

INTERNATIONAL DEVELOPMENT COMMITTEE (IDC) SUBMISSION – ZAMBIA NATIONAL COMMERCIAL BANK(ZANACO)PLC

Question Being Responded to: What current investments does BII hold?

1. Zambia National Commercial Bank Plc (ZANACO) makes this submission in response to the inquiry from the International Development Committee (IDC) of the UK Parliament, on the impact of development finance and in particular the USD50 million received by the Bank from the British International Investment (BII)

Context on Zanaco

2. ZANACO is an indigenous bank that has been in existence for 53 years. The Bank operates on an ethos of partnership for the growth of businesses, individuals and its Country, Zambia.
3. Improved service delivery and client satisfaction remains at the center of the Bank's overall strategy. The Bank is committed to exceeding the product, service and innovation expectations of close 4 million clients across the Public Sector, Corporate Finance, SME, Agriculture, Consumer and Personal segments.
4. The Bank participates in key economic growth sectors, specifically, agriculture, Small and Medium Enterprise, Mining, Technology and Energy.
5. Over the last 2 years, the bank has given specific focus to supporting sustainable agriculture, SMEs and building internal structures and capacity to support climate and green projects.
6. In October 2022, the bank was accredited to the Green Climate Fund. Through the accreditation to the GCF, Zanaco will be able to access capital for onward disbursement towards various green initiatives. Further, in the same period, the Bank signed an agreement with the British International Investment (BII) for a funding line of USD 50 Million for onward lending to SMEs particularly Women led and climate focused businesses.

Context on the SME Sector, Climate initiatives in Zambia and the drive towards renewable energy.

7. **SME:** SMEs in Zambia represent 97 percent of all businesses in the economy and account for 70 percent of gross domestic product (GDP) and 88 percent of employment opportunities.
8. **Energy:** Zambia has 2,800 MW of installed electricity generation capacity, of which 85% is hydro based. National access to electricity averages at 31% with 67% of the urban and 4% of the rural population having access to power. The Government of Zambia set a goal for universal electricity access for all Zambians by 2030. Energy has been identified as an important driving force behind economic development in Zambia and the government has declared its commitment to developing and maintaining energy infrastructure and services. (source: <https://www.usaid.gov/powerafrica/zambia>)

9. The country has 2 main solar home system companies and 4 mini grid companies. (Source: <https://energyaccess.duke.edu/wp-content/uploads/2018/10/Market-Map-Off-grid-Zambia.pdf>)
10. **Climate Change:** The Government of Zambia has a keen focus on ensuring a green Zambia. government has provided a conducive policy and legal framework to facilitate the participation of all stakeholders in addressing the challenges of climate change.
11. Zanaco has actively participated in both the COP 26 and COP 27 conferences to gather learnings and for the fostering of partnerships to deliver green finance solutions to Zambia.

BII Investment and Impact.

12. The BII investment with Zanaco is currently USD 50 Million. Given the context of the energy and SME sector as well as the country's focus on climate change, the facility allows the Bank extend support to contribute to the growth of the SME sector, harness the potential of renewable energy sector and play a key role in supporting climate focused initiatives and projects with the funding provided for impact not only in the specific sectors but for the country, Zambia. This funding was received in January 2023 and we are yet to begin to track the impact of it as we are still in the month of January 2023.