

# Climate Resilient Agriculture Zimbabwe

Financial Institutions Group (FIG) Climate Finance Advisory

April 2024

# AGENDA

- 1** COUNTRY CONTEXT
- 2** CLIMATE FINANCE & ELIBILITY
- 3** ELIGIBLE PROJECTS IN ZIMBABWE
- 4** IFC's CLIMATE ADVISORY





# 1

## Country Context

## Climate Rationale for Zimbabwe - Agriculture

Climate change presents immediate economic threats to Zimbabwe, particularly impacting vital sectors like agriculture, water resources, and coastal areas, amplifying existing vulnerabilities.

- According to ND GAIN index, Zimbabwe is ranked as **the 43rd most vulnerable and the 5th least-ready country** when it comes to adapting to climate change. This vulnerability jeopardizes economic sectors and livelihoods, including agriculture.
- Already facing food insecurity and a rising population, the country struggles to meet strategic grain reserve targets, exacerbated by recurrent weather extremes like droughts.
- Droughts have significantly affected Zimbabwe's GDP growth, with notable increases in the number of affected people and economic losses. Annual likelihood of severe drought is forecasted to rise by 21% in 2040-2059 and by 47% in 2080-2099 compared to the baseline period of 1986-2005, under the RCP8.5 scenario.

1900 → 2017



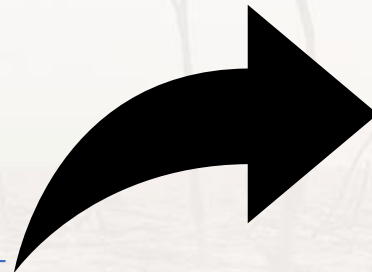
7 Drought events



12 Flood events



20 million people impacted



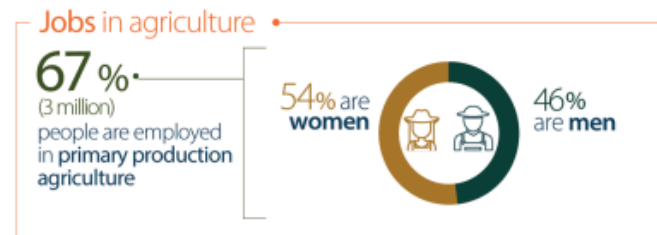
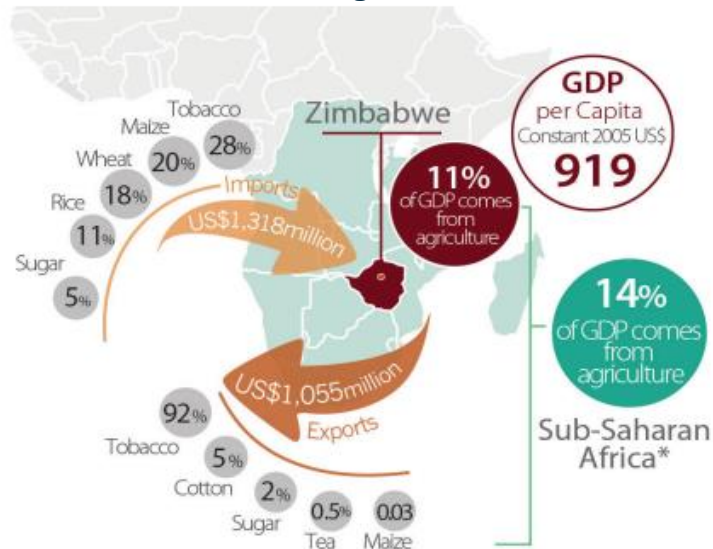
**\$950 million  
estimated in  
total  
damages**

Source:

# Local Climate Challenges

- Changing weather patterns worsen existing challenges, hampering sustainable development efforts. Floods and droughts threaten food and water security.
- In 2016, agriculture covered 42% of the total land area, with 67% of employment in this sector. Most agriculture relies on rain, making it highly vulnerable to climate change, especially precipitation variations and natural disasters.
- In Zimbabwe, 80% of agriculture depends on rainfall, while 20% utilizes irrigation. With 123,000 hectares already under irrigation and potential for 80,000 more with groundwater, water availability is crucial for agricultural development.

## Economic relevance of agriculture in Zimbabwe



## Groundwater drought risk for Southern Africa

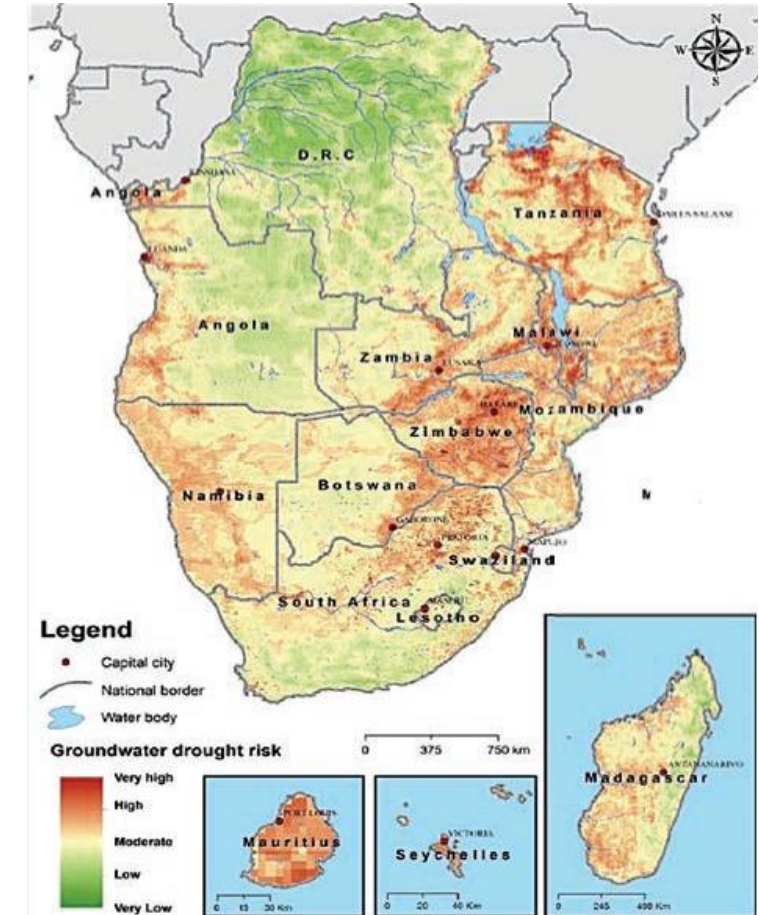


Image Source: R. Davis and R. Hirji, 2014)

\*Southern Africa: Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia

Image Source: World Bank. 2017. Climate-Smart Agriculture in Zimbabwe



# Overview of Zimbabwe's National Climate Action Plans

- In 2021, Zimbabwe updated its Nationally Determined Contribution (NDC)\* that reiterates its target to reduce GHG emissions by 40% per capita, across all sectors of the economy. This is against a business-as-usual scenario (BAU) by 2030.
- The NDCs also outline mitigation and adaptation implementation measures in affected sectors such as energy, **agriculture**, water and forestry.
- The **National Agricultural Policy Framework** aligns with the climate objectives of the NDC. The policy aims to establish a supportive environment for investment, fostering sustainable growth in Zimbabwe's agricultural production system to elevate the country to upper-middle-income status by 2030

Some of the additional climate related policies include

1.	National Climate Policy (2017)
2	Low Emission Development Strategy (2022)
3	National Adaptation Plan Roadmap (2022)
4	National Energy Policy
5	National Renewable Energy Policy (2019)
6	Biofuels Policy of Zimbabwe (2015 – 2030)
7	<b>National Agricultural Policy Framework (2019 – 2030)</b>

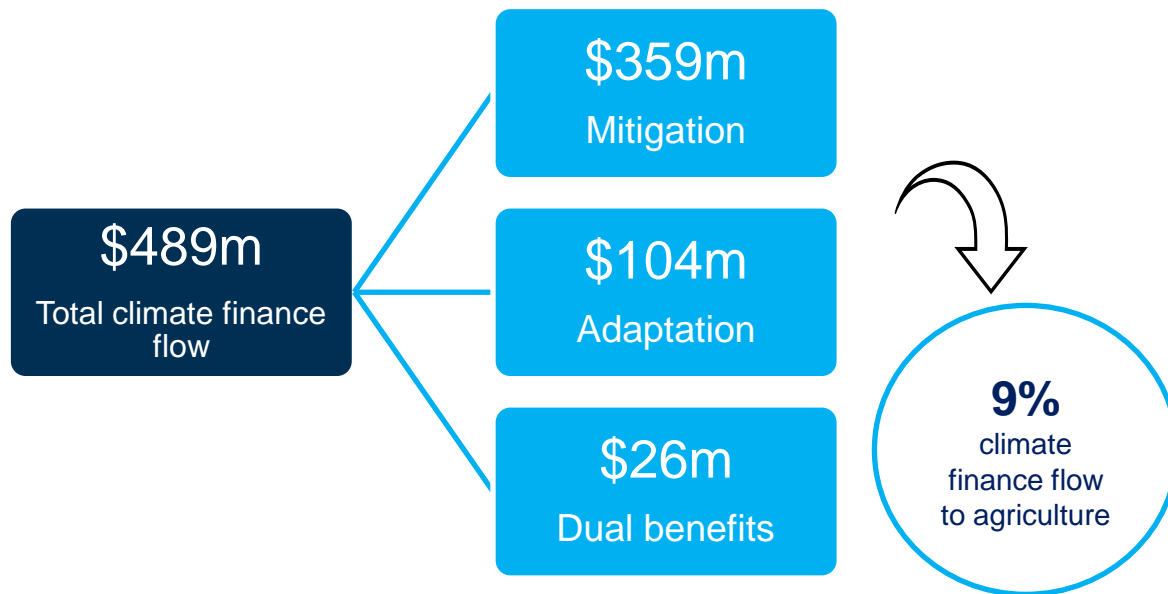


# 2

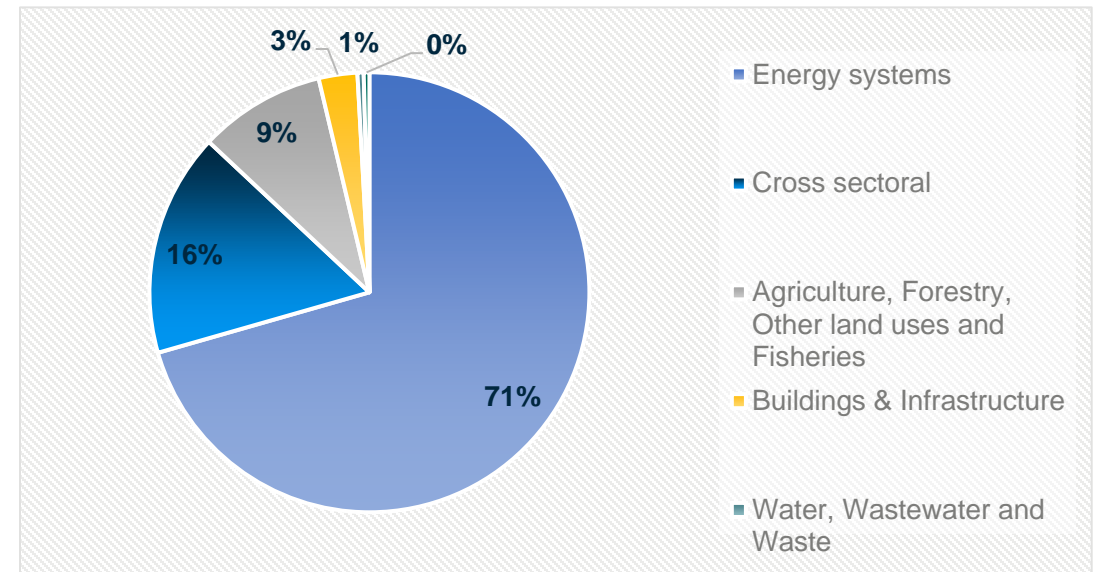
## Climate Finance Landscape in Zimbabwe & Eligibility

# Climate Finance Flows in Zimbabwe

- As of 2020/ 2021, the total climate finance flows in the year was about \$489m, mainly through financing from public actors (primarily Multilateral & Bilateral Development Institutions and governments) which represented about 52% of the total and from private actors (mainly Corporations and Commercial finance institutions) closely at 48%.
- Of the total climate finance flows, **only about \$45 million was channeled to agricultural projects**
- **This figure is low compared to the annual climate finance (~\$108m) needed to meet its agricultural mitigation goals only.**








Sectoral share of climate finance in Zimbabwe (%)



Source:  
- Climate Policy Initiative (2022). Landscape of climate finance in Africa.  
- African Economic Outlook (2023)



# CLIMATE FINANCE ASSET CLASSES & ELIGIBILITY CRITERIA AGRICULTURE & OTHERS

	 <p><b>Climate Smart Agri</b></p> <p>Investing into technologies and agri practices at farm level or in the supply chains to improve productivity, reduce crop/food losses, improve water efficiency, energy efficiency, reduce use of chemicals, fertilizers and agri-wastes</p>	 <p><b>Renewable Energy</b></p> <p>Investing into technologies generating power or heat from renewable resources, including wind, solar, hydro, biomass, biogas, geothermal (including grid-tied, and distributed systems such as roof-top solar)</p>	 <p><b>Energy and Water Efficiency</b></p> <p>Investing into fixed asset (equipment, machineries, process engineering) to reduce energy consumption per unit of production by at least 20%</p>	 <p><b>Green Buildings</b></p> <p>Investing into new buildings and upgraded buildings that have green certifications such as EDGE, LEED, BREAM, or local standards that results in 20% savings of water, energy and building materials</p>	 <p><b>Green Transport</b></p> <p>Investing into electric mobility vehicles and technologies or investing in mass transport modal shift for people and goods</p>
<p><b>Asset class description</b></p>	<p><b>Examples of related financial products to FI's beneficiaries</b></p> <ul style="list-style-type: none"> <li>Green loans (medium- to long-term financing) for working capital and asset financing focused on climate smart agriculture</li> <li>Trade guarantee for importing/exporting climate smart agricultural inputs, products and equipment</li> <li>Value chain finance</li> <li>Insurance</li> </ul>	<ul style="list-style-type: none"> <li>Corporate offerings: Solar Energy Loans for Commercial and Industrial buildings</li> <li>SME products: Solar Energy Loans for Productive Use (Solar Refrigeration, Solar Pumping)</li> <li>Retail products: Solar Roof top Loans for households</li> </ul>	<ul style="list-style-type: none"> <li>Corporate offering: Energy efficient industrial machineries upgrades (Capacity Increase, Second Line or Machine replacement)</li> <li>SME Products: Energy efficiency measures in industrial and commercial environments</li> <li>Retail products: Efficient home appliances loan; Energy Efficient home renovations</li> </ul>	<ul style="list-style-type: none"> <li>Corporate and SME products: Green building loans for new construction or retrofitting</li> <li>Retail products: Green mortgages and green housing loans for the acquisition of green certified units</li> </ul>	<ul style="list-style-type: none"> <li>Corporate offering: Working capital or medium to long term loan to support electric mobility value chain, leasing</li> <li>Retail products: EV loan</li> </ul>


# 3

## **Some Eligible Climate Smart Agriculture Technologies in Zimbabwe**

# Emerging Climate Eligible Technologies - 1

- Zimbabwe has immense potential to leverage emerging technologies to address climate challenges and create new business opportunities.

Typical CSA Practices in Zimbabwe	Maize	Small grains	Groundnut	Cotton	Tobacco	Soybean	Sugarcane	Vegetable	Wheat
Use of improved varieties	High	Low	Low		High	Low	Medium	Low	High
Intercropping	High	Low							
Manure composting		Low				Low		High	
Irrigation systems					Low		High	Medium	High
Zero/minimum tillage	Low	Medium	Low	Low					
Crop rotation			Low			Medium			Medium

 Data not readily available



## Emerging Climate Smart Agriculture Technologies - 2

- Zimbabwe has immense potential to leverage emerging climate smart agriculture technologies to address climate challenges and create new business opportunities.

### Project examples

- **Forster Irrigation Company**– Installation of 102kW solar irrigation system in Bikita District, Masvingo Zimbabwe. (<https://www.forsterirrigation.com/kufandada-irrigation-scheme/>)
- **Tanganda Tea Company Partnership** with sustainable agriculture certifiers such as **Rain Alliance** and **Global GAP**. (<https://tangandatea.com/certifications/>)

*Sustainable agricultural certifications help promote practices that have climate and other sustainability co-benefits*



Image: An irrigation system deployed on a farm.

# Sustainable Certified Projects Zimbabwe

## 2 Certified Green Buildings

*Including projects in process*

## 11 Certified Climate Smart Agri Projects

## 1 ISO 50001 Certified Facilities

- **Certified climate eligible projects serve as a robust foundation** for Zimbabwe to accelerate its journey towards sustainability. These certifications validate the positive environmental impact of projects, instilling confidence in investors and customers alike. By leveraging these certified projects, the country and its financial institutions can demonstrate commitment to sustainability and attract a diverse range of climate-aligned stakeholders.

- **Green Buildings:** Certified for energy efficiency, reduced emissions, and resource conservation. Amplify positive impact and provide green financing solutions.

*Certification include EDGE Buildings & LEED.*

- **ISO 50001:** Demonstrates efficient energy management, aligns with carbon reduction targets, offers viable financing opportunities.
- **Climate Smart Agri:** Promotes sustainable practices, enhances climate resilience, ensures food security. Transform the agricultural sector with sustainable financing.

*Certifications include Fairtrade small-scale producer, Rainforest alliance & Roundtable on sustainable biomaterials.*

- **Specialized guidance and expertise from IFC for identifying,** funding, and scaling climate eligible projects. Positioning financial institutions in the country as pioneers in sustainable finance, driving positive change and financial success in Zimbabwe.

# IFC CLIMATE ADVISORY

# 4



# Identifying building blocks to enhance FI's Climate Finance from IFCs comprehensive competency framework



# Climate Finance Advisory Services

## Direct results and impacts from IFC advisory services for a Tier 1 Bank in the region

Internal Capacity	External Capacity	Non-financial products Key accounts support	Portfolio results Success stories
<p><b>20+</b> Workshop with business units to support client/beneficiary facing activities</p>	<p><b>276</b> Professionals attended market joint IFC – Bank awareness workshops on construction, food and beverages and textile sectors</p>	<p><b>19</b> Bank Clients supported to proactively assess opportunity for climate finance through walkthrough audits</p>	<p><b>15</b> Corporate portfolio transactions under the green bond proceeds</p>
<p><b>80+</b> Transactions reviewed with RMs for bigger exposure to climate assets</p>	<p><b>30</b> Building professionals from Bank ecosystem (including Bank Internal resources) attended Edge expert training in Sep. 2022 and achieved Green Building expert certification</p>	<p><b>App. USD 25 million</b> of proactively identified financing opportunities through IFC-Bank Team client walkthrough audits. <b>Climate is good business</b></p>	<p><b>&gt; USD 95 million</b> of disbursed loans for energy efficiency and renewable energy including</p>
<p><b>5</b> Priority sectors deep dive</p>	<p>Creating internal and external market capacity to accelerate the built-up environment transition</p>	<p><b>App. 13,000 ton CO<sub>2</sub>eq</b> saved per year contributing to reducing financed emission</p>	<p><b>&gt; USD 20 million</b> of disbursed loans for Green Building</p>
<p><b>3</b> Climate finance products under development</p>		<p><b>App. 66 GWh</b> Of energy savings identified for key accounts contributing to country NDC sectors transition</p>	<p><b>USD 100 million</b> App. of pipeline under appraisal and/or eligibility review</p>

- Example of success stories
- Education building: EDGE Advanced green building
  - Real Estate developer: imminent green building certification
  - Industrial client: energy efficiency machinery replacement

# Thank you!