USAID/Zambia ECONOMIC DEVELOPMENT

USAID-DFC LOAN GUARANTY WITH ABSA BANK

USAID, through the U.S. International Development Finance Corporation (DFC), has a loan guaranty with Absa Bank Zambia PLC to provide up to $20 million in loans qualifying small and medium-sized enterprises (SMEs) in Zambia. The seven-year guaranty backs 50% of each loan’s value, for a total guaranty size of up to $10 million. This loan guaranty strengthens Absa Bank’s ability to provide loans to SMEs in the agriculture, manufacturing, tourism, and clean energy sectors in Zambia, thereby stimulating economic development through enterprise-driven growth.

- **Life of Project:** May 2022 - May 2029
- **Geographic Focus:** National
- **Implementing Partner:** Absa Bank Zambia PLC
- **Managing Director:** Ms. Mizinga Melu
- **Total USAID Funding:** $1 million
- **Value of Loans:** Up to a total of $20 million
- **USAID Zambia Contact:** David Mpundu - dmpundu@usaid.gov
Under its country strategy, the USAID Mission is taking a market-driven approach to reducing rural poverty. Given that access to finance remains a critical obstacle to economic development and private sector growth in Zambia, USAID has partnered with DFC to address just this issue. In agriculture, this activity pairs well with USAID’s $14 million EDGE activity that is already working to connect agribusiness SMEs to financing. Businesses engaging in clean cooking are connected by USAID’s $25 million Alternatives to Charcoal project to promote greener cooking fuel technologies and fuels. In addition, USAID creates linkages and promotes loans to those in the ecotourism space, including through USAID’s $44 million public-private partnerships in the Kafue and Luangwa National Park ecosystems.

**Expected Results**

USAID/Zambia through this DFC Loan Guaranty aims to increase access to financing for individuals and businesses that may otherwise struggle to qualify, specifically targeting the agriculture, manufacturing, tourism, and clean energy sectors in Zambia.

**About USAID’s Economic Development and Environment Office**

Community Construction contributes to USAID’s approach to reducing rural poverty in Zambia, based on three pillars: improving the business enabling environment, strengthening rural enterprises, and sustainably managing Zambia’s natural resource base. USAID strives to engage local partners, strengthen their skills and potential, and set them on a path to address some of Zambia’s most significant development challenges.

Zambia’s rich forests and wildlife are threatened by poaching, illegal logging and charcoal production, over-harvesting, and habitat degradation. USAID supports the Government of the Republic of Zambia to improve the management of natural resources and thereby provide a long-term, sustainable platform for broad-based economic growth and poverty reduction in rural areas. This is accomplished through Partnership-Based Natural Resource Management models that place Zambians at the forefront as the primary beneficiaries.