

Fact Sheet

Title of the proposed Joint Programme Catalysing Investments in Climate and Sustainable Energy for productive use and the Achievement of the SDGs in Zimbabwe

UNCT Zimbabwe

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Relevant UNDAF Outcome/s and Output/s

The JP is in-line with the following relevant ZUNDAF Outcomes & Outputs:

- i. Poverty Reduction and Value Addition - Outcome 2: Increased access to income and decent work opportunities in key value chains and economic sectors, particularly for young people and women
- ii. Social Services and Protection - Outcome 1: Vulnerable populations have increased access to and utilisation of quality basic social services
- iii. Gender Equality - Outcome 2: Women and girls are empowered to effectively participate in social, economic and political spheres

and to utilise gender-based violence services

iv. Food and nutrition security – Outcome 2: Communities are equipped to cope with climate change and build resilience for household food and nutrition security

Relevant objective/s from national strategic document/s

The JP is in-line with the Zimbabwe Transitional Stabilisation Programme (TSP) Reforms agenda - "Towards a Prosperous & Empowered Upper Middle Income Society by 2030", namely

- integrate the necessary mitigatory measures into national policies, strategies and planning, to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters;
- increased access to affordable credit by all productive units of the economy; and
- prioritising initiatives targeted at young people and women, to achieve a more inclusive and sustainable economic growth and reduce poverty in a sustainable and permanent manner.

The JP is also in-line with the Low-Emission Development Strategy, the Nationally Determined Contribution, the National Climate Policy, and the Renewable Energy Policy.

SDG targets on which the progress will be accelerated (includes targets from a range of SDGs and development pillars)

Goal 1: End Poverty 1.5

Goal 2: Zero Hunger

Goal 3: Good Health and Well-Being

Goal 4: Quality Education 4.3

4.4

Goal 5: Gender Equality 5.5

Goal 6: Clean Water and Sanitation 6.1

Goal 7: Affordable and Clean Energy 7.2

Goal 8: Decent Work and Economic Growth 8.3

Goal 9: Industry, Innovation and Infrastructure 9.3

Goal 10: Reduced Inequalities

Goal 11: Sustainable Cities and Communities

11.b

Goal 12: Responsible Production and Consumption

Goal 13: Climate Action

13.3

Goal 14: Life Below Water

Goal 15: Life On Land

Goal 16: Peace, Justice and Strong Institutions

Goal 17: Partnerships for the Goals

Self-Assessment

The proposal reflects the integrated nature of the SDGs

Yes

The proposal is based on an inter-agency approach (two or more UN entities involved), with RC coordinating Joint Programme preparation and implementation

Yes

The proposed results are part of the UNDAF and aligned with national SDG priorities

Yes

The proposed Joint Programme will be led by government and include key national stakeholders

Yes

The proposal is based on country level consultations, as explained in the Concept note, and endorsed by the government (the letter of endorsement)

Yes

The proposal is based on the standard template for Concept Notes, it is complete, and it includes:

- **Theory of Change demonstrating contribution to SDG acceleration and transformation to implement the 2030 Agenda and awareness of relevant financial policy efforts at regional or national level,**
- **Results-oriented partnerships, including a strategy to engage and partner**

with IFIs/MDBs,

- “Quick wins” and substantive outcome-level results, and
- Initial risk assessment and mitigation measures.

Yes

The proposal is expected to leverage resources for the SDGs at scale

Yes

Proposal for Joint Programme

1. Summary of the Joint Programme

The overall purpose of the Joint Programme (JP) is to catalyse investments in climate and sustainable energy projects for the achievement of SDGs 4, 5, 7, 9, 13 and 17 in Zimbabwe. The focus is hinged on harnessing the cross-cutting nature of these goals (e.g. water-energy-food nexus) to achieve the rest of the SDGs, with positive social benefits for the communities.

Currently, Zimbabwe is facing weak economic performance and an acute energy access gap, whereby access to electricity in rural areas is as low as 28%. This has consequently crippled the national industrial output and affected other key services including education and healthcare. The utilization of clean and renewable energy is very low compared to traditional sources of energy, which represent a huge source of greenhouse gas emissions. Coincidentally, the potential for Renewable Energy (RE) to fill the energy gap in Zimbabwe is tremendous. Therefore, RE systems could be harnessed to transform the livelihoods through the establishment of SMEs and product value-addition while also providing lighting and clean water for rural service centers, schools, homes and clinics.

The gap to accessing clean energy is gender-differentiated, where women and youth disproportionately bear the burden of energy poverty. They also represent the majority of the agricultural labour force – a sector that is especially vulnerable to climate change effects including droughts and floods, which necessitates a strong focus on adaptation. These challenges are aggravated by the lack of access to long-term finance and critical skills required for the development of RE technologies in Zimbabwe.

Financing required to deliver a low emission development trajectory in Zimbabwe is in the range of \$7-8 billion . It is envisaged that 80% of this financing will come through the private sector. In an endeavour to close the investment gap, the JP will support the National Climate Finance Facility (CFF), which has already been conceptualized by the Infrastructure Development Bank of Zimbabwe (IDBZ). The CFF will be established under the management of IDBZ and the Ministry of Finance and Economic Development, and operated by an independent Board. See attached Schematic (Annex 1). The above CFF tools will be deployed under selected projects as a demonstration of a scalable concept. Additionally, the National Climate and Sustainable Energy Investment Platform will be established to match bankable projects with investors. A structured long-term and sustainable technical support system involving women and youth will also be established.

2. Thesis and theory of change of the Joint Programme

IF climate financing tools for the deployment of climate and sustainable energy solutions are established and accessible, AND IF equal opportunities for education, innovation, entrepreneurship and decent employment for women and youth are created, AND IF investment

platform to convene private sector is available, THEN financing in gender-responsive and innovative climate action and sustainable energy is increased, BECAUSE the critical mass is capacitated to utilize RE for productive and climate resilience purposes, and can generate income and associated returns on investment. (See Annex 2)

Evidence shows that access to clean energy stimulates sustainable socio-economic development and is key to abating carbon emissions. However, investments in RE solutions in Zimbabwe have been minimal and currently, there is no facility to coordinate such investment. In addition, there are associated high capital and investment costs.

Currently, inappropriate regulatory frameworks on private investments for climate action and sustainable energy transition, limited technical skills, harmful fossil fuel subsidies, weak infrastructure and under-developed financial intermediation represent high investment risks and barriers and limit access to affordable finance for local energy entrepreneurs. Women bear additional investment risk perceptions due to gender inequalities, discriminatory social norms and lack of collateral.

The JP will push for institutional and market arrangements that contribute towards the achievement of sustainable and inclusive growth. This will be achieved through unlocking private and public capital flows towards investments in climate and energy solutions, which will catalyze development outcomes in education, healthcare, food and access to clean water while creating decent employment in various value chains.

Long term Goal: To catalyse investments in climate and sustainable energy-based projects for the achievement of the SDGs in Zimbabwe while also mitigating and adapting to climate change through the introduction of RE solutions in rural communities in Zimbabwe, which in turn enhance education, health, food/nutrition, and other services for rural communities.

Assumptions:

- i. There is a mismatch between private “capital” needs and the environment and bankability of business projects that influence the SDGs in the country
- ii. Decentralized RE technologies are the most cost-effective solutions in developing country context, and growth of RE technologies creates employment, entrepreneurial opportunities as well as contributes to addressing the climate change challenge
- iii. There is a shortage of technical skills, including gender gaps in RE technologies
- iv. Youth's initiatives on social innovations exist in various domains but remain fragmented. Bridging investment capital in the RE sector and youth's social innovations will have spin-off effects on youth employment and social benefits for the community
- v. Access to energy opens new educational and economic opportunities for the community
- vi. Cost of investment capital in the RE sector is very high
- vii. The water-energy-food nexus in rural areas in Zimbabwe is currently fragile and hampered by climate change impacts, poor interconnection between these three sectors, and absence of a strategic plan to benefit from creating stronger inter-linkages between

these sectors

3. What are the expected results of the proposed Joint Programme?

Expected Results (ER):

- ER 1: Gender-responsive Climate Finance Facility (CFF) to coordinate, mobilise, channel and strategically leverage funds to attract new resources from the private sector and channel resources effectively towards the achievement of SDGs from climate action and RE lens established.
- ER 2: CFF financing tools deployed under selected projects as a demonstration of concept that is scalable both in-country and elsewhere, with particular focus on harnessing and up-scaling youth's social innovations, while paying attention to the optimization of water-food-energy nexus.
- ER 3: Structured sustainable technical support systems for development and scale-up of innovative climate and energy solutions that close gender gaps through enhanced green schools model integrating RE, Education for Sustainable Development and ICT, and Centers of Excellence for SMEs established.
- ER 4: Established National Climate and Sustainable Energy Investment Platform based on a multi-stakeholder interaction among the Government, United Nations, Public & Private Sectors, IFIs, Bilateral Funds, FDIs, and wider stakeholders.

Key Activities:

- Feasibility study and development of the CFF tools including concessional loans, grants, viability gap funding, prescribed asset status, and SMEs Stock exchange
- Deployment of PV plants to catalyse the establishment of SMEs and for the energy needs of rural communities
- Creation of women and youth-owned enterprise to manufacture small-scale biodigesters for the production of biogas
- Integration of RE in the competency-based curriculum as well as in teaching approach including ESD and ICT in the educational system of Zimbabwe
- Establishment of TVET and RE centers of excellence
- Establishment of the National Climate and RE Investment platform

Key Indicators:

- Number of projects benefiting from the CFF tools
- Number of males and females trained in RE technologies and applications
- Number of jobs created in climate/energy sector businesses
- Number of Public-Private-Partnerships established

Empowering women and youth economically has a multiplier effect on communities, which will benefit from diversified economic

activities and climate change resilience.

Sustainability of the project will be ensured by locally developed technologies, training of critical mass in climate and RE technologies, long-term technical capacity support and the initial catalytic investments to remove the barriers to private sector investment. This project will contribute to attracting the attention of institutional investors into Zimbabwe. Additionally, these may represent a good exit strategy for donors at the end of the project.

4. Describe the innovative nature of the Joint Programme

i. The JP is timely given the current energy-deprived country context. The innovation of JP is the comprehensive approach towards the removal of investment barriers for SMEs, particularly for women and youth in the RE sector by establishing a first of its kind mechanism that enables mobilization and access to funds, technical capacity building of stakeholders to have direct access to funds from multilateral, bilateral, private sector and leveraging national budgets.

ii. Securing financial models for capital investments in the climate and RE sector to provide the much-needed funding with the ultimate goal of demonstrating the business case for future replication and with strong climate, environmental and social benefits to catalyze market transformation where commercial investors are currently reluctant to invest. Credit facilities will be operationalized in a way that links the cost of borrowing to the use of RE. Currently there has been a mismatch between private “capital” needs and the environment and bankability of business projects that influence the SDGs in the country.

iii. Leveraging national funding: The JP will build the capacity of women and youth entrepreneurs to influence and access government-controlled financing mechanisms, with particular attention to the nexus of new technologies-social benefits-economic opportunities. There has been limited citizen engagement in fiscal planning. This links to on-going work on gender-responsive budgeting driven by several UN Agencies.

iv. Investments for bankable projects: UN Women/UNDP/UNESCO will facilitate linkages between women and young entrepreneurs and investors seeking to invest in RE value chain projects. Additionally, the JP will develop replicable activities that can be adapted by small and large entrepreneurs alike, which will contribute to the reduction of risk perception by investors in the sector. While the government has adopted the Zimbabwe is open for business mantra, there has been no demonstration of concept in RE.

v. A shift to local capacity building as the heart of the project: To ensure the sustainability of the project, the emphasis is laid in community expertise through building capacity of stakeholders at different levels. This includes energy end-users, technicians, artisans, engineers, and other experts. The establishment of Centre of Excellence in RE, TVET Centers, and Green Schools will ensure that the critical mass of experts in RE technologies and applications is secured. The JP will promote uptake by women to close the gender gaps in these technical fields.

5. Expected added value of the UN and the Joint SDG Fund

The convening power and entry points by UN Agencies to regional and continental investment platforms, existing commercial partnerships with the private sector, the multidimensional technical expertise such as that drawn from UNESCO centers of excellence and University Chairs in RE and related fields, the close relationship with the Government to unlock public sector financing as well as

secure national ownership are the main value additions in the proposed JP, which makes the UN an appropriate entity to undertake the assignment. Existing partnerships with the private sector will be strengthened while new ones with commercial investors are expected to be created, which hasn't been common for such projects in Zimbabwe.

The SDG Fund will support entrepreneurs particularly women and youth to demonstrate the case for later entrants by filling the financing gap that will enable the project to reach scale while achieving appropriate returns to its investors. Over time, the track record of the credit worthiness of entrepreneurs established by this Project will make it appealing for institutional and other commercial investors to invest in RE technologies in rural communities, gradually reducing the need for support from concessional sources.

Besides, SDG financing will be of paramount importance in leveraging additional financial resources, including those from the government and the private sector. Alternatively, public funds like the Green Climate Fund with a focus on tackling climate change could be pursued as a donor, however, only a limited number of agencies and organizations can be involved as the submitting to the fund is done by the Accredited Entities only.

6. Leadership and implementation of the Joint Programme

RCO

The RCO will coordinate the JP from the UN System and interact with the government at its highest level. It will ensure inter-agency participation and support the lead Agency in coordination.

UNESCO

UNESCO has led many global and regional initiatives in RE and climate change. UNESCO entry point is to (i) deploy RE in rural schools and community centers, and (ii) coordinate the capacity-building component including TVET and green Schools.

UNDP

UNDP will lead the establishment, launch, and development of the National CFF Financing tools together with support from the World Bank and IDBZ.

UNWOMEN

The agency brings gender expertise to ensure all activities are implemented in a gender-responsive manner, addressing barriers to women's participation in RE enterprises. It will be responsible for identifying and mobilizing local women and youth to engage in RE-used productive activities. UN Women will utilize its experience in similar projects such as in Rwanda, Kenya and Tanzania.

Other Collaborating UN Agencies at technical: UNICEF, ILO, UNIDO, UNCDF

UNCDF will provide technical expertise in the deployment of financial instruments. UNIDO through the PFAN will assist potential SMEs in accessing funds from financial institutions. ILO will facilitate the establishment of SMEs.

Government Institutions

Relevant Ministries and government institutions will be involved to ensure the ownership of interventions, including MoF, MoEWC, MoEPD, MoHTEISTD, MoPSE, MoLARS, MoWACSMED, Rural Electrification Authority; Zimbabwe Energy Regulatory Authority;

tertiary and research institutions, etc.

Private Sectors and development partners (technical support and co-financing)

Confederation of Zimbabwe Industries; Distributed Power Africa; Harava Solar; Zonful Energy; Digitally Smart; Green Climate Fund; IDBZ; ADB; Government Joint Venture Fund; etc.

Professional Bodies and NGOs (technical support)

Federation of African Engineering Organisations; Zimbabwe Institution of Engineers; Engineering Council of Zimbabwe; Renewable Energy Association of Zimbabwe.

7. Expected period of implementation

The proposed duration of the implementation is 4 years.

Year 1 milestones

Establishment and operationalization of the CFF, in parallel with the establishment of Centers of Excellence and University Chairs in RE, and development of RE Curriculum and training modules, and community-based TVET Systems

Year 2 milestones

Deployment of CCF financing tools in eleven demonstration projects: installation of ten PV solar plants in communities to kick off large scale replication at the national level; establishment of women and youth-owned enterprise to manufacture small-scale biodigesters for production of biogas, which will be sold and installed in households to satisfy clean cooking, heating and lighting needs thereby replacing charcoal and kerosene with biogas; optimization of the water-energy-food nexus.

Year 3 milestones

Capacity building of critical mass drawn from targeted community members, particularly women and youth to establish and run enterprises in the energy and agriculture value chains; Community based TVET programmes, Community learning centres, and entrepreneurship training.

Year 4 milestones

Established National Climate and RE Investment Platform based on a multi-stakeholder interaction among the Government, United Nations, Public & Private Sectors, IFIs, Bilateral Funds, FDIs, and wider stakeholders; National launch of the large-scale roll-out at the closure of the JP.

8. Cost, co-funding, and co-financing of Joint Programme

The total budget for this JP is estimated at \$18,639,000. The SDG funds make up 53% of all program funds. The contribution by the private sector and Development Banks is estimated at \$6,580,000 representing 35% of the total budget, while that of the PUNOs and Government is \$2,249,000 representing 12% of the budget.

The main components of the JP are:

Component A: Gender-responsive Climate Finance Facility establishment

Component B: CFF tools deployment for demo projects

Component C: Structured long-term and sustainable technical support system

Component D: National Climate and RE Investment Platform Establishment

Component E: Programme Management, Monitoring and Evaluation

Component A entails conducting feasibility, development and launch of the CFF, and seed capital injection into the CFF. Under Component B, a small-scale biogas factory and ten demonstration PV mini-grid plants ranging from 1MW to 50KW will be deployed. Component C focusses essentially on the capacity building of different stakeholders through the establishment of TVET and CoE in RE, capacity building in entrepreneurial skills. The main activities under component D are (i) Hosting of Investment Forum to match bankable projects with investors, and (ii) Development of a project pipeline of potentially bankable project proposals.

The allocation of budget across the above Result Areas (RA) is as follows:

Component A: Gender-responsive Climate Finance Facility (CFF) establishment US\$9,870,000.00

Component B: Climate Finance Facility financing tools US\$4,100,000.00

Component C: Structured long-term and sustainable technical support system US\$2,930,000.00

Component D: National Climate and RE Investment Platform Establishment US\$200,000.00

Component 4: Programme management, monitoring and evaluation US\$1,539,000

Total Programme Indicative cost (USD) 18,639,000.00

Co-financing US\$8,829,000.00

SDG Joint Fund contribution US\$9,810,000.00

For cost efficiency, the JP will utilise the measures provided with the General Assembly Resolution A/RES/72/279 on the Repositioning of the United Nations development system which include the advancement of common business operations, including common back offices and common premises. In line with the UN development system reform, it is proposed that the JP technical team be co-located, and the cost-benefit analysis of this will be done at full proposal stage. The monitoring activities will be conducted jointly, for which pooling of vehicles will be the norm. Procurement planning will be done jointly, including through the existing provisions for common services under the overall UN Zimbabwe Strategic Operations Framework 2016-2020, an equivalent of Business Operations Strategy (BOS). These operational measures are intended to ensure greater economies of scale and reduce the burden of PUNO administrative costs.

9. Risk assessment

Zimbabwe is perceived as an unsafe investment destination, although in reality, the contrary is true. Our major assumption is that the country's risk perception will not drive away potential investors, as this may lead to failure to unlock private investment for climate and RE which is the major goal of the JP. To mitigate this potential risk, the JP will support the development of investment cases, bankable pipeline projects and feasibility studies to market the country as a safe destination for investment in climate and RE projects. Local finance will also be leveraged from the private sector, including impact investors and will ensure senior level government participation in

RE Investment platforms created by the JP.

Another important assumption is that the current government will remain in power throughout the project lifecycle. The risk is that if the government changes, a new government may derail project implementation or stop it because they may not have enough background on the programme or have new priorities. We also assume that the political environment will remain stable because instability may cause some project areas to be inaccessible leading to disruption of activities. To mitigate these risks, the JP will ensure strong involvement and leadership by local government and communities to reduce impact from possible changes at the central government level.

There is also an assumption that the legal and policy framework will provide an enabling environment for project implementation. The risk is that there may be negative perceptions by potential investors about some laws such as the Indigenization and Empowerment Law. These negative perceptions might affect the leveraging of private sector investments. The JP, through the investment platform/forums and other means, will raise the awareness and unpack the set of positive laws and policies put in place to promote investment in the sector.

There is an assumption that the global COVID-19 pandemic will be contained and operations will return to normalcy soon. The risk is that COVID-19 may continue to place restrictions on project implementation due to restrictions on movement and market impacts. The mitigation measures include an analysis of the impact of COVID-19 during proposal development and continued monitoring of the situation.

The implementation of the JP will not pose any reputational risk to the UN, rather it will reinforce the assistance to the Government in achieving the SDGs by strategically creating the much-needed enabling environment for SMEs.

10. Convening the private sector and engaging IFIs/DFIs

The JP will establish a National Climate and RE Investment Platform based on a multi-stakeholder interaction among the Government, United Nations, Public and Private Sectors, IFIs, Bilateral Funds, FDIs, and wider stakeholders. Regular forums will be conducted to facilitate matchmaking of bankable projects and financiers and pitching of projects to potential investors. They will also promote dialogue on how to improve investment conditions in the country. The private sector and other stakeholders will present their perspective on the main challenges hindering RE investments, what policy and regulatory action need to be taken in order catalyze and incentivize sustainable private sector solutions and investments and to build sustainable and inclusive markets. This platform will also facilitate the development of a project pipeline of potentially bankable project proposals as well as promising project ideas and proposals at early conceptual stages, which may be prepared for potential investors.

Discussions are ongoing with the private sector and the Confederation of Zimbabwe Industries (CZI) aimed at understanding the investment climate in Zimbabwe with the view of finding ways of removing the investment barriers in the renewable energy sector. We have also stated to engage the Africa development Bank and the World Bank.

11. Leverage and catalytic function

There is an opportunity to provide a demonstration effect for financiers at large of how a well-managed project with strong economic, social and environmental components and with sufficient patient capital can invest in a new business model that is more sustainable and environmentally friendly.

The initiative will trigger mobilization of additional finance including from national development bank (IDBZ), Government (Ministry of Finance), Green Climate Fund as IDBZ is in the process of becoming an accredited entity and private sector. Similarly, we will also leverage the flagship "Africa belt of Light" project, a UNESCO initiative to provide RE to 330 rural schools and community centers in Biosphere Reserves in 27 countries in Africa, which has just been approved for funding by the Ministry of Ecology and Environment, China.

The estimated private finance leverage is about 35%. There are already on-going discussions with key players in RE in the private sector. Distributed Power Africa (DPA), a subsidiary of Econet Group handling the energy sector has shown interest in the JP since their Ugesi concept that brings the RE to rural communities aligns well with our Expected Result 2. DPA will also be financing the establishment of some SMEs in-line with our Expected Result 3.

Co-benefits of the programme will include economic benefits such as the creation of decent employment for most disadvantaged and most left behind (women and girls), diversified economic activities of the communities including entrepreneurial opportunities in agriculture and other value chains due to availability of affordable and clean energy supply. Additionally, there will be a reduction in GHG emissions and the optimization of the water-energy-food nexus. The Health and well-being of community members will be preserved by switching to clean energy sources. Educational outcomes and the risk of sexual violence are expected to improve due to time savings and reduced exposure to unsafe forests to fetch firewood for women and girls

The ten full-scale demo projects will be positioned to kick off large-scale replication at the national level. The closure of the project will result in a national launch of the large-scale roll-out of these modalities.

12. Technical support and seed funding

At the inception phase, the inter-agency team will conduct baseline surveys, organize stakeholder meetings and workshops, with the view of (i) updating data and collecting first-hand information, (ii) refine the situational analysis and the problem statement, (iii) meet with and mobilise the communities and the key stakeholders, and (iv) define the detailed axes of interventions and their impact. UNESCO, UNWOMEN and UNDP, will bring in cutting-edge technical support to accompany this preparatory process, through the global UNESCO Chair Networks, Category 1 Institutes, and Category 2 Centres.

The full Project Document will be elaborated in consultation with all stakeholders - public, private, academia, and CSOs. There will be a need to hire a consultant for 3 months to coordinate the above process. The organization of the stakeholder meetings will also necessitate some funds.

The amount of \$200,000 will be required at the inception phase for the above-stated activities.

Signatures

Signed Signature Form

[Signature_page_SDG_financing_componen_2.pdf](#) 880.24 KB

Government Endorsement

Letter of Endorsement

[SDGs Joint Fund Government support letter0001-page-001.jpg](#) 223.54 KB