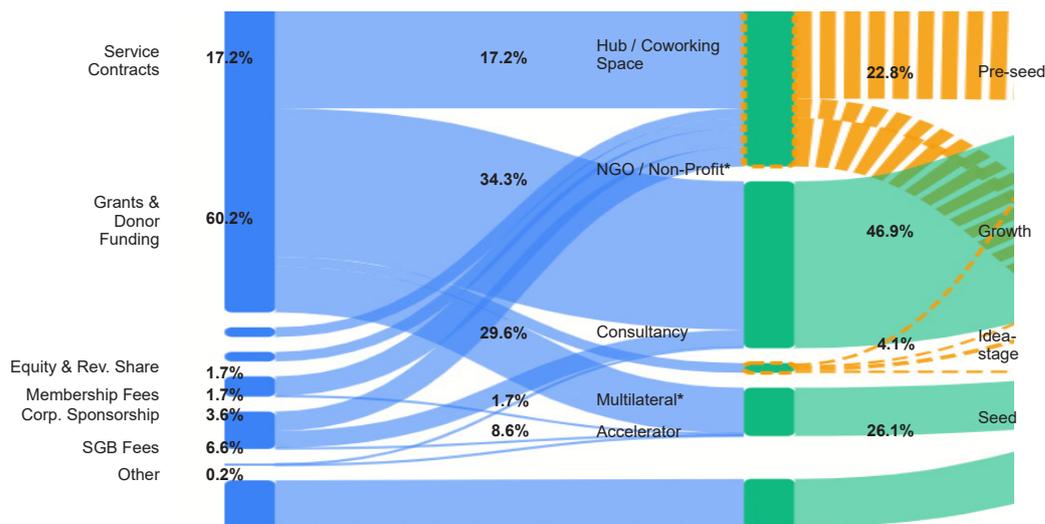
Providers help firms professionalize, reach first revenue, and unlock blended finance, yet readiness gaps (teams, systems, governance) and thin sector expertise slow capital absorption.

Within this landscape, five funding archetypes dominate:

- **Donor programme implementers** (e.g., UNDP Accelerator Lab, Prospero) operate on grant funding and deliver large reach across multiple sectors. Prospero’s model rests on British government grants, while UNDP draws exclusively on long-term donor resources.
- **Local innovation hubs** (e.g., BongoHive, Jacaranda Hub, Impact Hub) blend service contracts, consulting, and donor projects. BongoHive now earns nearly all revenue through service contracts after a deliberate shift away from grants.
- **Membership and association platforms** (e.g., BDSPAZ) mix annual membership dues with donor support. BDSPAZ reports an 80:20 donor-to-commercial split.
- **Private advisory/IR boutiques** (e.g., LiNC Advisory, Impact Capital Africa) rely on success fees, consulting fees, and corporate clients. LiNC is donor-light (40%+ revenue from fees and clients) but remains sub-scale (17 SGBs supported in 2024).
- **Government schemes** (e.g., CEEC, Ministry of MSMEs) are fully taxpayer-funded. They are outliers in scale, with the Ministry alone reaching 7,500 MSMEs in 2024.

The Sankey Diagram presents a systems view of how funding flows into Zambia’s BDSP ecosystem and is translated into support for SGBs across different growth stages. The Sankey diagram maps the three layers of this pipeline:

- Funding sources (left),

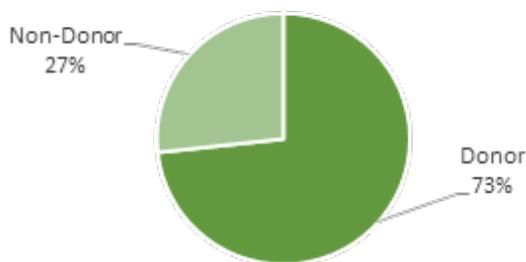


- Organizational models (middle),
- Enterprise stages supported (right).

The width of each flow corresponds to the relative share of SGBs reached, offering a holistic picture of how different funding logics and provider types of shape Zambia's entrepreneurial pipeline.

This systemic view confirms the centrality of donor dependence in Zambia's BDS ecosystem. Overall, 73% of the BDS providers are donor dependent:

% of SGD Donor Dependent



Five of seven surveyed organizations rely primarily on grants, with three reporting grant dependence above 90%:

The Sankey diagram shows the BDSP funding pipeline in Zambia. Donor funds dominate the entry point, representing over 60% of the flows into the system. These resources primarily sustain NGOs and consultancies, which in turn concentrate support at the growth stage (47% of all SGBs reached). Service contracts (17%) and SGB fees (7%) illustrate early moves toward earned-income models but remain secondary. Notably, venture capital-linked BDSPs provide less than 20% of support, underlining the weak integration between investment and enterprise support. The result is an ecosystem heavily reliant on external grants, with limited diversification and stage balance.

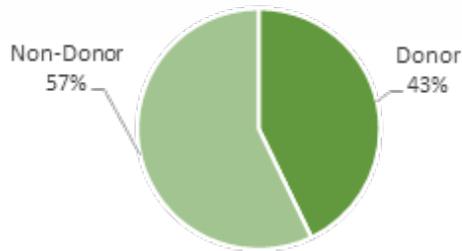
earned income and hybrid approaches, but they remain exceptions in a landscape still dominated by donor funding.

7.1.5. SDG alignment

Gender participation is one of the most striking features of Zambia’s BDS ecosystem. Surveyed providers report that 46% of supported entrepreneurs are women, compared to a global average of 20–30%. In practical terms, this equals about 803 female-founded SGBs supported each year.

Some organizations are clear leaders in this area. BongoHive reported around 65% female participation in its cohorts, while BDSPAZ reached an even balance at 50%. These examples show that inclusion is not limited to one or two programs but is reflected across several types of providers.

BDS >90% Donor-funded



The survey highlights the uneven distribution of revenue strategies:

- One earned-income model (BongoHive) has moved away from grants toward service contracts.
- One hybrid model (BDSPAZ) balances donor and commercial income.
- Most others remain heavily dependent on grants, especially the large programme implementers.

This donor reliance creates clear sustainability risks: if donor priorities shift, over 1,000 SGBs could lose support annually. Survey and interview data confirm that while all providers are searching for more resilient models, only a minority have diversified revenue streams.

Prospero stressed that one-year donor contracts are misaligned with the two to three years many SMEs require to reach viability. UNDP and BDSPAZ cautioned that donor priorities sometimes shape programming more than local market needs.

Kukula Capital and LiNC Advisory emphasized the lack of investor incentives (e.g., tax breaks, FX hedging) as a major reason why private capital is not yet crowding into BDS models.

Despite systemic donor dependence, a few models stand out as experiments in resilience:

- **One major BDSP’s consulting contracts** with corporates, now its primary income stream.
- **Another BDSP uses a membership model**, where annual dues supplement donor support.
- **A third BDSP employs a fee-for-service model**, targeting more mature SMEs with bespoke advisory work.

These “resilience pilots” show the potential for

Female Founded Businesses Receiving BDS



This level of participation is above what is typically observed in other emerging markets. While many ecosystems still struggle to engage women in entrepreneurship at scale, Zambia’s BDS providers have achieved close to parity in their client base. This suggests that structural barriers, while still present, may be less severe here than in comparator markets.

The analysis also shows how results are achieved. Programs with multi-year engagement, targeted technical assistance, and links to financing instruments tend to report higher female participation. Short-term training or one-off events contribute less. As providers explained in interviews, building trust and providing consistent follow-up are important factors in maintaining strong female participation rates.

Overall, Zambia’s BDS providers support a higher proportion of women entrepreneurs than both the global and regional averages. This represents a comparative strength for the ecosystem but sustaining it will depend on building more resilient funding structures and ensuring that women-

founded businesses receive the same depth of follow-up and investment readiness support as other firms.

7.2. BDS Interview & Survey Findings

The interviews with Zambia's BDSPs reveal both their central role in preparing enterprises for investment and the structural challenges that limit their effectiveness.

This report is based on eight in-debt interviews and seven survey responses, from an outreach of 31 interview requests (26% churn rate).



Interviews with Zambia's BDS Providers highlight their dual role in preparing enterprises for investment and exposing ecosystem constraints. Donor-funded models dominate, enabling scale but creating sustainability risks. While providers stress leadership, execution, and market traction as readiness criteria, weak financial records remain a critical barrier.

Operational trade-offs between large cohorts and tailored support, limited sector-specific mentorship, and inconsistent investor feedback further constrain outcomes.

Emerging trends such as digital accelerators and AI tools show promise, but systemic reforms, ranging from regulatory incentives to stronger ecosystem linkages are still needed to consistently translate enterprise support into successful capital raising.

7.2.1. Core Mission and Revenue

Across the interviews, several organizations provided clear descriptions of their core missions, service lines, and revenue models.

For BongoHive, the mission is to support the development of enterprises that can grow into household names across Africa. This is pursued through an innovation consultancy and a software

development consultancy. The revenue mix relies primarily on service contracts, with grants playing a diminishing role. As Simunza explained, "The Bongo Hive as an entity operates on service contracts. That's how it ends its revenue."

Prospero positions itself as a catalyst for SME development in Zambia, with a focus on grants and business development support rather than equity financing. Its service lines include returnable grants, cash cover guarantees with local banks, and technical assistance to prepare firms for investment. The revenue model is fully donor-driven, with grants from the British government forming the backbone of operations. As Jonathan noted, "We did a lot of grants, but you know, still kind of applies to like seed funding and precede in some areas."

The UNDP Accelerator Lab described its mission as rethinking development to accelerate progress on the Sustainable Development Goals (SDGs). Its service lines emphasize innovation, partnerships with unconventional actors, and youth entrepreneurship support through initiatives such as the National Innovation Initiative. Funding is entirely donor-based, with resources flowing from long-term partners. As Roselyn and Salome stated, "Our funding model is through what we call our core resources. Our core resources come from specific donors."

Finally, Sylvia (BDSPAZ) emphasized its mission of strengthening SMEs, particularly in mining and business management, through training, mentorship, and capacity building. The association operates on a mixed revenue model, with membership fees supplemented by donor support. As Sylvia explained, "I would put it at 80. So 80 donor funded and 20 commercial investor funding."

Taken together, the interviews illustrate a landscape where most BDS providers rely heavily on donor funding, though models vary between grant-driven approaches (Prospero, UNDP AccLabs), service contracts (BongoHive), and hybrid fee-donor mixes (BDSPAZ). This suggests some experimentation with sustainability strategies, but donor dependence remains the dominant revenue source.

7.2.2. Investment Readiness Criteria

Across the interviews, three distinct perspectives emerged on what makes an enterprise genuinely investment-ready: operational fundamentals, market traction and scalability, and alignment with developmental or compliance standards.

First, several respondents emphasized the centrality of leadership and execution capacity. For BongoHive, a capable team, clear market size, and execution ability form the foundation of readiness. As Simunza noted, “It’s either a good team, a good market size or their ability to execute on what they would like to.” Similarly, Kukula’s Niels stressed that “People, people, people... people who either have exceptional domain knowledge or have amazing general leadership knowledge and execution and capacity... that’s a universal answer.” This perspective highlights the human and organizational capacity required to translate business ideas into investable opportunities.

A second perspective focused on market and revenue traction. Both BongoHive and LiNC Advisory underlined the importance of post-revenue status, operational processes, and scalability beyond local markets. As Lombe observed, many startups underestimate “the full amount of effort, length of time that’s required to get to, let’s say, a point where they could potentially be commercially viable.” Prospero’s criteria reinforced this emphasis on business maturity, requiring firms to be registered entities at the growth stage with products ready for scaling.

Finally, development-focused organizations placed weight on compliance, systems, and broader impact. BDSPAZ highlighted accounting systems, regulatory adherence, and well-prepared pitch materials as essential. The EIB stressed institutional capacity to manage and repay funds, compliance with ESG standards, and inclusion of women entrepreneurs. Meanwhile, the UNDP Accelerator Lab broadened the lens to social value, requiring that innovations demonstrate inclusiveness, environmental sustainability,

and commercial viability. As Roselyn and Salome explained, “One of the criteria that is used is to ensure that the innovation that has been identified has got commercial value.”

Taken together, these perspectives suggest a layered definition of investment readiness: strong teams and execution capacity are foundational, market traction and scalability provide validation, and compliance or developmental alignment ensures long-term sustainability and investor confidence.

Survey results corroborate this: when asked to rank the largest readiness gaps among Zambian SGBs, respondents overwhelmingly placed weak financial documentation and forecasting first, followed by limited understanding of investment terms and inadequate governance

Investment readiness is layered, strong leadership and execution form the foundation; demonstrated traction and scalability validate readiness; and compliance/impact alignment ensures investor confidence.

7.2.3. Success Narrative

Across the interviews, success stories highlighted different pathways through which enterprises were able to raise capital after engaging with support programs.

Several organizations pointed to investment readiness initiatives as a direct enabler of funding. At BongoHive, Simunza recalled that “We saw Premier Credit raised around of about USD 800,000...” following program participation, with two more startups each securing EUR 10,000 from Fuze Africa. Likewise, Impact Capital Africa reported that six Zambian businesses

SGB Readiness Gaps (Ranked by Mean Score. 1 = largest gap, 10 = least significant gap)

Rank	Constraint Factor	Mean Ranking Score
1	Weak financial documentation & forecasting	2.14
2	Weak understanding of investment terms (equity, debt, etc.)	2.86
3	Inadequate governance / decision-making structures	3.29
3	Limited market validation / traction	3.29
3	Unclear business model or revenue logic	3.29
6	Legal structure & contracts	3.86
7	Poor impact / ESG measurement & reporting	4.00
8	Insufficient technical talent or staffing	5.00

raised a combined USD 24 million through its Impact Finance Network, where targeted support included strengthening financial models, refining pitches, and facilitating investor connections.

Other accounts highlighted blended financing approaches that combined grants, technical assistance, and risk-sharing mechanisms. Prospero supported a cooking oil company in Kafue to secure USD 5 million after funding a feasibility study, while a honey processor expanded with a £10,000 grant before leveraging Prospero's cash cover guarantee to borrow USD 98,000 from a local bank. As Jonathan described, "We gave him a grant of £10,000... and then he goes there... and then borrows... USD 98,000 to expand."

A further perspective emphasized the importance of visibility and exposure in attracting follow-on investment. The UNDP Accelerator Lab cited the case of IBU Saka, who used initial Lab funding as a springboard into accelerator programs in Kenya and Rwanda, eventually securing venture capital. According to Roselyn and Salome, "...the kind of exposure that he was given made him more attractive to these other funding organizations." In a similar vein, BDSPAZ described how its EU-funded SME program, which combined boot camps, mentorship, and pitch preparation, enabled around one-third of 400 supported SMEs to access grant funding.

Taken together, these cases illustrate three reinforcing success pathways: readiness programs that directly led to capital raises, blended support models that unlocked both grants and bank loans, and visibility-driven approaches that positioned enterprises to attract regional and international investors.

7.2.4. Failure Narrative

The interviews revealed that enterprises often fail to secure investment due to a combination of internal weaknesses, structural barriers, and external shocks.

One recurring theme was the lack of internal readiness, including poor execution, weak governance, and compliance issues. At BongoHive, Simunza noted that many startups struggled with team capacity and the ability to move quickly from concept to prototype, observing that "the team is not really hard to execution is also another concern... whether they can get to a prototype early... and have something that investors are interested in." Similarly, BDSPAZ reported program dropouts and unethical practices, with Sylvia highlighting how "one would want to look at it from the aspect of the SMEs themselves not

fully committing... a company that decided to take shortcuts with a supplier... instead of supplying them with equipment, they decide to just get the money." Prospero also described internal conflicts, including a case where two cousin co-owners sued each other, effectively halting operations.

A second perspective centred on structural and financial constraints. The European Investment Bank pointed out that many scale-up ventures could not meet loan requirements, particularly where foreign currency repayment obligations clashed with local-currency earnings. Certain sectors, such as tobacco, were also excluded outright: "For instance, a venture which is in tobacco wants to upscale... there's no way we can support it." Prospero highlighted another systemic challenge - electricity shortage - which undermined the viability of otherwise promising businesses.

Finally, external shocks and limited follow-on support were noted as critical barriers. Prospero recounted how a recycling company seeking USD 2.5 million failed after COVID-19 caused investor reluctance: "when COVID-19 hits, just investors became so reluctant because... there were market issues." The UNDP Accelerator Lab described similar difficulties, where early-stage innovators could not connect to further support and lost traction. As Roselyn and Salome explained, "One of the key challenges has been the lack of traction from the initial support that we gave them. They could not connect to any other support to provide them with that launchpad to grow their business."

Survey data validates these experiences: inconsistent donor funding and limited core financing ranked as the two biggest operational constraints for BDS providers, while pipeline quality and market data shortages also featured prominently

Overall, these accounts suggest that failure emerges from three overlapping sources: gaps in internal readiness and governance, structural financing and infrastructure barriers, and external disruptions that limit investor confidence or prevent sustained enterprise growth.

7.2.5. Depth Versus Breadth Dilemma

The challenge of balancing donor demands for scale with the need for tailored enterprise support was approached differently across organizations, though common themes emerged.

Prospero underscored how donor funding structures often clash with the timelines required for SME growth. Jonathan pointed out that business cycles rarely align with annual donor contracts, creating significant constraints for enterprises

that need long-term incubation. He explained, “If, for example, you are supporting a business... that wants, for example, to set up a recycling plant for plastic... it’s going to take a lot of time. So if your contracts with this business [are] just for one year... it’s a huge limiting factor.” This tension highlights how rigid donor cycles can undermine deeper, sustained engagement with enterprises.

By contrast, Impact Capital Africa deliberately prioritizes depth by working with a smaller number of firms over longer periods. Jeffrey emphasized a highly selective approach, noting they were “more focused on bespoke support for a small number of businesses” and had only onboarded around ten Zambian enterprises in the last five years. This strategy reflects a clear trade-off: limiting breadth to maximize quality and investor relevance.

At BongoHive, a middle ground is pursued through differentiated program design. Larger boot camp-style cohorts are used for early-stage entrepreneurs, but investment readiness programs are deliberately capped at 10–15 participants to ensure meaningful attention. As Simunza put it, “the more towards investment credit unions we prefer smaller numbers so they can get extra attention.” He also stressed the importance of multi-year programs to provide sufficient incubation time and sustained support.

Together, these perspectives suggest three approaches to the depth-breadth dilemma: navigating donor restrictions while advocating for longer cycles, focusing exclusively on smaller cohorts for bespoke support, and adapting cohort size depending on stage, with deeper engagement reserved for enterprises closer to investment.

7.2.6. Investor Feedback Loops

Only a few BDSPs received investor feedback on the quality of graduates emerging from support programs.

At BongoHive, feedback was previously received from the Zambia Business Angel Network and Open Capital Advisors, though such loops have since diminished. As Simunza admitted, “Recently not any of the local. Okay, yeah, none,” suggesting that while past investor engagement informed program design, there is currently no systematic mechanism for gathering local investor feedback.

BDSPAZ reported more direct and structured feedback. Investors indicated that the supported SMEs often did not meet their scale expectations, particularly regarding turnover. As Sylvia recalled, “one of the types of feedback that I will recall was that, you know, the SMEs in terms of their categorization were not a fit. They were not a match in

terms of what they had been anticipating.” This highlighted a misalignment between the size of SMEs nurtured through the program and the larger-volume enterprises preferred by investors, pointing to the need for improved targeting.

Together, these accounts suggest that while investor feedback is valued, feedback mechanisms remain inconsistent. Where feedback is captured, it often reveals a gap between the profile of supported enterprises and the investment appetite of potential funders.

7.2.7. Integrating Impact Metrics

Interviewees described different approaches to coaching founders on impact measurement, ranging from structured KPI tracking to light-touch exposure, with notable challenges in consistency and follow-up.

Impact Capital Africa and BDSPAZ both emphasized practical, quantifiable indicators. ICA requires semi-annual reporting on jobs created, jobs maintained, and capital raised, with these serving as core performance metrics. As one respondent explained, “the core is jobs maintained, jobs created, capitalized as sort of the three key indicators.” BDSPAZ similarly uses due diligence to establish baseline information—particularly around employment—which is then compared against changes over time. Sylvia noted, “We will then go back just to conduct that impact measurement and see... what changes may have happened between baseline information and... one year or two years from when we started with them.” However, she also acknowledged that ongoing monitoring is often hampered by funding constraints.

The UNDP Accelerator Lab integrates impact considerations more directly into the design of enterprise support, with a particular emphasis on gender equality and environmental safeguards. As Roselyn and Salome stated, “We can’t do any work minus gender being included in our work... innovators... need to take into account gender issues, not just gender issues, but also environmental and social safeguards.” While these criteria are embedded in coaching, they admitted that systematic tracking of long-term outcomes remains a gap, suggesting that government-led systems might be better suited for post-program monitoring.

In contrast, BongoHive incorporates impact measurement only lightly into its programs. Simunza explained, “We include a very small part of it in our Z3DS programs,” and acknowledged the lack of in-house expertise: “No, we don’t have that space, we don’t have that specialization in our programs.” To address this gap, BongoHive is exploring collaborations with NAVI to give entrepreneurs access to more specialized training in impact measurement.

Overall, these perspectives point to three broad approaches: embedding standardized KPIs such as job creation (ICA, BDSPAZ), integrating gender and environmental safeguards into enterprise design (UNDP AccLabs), and providing only light-touch exposure while relying on external partners for deeper expertise (BongoHive). The common challenge across all models is sustaining long-term measurement capacity beyond immediate program cycles.

7.2.8. Mentor and Talent Gaps

Across the interviews, a consistent challenge emerged around sourcing mentors with deep, sector-specific expertise, which limits the depth of support provided to SMEs.

BDSPAZ and Impact Capital Africa both emphasized gaps in technical and functional expertise. For BDSPAZ, difficulties were most pronounced in specialized industries such as mining and the circular economy. As Sylvia explained, “So usually it will be very technical type of support... we do not yet have that skill set in terms of secular economy.” ICA pointed to a broader shortage of qualified professionals able to deliver investor readiness and technical assistance at the required quality. Jeffrey noted, “I think in Zambia there’s probably a bit of a lack of talents to provide some of these investor readiness, technical assistance at quality.” Together, these observations highlight how scarcity of advanced technical skills constrains the ability to deliver targeted, high-quality business support.

In the case of BongoHive, the gap is especially acute for technology-focused enterprises. While mentors for traditional businesses are more readily available, digital startups often lack role models with lived experience of scaling tech ventures in Zambia. As Simunza put it, “What the local ecosystem needs is more entrepreneurs that have walked the path before... For tech startups the ecosystem is still very early.” This absence of experienced peers limits the practical guidance available to new founders navigating the challenges of building scalable tech businesses.

Top BDS Operational Constraints (Ranked by 1 = most constraining, 3 = least constraining)

Rank	Constraint Factor	Mean Ranking Score
1	Inconsistent or short-term donor/project funding	1.29
2	Access to core funding	1.57
3	Low willingness/ability of SGBs to pay for services	1.71
4	Lack of relevant market data / sector intelligence	1.83
4	Limited number of high-quality SGBs	1.83
6	Limited collaboration across ecosystem actors	2.00
7	Internal staffing/capacity gaps	2.17
7	Regulatory or policy uncertainty	2.17
9	Limited pool of qualified mentors or coaches	2.33
10	Difficulty demonstrating impact to funders	2.50
10	Lack of digital tools or operational systems	2.50

Interestingly, survey rankings place insufficient talent relatively low compared to financial documentation or governance gaps, suggesting that while BDS providers highlight mentor shortages in interviews, investors perceive financial readiness as the more binding constraint.

Overall, the accounts suggest two intertwined mentor gaps in Zambia: a shortage of technical experts in specialized sectors such as mining, circular economy, and investor readiness, and a lack of experienced entrepreneurs who can guide the growth of emerging tech ventures. Both gaps restrict the ability of support organizations to offer the depth of tailored assistance that SMEs require to reach investment readiness.

7.2.9. Public Programme Collaboration

Interviewees described mixed experiences collaborating with government schemes such as TEVET, CEEC, and ministries, highlighting both supportive partnerships and persistent bureaucratic challenges.

BDSPAZ reported extensive engagement with CEEC, TEVET, and the Ministry of MSME, including successful training programs for ministry staff. However, implementation was often slowed by bureaucracy and funding delays. As Sylvia explained, “What has not worked quite well with them as a ministry also is that, you know, sometimes programs tend to take the space or tend to take the shape of government... so then we get bogged down, you know, with the bureaucracies and everything.”

At BongoHive, government regulators were generally described as supportive partners, particularly the National Technology Business Center (NTBC) and the Ministry of Technology and Science. Yet weaknesses in institutional structures slowed execution, with Simunza noting, “If you talk about government, institute, technology and so on, they don’t really have a team or a department that is focused on solid.” He also pointed to inefficiencies in registration processes, stressing that “the process of getting registered with different departments... needs to get automated.”

The UNDP Accelerator Lab reported only indirect collaboration with TEVET institutions, mainly through UNDP youth programs focused on training and upskilling. While not a direct partner under the Accelerator Lab, there was openness to future engagement. As Roselyn and Salome clarified, “For the accelerator lab? Directly we haven’t worked with TEVET, but then as UNDP we do work with TEVET institutions under a different program.”

Taken together, these perspectives show that while partnerships with public programs can provide valuable training and institutional alignment, their effectiveness is often constrained by bureaucratic red tape, slow execution, and limited dedicated capacity within government departments.

7.2.10. Trends and Innovations

Most interviewees had not experimented with digital programs like virtual accelerators, pay-for-results technical assistance, or digital mentor-matching. A small number, however, had piloted such initiatives, observing that they are starting to change how support reaches Zambian enterprises, even if the results are still emerging.

The UNDP Accelerator Lab is piloting a hybrid virtual accelerator through an Ecuadorian consultant under the MITECH Accelerate program, which connects participants from across Africa. While the program is ongoing, results are not yet conclusive. As Roselyn and Salome explained, “I think in terms of the learning, it’s too young to say that because the program is still ongoing.” Alongside this, they are supporting the establishment of an AI-focused university innovation hub and have seen some local innovators already applying AI tools within their products and services. “We do work with AI in certain functions... Some of the innovators... Have had innovations where they’ve been able to apply AI.”

BongoHive has also embraced digital delivery and AI integration. Post-COVID19, many of its programs have shifted online, enabling participation from entrepreneurs across Nigeria, Ghana, and Kenya. According to Simunza, “A lot of our programs run online... we’ve been able to run programs that have helped other innovation hubs in countries like Nigeria, Ghana, Kenya and other countries.” In addition, the hub is now actively training founders to use AI tools to speed up prototyping and operations, citing platforms such as Lovable: “We’re now teaching founders how to use AI to push a lot quicker.”

Taken together, these initiatives indicate growing momentum toward virtual programming and AI-driven innovation. While BongoHive has already observed practical benefits in scale and efficiency, the Accelerator Lab’s pilots remain in early stages, pointing to a period of experimentation before clear outcomes can be assessed.

7.2.11. Ecosystem Change Wishlist

Interviewees highlighted several systemic changes that could better position Zambian enterprises to raise capital, spanning regulatory reforms, financing models, and ecosystem development.

One recurring theme was the need for more accessible and flexible finance for SMEs. BDSPAZ emphasized that stringent collateral requirements and rigid lending terms from local banks remain a major barrier. As Sylvia put it, “Many SMEs struggle to access loans or investment because local banks often require high collateral and have strict lending terms.” Similarly, the EIB called for closer collaboration between government and financial institutions to unlock affordable finance, pointing to the Sustainable Agriculture Financing Facility (SAFF) as a promising model that enabled small-holder farmers to access irrigation and machinery financing.

Regulatory and policy reforms were also seen as vital enablers. Lombe Muzala Batunda of LiNC Advisory pointed to Zambia’s new business rescue policy, which provides distressed firms with up to 24 months to restructure before creditors can act—a mechanism that could help startups survive early challenges. At the same time, she highlighted the lack of tax breaks or incentives to attract investors into high-risk sectors: “There needs to be incentives that are given for the inherent risks that exist in the sector, and particularly in this market for investors, which hasn’t happened yet.” High interest rates and inflation were cited as further obstacles undermining startup viability.

A third perspective stressed ecosystem depth and talent. Impact Capital Africa underscored the need for more accelerators, incubators, and specialized support to expose entrepreneurs to investment processes and strengthen their capacity to attract capital. As Jeffrey explained, “I think in terms of the ecosystem, it’s still very small, so there’s not many accelerators or incubators at all. And so I think more of that would be good over the long run...” He also noted that better access to local currency financing and hedging tools against foreign exchange risks would ease capital constraints for SMEs.

The survey ranked operational constraints, particularly unstable donor models and inadequate SGB financing, directly inform ecosystem change priorities identified by BDSPs, from more flexible financing to stronger public-private collaboration.

Taken together, these perspectives suggest that systemic change requires a three-pronged approach: building a more SME-friendly financial system, introducing investor incentives and supportive regulatory reforms, and expanding the entrepreneurial support ecosystem to strengthen pipelines of investment-ready firms



SECTION

08

08

ZAMBIA'S
GOVERNMENT
AGENCIES



8. GOVERNMENT AGENCIES

This chapter summarizes how Zambia's public actors influence private and impact capital flows. It draws on three in-depth policy interviews (SEC, LuSE, CCPC) plus corroborating material from CEEC, investor & BDSP perspectives, and recent regulatory notices. The focus is on roles, instruments, recent changes, frictions, and practical next steps.

Government as a...	Constraints / Challenges	Investor Feedback	Policymakers & Government Organisations say...	Status
Regulator	<ul style="list-style-type: none"> Regulators are supportive but understaffed. Manual/slow registration and bureaucratic delays. 	<ul style="list-style-type: none"> Unclear rules (e.g., MFI licensing). Some restrictive policies (e.g., tilapia import ban) KYC/governance gaps make DD costly. 	<ul style="list-style-type: none"> Gradual rollout of standards (IFRS delayed to 2028). Faster merger reviews targeted (90 - 45 days) Admit gaps like no LLP framework. 	
Market Builder	<ul style="list-style-type: none"> Work with CEEC/TEVET on training. Need reliable power and more accelerators. Govt supportive but resource limited. 	<ul style="list-style-type: none"> Core need = stable electricity Want energy wheeling + open trading with better data 	<ul style="list-style-type: none"> CEEC incubates agri projects (rice, beef) Credit guarantee scheme (50% cover) to support SME loans. Involved in regional SADC green bond harmonisation. 	
Policy Maker	<ul style="list-style-type: none"> CEEC incubates agri projects (rice, beef). Credit guarantee scheme (50% cover) to support SME loans. Involved in regional SADC green bond harmonisation. 	<ul style="list-style-type: none"> Want dividend tax removed for FDI Need predictability, sector liberalisation (energy, fintech) Stress FX stability. 	<ul style="list-style-type: none"> Introduced private funds guidelines (2022) Raised pension allocations from 5% - 15% Rolling out crowdfunding guidelines. Tax incentives: no CGT on listed securities, WHT relief for green bonds 	
Impact Investor	<ul style="list-style-type: none"> Need blended finance: LCY facilities, guarantees, TA. Note limited visible govt capital at scale. 	<ul style="list-style-type: none"> Also wants local currency/hedging tools Say formal hedges are too costly - rely on natural/structured hedges 	<ul style="list-style-type: none"> Operational: credit guarantee scheme (USD 1-3m, 50% govt-backed) Planned: new SME Fund (capital + TA). 	

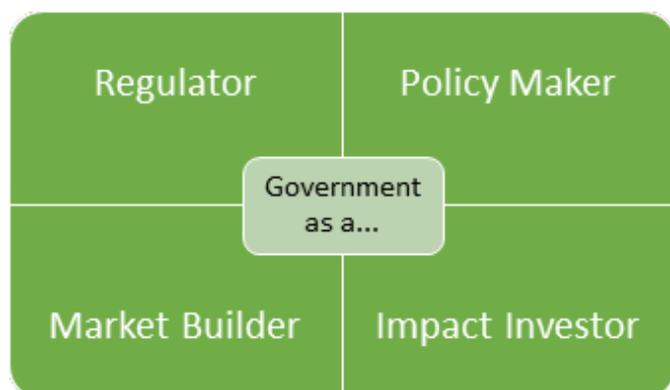
Government actors highlighted three priorities: strengthening private equity and debt markets, expanding SME finance, and diversifying instruments through regulatory and fiscal incentives. Reforms include higher pension allocations to private funds (5% → 15%), an SME credit guarantee scheme (50% cover on USD 1–3m loans), and a planned SME fund combining capital with technical assistance. Regulatory changes cover crowdfunding and private fund guidelines, deferred IFRS S1/S2 adoption to 2028, and CCPC’s effort to cut merger reviews from 90 to 45 days. Regionally, Zambia is aligning green bond rules within SADC and benchmarking against Kenya and Rwanda. Persistent barriers remain: no LLP framework for funds, high issuance costs, and burdensome M&A notification fees that limit SME participation.

Our perceptions are based on the interviews with these stakeholders.



8.1. Policy Makers Mapping

Government touches the market through four functions. We use these consistently throughout the chapter.



We reached out to nine, yielding a 33% response rate:



Regulator: rule-setting and supervision (SEC, BoZ, PIA, CCPC).

Oversight of Zambia’s financial markets is divided across several agencies. The Securities and Exchange Commission (SEC) supervises the securities market, the Bank of Zambia (BoZ) oversees money markets, the Pensions and Insurance Authority (PIA) regulate insurance and pensions, and the Competition and Consumer Protection Commission (CCPC) enforces competition law. Since 2022, SEC has introduced private funds guidelines to enable the registration of venture capital and social funds and is in the process of drafting crowdfunding regulations. CCPC has announced reforms to reduce the timeline for merger reviews from 90 to 45 days, while disclosure requirements under IFRS S1 and S2 have been deferred until 2028. Despite these advances, the absence of a legal framework for limited liability partnerships continues to limit fund domiciliation, and regulatory processes remain costly and slow, especially for SMEs.

Policy maker: laws, tax levers, prudential limits (MoF, Parliament, line ministries).

The Ministry of Finance, Parliament, and line ministries play the central role as policy makers, shaping the legal and fiscal framework for investment. A notable step has been the reform of pension fund rules, which increased the allocation ceiling for private funds from 5 to 15 percent, signalling an intention to mobilize domestic institutional capital. At the same time, tax incentives have been introduced to reduce the cost of investment. Public equity and debt instruments are exempt from capital gains tax, while green bonds and other sustainable debt products benefit from withholding tax relief on coupons. Nevertheless,

high registration and issuance costs continue to limit the uptake of impact-oriented instruments, creating a bottleneck despite these incentives.

Market builder: public programs that create pipeline capacity (CEEC; registries; skills/TEVET).

A third function lies in the government's role as a builder of markets and enterprise pipelines. The Citizens Economic Empowerment Commission (CEEC) has adopted a model of incubating agricultural projects such as rice and beef production before transferring them to cooperatives. This approach seeks to strengthen agricultural value chains and local capacity for enterprise development. TEVET institutions contribute complementary training programs aimed at improving SME skills and employability, while Zambia also participates in regional initiatives to harmonise sustainable finance standards, including SADC efforts to standardize green bond listing rules. Execution capacity and monitoring remain weak, however, which constrains the long-term effectiveness of these initiatives.

Impact investor: risk-sharing and catalytic facilities (credit guarantees; proposed SME fund).

Finally, government acts directly as an impact investor by deploying catalytic instruments that de-risk private capital. The most important operational tool is the SME credit guarantee scheme, administered by the Ministry of Finance, which covers 50 percent of bank credit exposure for loans typically ranging between one and three million US dollars. This scheme is already active in the market, though detailed utilization and claims data are not publicly available. In parallel, SEC has proposed the creation of an SME Fund under the capital markets master plan.

This fund is intended to combine technical assistance with financial support, but it remains at the feasibility stage, and its governance design has not yet been finalized. Together, these initiatives illustrate the state's dual approach of scaling up existing risk-sharing mechanisms while also exploring new blended-finance vehicles.

Taken together, the interviews show a coherent direction of travel: regulators are opening channels for private funds and alternative instruments, policy makers are nudging domestic savings toward private markets (raising pension caps from 5% to 15%), and market-building programmes are attempting to widen the SME pipeline, while the state also deploys catalytic tools directly, such as a 50% credit guarantee for SME loans in the USD 1-3m range and a planned SME Fund. The constraints are equally consistent: a missing LLP vehicle for funds, issuance and preparation costs that deter first-time impact issuers, and process frictions such as merger notifications (still at 0.1% of turnover, even as CCPC works to halve review times from 90 to 45 days). Coordination mechanisms exist, but execution capacity and transparency especially around guarantee utilisation remain the weak links.

8.1.1. Current toolset and status (policy map)

Zambia’s policy and regulatory landscape have evolved steadily since 2022, with new instruments aimed at widening access to private and impact capital. Reforms such as the private fund’s regime, pension allocation increases, and draft crowdfunding guidelines mark clear progress, while targeted incentives and risk-sharing tools are beginning to take shape. At the same time, systemic constraints remain unclear fund structures due to the absence of an LLP law, high issuance and compliance costs, and slow or uneven processes that continue to limit uptake.

The table below maps the current toolset, showing the main instruments, their lead institutions, status, intended effects, and the constraints reported in interviews.

Function	Instrument or lever	Owner	Status/use (2024-2025)	Intended effect	Known constraints
Policy maker	Pension limit to private funds 5%-15%	MoF/PIA	Implemented	Mobilize local institutional capital	Pipeline of compliant funds still thin
Regulator	Private funds guidelines (PE/VC/social)	SEC	In force (2022)	Enable domiciling/registration of funds	Fund structures constrained by lack of LLP law
Regulator	Crowdfunding guidelines	SEC	In development	Broaden alternative finance channels	Market education; platform oversight capacity
Policy maker	IFRS S1/S2 deferral to 2028	MoF/SEC	Adopted deferral	Smooth disclosure transition	Requires phased roadmaps and issuer support
Regulator	Merger reviews 90-45 days (target)	CCPC	Internal target set	Faster M&A processing	Fee burden for SMEs still material
Impact investor	SME credit guarantee (50% cover, typical USD 1-3m)	MoF (banks)	Operational	Lower bank risk; expand SME credit	Utilization/claims data not public; bank risk appetite varies
Impact investor	SME Fund (capital + TA)	SEC	Planned; feasibility	Bridge seed → growth gap; blended finance	Governance, design, and resourcing outstanding
Policy maker	Tax incentives (no CGT on listed; WHT relief for green bonds)	MoF/LuSE	In force	Lower cost of capital; support sustainable debt	Issuance/preparation costs still high
Market builder	CEEC incubation in agri chains; cooperative empowerment	CEEC	Ongoing	Create investable pipelines in real sectors	Execution capacity; monitoring/follow-up

8.1.2. Coordination, Consultation, and Benchmarking

Stakeholder consultation is mandated by law, with impact assessments for new regulations and an active Public-Private Dialogue Forum. CCPC benchmarks competition rules against Kenya and Rwanda, while SEC engages in SADC platforms to harmonise sustainable finance standards. These steps reflect gradual progress in aligning Zambia's frameworks with regional peers, though coordination between agencies is still seen as inconsistent.

Three cross-cutting insights stand out:

- The impact thesis is strong, but enterprise pipelines and documentation remain thin. Due diligence is slowed by weak governance and record-keeping, with sourcing often relationship-driven rather than transparent.
- Macroeconomic volatility and power reliability cap deployment. Formal hedges are costly, so investors lean on natural hedges, hybrids, and mezzanine structures. Currency swings and regulatory unpredictability limit scale and exit options.
- Reforms and blended tools are the unlock. The private funds regime, pension reforms, and forthcoming crowdfunding rules provide traction, but gaps remain around LLP law and issuance costs.

8.1.3. Constraints and Forward Outlook

Interviewees pointed to three binding hurdles:

- **Legal:** absence of LLP law for fund domiciliation.
- **Cost:** high registration and issuance costs for impact instruments.
- **Process:** burdensome M&A notification fees (0.1% of turnover/assets).

Forward indicators of success by 2030 include: more SME fund flows, SME listings on LuSE, greater uptake of non-renewable sustainable products, higher domestic investor participation, and faster regulatory approvals.

This policy mapping provides the institutional backdrop: the formal rules, instruments, and constraints that shape Zambia's capital markets. Yet these frameworks only tell part of the story. To understand how they play out in practice, it is essential to examine how government agencies themselves frame their priorities and roles. The following section distils insights from interviews with SEC, LuSE, and CCPC, highlighting how these actors view their mandates, the instruments at their disposal, and the obstacles that continue to

limit capital mobilisation.

8.2. Government Interview Findings

Government priorities for crowding in private and impact capital over the next five years emerged clearly across the interviews. Three main objectives stand out.

First, both SEC and LuSE underscored the need to strengthen private equity and private debt markets, recognizing that traditional public markets remain out of reach for most SMEs. As SEC noted:

"the consultants... recognise that capital and private equity and private debt was nascent in Zambia and therefore there was need for enhanced role of private funds in Zambia."

Similarly, LuSE stressed the emphasis on private sector leadership, stating:

"There's a lot of emphasis on the private sector being the one to lead the economy."

Second, both institutions pointed to SME-focused financing facilities. For SEC, this involves establishing an SME fund combining technical assistance with capital mobilisation:

"we do have a plan of setting up an SME fund."

LuSE, meanwhile, highlighted the operational credit guarantee scheme, which already enables SMEs to borrow at concessional rates, with the government covering 50% of credit exposure.

Finally, diversification of financing instruments and incentives is another shared theme. SEC is advancing crowdfunding guidelines to expand alternative finance options:

"we're in the process of coming up with crowdfunding guidelines... to enable people access finance through other alternatives such as crowdfunding."

In parallel, LuSE emphasized government incentives for green and impact investment, particularly tax exemptions on certain securities, explaining:

"The government has given incentives around withholding tax on their coupons... particularly for sustainability-related products."

Together, these priorities reflect a strategy centred on:

- Strengthening private capital markets.
- Deepening SME access to finance.
- Broadening alternative and impact-oriented investment channels through regulatory innovation and fiscal incentives.

8.2.1. Government as an Impact Investor

The interviews reveal that the Zambian government is taking steps to position itself as an impact investor through both active and planned initiatives.

According to SEC, there are plans to establish an SME fund as part of the capital markets master plan. This fund is intended to combine technical assistance with financial support, though it remains in the feasibility study phase. As noted,:

“So we have plans to set up an SME fund... the first step will be to do a visibility study in terms of how this fund can be established.”

Complementing this, LuSE highlighted an already active public intervention in the form of a credit guarantee scheme administered by the Ministry of Finance. Under this mechanism, the government guarantees 50% of credit exposure to enable SMEs to access concessional capital. The scheme typically supports transactions between USD 1 million and USD 3 million. As explained:

“They are mostly looking at how they can enable SMEs to be able to thrive by accessing capital from the market at a very cheaper concessional rate.”

These two initiatives—one in the pipeline and one already operational—illustrate the government’s dual approach of seeding new blended-finance vehicles while also scaling up existing risk-sharing mechanisms to mobilize private capital for SME growth.

8.2.2. Government as a Regulator

Oversight responsibilities across Zambia’s financial sector regulators were described in detail by SEC. The Securities and Exchange Commission is mandated to supervise the securities market, while the Bank of Zambia has jurisdiction over money markets, and the Pensions and Insurance Authority is tasked with regulating insurance and pension schemes. As clarified:

“The Securities and Exchange Commission oversees the securities market and there’s a bumper. Zambia oversees the money markets, and the PIA oversees insurance and pensions.”

Other interviewees did not elaborate on the division of regulatory functions, and no specific role was attributed to the Ministry of Finance or ZDA in this context.

8.2.3. Government as a Policy Maker

Several regulatory reforms and pending legal measures were identified as shaping Zambia’s impact investment landscape. According to SEC, four key areas are underway.

Crowdfunding guidelines are being developed to broaden access to finance. Bruce noted:

“We’re in the process of coming up with crowdfunding guidelines... to enable people access finance through other alternatives such as crowdfunding.”

Private funds guidelines were introduced in 2022 to enable the creation of venture capital and social funds, supported by a framework for fund establishment.

Pension fund investment limits into private funds were raised from 5% to 15%, signalling an effort to mobilize institutional capital.

SEC acknowledged gaps in the legal framework, particularly around limited liability partnerships, which are needed to make Zambia more attractive for fund domiciliation:

“We need to work on the legal framework in terms of the legal Persona of the funds.”

LuSE highlighted complementary aspects of the regulatory environment. Zambia does not impose capital gains tax on public equity and debt investments, which Nicholas described as an incentive:

“So as we speak right now, investors that are getting into the market through the public equity as well as the public debt market, we do not have the capital gains tax.”

In addition, the government operates a credit guarantee scheme covering 50% of SME credit exposure, thereby facilitating concessional borrowing. Disclosure standards are also being phased in more gradually, with the adoption of IFRS S1 and S2 deferred until 2028:

“We were supposed to have gone full mandatory this year... but again, I’ve been given a further deferral.”

Finally, the government has provided tax incentives for green finance instruments, including withholding tax exemptions on coupons for investors in sustainable debt products.

Taken together, these measures reflect an evolving policy framework aimed at widening access to finance, lowering barriers for investors, and incentivizing private and impact capital through both fiscal and regulatory levers.

8.2.4. Government as a Market Builder

Market-building initiatives were discussed explicitly by CEEC, who described a model of incubating projects internally before handing them over to cooperatives. This approach aims to strengthen agricultural value chains and local enterprise

capacity, with examples including rice and beef production projects. As explained:

“We incubate the ideas ourselves and then we transform it and empower cooperatives to run with those ideas.”

No similar initiatives were mentioned by other policymakers, suggesting that CEEC plays a particularly active role in ecosystem-building through incubation and cooperative empowerment, especially within agriculture.

8.2.5. Coordination & Consultation

Consultation with private investors and business development service (BDS) providers is formally embedded in Zambia’s regulatory process.

According to SEC, a legal requirement mandates stakeholder engagement when drafting new regulations, ensuring that market actors are consulted. As Bruce explained:

“We do consult the market. We do have a stakeholder consultation.”

In addition, an independent agency is tasked with assessing the impact of proposed regulations, creating another channel for feedback:

“There’s an agency that looks at the impact of the new regulation.”

Complementing this, LuSE highlighted the creation of the Private Public Dialogue Forum, which provides a structured platform for ongoing engagement between government and the private sector. Nicholas stressed the government’s proactive stance, stating:

“The government has been very clear that they want to enable more private capital flows.”

Together, these mechanisms illustrate a multi-tiered consultation framework, combining legal requirements for stakeholder input with institutionalised dialogue platforms to capture private sector perspectives on regulatory reform.

8.2.6. Regional Benchmarking

Policy learning from neighbouring countries and regional initiatives is also shaping Zambia’s regulatory outlook.

According to SEC, Zambia is actively engaged in SADC efforts to harmonise green bond listing rules, ensuring comparability and cross-border investment flows. Bruce highlighted:

“There’s a draft document which speaks to the green bonds. They want to standardize the listing rules regarding the issuance of green bonds within the SADC member states.”

Furthermore, SEC is considering consolidating fragmented regulatory sandboxes into a single financial-market-wide platform to minimise arbitrage.

In parallel, CCPC confirmed that the Commission benchmarks regularly with peer competition authorities across the region, recognising policy innovation gaps in Zambia. Chanda noted:

“In the same manner that we benchmark on other areas that we have already dealing with them it would it the commission will rely on, or benefit from, the existing relationships and also try to take this step further.”

He suggested that adapting tested innovations from countries such as Kenya and Rwanda could strengthen Zambia’s regulatory environment.

Together, these insights indicate a deliberate strategy to align domestic frameworks with regional standards and to selectively import best practices from neighbouring jurisdictions.

8.2.7. Forward Outlook & Success Metrics

Interviewees highlighted a range of indicators that would signal Zambia’s impact-investment market has matured by 2030.

For SEC, two key metrics stand out: the volume of funds channelled to SMEs and the number of SMEs successfully listing on the stock exchange. Bruce stressed:

“We want to see that number grow,” referring to SME-focused fund flows, and further noted:

“I think that would be a key indicator for us,” regarding SME migration to the listed tier.

LuSE identified product diversification and local participation as critical signs of maturity. Nicholas pointed to three indicators: greater uptake of innovative products beyond renewable energy (e.g., blue bonds, nature-based solutions), deeper domestic investor engagement, and strengthened local capacity to manage transactions end-to-end. As he explained:

“One is the product uptake, then two, domestic investor support, and then thirdly, capacity being able to, you know, support these transactions from origination to sanction.”

For CCPC, efficiency in regulatory processes was seen as a maturity benchmark. Chanda emphasised faster turnaround times for merger assess-

ments, aiming to halve the statutory 90-day timeline:

“We are going to realize that we are required to conclude these cases in 90 days... however... we have given ourselves a target of completing such major assessments within 45 days.”

Taken together, these perspectives suggest that market maturity will be judged not only by capital mobilisation and new financial products, but also by domestic investor participation and regulatory efficiency.

8.2.8. Wishlist

Several administrative and legal hurdles were identified as constraints on Zambia’s ability to accelerate impact investment.

SEC emphasised the absence of a legal framework for limited liability partnerships, a structure preferred by international investors when establishing private funds. As Bruce explained:

“Right now if you want to set up a private fund in Zambia, the legal firm is either it’s a limited company incorporated or it’s a trust. Now I’m sure you’re aware that most investors prefer a limited

liability partnership. In Zambia we don’t have a legal framework that supports limited liability partnerships.”

From the perspective of LuSE, the most pressing barrier is the high cost of registering and preparing impact instruments, which deters issuance and adoption. Nicholas noted:

“I think it would be the registration cost of issuing the impact instruments that is one of the biggest problems we’re seeing... If I can just reduce these or try to moderate the cost of issuing these impact instruments, I think from our perspective, that can accelerate the uptake.”

Meanwhile, CCPC identified notification fees for mergers and acquisitions as a bottleneck, particularly for SMEs. The Commission is considering lowering the current 0.1% threshold of turnover or asset value to ease the burden of compliance. As Chanda put it:

“The proposal to reduce that percentage in itself is to ease the cost of bringing businesses for these companies that come through to the Commission or to CCPC to notify such transactions.”



SECTION

09

09

**ENTERPRISE
CASE STUDY**



9. ENTERPRISE CASE STUDIES

Two enterprise case studies were conducted to provide practical insights into how Zambian businesses experience investment processes, capital deployment, and growth trajectories. The selected enterprises illustrate both sectoral diversity - covering healthcare logistics and financial services - and common challenges in raising and managing capital. They also highlight lessons and advice that may be relevant for policymakers, investors, and other enterprises in Zambia's impact investment ecosystem.

9.1. Case Study 1: Duniya Healthcare



"Zambia's digital B2B pharma logistics platform"

9.1.1. Sector and Model

Duniya Healthcare operates at the intersection of technology, logistics, and healthcare, providing a B2B marketplace that connects retail pharmacies and health facilities with wholesalers and manufacturers. The company's model directly addresses inefficiencies in pharmaceutical procurement and distribution, particularly in underserved rural areas. As Mwansa Chalo explained:

"We basically operate at the intersection of technology, logistics and pharmaceuticals."

9.1.2. Capital Raised and Structure

The company has raised approximately USD 100,000, between late 2023 and early 2024. This investment was structured as equity through a SAFE (Simple Agreement for Future Equity), with contributions from European angel investors and one Zambian backer.

9.1.3. Capital Usage and Transaction Specifics

Funds were used to develop the company's digital platform and to expand logistics capacity, including procuring new delivery vehicles. While the transaction did not include concessional terms, FX protection, or structured technical assistance, Digital Africa provided mentorship and informal advisory support. Chalo described this as:

"An unwritten agreement for technical support."

9.1.4. Investor Profile

Investors included a group of Czech angel investors and Digital Africa, a French VC firm with a development mandate.

9.1.5. Changes Post-Investment and KPIs

Post-investment, the company's gross merchandise value grew tenfold, from just over USD 100,000 in 2023 to more than USD 1 million in 2024. New delivery vehicles improved efficiency and reduced costs, while job creation and office expansion strengthened operational capacity. As Chalo highlighted:

"We managed to move over a million dollars' worth of medicine."

9.1.6. BDS and Technical Assistance

Duniya benefited from early technical assistance from an angel investor with software expertise, who guided quality assurance and software architecture during platform development.

9.1.7. Challenges and Lessons Learned

Equity fundraising in Zambia proved difficult due to a market preference for short-term debt. Chalo noted:

"When you're competing against such short-term investments that are giving very high returns, it's always very difficult to raise money."

He emphasized the importance of targeted fundraising over the initial "shoot and pray" approach.

9.1.8. Advice to Other Enterprises

Entrepreneurs should vet investors carefully, develop a clear route to profitability, and remain realistic about Zambia's challenging fundraising climate.

9.2. Case Study 2: Eshandi (Premier Credit Zambia Limited)



“Financial services for SMEs across Southern Africa”

9.2.1. Sector and Model

Eshandi, operating as Premier Credit Zambia Limited, is a financial services provider targeting SMEs and individuals across Zambia and Southern Africa. Since 2019, the company has scaled rapidly. As Chilufya Mutale stated:

“We’ve been operating since 2019, providing financial services to small businesses and individuals across these markets.”

9.2.2. Capital Raised and Structure

The company has raised USD 650,000 in seed equity, followed by USD 2.3 million in debt from the same investor, bringing the total to USD 3 million. In 2023, it secured a further USD 2.5 million debt facility from a Swiss fund.

9.2.3. Capital Usage and Transaction Specifics

Capital was applied to working capital, hiring, and loan book expansion. The first facility was locally denominated, with the investor absorbing FX risk, though interest was priced at 40% to compensate. A subsequent Swiss loan provided no FX protection. Mutale explained:

“They just made it a local denominated facility so that we don’t incur any FX exposure.”

9.2.4. Investor Profile

The company’s backer is a US-based venture capital fund with a gender-lens focus that established operations in South Africa.

9.2.5. Changes Post-Investment and KPIs

Eshandi grew from 7 to 103 employees, expanded from Zambia into four regional markets, and increased revenues from USD 51,000 to more than USD 10 million. The loan book expanded from USD 200,000 to over USD 5 million. Mutale summarized:

“The growth has been tremendous over the last five years.”

9.2.6. BDS and Technical Assistance

Eshandi benefited from TA during due diligence, including market feasibility and business rating assessments. However, Mutale noted that consistent TA would have further improved operational capacity:

“Very much so. We really wish we could have that kind of support.”

9.2.7. Challenges and Lessons Learned

Eshandi initially struggled to secure financing due to lack of audited accounts and collateral and faced high interest rates from predatory lenders. Banks treated the company as too risky. Mutale reflected on the need for alignment with investors:

“It’s just more than funding that’s important.”

9.2.8. Advice to Other Enterprises

Mutale advised Zambian entrepreneurs to seek partners who share their vision, engage independent legal counsel to review agreements, and establish early, clear communication with investors to avoid misalignment.

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