



Food and Agriculture
Organization of the
United Nations



Hand-in-Hand Initiative Zimbabwe

Presentation of Investment Cases
Rome Investment Forum

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Presentation Outline

1

**Country Context Socio-
Economic Indicators**

2

**Policy Framework and
Enablers for Investment in
Zimbabwe**

3

**Presentation of Investment
Cases**

4

Summary of Investment Plan



1

Country Context Socio-Economic Indicators

Overview of the
Zimbabwe's Agriculture
Sector



National Priorities & Guiding Policies



National Development Strategy 1 (NDS1)

Eradicating Poverty and making Zimbabwe an upper Middle-Income country by year 2030

National Agro Food Systems Transformation Strategy

Institutionalizes collaborative Partnerships & Coordination around Agro-Food Systems



National Food and Nutrition Security Policy

Enhancing the Country's Food and Nutrition Security Status



Zimbabwe Agriculture Sector Context Overview

Country Indicators

Population : 15 178 979

Poverty head Count Ratio : 38.3%

Source : World Bank, 2021

Agriculture Land : 4 000 000 hectares

AGRIC-SECTOR CONTEXT

Sector Challenges & Constraints

- Increasing Population
- Climate Change
- Low Agriculture Productivity
- Low Investments
- Declining Agriculture Contribution to the Economy
- Rising Food Prices

COUNTRY OBJECTIVES & TARGETS

Country Objectives & Targets (2025)

Productivity : To improve crop and livestock productivity and raise the gross agriculture production value to US\$8.2 billion; from US\$5.2 billion in 2020

Trade : To treble agriculture trade through improved market access and competitiveness of agriculture commodities on the domestic and export markets through quality produce and value addition.

Incomes : To raise per capita income for farmers to the upper middle-income level of \$4 000 – 12 000

Poverty : Halve the level of Poverty in Zimbabwe

Sector Growth : At least 6% annual agriculture sector growth

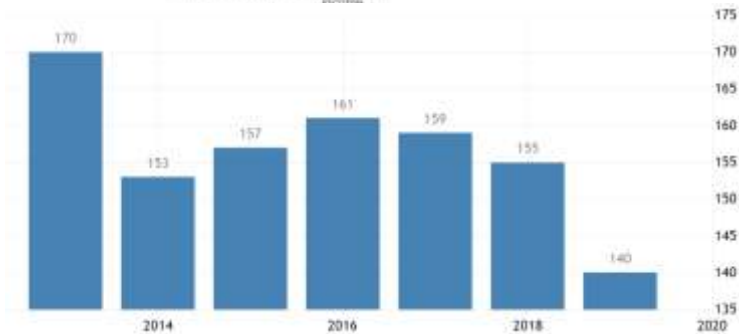
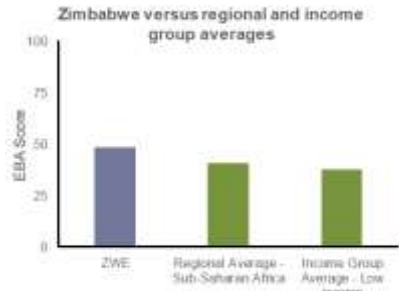
GDP Contribution : 18%



Global Economic Performance Indicators



World Bank
Enabling
Business of
Agriculture
(FRA) Index,



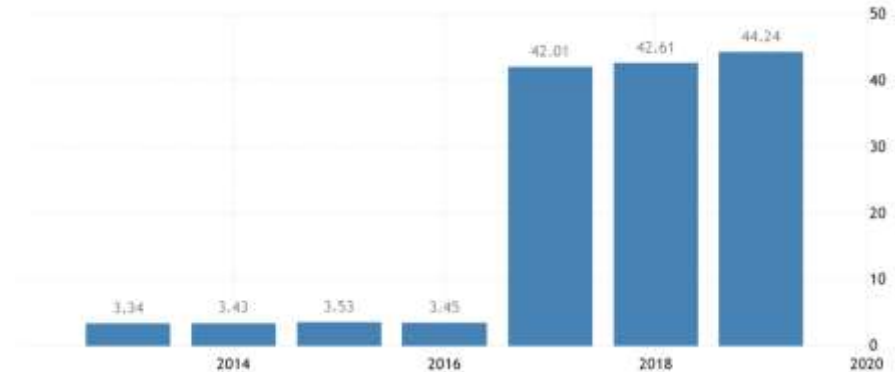
Source: World Bank



Global Competitiveness Index Zimbabwe 2023

44.24%

institutions; infrastructure; ICT adoption; macroeconomic stability; health; skills; product market; labour market; financial system; market size; business dynamism; and innovation capability



2023 Global Competitiveness Report (GCR),
World Economic Forum

Easy of Doing Business in Zimbabwe



2

Policy Framework and Enablers for Investment in Zimbabwe

Government of Zimbabwe

Initiatives Towards Investment Promotion

Fiscal and Policy Incentives

Processing Tax Incentive: Reduced Tax for processing companies which exports - Between 20 to 15% depending on proportion of exports

Special Economic Zones (SEZ): SEZs are aimed at promoting value addition including food processors and manufactures

Special Initial Allowance : 25% of cost from year one and the next 3 years for SMEs.

Farmers Special Deductions : Farmers are allowed special deductions over and above the normal deductions. Examples include expenditure on fencing, clearing and stumping land, sinking boreholes, wells, aerial and geophysical surveys.



ZIDA
ZIMBABWE
INVESTMENT &
DEVELOPMENT
AGENCY

One Stop Investment Centre

Farmer Subsidy Programmes to stimulate demand for agriculture mechanized services.

Government Operated Investment De-Risking Instrument.

Proximity to the port:
Approximately : 300Km from the nearest port Beira, Mozambique



Other Investment Enablers



Digital Technology

- Mobile Network Coverage 81.08%
- Mobile Operators
- 4G and LTE network and a functional data center



Financial Enablers

- Multi Currency System up to year 2025 but US\$ is major dominating currency
- Local and International Banks
- Profit and Dividend Repatriation



3

Presentation of Investments Cases

Summary of Investments



Investment Target

\$925.0 Million

Private Sector Investment



7

Micro-Regions

Public Investment
Government
Commitment

\$18.2 Mil

Enabling public infrastructure
Credit Guarantee and De-risking

Development
Finance required

\$10 Mil

Smallholder farmers capacity development
through training and farmer organisations

Investment Case 1
**Smallholder Micro-Irrigation
Systems**

Investment Target : \$743 Mill

Investment Case 2
Local Tractor Assembly Plant

Investment Target : \$81 Mill

Investment Case 3
**Decentralised Smallholder
Mechanization Hubs**

Investment Target : \$101 Mill



Hand-in-Hand Initiative

Ongoing Engagements Commitments & Collaborative Partnerships



United Arab Emirates
Commitment
\$350 000



Partnership



Partnership



AFRICAN DEVELOPMENT BANK GROUP

Commitment
\$20 million
tractor Facility

Commitment
\$20 Million - Zimbabwe Emergency Food
Production Project



THE WORLD BANK

Partnership
Enabling Business of
Agriculture (EBA)



Horticultural
Development Council

Partnership
Food Loss Reduction



Hand-in-Hand
Initiative



Investment Case 1

Smallholder
Micro-Irrigation
Systems



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Smallholder Irrigation Systems

INVESTMENT OUTLAY



Total : \$743M :

Public Sector : Borehole Drilling Rigs
Catalytic Investment : SHF Subsidies
to access solar pumps

SMALLHOLDER FARMERS



Total : 2.3Mil

MICRO-REGIONS & SCALE



7 Micro-Regions

Implementation Modality

Development of Communal Irrigation Schemes and Boreholes. Solar pumping and conveyancing equipment to smallholder farmers.

DEMAND & SUPPLY



Current Irrigation Capacity

216 000 Hectares

Irrigation Target

350 000ha

Communal Irrigation Schemes

15900ha

15900ha

Underground Boreholes

17500ha

17500ha

Government Support Fiscal & Policy Incentives

Build Own Operate and Transfer (BOOT) :

Contractors may enter into contracts with state or Statutory Corporation under which they undertake to construct infrastructure for the state or statutory corporation

Tax Holiday : Investors enjoy tax holiday for the first 5 years. Taxed at 15% for the second five years.

Farmers Special Deductions : Farmers are allowed special deductions over and above the normal deductions. Examples include expenditure on fencing, clearing and stamping land, **sinking boreholes**, wells, aerial and geophysical surveys.

***Sustainable water extraction and management**
FAO to provide technical support in Zimbabwe



Investment Analysis : **Smallholder Irrigation**

Profitability Indicator

Investment Outlay	743M
Gross Profit	~26%
Internal Rate of Return (IRR)	~12%
Net Present Value	~\$112.5M

Environmental Performance Indicators

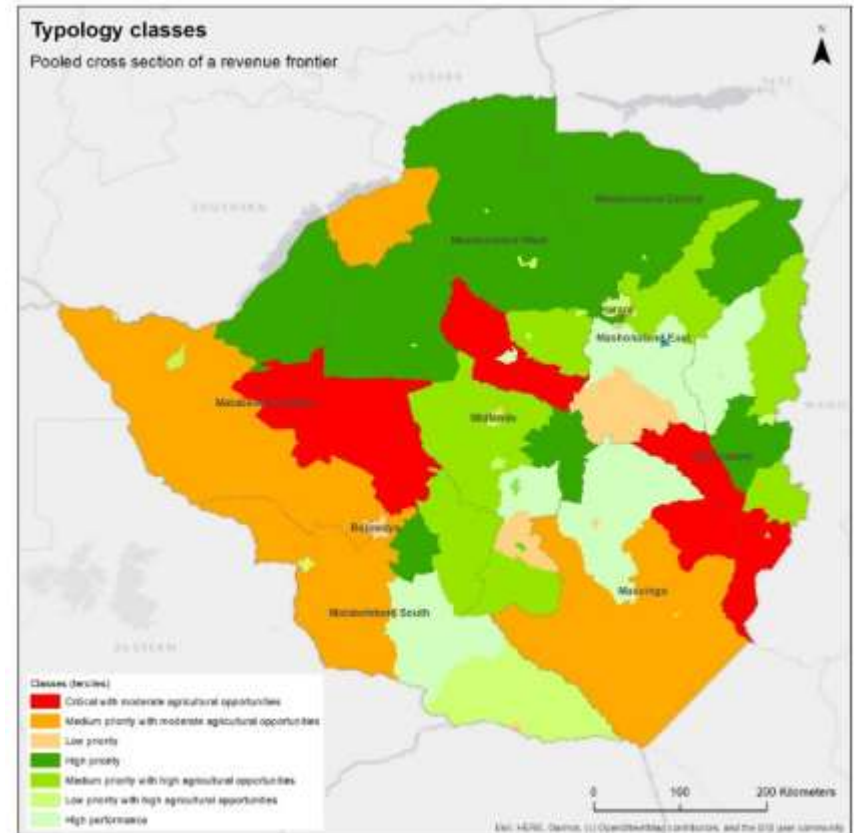
Carbon Emissions	0.308 kgCO ₂ eq/kWh
	Use of photovoltaic plates

Socio-Economic Performance Indicators

Number of Farmers	2.3Mil
Incomes per capita	\$814
Other Benefits to Farmers	Productivity
Macro-Economic Benefits	Food Production



Optimal Investment Location



Investment Case 2

Local Tractor Assembly

Demand Details

Zimbabwe currently has under 8 000 tractors serving 1 340 045 farmers who are farming 4.3 million hectares of land. At the peak of agricultural productivity in 1998, the country had a total of 26 000 tractors that were used mainly used by commercial farmers whereas small holder farmers traditionally rely on animal drawn power to carry out mechanical agriculture activities. Less than 5% of the small holder farmers has access to mechanization services. Zimbabwe is currently importing an average of 600 tractors per annum and the prices are quite exorbitant. The country requires 32 000 units with an estimated value of US\$544million for the first 7 years. The proposed plan can possibly export units within SADC region which has 16 countries.

Specific Investments

Tractor Assembly Line, Land

Risk & Mitigation

Risk : Macro-economic collapse

Likelihood : Low

Mitigation Measure : Investment Guarantee in Special Economic Zones

Risk : Low real/effective demand

Likelihood : Low

Mitigation Measure : Government subsidies to stimulate tractor demand.

Risk : Low agriculture activity due to climate change

Likelihood : Medium

Mitigation Measure : Government is promoting Mechanised Climate Smart Agriculture techniques.





Investment Case 2: Mechanization - Local Tractor Assembly Investment Locations

Sub-Sector Narrative

Zimbabwe has a total 7 983 tractors that are functional, and these are servicing 1 340 045 farmers who are tilling more than 3.4 million hectares

Zimbabwe is currently importing an average of 600 tractors per annum and the prices are quite exorbitant.

Demand Narrative

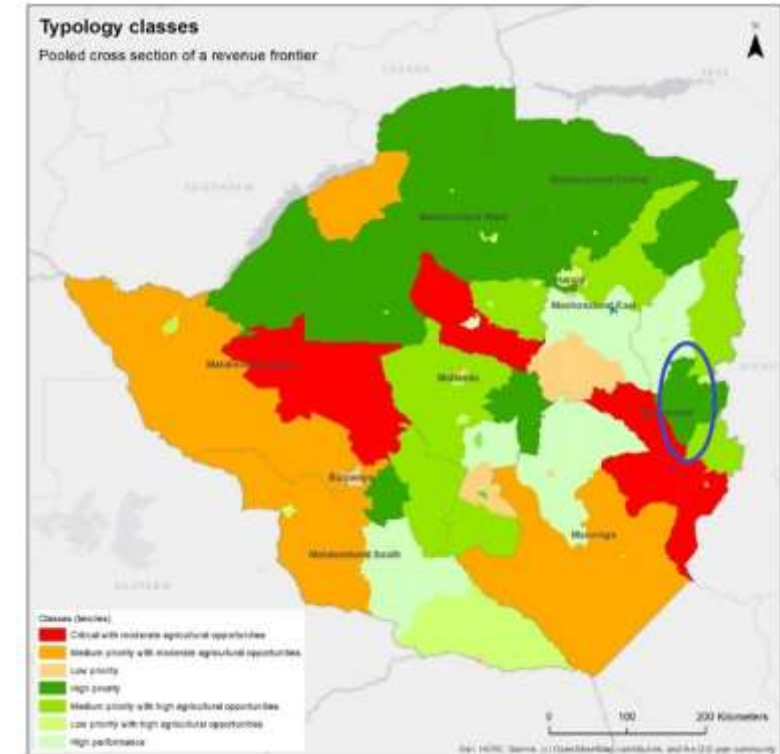
Zimbabwe is currently importing an average of 600 tractors per annum and the prices are quite exorbitant. The country requires 32 000 units with an estimated value of US\$544million. At the peak of agricultural productivity in 1998, the country had a total of **26 000 tractors**. Possibilities to export within SADC region (16 countries).

Investment Rationale

The country lacks manufacturing capabilities that would result in readily available machinery at a competitive price. The country requires an additional 32 000 Tractors and corresponding implements i.e., rippers, planters, ploughs, shellers etc. worth approx. \$664Mill. The expected output is 1.7MT/ha of maize from the current average 1MT/H

Specific Investment Need

The country requires at least 1 operational local tractor and implement assembly plant for mid-sized tractors from 40hp to 90hp.



Specific Investment Promotion Incentives

- Import Duty Free on Agriculture Equipment
- Free land for establishing Assembly Plant
- Tax holiday for the initial 5 years



Economic-Social & Environmental Performance Indicators

Case 1 : Local Tractor Assembly



USD81 Mill

Investment Requirement



2.3Mill

Smallholder Farmers



1

Priority Micro Regions



1

Scale

Economic Indicators

IRR=14%

**NPV
US\$24.8million**

Social Performance Indicators

- Labour saving particularly for women in agriculture
- Production and productivity enhancement across all major crops thus improving the food security situation.

Environmental Performance

**CO2 Emissions
for producing
a single
tractor**

7.1 kg CO2e

Source: Adel Vahedi et.al, 2020





Investment Case 3: Decentralised Mechanization Hubs (Along the value chain)

Investment Locations

Sub-Sector Narrative

Zimbabwe's smallholder agriculture sector is generally on a positively drive towards mechanization. Especially smallholder farmers who predominantly use hand tools for primary production and processing.

Demand Narrative

An estimated market demand of \$245 Mill in the 1st 5 years of Investment. Reaching out to approximately 500 0000 farmers. Farmers access to mechanized technologies will, be enhanced through inclusive models.

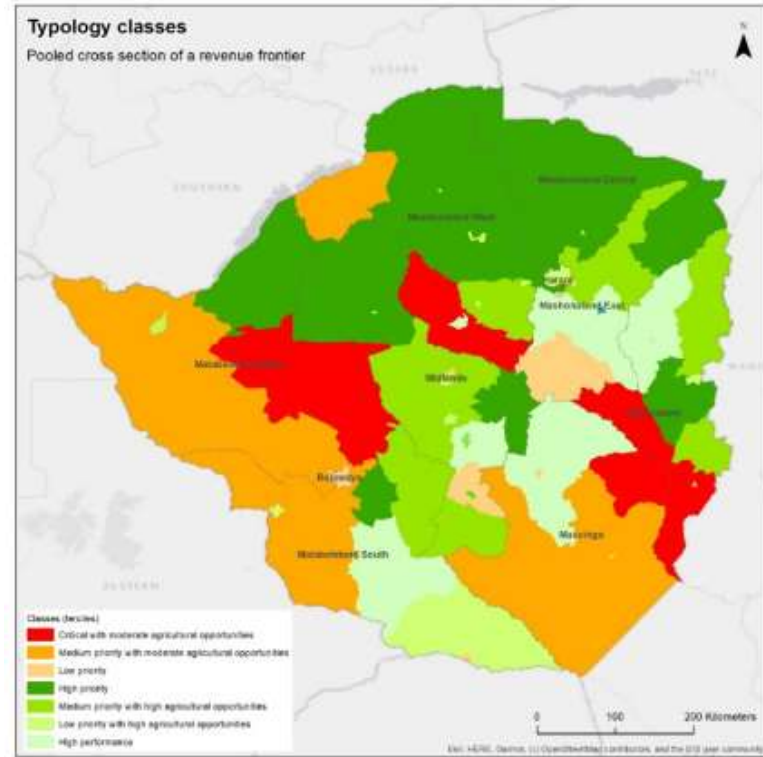
Investment Rationale

Smallholder Farmers have limited access to mechanized equipment and services. Mechanization along the value chain is a key enabler to enhance production and productivity.

Specific Investment Need

Establishment & Operation **Decentralised Mechanization Hubs** with tractors for Tillage and other ancillary mechanized equipment to provide mechanization hire services.

18 Mechanization centres in 6 priority micro region.
(average of 3 hubs per region)



Investment Promotion Incentives

- Import Duty Free on Agriculture Equipment
- Free Land for establishing Mechanization Hubs



Investment Case 3

Decentralised Mechanization Hubs

Demand Details

Rising demand for increased agricultural productivity and efficiency is driving demand for mechanized agriculture services, i.e., value of services for approximately US\$285million for the first 5 years.

The country has a total land area of 39.6 million hectares and agriculture is practiced on 39.9% of the total land area (15.8 million ha) of which 10.9% is arable (4.31 million ha). There is a total of 1 340 045 farmers actively involved in agricultural production and are classified as follows: 1 100 000 small holder farmers who are mostly communal farmers. Mechanized services are expected to serve approximately 1 390 045 farmers spread across the 8 productive regions of the country. As such, there is an acute shortage of machinery to catalyze agricultural production to output levels that would make the nation a breadbasket of the sub-region and continent, let alone ensure food security for the country. The country requires mechanization hubs providing the following services Ploughing, planting, chemical spraying, harvesters, shellers, transport.

Specific Investments

Tractors and Tractor drawn implements to be operated machinery 18 Mechanization centers in 6 priority micro region. **(average of 3 hubs per region).**

Risk & Mitigation

Risk : Low real/effective demand

Likelihood : Low

Mitigation Measure : Government subsidies to stimulate demand.

Risk : Low agriculture activity due to climate change

Likelihood : Medium

Mitigation Measure : Government is promoting Mechanised Climate Smart Agriculture techniques.



Economic-Social & Environmental Performance Indicators

Case 2 : Decentralized Mechanization Hubs (Along the value chain)



USD101 Mill

Investment Requirement



1.1Mil

Smallholder Farmers



7

Priority Micro Regions



7

Scale

Economic Indicators

IRR=17%
NPV=\$39.4Million
PBP 5years

Social Performance Indicators

1.1 Million Farmers are able to prepare all production land in a timely manner. income by 38%. Postharvest handling and agro-processing undertaken efficiently. The expected output is 1.7MT/ha of maize from the current average of 1ton/ha. Research showed that if mechanization is supported by availing inputs on time, the yield per hectare increased by 54% and

Environmental Performance

Carbon Emissions
2.64 kg CO2 produced for each liter of diesel fuel burnt. Possibilities to consider fuel efficient engines

kg CO2e ha-1 yr-1
Weeding : 125
Tillage & Harvesting : 101





ZIMBABWE INVESTMENT PLAN



SUMMARY

US\$925Mil. Total Investment	14.3% Overall Average IRR	5.7 Million Beneficiaries	8.9 Million Indirect Beneficiaries	US\$ 643.3 Income Increase Per Capita
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KEY INVESTMENTS

1 Intervention

Micro-Irrigation Systems for Smallholder Farmers

Cost (USD) : \$743Mil

IRR (%) 12%

NPV: \$112.5

Sustainability Benefits

Beneficiaries: 2.3Mill

Income increase per capita:
US\$: \$814

Emission reduction per capita:
7%



2 Intervention

Local Tractor Assembly Plant

Cost (USD)

\$81Mil

IRR (%)

14%

NPV

24.8Mi

Sustainability Benefits

Direct Beneficiaries : 2.3Mil

Indirect Beneficiaries: 4.9

Income increase per capita:
US\$ 750

2

3 Intervention

Decentralised Mechanization Hubs (Along the Value Chain)

Cost (USD)

US\$101 Mill

IRR (%)

17%

NPV

US\$39.4Mil

Sustainability Benefits

Direct Beneficiaries : 1.1Mill

Indirect Beneficiaries: 4 Mil

Income increase per capita:
US\$ 375

3

