

Zambia Impact Policy Roadmap

Gap Analysis of Impact
Investing Policy and
Institutional Framework
in Zambia

An initiative of



With support from



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About

NABII Zambia

The National Advisory Board for Impact Investment Zambia (NABII Zambia) is a non-profit organisation established in 2019 to catalyse the growth and effectiveness of impact investing in Zambia. It plays a strategic market-enabling and convening role at the intersection of government, development partners, investors, enterprises, and intermediaries, working to strengthen the conditions required for impact capital to flow effectively and at scale toward measurable social, environmental, and economic outcomes. As an accredited National Partner of GSG Impact and a member of the Africa Impact Investment Group (AIIG), NABII Zambia is part of a global network of over 50 National Advisory Boards advancing impact investing as a tool for sustainable development. Through this positioning, NABII Zambia contributes to global learning while tailoring solutions to Zambia's national context and development priorities, and through policy engagement, ecosystem coordination, capacity building, and knowledge sharing, it supports the development of a transparent, credible, and investable impact economy that aligns private capital with national development goals.

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.

ZIPAR

Zambia Institute for Policy Analysis and Research (ZIPAR) is a think tank whose mandate is to conduct research and policy analysis to inform public policy. It was established under the Societies Act, Chapter 119 of the Laws of Zambia in 2006 and became operational in 2009. ZIPAR was established by a joint agreement between the Government of the Republic of Zambia (GRZ) and the African Capacity Building Foundation (ACBF). In accordance with the Government Gazette Notice No. 1123 of 2021, administratively, ZIPAR falls under the Ministry of Finance and National Planning. The Institute supports the Government of Zambia, the private sector, civil society, and other stakeholders through evidence-based policy advice and research. The specific functions of ZIPAR are to undertake: a) Policy analysis and research; b) Policy dialogue and advocacy; and c) Policy capacity building and training. To leverage its mandate, ZIPAR engages in strategic collaborations with like-minded institutions, including bilateral and multilateral institutions, both at local and international levels.

List of Acronyms

Acronym	Full Form
AfDB	African Development Bank
AIIG	Africa Impact Investing Group
AVPA	Africa Venture Philanthropy Alliance
BOZ	Bank of Zambia
CCPC	Competition and Consumer Protection Commission
CEEC	Citizens Economic Empowerment Commission
CISI	Chartered Institute for Securities & Investment
CSRD	Corporate Sustainability Reporting Directive
DFIs	Development Finance Institutions
ESG	Environmental, Social, and Governance
GIIN	Global Impact Investing Network
GSG	Global Steering Group for Impact Investment
HIPSO	Harmonized Indicators for Private Sector Operations
IDC	Industrial Development Corporation
ITDB	Investment, Trade and Business Development Act
MoF	Ministry of Finance

Acronym	Full Form
MSMEs	Micro, Small, and Medium Enterprises
NABII	National Advisory Board for Impact Investment
NFIS	National Financial Inclusion Strategy
NIIRIC	Nigerian Impact Investing Research Industry Collaborative
PPP	Public-Private Partnership
PbR	Payment by Results
PE	Private Equity
RISDP	Regional Indicative Strategic Development Plan
SDGs	Sustainable Development Goals
SEC	Securities and Exchange Commission
SIB	Social Impact Bond
UNDP	United Nations Development Programme
WWF	World Wide Fund for Nature
ZDA	Zambia Development Agency
ZEMA	Zambia Environmental Management Agency

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Foreward

Zambia does not lack ambition. What this report reveals is something more specific: a gap between the policy intent we have established and the market reality we have yet to build. Closing that gap is the work this foreword introduces.

Over the past several years, those of us working at the intersection of enterprise development, capital markets, and ecosystem building in Zambia have watched the conditions for impact investing gradually take shape. The Green Economy and Climate Change Act, the Zambia Green Finance Taxonomy, the Green Bond and Green Loan Guidelines. These are not small achievements. They represent years of deliberate advocacy, institutional effort, and cross-sector collaboration. NABII, as Zambia's National Advisory Board for Impact Investment and accredited partner of GSG Impact, has been part of that work. This report is, in part, a stocktake of how far we have come.

But it is more importantly an honest account of how far we still have to go.

Impact-aligned capital in Zambia remains overwhelmingly concentrated among development finance institutions. Domestic institutional investors, pension funds and insurers sitting on long-term capital that is structurally well-suited to impact investing, remain largely on the sidelines. The enterprises that represent our greatest pool of potential impact investees, our MSMEs, too often lack the governance structures and financial discipline that investors require. Our intermediary layer is thin. Our impact disclosure practices are largely voluntary and inconsistently applied. These are not peripheral issues. They are the core constraints that prevent a functioning market from emerging.

What this report also makes clear is that the solution does not require us to start from scratch. The foundations exist. What is needed is deliberate alignment, embedding impact investing explicitly within the frameworks we already have, rather than layering parallel structures on top of them.

The most immediate opportunity to do exactly that is now in front of us. The Eighth National Development Plan expires in 2026. The formulation of the Ninth National Development Plan is underway. This is a narrow but significant window to ensure that impact investing is not merely implied within our development architecture, but named, resourced, and operationalised within it. NABII, in partnership with ZIPAR and the Ministry of Finance and National Planning, is committed to making that case forcefully during the 9th National Development Plan process. We cannot afford to let this window close without acting.



Mr. Simunza Muyangana
Board Chairperson, NABII Zambia

The recommendations in this report are sequenced for exactly this context - pragmatic, anchored in existing institutions, and designed to generate early momentum rather than wait for ideal conditions. They ask the government to clarify fiduciary guidance for pension funds, strengthen mandatory sustainability disclosure, and use the Green Finance Taxonomy as an active gating tool for public instruments. They ask regulators to move from voluntary frameworks to ones with teeth. And they ask NABII to anchor the coordination that no single ministry can provide alone.

I am grateful to our partners at GSG Impact and ZIPAR for the rigour and commitment they brought to this work, and to the government ministries, regulators, investors, intermediaries, and private sector stakeholders who contributed their time and candour during the consultation process.

The findings in these pages are a foundation. What matters now is what we build on it.

Mr. Simunza Muyangana
Board Chairperson, NABII Zambia

Impact Investing Policy and Institutional Framework in Zambia

Zambia's development plans, policies, and legal frameworks broadly support objectives consistent with impact investing; however, impact investing is not formally positioned as an explicit policy instrument for delivering these objectives. Consequently, while the policy direction is broadly supportive, most existing frameworks do not clearly define how impact capital is to be deployed, measured, or governed, resulting in uncertainty for investors regarding implementation pathways, performance metrics, and oversight arrangements.

A preliminary review indicates that impact-relevant initiatives are embedded implicitly within national development policies, particularly in priority areas such as inclusive growth, poverty reduction, green growth, climate resilience, and access to social services outcome areas that closely align with the objectives of impact-oriented investments. This alignment presents a largely untapped opportunity to deliberately embed impact investing as a targeted financing instrument across Zambia's development financing architecture, development plans, policies, and legal frameworks.

This report presents a diagnostic assessment of Zambia's policy, regulatory, and institutional environment for impact investing. It examines the current state of the impact ecosystem, identifies key enabling factors and binding constraints, and assesses opportunities to strengthen the role of impact-aligned private capital in advancing national development objectives. The analysis is informed by the Global Steering Group (GSG) and OECD analytical frameworks, with an emphasis on policy feasibility, institutional capacity, and appropriate sequencing of reforms.

Key Gap analysis Findings

Zambia has established several important foundational policy, legal, and market elements relevant to the development of an impact investment ecosystem. The presence of a regulatory framework for green bonds, the enactment of the Green Economy and Climate Change Act, 2024, and the establishment of the National Advisory Board for Impact Investing (NABII) signal growing momentum and policy intent. However, these advances have yet to translate into a scaled and coordinated impact investing market.



**Impact Investing
Policy Alignment
and Legal
Foundations Exist**

**Limited Formal
Delivery
Mechanisms**

**Impact investing has limited
formal policy delivery
mechanisms in Zambia's
development framework.**

The diagnostic assessment finds that while enabling frameworks are emerging, persistent structural and institutional constraints continue to limit the effective mobilisation, deployment, and scaling of impact-aligned private capital. These constraints are mutually reinforcing and span the supply of capital, the demand for investable opportunities, intermediary and market infrastructure, policy and regulatory coherence, and impact measurement and disclosure practices. The key gaps identified through the assessment are summarised below.

Supply- and demand-side constraints continue to limit the effective deployment of impact-aligned capital



In spite of recent progress, impact-aligned capital remains heavily concentrated among development finance institutions, with limited participation by domestic institutional investors. On the demand side, micro, small, and medium-sized enterprises (MSMEs) which represent the largest potential pool of impact investees exhibit low levels of investment readiness. Persistent weaknesses in governance, financial reporting, and compliance with investor due diligence requirements constrain deal origination and limit absorptive capacity.

Underdeveloped intermediary and market-enabling functions weaken pipeline quality and investor participation



Intermediary and market-enabling functions remain underdeveloped and fragmented. While organisations such as BongoHive, Jacaranda Hub, Prospero, and Kukula Capital play important roles in enterprise development and deal facilitation, their reach and scale remain limited, and market practices are insufficiently standardised. These gaps reduce pipeline visibility, raise transaction costs, and diminish the attractiveness of the market for private investors seeking scalable and replicable opportunities.

Fragmented institutional responsibilities constrain policy coherence and ecosystem governance



From a policy and regulatory perspective, Zambia has made progress in green finance and climate-related reforms. However, impact investing is not yet consistently embedded across national development planning instruments, financial-sector regulations, or investment promotion frameworks. Institutional responsibilities are dispersed across multiple ministries and regulators, with coordination mechanisms remaining largely informal. NABII provides an important platform for dialogue and convening; however, its mandate requires enhanced institutional capacity to strengthen its ability to drive administrative coordination and support effective implementation across institutions.

Weak and largely voluntary impact disclosure practices undermine transparency and investor confidence



Cross-cutting constraints include limited and largely voluntary sustainability and impact disclosure practices. The absence of consistent disclosure standards reduces market transparency, weakens the evidence base for policymaking, and constrains investor confidence particularly among domestic institutional investors with long-term liabilities that require clearer risk and impact signals.

Policy Recommendations

A sequenced, institution-led reform approach can strengthen the ecosystem without creating new policy structures. In response to these findings, the report proposes a sequenced and pragmatic policy approach that embeds impact investing within existing national development, regulatory, and institutional frameworks.

- I. **Mainstream impact investing within national development planning processes:** Leverage the transition from the Eighth National Development Plan (8NDP) to the Ninth National Development Plan (9NDP) as a first-mover opportunity to ensure that impact investing is explicitly recognised as one of the capital mobilisation mechanisms for priority objectives, including economic transformation and job creation, human and social development, environmental sustainability, and economic diversification;
- II. **Clarify fiduciary and investment guidance for domestic institutional investors,** particularly pension funds and insurers, to address conservative interpretations of fiduciary duty and enable greater participation in impact-aligned investments where risk-adjusted returns are achieved;
- III. **Strengthen sustainability and impact disclosure through existing financial-sector regulation** building on Zambia's adoption of ISSB-aligned standards to improve data consistency, transparency, and investor confidence across the financial system;
- IV. **Incentivise private investment into high-impact priority sectors** notably agriculture, renewable energy, and MSMEs through introduction of impact-linked eligibility, reporting, and differentiated risk-sharing within existing public financing, credit guarantee, and co-investment instruments;
- V. **Leverage the Zambia Green Finance Taxonomy as an operational tool,** using it as a gatekeeper for public incentives, de-risking instruments, and disclosure requirements to steer private capital toward nationally aligned, socially safeguarded green and impact-aligned activities; and
- VI. **Anchor coordination and ecosystem stewardship within existing platforms, notably NABII,** by strengthening its institutional coordination capacity to convene stakeholders, support pilot implementation, track reform progress, and translate policy signals into coordinated market action.



Policy Entry Point 8NDP→9NDP

Transition, First-mover opportunity for mainstreaming impact investing.



De-risking Private Capital

Public financing, credit guarantees, and co-investment instruments → Supporting investment into agriculture, renewable energy, and MSMEs

1. Introduction

1.1. Background and Global Context for Impact Investing

Impact investing has emerged as part of a broader effort to mobilise private capital in support of sustainable and inclusive growth, by explicitly incorporating social and environmental considerations into investment decisions alongside risk and return. At its core, the global impact investment agenda seeks to address persistent development challenges such as poverty, inequality, unemployment, and climate change through market-based approaches that complement public policy and philanthropic interventions.

Over time, this agenda has evolved from niche experimentation toward a more systemic objective: integrating impact considerations into mainstream financial markets and business practices. This shift reflects growing demand from investors for greater accountability, transparency, and alignment between capital allocation and long-term development outcomes.

In response to the need for greater coordination and knowledge-sharing, GSG Impact was established in 2015, building on the work of the Social Impact Investment Taskforce launched under the United Kingdom's 2013 G8 Presidency, providing a global platform for governments, investors, and other stakeholders to collaborate in strengthening national impact investment ecosystems. Its approach emphasises incremental policy coherence, market infrastructure, and institutional alignment, recognising that the development of an impact investing ecosystem can be effectively advanced by leveraging on existing enabling environments.

Comparative analytical work by the OECD and GSG Impact indicates that many countries have advanced impact investing by building on existing development planning and financial-sector frameworks, with dedicated impact-specific instruments and institutions emerging gradually over time. This lesson is particularly relevant for emerging and developing economies, where institutional capacity and policy implementation resources are often constrained.



For emerging and developing economies, advancing impact investing requires pragmatic integration into existing policy and financial frameworks, reflecting institutional capacity constraints and the need for early, scalable results

1.2. Zambia's Economic Context

Zambia's macroeconomic landscape has undergone a period of significant adjustment in recent years, shaped by the combined effects of climate shocks, external vulnerabilities, structural weaknesses, and the broader global economic environment. The severe drought of the 2023/24,¹ agricultural season adversely affected agricultural production, hydropower generation, and rural livelihoods, underscoring the economy's exposure to climate-related risks and reinforcing the case for investments that strengthen resilience and diversification.

Despite these challenges, macroeconomic conditions have shown signs of gradual improvement, supported by fiscal consolidation efforts, tighter monetary policy, structural reforms, and progress in external debt restructuring.

Economic growth is projected to strengthen over the medium term, with output expected to reach approximately 5.8% in 2025 and average around 6.5% in 2026–27, reflecting improved climate conditions and the gradual impact of reforms in the mining and agricultural sectors.² Public debt dynamics are also projected to improve, with the debt-to-GDP ratio declining from elevated levels in 2023, contributing to improved investor confidence and reduced macroeconomic uncertainty. Public debt is projected to decline from 133% of GDP in 2023 to about 90% in 2025, creating space for renewed investor confidence.³ Ongoing financial-sector reforms including enhanced regulatory oversight and the introduction of Green Finance Taxonomy,⁴ green lending guidelines, and listing rules for Issuance of Green Bonds⁵ have strengthened the institutional foundations of the financial system. Macroeconomic stabilisation and financial-sector credibility are essential preconditions for impact investing, as investors require predictable policy environments, sound macroeconomic management, and functional financial markets to support long-term investment decisions.

At the sectoral level, Zambia presents several areas of potential relevance for impact-aligned investment. Agriculture remains a cornerstone of the economy, employing more than half of the labour force and playing a critical role in food security and rural livelihoods. However, the sector's contribution to GDP has remained modest averaging approximately 3.5 percent between 2015 and 2024 reflecting persistent structural challenges, including low productivity, limited diversification, dependence on subsidies, weak private investment, and high exposure to climate variability. These constraints highlight opportunities for investment approaches that enhance productivity, resilience, and smallholder inclusion.



6.5%

medium term growth → strengthening macroeconomic credibility signal

133%



90%

Debt-to-GDP ratio declining → signals fiscal credibility and governance discipline.

1 Drought Management in Zambia: Insights from the 2023/2024 Drought | MDPI

2 IMF Staff Conducts 2025 Article IV Consultation and Reaches Staff-Level Agreement on the Fifth Review of the Extended Credit Facility with Zambia

3 Zambia | World Bank Group

4 Zambia Green Taxonomy Home – Ministry of Green Economy and Environment

5 Guidelines and Listing Rules for Issuance of Green Bonds in Place - Ministry of Finance and National Planning

The energy sector also presents significant opportunities. Zambia possesses substantial renewable energy potential across solar, hydropower, biomass, and geothermal resources, yet electricity supply remains vulnerable to climate variability and access remains uneven. Diversifying generation sources and expanding off-grid and mini-grid solutions could support both household welfare and productive activity, while reducing exposure to hydrological shocks.

Human capital sectors including health and education face persistent capacity constraints and financing gaps. In health, infrastructure limitations, workforce shortages, and reliance on external financing constrain service delivery and system resilience. In education, demographic pressures and skills mismatches underscore the need for expanded and more diversified provision, including vocational training and digital learning.

Financial inclusion remains a cross-cutting priority, with digital financial services and fintech innovations playing an increasingly important role in extending access to underserved populations.

These sectoral dynamics are closely aligned with Zambia's broader development agenda. Vision 2030 and the 8NDP emphasise structural transformation, job creation, climate resilience, and private sector led growth. As the government set to develop the next, Ninth National Development Plan, there is increasing recognition that traditional public and concessional financing sources will be insufficient to meet the scale of investment required across infrastructure, productive sectors, social services, and climate adaptation. Within this context, impact investing represents a potential avenue for mobilising additional private capital provided it is effectively aligned with national priorities and embedded within existing policy and institutional frameworks.



For emerging and developing economies, advancing impact investing requires pragmatic integration into existing policy and financial frameworks, reflecting institutional capacity constraints and the need for early, scalable results

1.3. Methodology

Approach and Analytical Framework

The methodology adopted for this study combines a structured desk-based policy review with targeted stakeholder consultations to identify gaps and opportunities within Zambia's impact investing ecosystem. The approach is designed to support policy dialogue and advocacy by systematically assessing how existing legal, regulatory, institutional, and market arrangements enable or constrain the mobilisation of private capital for social and environmental outcomes.

Desk Literature Review on Impact Investing Policy and Institutional Framework in Zambia:

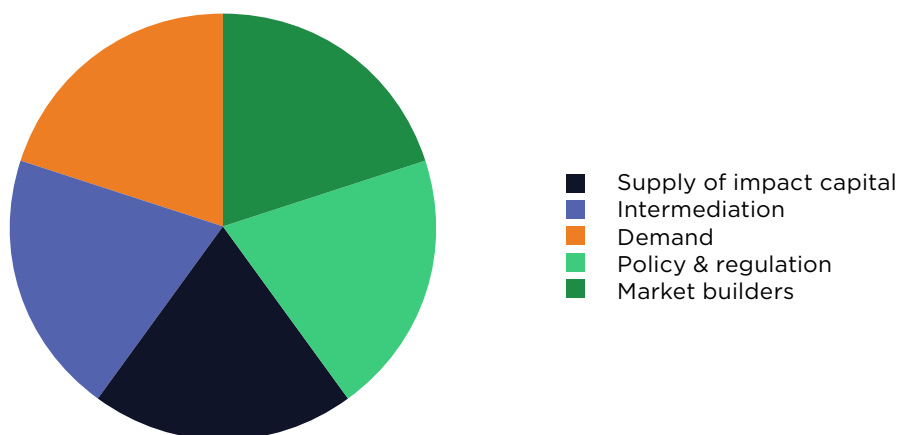
This involved a review and analysis of secondary data, including all key policy and legal framework documents related to investment. The review sought to identify the key elements required to enhance the impact economy and strengthen the impact investment ecosystem in Zambia. It focused on five main building blocks: the supply of impact capital, intermediation of impact capital, demand for impact capital, policy and regulation, and impact market builders. Special emphasis was also placed on the three key roles of government within the impact investing ecosystem based on the OECD and GSG frameworks namely: market facilitator, market participant, and market regulator. The desk review also examined the current state of impact investment in Zambia and across Africa.

Key Informant Interviews and Stakeholder Consultations:

This involved primary data collection through key informant interviews and stakeholder consultations with both state and non-state actors including government ministries, development finance institutions (DFIs), private companies, and NGOs. These consultations complemented the findings from the literature review.



Combined approach to identify gaps and opportunities



Impact Investing Ecosystem Framework

2. Review of Literature on Impact Investing

The literature on impact investing has expanded substantially over the past decade, reflecting its increasing relevance within global development finance and financial market reform. Early scholars focused on distinguishing impact investing from philanthropy and from environmental, social, and governance (ESG) investing, emphasising impact investors' dual commitment to measurable social or environmental outcomes and financial returns. More recent literature situates impact investing within the broader transformation of global financial systems, driven by rising climate risks, unmet development financing needs, and growing institutional demand for sustainable assets. Across this body of work, there is a consistent recognition that impact investing offers a complementary instrument for governments seeking to mobilise private capital toward national development objectives.

2.1. Conceptual Foundations of Impact Investing

Impact investing is increasingly recognised as an important instrument for financing development priorities, particularly in countries facing tight fiscal space and rising climate vulnerability. ⁶The Global Impact Investment Network (GIIN), defines it as capital deployed with a clear intention to generate measurable social and environmental benefits alongside financial returns. ⁷This definition reflects a shift from conventional financing models, where social and environmental considerations were often secondary, to a more deliberate approach in which development outcomes form part of the investment objective. The conceptual foundations of impact investing rest on four widely accepted principles: a clear intention to deliver impact, the expectation of financial return, the use of standardised measurement to assess outcomes, and active investment management. These elements distinguish impact investing from both philanthropy which focuses on grant-making and ESG investing, which emphasises corporate risk management rather than targeted development results. ⁸Impact investing therefore sits at the intersection of private capital markets and public policy priorities, offering governments additional instruments to mobilise financing for sectors that remain underserved by traditional finance, see Table 0-1 below.

Table 0-1 Comparative Approaches to Traditional and Impact Investing

Category	Traditional	Responsible	Sustainable	Impact-Driven	Philanthropy
Financial Return	Competitive, risk-adjusted	Competitive, risk-adjusted	Competitive, risk-adjusted	Accept Disproportionate risk-adjusted	Accept Capital preservation or full loss of capital
	Accepts competitive risk adjusted financial returns				
Impact Goal	None	Avoid harm	Benefit stakeholders	Contribute to solutions	Contribute to solutions
Description	Negative impacts not considered	Prevent harm	Create positive outcomes	Significant positive impact for underserved groups	Full impact priority, no return needed
Intention	Aware but not mitigating	Regulatory & responsible behaviour	Positive business outcomes	Solve social or environmental issues	Full commitment to impact
		IMPACT ECONOMY			

Source: Authors construction based on research

6 A multistakeholder approach to impact investing: Focus on institutional investors and key dimensions - ScienceDirect

7 What you need to know about impact investing - The GIIN

8 What is ESG? A guide for businesses | British Business Bank

2.2. Global Trends and the Emerging African Landscape

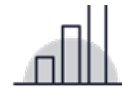
The global landscape of impact investing has undergone a period of rapid expansion, driven by growing international recognition that traditional forms of finance are inadequate to meet the scale of economic, social, and climate related challenges confronting both developed and developing economies. Over the past decade, impact investing has evolved from a niche practice into a significant component of the global financial architecture, supported by institutional investors, development finance institutions, and regulatory bodies seeking to align capital flows with sustainable development objectives. This evolution has been reinforced by the increasing prioritisation of climate action, widening inequality, demographic pressures, and the need for resilient economic systems.

Globally, several structural shifts have shaped the trajectory of impact investing. The adoption of the Sustainable Development Goals and the Paris Agreement has shared commitments to achieve sustainable development, reduce emissions, build resilience, and mobilise global climate finance.

These frameworks have incentivised investors to align capital flows with measurable development outcomes, while driving regulatory reforms that strengthen transparency and accountability in sustainable finance. The adoption of the International Sustainability Standards Board (ISSB) standards and the expansion of impact measurement tools such as IRIS+, GIIRS, and the SDG Impact Standards have created a more coherent global architecture for tracking impact performance.⁹

As a result, impact investing has matured into a significant asset class. Estimates for 2024 place total assets at around US\$1.57 trillion and grew at 21% CAGR between 2019–24, reflecting strong investor demand for climate-resilient, socially responsible, and inclusive growth opportunities.¹⁰

In advanced and emerging markets alike, governments have played an important role in shaping impact ecosystems. In some contexts, governments have established dedicated impact investment strategies or catalytic funds, although many countries continue to embed impact-related provisions within broader strategies in short term rather than issuing stand-alone policies. Several countries have integrated impact-investing priorities into national development frameworks,¹¹ while other countries like Brazil have even gone a step further to develop a dedicated National Strategy for Business and Impact Investing.¹² These approaches reflect a growing recognition that impact investing can



21%

Compound Annual Growth Rate
(2019–2024)



\$1.57 trillion

Global Impact Market & Growing
Fast

⁹ IFRS - Introduction to the ISSB and IFRS Sustainability Disclosure Standards

¹⁰ Sizing the Impact Investing Market 2024 - The GIIN

¹¹ GSG Impact global overview highlights sector progress | Impact Investor

¹² Brazil's National Strategy for Business and Impact Investing

contribute to economic transformation. Across African regions, the adoption of impact investing has been shaped by factors such as the demand for development capital, enterprise capabilities, and the maturity of regulatory ecosystems.

In recent years, momentum has grown, driven by climate finance needs, demographic pressures, and the expansion of blended-finance instruments that help mitigate risk and attract private capital. Several countries have also introduced green taxonomies, sustainable finance guidelines, and national initiatives aimed at strengthening enterprise development and improving impact measurement.

South Africa has implemented sustainability disclosure rules for listed companies and mobilised institutional investors toward development-linked investments.¹³ Kenya has introduced a Green Finance Taxonomy to guide public and private investment decisions and has successfully issued green bonds supporting urban housing and renewable energy.¹⁴ These efforts illustrate how regional markets are adapting the global impact-investing model to local conditions, often with strong participation from development finance institutions.

Within this global and regional context, Zambia's efforts to develop an impact economy form part of a wider shift toward more sustainable and inclusive financial architectures. The conceptual foundations of impact investing provide a relevant framework for understanding how the country can mobilise private capital to address development priorities in agriculture, renewable energy, human capital, financial inclusion, and climate resilience. The subsequent sections of this report build on these global concepts to assess Zambia's opportunities and constraints, drawing on international experience to identify the institutional, regulatory, and policy reforms needed to position the country to attract and deploy impact capital effectively.



6.5%

medium term growth → strengthening macroeconomic credibility signal

133%



90%

Debt-to-GDP ratio declining → signals fiscal credibility and governance discipline.

¹³ https://www.jse.co.za/sites/default/files/media/documents/JSE%20Sustainability%20Disclosure%20Guidance_1.pdf

¹⁴ data.sbfnetwork.org/sites/default/files/survey-attachments/2025-05/CBK - Kenya Green Finance Taxonomy - Final - April 2025.pdf?utm

3. Gap Analysis of Zambia's Impact Investing Ecosystem

3.1. Introduction

Zambia's impact investing ecosystem is shaped by the interaction of capital supply, enterprise demand, market intermediation, policy and regulatory frameworks, and institutional coordination. While the country has made measurable progress in establishing several foundational elements, the ecosystem remains at an early stage of development and is characterised by structural constraints that limit the mobilisation and deployment of impact-aligned capital at scale. This section reviews these gaps across the Global Steering Group (GSG) Five Pillars of impact investing: the supply of capital, demand for capital, intermediaries and market infrastructure, policy and regulation, and market-building institutions.

3.1.1. Pillar 1: Supply of Impact Capital

The supply of impact-aligned capital in Zambia has expanded gradually but remains narrow in depth and highly concentrated among development finance institutions (DFIs). Multilateral and bilateral DFIs including the World Bank Group, the African Development Bank, and the Development Bank of Southern Africa account for an estimated 90 percent of impact-oriented capital deployed in the country. Between 2019 and 2020, DFI lending reached approximately US\$681 million, reflecting the scale, tenor, and concessional structure of financing typically directed toward infrastructure, energy, and other capital-intensive sectors. Domestic DFIs also contribute to the market, though at significantly smaller scale, with an estimated combined deployment of approximately US\$31 million over the same period.

Non-DFI investors play a smaller but complementary role in shaping the impact investment landscape. Their aggregate contribution estimated at approximately US\$55 million has been deployed across a broader range of smaller transactions spanning agriculture, health, education, financial services, and technology. This segment exhibits greater sectoral diversity than DFI portfolios but remains constrained by macroeconomic volatility, exchange-rate risk, limited exit opportunities, and shallow domestic capital markets. These structural features continue to dampen commercial risk appetite and reinforce reliance on concessional and patient capital for impact-oriented investments.

Recent developments suggest a gradual, though still nascent, broadening of the supply base. The Zambia Green Outcomes Fund a ZMW 1 billion (about US\$58 million) facility sponsored by WWF Zambia and ZANACO ¹⁵(Zambia National Commercial Bank). ¹⁶The successful registration of



Market scale signal
\$681m

DFI lending (2019–20)

Market concentration
90% DFI

Dominated impact capital

¹⁵ Green Finance - Zambia National Commercial Bank

¹⁶ Zambia green outcomes fund - Kukula

Table 0-2 Private, DFI, and Ecosystem Actors

Actor	Estimated Value (USD)	Verification Link(s)
World Bank / IFC	US\$250–350 million	The National Advisory Board for Impact Investing (NABII) Market Size Survey states total market size US\$703 m for 2019-20. (NABII)
Copperbelt Energy Corporation Plc (CEC Renewables)	US\$150–200 million	CEC green bond programme US\$200m disclosed; tranche US\$96.7m. (PIDG)
Donors & Development Partners (FCDO, GIZ, etc.)	US\$50–80 million	Mention of ZMW 1 billion Green Outcomes Fund plus donor/TA programmes. (Afrewise)
Kukula Capital (incl. Zambia Green Outcomes Fund)	US\$60–70 million	Fund size ZMW 1 billion (~US\$58m). (Kukula)
Zambian MFIs (Vision Fund, FINCA, etc.)	US\$20–35 million	Aggregated microfinance/impact SME lending estimate; non-DFI deals ~US\$55m across 35 transactions. (Nabii)

Source: Authors construction based on research

Copperbelt Energy Corporation’s (CEC) US\$200 million green bond medium-term note programme¹⁷. These transactions have raised the profile of Zambia as a frontier market for sustainable fixed-income products and have begun to create local benchmarks for pricing climate-related risk.

At the same time, new platforms are emerging that could structurally rebalance the composition of impact capital. In July 2025, Growth Investment Partners Zambia (GIP Zambia) was launched with an initial US\$70 million in commitments from British International Investment, NAPSA and Swedfund, with an ambition to mobilise more than US\$300 million over 15 years to support around 150 SMEs with long-tenor, local-currency finance.¹⁸ Concurrently, the Bank of Zambia, in partnership with NABII and other stakeholders, has announced the Small Business

Growth Initiative (SBGI), a ZMW 5 billion facility designed to unlock lower-cost finance for MSMEs.¹⁹ On the capital-markets side, ZANACO’s planned US\$100 million Sustainability Bond to be issued in two tranches marks the first explicitly labelled sustainability bond in Zambia and is intended to finance renewable energy, sustainable agriculture and climate-resilient infrastructure in line with the National Green Growth Strategy (2024–2030).²⁰ These initiatives indicate growing appetite among domestic banks and pension funds to treat impact assets as a distinct portfolio class instead of isolated CSR-type projects.



Around \$780 million

of active impact capital demand is concentrated in a small number of utility-scale renewable energy projects, highlighting limited diversification of bankable pipelines beyond large projects.

¹⁷ Green Bonds Usher in a New Era for African Energy Finance - Energy News Network

¹⁸ Zambia launches \$70M SME investment platform to close financing gap - Africa Sustainability Matters

¹⁹ CircularNo.19of2025ExpressionofInterestfortheSmallBusinessGrowthInitiative.pdf

²⁰ Zanaco Sustainability Bond - FAQ’s - Zambia National Commercial Bank

3.1.2. Pillar 2: Demand for Impact Capital

On the demand side, literature consistently portrays Zambia as a market with an underlying impact capital demand but constrained investment readiness. The Zambia landscape for Impact Investing report revealed existence of 503 firms with an estimated total demand for impact capital at roughly US\$2.9 billion, of which US\$957 million represented active fundraising by enterprises at the time of the study.²¹ Of this, around US\$780 million was concentrated in a small number of utility-scale renewable energy projects, while US\$177 million was sought by 77 firms across other sectors with an average ticket size of US\$3.4 million. Subsequent research by NABII, Prospero and GIZ on inclusive business and impact investing confirms that the most dynamic demand is concentrated in agriculture and agro-processing, renewable energy, digital and financial inclusion, sustainable housing, and social sectors such as health and education.²²

At the MSME level, the demand supply gap is even more pronounced. The IFC's MSME Finance Gap database, cited by UNCDF and the World Bank, estimates that Zambia's MSME financing gap stood at roughly US\$3.6 billion pre-COVID, reflecting the structural inability of the banking sector to serve smaller firms with tailored products.²³ Recent surveys by the Bank of Zambia show that 97 % of MSME start-up capital originates from own funds or family and friends, with only 3 % coming from formal financial institutions, and that 69.3 % of business owners rely on personal savings to start or expand their businesses.²⁴ In parallel, impact literature notes that SMEs account for roughly 70 % of GDP and 88 % of employment, yet more than 40 % report difficulties in accessing appropriately structured finance. This combination of high economic relevance and acute credit constraint underscores a large pool of latent impact demand that is not being translated into bankable transactions.

The key demand-side bottlenecks identified across multiple studies are weak investment readiness and structural deal-size mismatches. NABII's report on SME finance stresses that many Zambian SMEs lack formal governance structures, audited financial statements and robust management information systems, making it difficult for investors to assess risk and structure deals.²⁵

3.1.3. Pillar 3: Intermediaries and Market Infrastructure

Intermediaries play a critical role in linking capital supply with enterprise demand, providing essential services such as pipeline development, investment-readiness support, transaction advisory, impact measurement, and deal facilitation. Intermediaries and market enablers occupy a pivotal but underdeveloped space in Zambia's impact ecosystem. There is limited participation of enablers such as early incubators, advisory firms, and donor-funded programmes actively promoting impact investments in Zambia. Only a few Organisations such as BongoHive, Jacaranda Hub, Prospero, FSD Zambia, and Kukula Capital have contributed to strengthening enterprise development, improving business support services, and fostering linkages between entrepreneurs and investors. Nonetheless, these institutions provide important foundations for a functioning impact ecosystem.²⁶

When judged against market needs and the ambitions, the intermediary layer remains thin, fragmented and only partially aligned with impact-specific objectives. Existing hubs and accelerators support entrepreneurship in general instead of systematically prioritising enterprises with measurable social and environmental outcomes. Few local consulting firms specialise in impact fund design and investors continue to face high transaction costs due to limited intermediation capacity, weak standardisation of impact metrics and fragmented data on investable opportunities.²⁷

3.1.4. Pillar 4: Ecosystem Builders and Institutional Coordination

The National Advisory Board for Impact Investment Zambia (NABII), established in 2019, has emerged as the central convening platform for the ecosystem. Its mandate spans market development, knowledge generation, policy advocacy and communications.²⁸ Recent NABII advocacy initiatives, have contributed to awareness and dialogue towards ecosystem building and institutional coordination around emerging architecture of impact investment in Zambia. National think tanks such as the Zambia Institute for Policy Analysis and Research (ZIPAR) have been engaged in building conducting policy research on impact investing and sustainable finance. This is key in generating evidence, piloting innovations, and facilitating stakeholder dialogue.

21 20191007-Final Draft to NAB#

22 iBAN_Studie Inclusive Business in Zambia.indd

23 RFA: Digital solutions to improve MSME business operations and increase efficiency Zambia - UN Capital Development Fund (UNCDF)

24 2022 MSME Finance Survey Report.cdr

25 NABII Zambia Policy Brief - May 2021.pdf

26 Seczambia

27 Prospero

28 National Advisory Board for Impact Investment - Catalysing a Private Sector-Driven Impact Economy in Zambia

Zambia's public sector institutions also form the backbone of the impact-investment ecosystem see Table 0-3. The SEC and Bank of Zambia have advanced green finance through bond and loan guidelines, strengthening market transparency and climate-aligned lending. MoGEE leads the green growth agenda by developing the national taxonomy and environmental frameworks, while MoFNP integrates sustainability into national planning and explores sovereign green bonds. The IDC provides concessional and equity financing that can crowd in private capital, and agencies such as ZDA and the Ministry of Commerce support SME development and investment promotion. Together, these actors shape the policies, regulations, and incentives necessary to scale impact investing.

Notwithstanding the presence of these institutions, coordination across the impact investing agenda remains largely informal and project-based. Initiatives are frequently donor-driven and time-bound. Responsibilities are dispersed across ministries and agencies, and subnational governments despite their relevance to agriculture, climate resilience, and local infrastructure.

Table 0-3 Public Sector Actors

Actor	Role / Mandate	Impact-Related Activities	Relevance to Impact Investing
Securities & Exchange Commission (SEC)	Capital markets regulator	Green Bond Guidelines (2019); ESG disclosure rules for listed companies; recent Green Finance workshops	Frames the issuance of sustainable bonds in capital markets.
Bank of Zambia (BoZ)	Central bank / financial regulator	Green Loan Guidelines (2023); launched "Green Finance Strategy 2025-30"	Encourages banks to lend to climate projects; stewards' financial stability.
Ministry of Green Economy & Environment (MoGEE)	Climate and environment policy	Leading National Green Growth Strategy (2024); developing Green Finance Roadmap/Taxonomy; oversees Zambia Environmental Management Agency (ZEMA)	Anchors climate and biodiversity goals; coordinates sustainability planning.
Ministry of Finance & National Planning (MoFNP)	Fiscal policy and planning	8NDP and Budget framework; potential issuance of sovereign green/sustainability bonds	Critical for fiscal incentives, budget allocations, and integrating impact goals into national plans.
Industrial Development Corporation (IDC)	Development finance (SOE)	Equity and concessional financing to state and private enterprises	Could provide or catalyze large-scale impact funds.
Zambia Development Agency (ZDA)	Investment promotion	Sector priority classification (agriculture, energy, etc.); investment incentives for strategic projects	Potential to align investment promotion with impact priorities (e.g. green MSME incentives).
Ministry of Commerce, Trade & Industry	SME and industrial policy	SME Policy implementation; industrial cluster development	Influences regulatory environment for SMEs, which are core to impact demand.
Ministry of Technology and Science	Innovation policy	Supports innovation hubs (BongoHive, Jacaranda), R&D tax incentives	Can foster tech-driven impact solutions (e.g. fintech, agtech).
Ministry of Education (General Education)	Education sector	Investments in basic education (as noted by USAID/Impact Network)	Indirectly relevant as education can have social impact

Source: Authors construction based on research

4. Policy and Regulatory Landscape for Impact Investing in Zambia

Foundational elements of an impact investment ecosystem exist, but scale and depth remain limited. A review of Zambia’s legal, policy, and strategic instruments relevant to impact investing indicates that the country has established a broadly adequate and increasingly coherent enabling framework for mobilising private capital toward sustainable development objectives. Core financial-sector legislation, climate and green economy laws, and national development strategies collectively signal strong policy intent and alignment with long-term growth, resilience, and inclusion goals. However, implementation capacity, institutional coordination, and incentive alignment continue to lag behind policy ambition, constraining scale and consistency. The principal constraint is not the absence of instruments, but fragmentation and limited operationalisation. Consequently, the most immediate opportunity lies in leveraging and better aligning existing laws, policies, and strategies to mainstream impact considerations within planning, regulation, and investment promotion frameworks.

Table 0-4 Key Legal, Policy, and Strategic Instruments Relevant to Impact Investing in Zambia

Actor	Role / Mandate	Relevance to Impact Investing
The Securities Act No. 41 of 2016 - Provides the statutory framework for the regulation and supervision of capital markets in Zambia, including the issuance, disclosure, and oversight of securities such as green bonds.	The Securities (Green Bonds) Guidelines, 2019 - Establish eligibility criteria, disclosure, reporting, and verification requirements for green bond issuances	Vision 2030 - Zambia’s long-term development vision to become a prosperous middle-income country through inclusive growth, private-sector development, and sustainable resource utilisation.
The Bank of Zambia Act No. 5 of 2022 - Establishes the Bank of Zambia and provides the legal basis for regulating banks and non-bank financial institutions, including the issuance of prudential and thematic lending guidelines.	Green Loan Guidelines (2023) -Provide guidance for the classification, management, and reporting of green loans by financial institutions to support environmentally sustainable lending.	Eighth National Development Plan (8NDP) 2022–2026 - Defines medium-term national priorities including economic diversification, job creation, climate resilience, and mobilisation of private capital through PPPs and non-traditional financing.
The Green Economy and Climate Change Act No. 18 of 2024 -Establishes the legal framework for climate change mitigation, adaptation, and the transition to a green economy, including provisions for climate finance and institutional coordination.	Zambia Green Finance Taxonomy -A nationally endorsed classification system defining environmentally sustainable economic activities to guide investment decisions, improve transparency, and reduce greenwashing.	National Green Growth Strategy (2024–2030) - Provides a roadmap for Zambia’s transition to a low-carbon, climate-resilient, and resource-efficient economy, identifying priority sectors and investment needs.
The Public-Private Partnership Act No. 18 of 2023 - Provides the legal framework for structuring, approving, and implementing PPPs.	PPP General Regulations 2024 SI- Provide detailed procedural and operational guidance on how PPP projects should be developed, procured, implemented	National Local Content Strategy 2018-2022 - Aims to foster business linkages in growth sectors as well as promote linkages between MSMEs and large enterprises, for both local or foreign enterprise.
Investment, Trade and Business Development Act, 2022- Provides for investment promotion, facilitation, and fiscal incentives in priority sectors.	National Industrial Policy 2018 - The overarching objective of the policy is to ensure the growth of industrial activity in the country especially for MSMEs.	National Financial Inclusion Strategy II (2024–2028) - Seeks to expand access to finance for MSMEs, women, youth, and underserved populations.

Source: Author’s compilation based on Government of the Republic of Zambia legislation, and official regulatory guidance.

Progress on sustainable finance is tangible, but scope, coordination, and operationalisation remain uneven.

In recent years, Zambia has made measurable progress in strengthening its regulatory and policy framework for sustainable development and sustainable finance. Key reforms include the issuance of the Securities and Exchange Commission's Green Bond Guidelines (2019), the Bank of Zambia's Green Loan Guidelines (2023), the adoption of the National Green Growth Strategy (2024-2030), and, more recently, the formal adoption of the Zambia Green Finance Taxonomy.

The Zambia Green Finance Taxonomy, developed under the leadership of the Ministry of Green Economy and Environment through the Green Finance Mainstreaming Working Group, provides a nationally endorsed classification system for environmentally sustainable economic activities. It establishes a common reference framework for policymakers, regulators, financial institutions, and investors, strengthening market transparency, mitigating greenwashing risks, and enhancing the credibility of green bonds, green loans, and other climate-aligned instruments. Together, these reforms provide a clearer and more coherent regulatory foundation for mobilising private capital toward environmentally sustainable investments, which are central to the development of an impact-oriented economy.

Implementation is being driven by a core set of institutions, including the Securities and Exchange Commission, the Bank of Zambia, the Ministry of Finance and National Planning, and the Ministry of Green Economy and Environment, alongside commercial banks, capital market participants, institutional investors, and development partners supporting capacity building and market development. Early outcomes include the issuance of green bonds, pilot green lending initiatives, improved clarity for green financial products, and stronger regulatory alignment across institutions, although market uptake remains uneven.

From an impact investing perspective, these reforms are critical to improving market attractiveness by reducing transaction costs, strengthening investor confidence, and signaling the Government's commitment to aligning financial markets with national development and climate objectives. The principal leverage opportunity lies in using the Green Finance Taxonomy and existing green finance instruments as foundational entry points to progressively deepen the market and expand the pipeline of sustainable and impact-aligned investments, without the need for parallel or duplicative frameworks.

Environmental instruments are advancing faster than broader impact frameworks.

Notwithstanding this progress, the current framework remains more advanced in relation to environmental instruments than to the broader spectrum of impact investing. In practice, existing instruments place a stronger emphasis on environmental objectives, with more limited coverage of social and wider development outcomes, including MSME development, employment creation, and access to basic services. As a result, although the regulatory framework is increasingly well suited to green finance, its applicability to the full range of impact-oriented investments remains partial. This imbalance has important

implications for impact investing, as many investors seek to generate blended environmental, social, and economic returns, particularly in sectors aligned with Zambia's development priorities. Affected stakeholders include MSMEs, domestic institutional investors, social enterprises, and sector ministries whose mandates extend beyond environmental performance alone.

To date, observed market outcomes include a relatively limited pipeline of investment opportunities explicitly targeting social and inclusive development objectives. The principal leverage opportunity therefore in progressively expanding the scope and application of existing instruments to accommodate a wider set of development outcomes over time.

In parallel, most sustainable finance instruments in Zambia currently operate on a largely voluntary basis, with effectiveness dependent on market uptake. Consequently, implementation outcomes are shaped by data availability, institutional capacity, and market familiarity. Early-stage challenges particularly among smaller financial institutions and enterprises continue to constrain near-term scale, standardisation, and replication. Key stakeholders include smaller banks, non-bank financial institutions, SMEs, and financial sector regulators responsible for market oversight. Here, the leverage opportunity centres on incremental capacity building, targeted supervisory guidance, and learning-by-doing approaches.

Impact-aligned private capital remains weakly embedded in core planning and regulatory systems. More broadly, while private investment and public-private partnerships are recognised within national development planning and sector strategies, existing frameworks provide only limited and indirect integration of impact-aligned private capital. References to private capital mobilisation tend to remain high-level and generic, relative to being explicitly linked to measurable development outcomes. In addition, sustainability and impact disclosure practices remain uneven across market participants, limiting consistency and comparability. These gaps matter for impact investing, as most Commercial Bank and outcome-oriented investors require bankable projects and clear articulation of how private capital is expected to generate sustainable profit and contribute to national development priorities and how performance will be measured and reported.

5. Analysis of Findings

Impact investing in Zambia remains at an early stage of market development compared to more established ecosystems in the region and globally. To date, public-sector engagement with impact-aligned finance has largely evolved through sector-specific entry points, most notably climate finance and green investment. This sectoral pathway has shaped the institutional landscape, with impact-relevant policy actions concentrated within a limited number of institutions, including the Ministry of Finance and National Planning, the Ministry of Green Economy and Environment, the Bank of Zambia, the Securities and Exchange Commission, and the Zambia Development Agency.

Notwithstanding this narrow entry point, these institutions have undertaken meaningful and substantive reforms within their respective mandates, including the introduction of green finance and green lending guidelines, fiscal and regulatory support for sustainable financial instruments, and the establishment of climate and green growth policy frameworks. These reforms signal growing policy recognition of the role that private and institutional capital can play in advancing national development objectives.

Consistent with this incremental reform trajectory, Zambia does not currently operate a dedicated national impact investing strategy. Instead, impact-relevant objectives are embedded within broader development, climate, and financial-sector frameworks, including Vision 2030, the Eight National Development Plan (8NDP), and the National Green Growth Strategy (2024-2030). While this approach has supported early entry points, it has also meant that impact investing has not yet been fully institutionalised as a core delivery mechanism for addressing structural development challenges such as climate vulnerability, youth unemployment, regional inequality, and MSME financing gaps.

As a result, most public investment in practice continues to rely on traditional budgetary allocations, concessional finance, and donor-supported programmes, with limited use of impact capital outcome or performance-linked financing structures that could crowd in private capital at scale. When assessed through the lens of government roles outlined in the GSG Policymaker’s Toolkit, Zambia’s policy and institutional landscape reflects uneven but evolving progress across the roles of market facilitator, market participant, and market regulator. Coordination across these roles remains largely informal and project-driven, and no single government-mandated mechanism currently exists to steer impact investing as a cross-cutting policy agenda across development planning, financial-sector regulation, and investment promotion, as summarised in Table 0-5 below.

Table 0-5 Summary of Policies by Government Role - Zambia

Market Facilitator					Market participant					Market Regulator				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Government represented on NABII	Capacity Building	Dedicated Central Unit	Educational programmes	National Strategy	Wholesaler	Impact Stock	Outcomes commissioning and reporting	Impact in procurement	Impact in fiduciary duty	Impact reporting Standards	Specific legal reform	Fiscal incentives for demand	Fiscal incentives for supply	Retail impact products
Existing Progress														

The table indicates that Zambia's most advanced progress to date has been in its regulatory framework, particularly through the development of green and sustainable finance instruments and the establishment of multi-stakeholder public-private coordination platforms. Regulatory actions such as the Green Bond Guidelines and the adoption of the Zambia Green Finance Taxonomy (2025) demonstrate a growing policy commitment to mobilising private capital toward sustainable and impact-aligned investments.

However, these regulatory reforms remain concentrated on environmental sectors and have not yet diversified to cover other equally critical sectors, such as agriculture or social issues. This reflects both a gap and an opportunity to extend the reform approach to additional impact-relevant sectors. The opportunity lies not in the absence of policy intent, but in the fact that environmental finance has served as the initial entry point for broader sustainable finance reforms.

Government participation as a market participant in support of impact investing remains limited. Public spending, procurement systems, and public-private partnership (PPP) frameworks are not yet systematically deployed to commission measurable social and environmental outcomes or to crowd in impact-aligned private capital at scale. While the PPP Act (2023) and sector investment programmes provide a legal and operational basis for private sector participation, mechanisms central to impact investing such as outcome-linked contracting, results-based financing, and performance-based payment structures remain at an early and largely pilot stage. As a result, public resources are not yet being used strategically to de-risk impact investments or to incentivise private capital toward priority development outcomes.

In its market-facilitation role, Zambia has made progress through dialogue-oriented platforms the Public-Private Dialogue Forum, which have provided spaces for awareness-raising, coordination, and early ecosystem development between the public and private sectors. However, coordination capacity constraints persist, and overlapping mandates among ministries and regulators continue to contribute to fragmentation, slowing the translation of policy signals into coordinated market action.

6. Conclusion and Policy Recommendations

Zambia possesses a credible foundational basis for the development of an emerging impact economy. Important progress has been made in sustainable finance regulation, green growth planning, and ecosystem dialogue. However, policy and regulatory framework fragmentation and weak institutional coordination continue to constrain the effective mobilisation and deployment of impact capital at scale.

The findings of this study underscore the need for a pragmatic and sequenced policy response that embeds impact investing within existing national development processes. The ongoing structural reforms and the forthcoming formulation of the Ninth National Development Plan (9NDP) present a timely opportunity to mainstream impact investing as one of a delivery mechanism for priority objectives such as MSME development, job creation, climate resilience, and economic diversification.

The policy recommendations set out below respond directly to the gaps identified in the policy and regulatory landscape review for Impact Investing in Zambia. They are designed to be sequenced, actionable, and anchored in existing institutions and instruments. The recommendations prioritise reforms that are feasible, and capable of unlocking catalytic effects across the broader ecosystem.

Table 0-6 Policy recommendations for building an enabling ecosystem for impact investing in Zambia

Strategic Policy Objective	Policy Implication (Problem Being Addressed)	Recommendations (Priority Action /Output / Expected Outcome)	Primary Lead Institutions	Time Frame
Mainstream impact investing within existing national development and green growth frameworks	Impact investing initiatives remain fragmented and insufficiently aligned with national priorities due to the absence of explicit integration within core policy instruments.	<ul style="list-style-type: none"> Recommended Action: The first key step for the development Zambia’s emerging impact economy is to identify and leverage on existing opportunities within policy and regulatory framework. Currently, the 8NDP (2022-2026) is set to expire in 2026 and will be succeeded by the 9NDP (2027-2031). Therefore, NABII and ZIPAR should proactively engage with the Ministry of Finance and National Planning during the 9NDP development and planning process to ensure the explicit integration and targeted policy initiatives for impact investing as a delivery mechanism within the 9NDP. Output: Impact investing is explicitly embedded within existing national development plan. Expected Outcome: Stronger alignment between private capital mobilisation and national development priorities, reducing fragmentation and improving policy coherence. 	Ministry of Finance and National Planning (lead); Ministry of Green Economy & Environment; Sector Ministries; NABII, ZIPAR.	Short term
Strengthen sustainability and impact disclosure through existing financial sector regulation	Despite progress in adopting ISSB-aligned sustainability disclosure for publicly accountable entities, sustainability and impact reporting remains uneven and voluntary across the broader financial system, limiting comparability, transparency, and investor confidence.	<ul style="list-style-type: none"> Recommended Action: Securities and Exchange Commission and Bank of Zambia to build on Zambia’s adoption of IFRS S1 and IFRS S2 by embedding proportionate, mandatory sustainability disclosure requirements within existing capital market and banking regulations. This should include clear supervisory guidance, phased implementation where appropriate, and alignment with national development and impact priorities. ZICA and NABII to provide technical guidance to support consistent application of the standards. Output: ISSB-aligned sustainability disclosure requirements are consistently operationalised across regulated financial institutions and capital market participants, supported by clear regulatory guidance and technical implementation support. 	Securities and Exchange Commission (lead); Bank of Zambia; Ministry of Finance and National Planning; ZICA/ NABII (technical standards and capacity support)	Short-Medium term

- Expected Outcome: Improved availability, consistency, and credibility of sustainability and impact data, reduced transaction costs for investors, and strengthened confidence in impact-aligned and sustainable investments.

<p>Clarify fiduciary guidance to mobilise domestic institutional capital</p>	<p>Pension funds and insurers remain cautious toward impact investing due to conservative interpretations of fiduciary duty, lack of explicit regulatory guidance, uncertainty around asset eligibility and risk treatment, and limited internal capacity to assess impact-aligned investments.</p>	<ul style="list-style-type: none"> • Recommended Action: The Pensions and Insurance Authority (PIA), in collaboration with the Securities and Exchange Commission (SEC), to issue formal fiduciary guidance clarifying that impact-aligned investments are consistent with fiduciary duties when risk-adjusted returns are achieved, drawing on relevant international precedents. • Output: Official fiduciary guidance issued and disseminated to pension funds and insurers. • Expected Outcome: Increased participation of domestic institutional investors in impact-aligned assets, strengthening mobilisation of long-term domestic capital and complementing external development finance. 	<p>Pensions and Insurance Authority (lead); Securities and Exchange Commission; Bank of Zambia</p>	<p>Short-Medium term</p>
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<p>Incentivise private investment into high-impact priority sectors through impact-linked use of existing de-risking instruments.</p>	<p>Although Zambia has credit guarantees and public financing institutions, these instruments are not structured to differentiate or incentivise investment in high-impact but higher-risk sectors such as agriculture and climate-resilient activities. The absence of impact-linked eligibility, reporting, and differentiated risk-sharing limits their ability to crowd in private and impact-aligned capital.</p>	<ul style="list-style-type: none"> • Recommended Action: Ministry of Finance and National Planning to issue operational guidance to DBZ, IDC, and relevant public financing schemes to pilot impact-aligned co-investment and blended-finance approaches within existing programmes, rather than creating a new vehicle. This should include impact-linked eligibility and reporting criteria aligned with national priorities (e.g. agriculture, renewable energy, MSMEs). NABII & ZIPAR to support investor engagement and learning. • Output: One or more impact-aligned pilot windows operationalised within existing public financing institutions, with clear co-investment terms and impact objectives. • Expected Outcome: Demonstrated crowd-in of private capital into priority sectors, generating early proof-of-concept for catalytic and impact-aligned financing and informing future scale-up decisions. 	<p>Ministry of Finance and National Planning (lead); DBZ / IDC / ZDA; NABII, ZIPAR</p>	<p>Medium term</p>
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<p>Leverage the Zambia Green Finance Taxonomy as an operational tool to mobilise impact-aligned private capital.</p>	<p>Existing green finance frameworks do not fully capture social development priorities relevant to impact investing.</p>	<ul style="list-style-type: none"> • Recommended Action: NABII to push and advocate for leveraging the Zambia Green Finance Taxonomy as a practical tool to guide impact investing by supporting small-scale pilot within existing public financing and de-risking programmes. Rather than creating a new social taxonomy, this allows for leveraging the current taxonomy and testing how the taxonomy can be applied in practice to help government prioritise investments with strong social and environmental impact. • This should include: <ol style="list-style-type: none"> i. Working with the Ministry of Green Economy and Environment and Ministry of Finance and National Planning to pilot the use of Green Finance Taxonomy alignment as a criterion to decide which projects are eligible for selected public instruments, such as credit guarantees, concessional finance, or public co investment schemes.; ii. Encouraging supported projects to disclose whether and how they align with the taxonomy, in order to improve transparency and allow government and investors to better understand the impact of public funds; and iii. Advocating for differentiated risk-sharing or concessional terms as well as promoting more favourable financial terms for ZGFT-aligned activities in priority sectors such as agriculture. 	<p>NABII (lead); Ministry of Green Economy & Environment (lead); Securities and Exchange Commission; Bank of Zambia</p>	<p>Short to medium term</p>
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NABII Zambia

1st Floor, ZANACO Business Center
Cairo Road, Lusaka, Zambia.

Cell: +260 967 448997

Email: secretariat@nabii.org.zm

www.nabii.org.zm



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