



ssnup

Smallholder Safety Net
Upscaling Programme

DIGITAL SMALL SCALE FARMER FINANCE INITIATIVE IN ZAMBIA



Africa



Latin America



Asia



Financial services



Non-financial services



Market building



Internal management

CONTEXT

According to FinScope Zambia 2015, 50% of the Zambian rural population is excluded from formal financial services and only 34% of the adults who depend on farming as a source of livelihood are financially included. At the same time, remote and rural populations have a considerable need for financial services as financial services play an important role to build up funds to pay school fees, improve housing or invest in crops or machinery. Furthermore, access to credit is critical for populations in rural areas to balance consumption.

CURRENT STATUS OF THE INVESTEE

AB Bank Zambia (ABZ) is a commercial bank dedicated to financing MSME, including rural population and women. AB Bank Zambia (ABZ), founded by Access Holding, was established in 2011 after receiving a banking license from the Central Bank of Zambia and is a member of the Access Group. ABZ is positioned between the lower-end of banking and upper-end of microfinance segments and offers individual loans in urban areas with the majority of client composition being in the trade sector.

OBJECTIVE OF THE PROJECT

The objective of the project is to support ABZ in addressing the challenges of access to finance in rural Zambia through its "Digital Rural Finance Initiative". Special attention in this context is given to women, who are further excluded from financial life due to cultural or historical bias. Moreover, Zambia has one of the most significant shares of women entrepreneurs in Africa, however, the financing gap remains blatant with women being 10% less financially included than men. Furthermore, remote and rural populations usually lack financial education and business skills which the project aims to address by offering financial education in the bank's rural expansion strategy.

ABZ's Digital Rural Finance Initiative comprises of the following multifaceted product offering using the bank's operational mobile wallet platform "eTumba":

- *Savings product* for specific goals (education, healthcare, productive investment).
- *Village banking and women's savings group* to support women in rural areas.
- *Digital loans to farmers and rural entrepreneurs* to support investments in rural activities.
- *Rural Business Management App* that supports MSME in urban and rural areas plus small-scale farmers in managing their business efficiently and receiving appropriate financial education.

In addition to the abovementioned objectives, ABZ aims to open 10 satellites branches in rural areas across Zambia and sign 2 partnerships with agro-dealers.

IMPACT INVESTOR



AGGREGATOR / INVESTEE

AB Bank (ABZ) - Zambia

TARGETED N° OF FARMERS

96,000 rural clients use the mobile wallet (750,000 by the end of 2023)

200,000 small scale farmers use the Rural Business Management App by end of 2023.

AGRICULTURAL VALUE CHAIN

5 crops will be identified in the first component of the project.

STARTING DATE

01/08/2021

DURATION

18 months

TOTAL TA BUDGET

€ 400,230
Including € 136,195 (34%)
contribution from SSNUP

