



Frequently Asked Questions

What is the Zambia Credit Guarantee Scheme Limited?

The Zambia Credit Guarantee Scheme Limited (ZCGS) is a limited company incorporated in 2017 and wholly owned by the Government of the Republic of Zambia through the Ministry of Finance and National Planning.

What is a Credit Guarantee Scheme?

A Credit Guarantee Scheme is a risk-sharing program that provides guarantees to lenders to encourage them to extend credit to eligible borrowers, often Micro, Small and Medium-sized Enterprises (MSMEs). In case of borrower default, the guarantor reimburses a Participating Financial Institution (PFI) an agreed percentage of outstanding principal, subject to the scheme's terms and conditions.

What is the primary objective of ZCGS?

The primary objective of ZCGS is to facilitate increased access to credit through PFIs for MSMEs that may not meet traditional collateral requirements, thereby fostering economic growth and job creation.

Which financial institutions are eligible to partner with ZCGS?

ZCGS collaborates with financial institutions, such as commercial banks and microfinance institutions, that support MSME financing and are licensed and regulated by the Bank of Zambia. They must demonstrate sound governance, strong financials, robust systems, a healthy loan book, and appetite to lend to MSMEs.

From time to time, ZCGS may also partner with other credible institutions supporting MSMEs, particularly in priority sectors such as agriculture.

How many Partner Financial Institutions are currently working with ZCGS?

As of September 2025, ZCGS had 15 PFIs, with additional financial institutions in the process of being onboarded.

How can PFIs access ZCGS guarantees?

PFIs can access ZCGS guarantees once they have signed a Guarantee Agreement with ZCGS, enabling them to apply for cover on viable MSMEs that lack sufficient collateral.

Are there any fees charged for ZCGS guarantees?

Yes. PFIs pay an annual guarantee fee, calculated as a percentage of the loan portfolio guarantee ceiling, as pre-agreed in the Guarantee Agreement.

Who is eligible for a ZCGS credit guarantee?

MSMEs in all productive sectors are eligible if they are majority Zambian-owned, commercially viable, legally registered, compliant with environmental standards, able to demonstrate repayment capacity, and meet PFI lending requirements.

Does ZCGS deal directly with MSMEs?

No. ZCGS does not provide credit or guarantees directly to MSMEs. MSMEs apply for credit from PFIs, and if viable but lacking adequate collateral, the PFI applies to ZCGS for a guarantee. The guarantee arrangement remains strictly between ZCGS and the PFI.

Through partnerships, ZCGS may also support MSMEs in capacity building, business development, and financial or market linkages.

Can individual consumers benefit from ZCGS cover?

No. ZCGS guarantees apply only to business loans for registered MSMEs, not personal or consumer loans.



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What types of credit facilities does ZCGS guarantee?

ZCGS guarantees various types of credit facilities, including those for working capital, business expansion, asset and equipment financing, and trade finance.

Exclusions include refinancing of existing debt (unless explicitly and exceptionally allowed), personal or consumer loans, speculative activities, and prohibited sectors/activities.

What sectors are prioritized under ZCGS?

ZCGS supports all productive sectors of the economy with priority given to high-impact sectors such as agriculture and enterprises owned or managed by women and youth.

What is the maximum loan amount that ZCGS guarantees?

The maximum principal amount per borrower is ZMW 5,000,000. Higher amounts, up to ZMW 50,000,000, may be considered exceptionally for special projects or borrowers serving multiple beneficiaries, assessed on a case-by-case basis.

Do ZCGS Guarantees cover existing loans?

No. ZCGS guarantees only apply to new MSME loans, as existing facilities do not create the additionality the scheme is intended to achieve.

What is the process for issuing a credit guarantee?

An MSME applies for a loan from a PFI, which conducts its normal credit underwriting. If the business is viable but lacks collateral, the PFI applies to ZCGS for a guarantee. Once approved, ZCGS issues a guarantee certificate, the PFI disburses the loan, and the borrower services it under normal loan terms. The borrower is not informed about the guarantee in order to avoid moral hazard risk.

What level of coverage does ZCGS provide?

ZCGS guarantee coverage is typically up to 50% of the principal outstanding at the time of claim. Higher coverage may be granted depending on the risk profile or for special products. Coverage applies only to the principal amount and excludes interest and penalties.

Can an existing loan under ZCGS guarantee cover be restructured?

An existing loan under guarantee may be restructured, provided that ZCGS approves the changes. Restructuring must remain within the Guarantee Agreement terms, and material amendments, such as loan amount, loan type or tenor, require explicit clearance for the guarantee to remain valid.

What happens if a borrower defaults on a guaranteed loan?

If a guaranteed borrower defaults and the loan is classified as non-performing under Bank of Zambia guidelines, the PFI may lodge a claim with ZCGS for the guaranteed portion. The PFI must first exhaust all recovery options and comply with claim procedures in the agreement. Once the claim is approved, ZCGS pays the PFI through the designated PFI account.

What are the benefits of ZCGS for PFIs?

PFIs benefit from reduced credit risk, the ability to expand MSME lending portfolios, liquidity (in the case of funded guarantees) and the opportunity to serve more viable MSMEs with limited collateral.

What are the benefits of ZCGS for MSMEs?

MSMEs benefit from improved access to credit when collateral is insufficient, increased chances of loan approval, and better financing terms.