



Food and Agriculture Organization
of the United Nations



Zimbabwe



 **Hand-in-Hand**
Initiative

Investment Forum | Rome, Italy | 18-19 October 2022

Presentation Outline

Accelerating Agriculture Investments in Zimbabwe



ZIMBABWE

Agriculture Sector Overview & Country Indicators



15 178 979

ZimStats, 2022



GDP

\$26.22Bln

World Bank, 2022



Poverty

63%

World Bank, 2022



Food Security

27%

FAO, 2022

Sector Challenges & Constraints

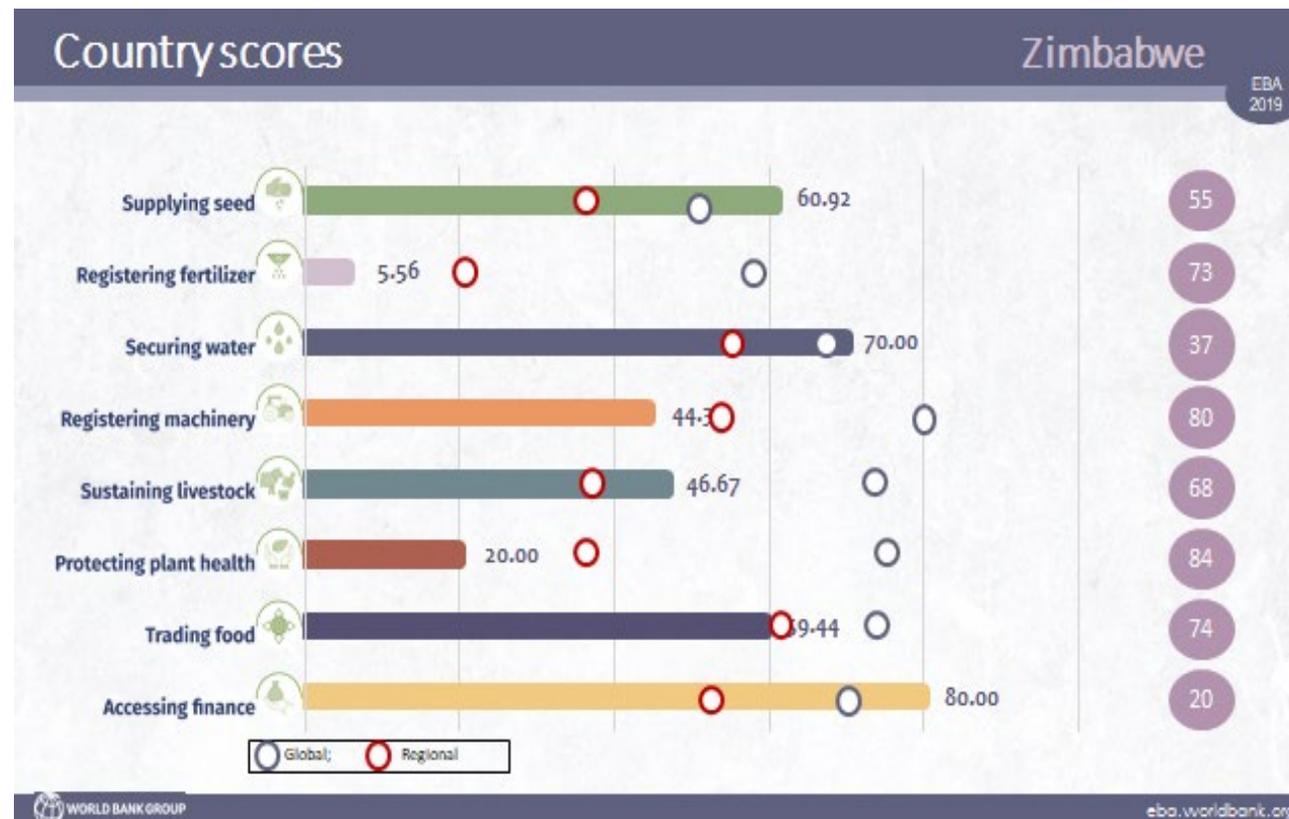
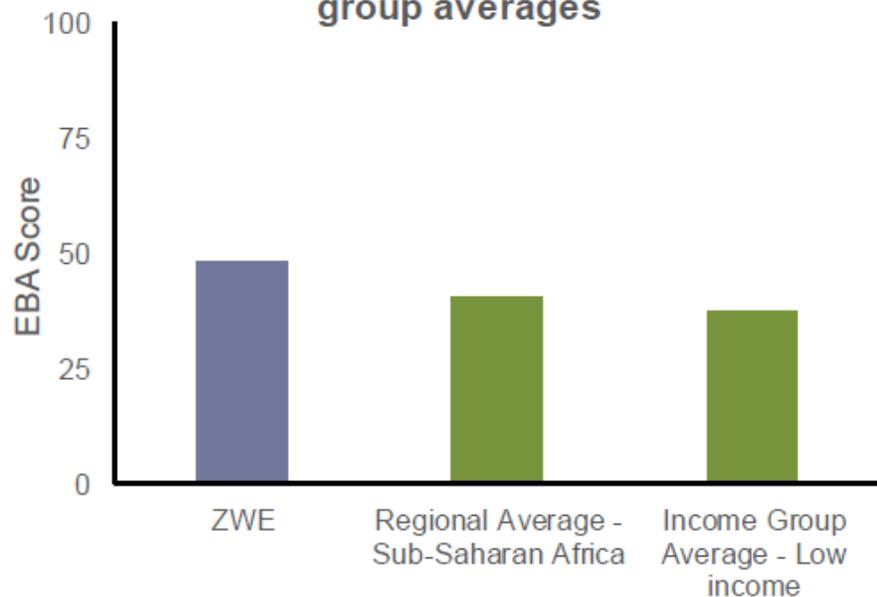
- Increasing Population
- Climate Change
- Low Agriculture Productivity
- Low Investments
- Rising Food Prices
- Low levels of value addition
- Low levels of agriculture exports

Enabling Business of Agriculture in Zimbabwe

48.36

Overall Enabling the Business of Agriculture Score (0-100) for Zimbabwe

Zimbabwe versus regional and income group averages



Country Development Objectives & Targets

Vision 2030

NDS1 -Upper Middle Income Country,

Vision 2030 Targets

Target 18 % contribution to GDP

Treble Agriculture Trade

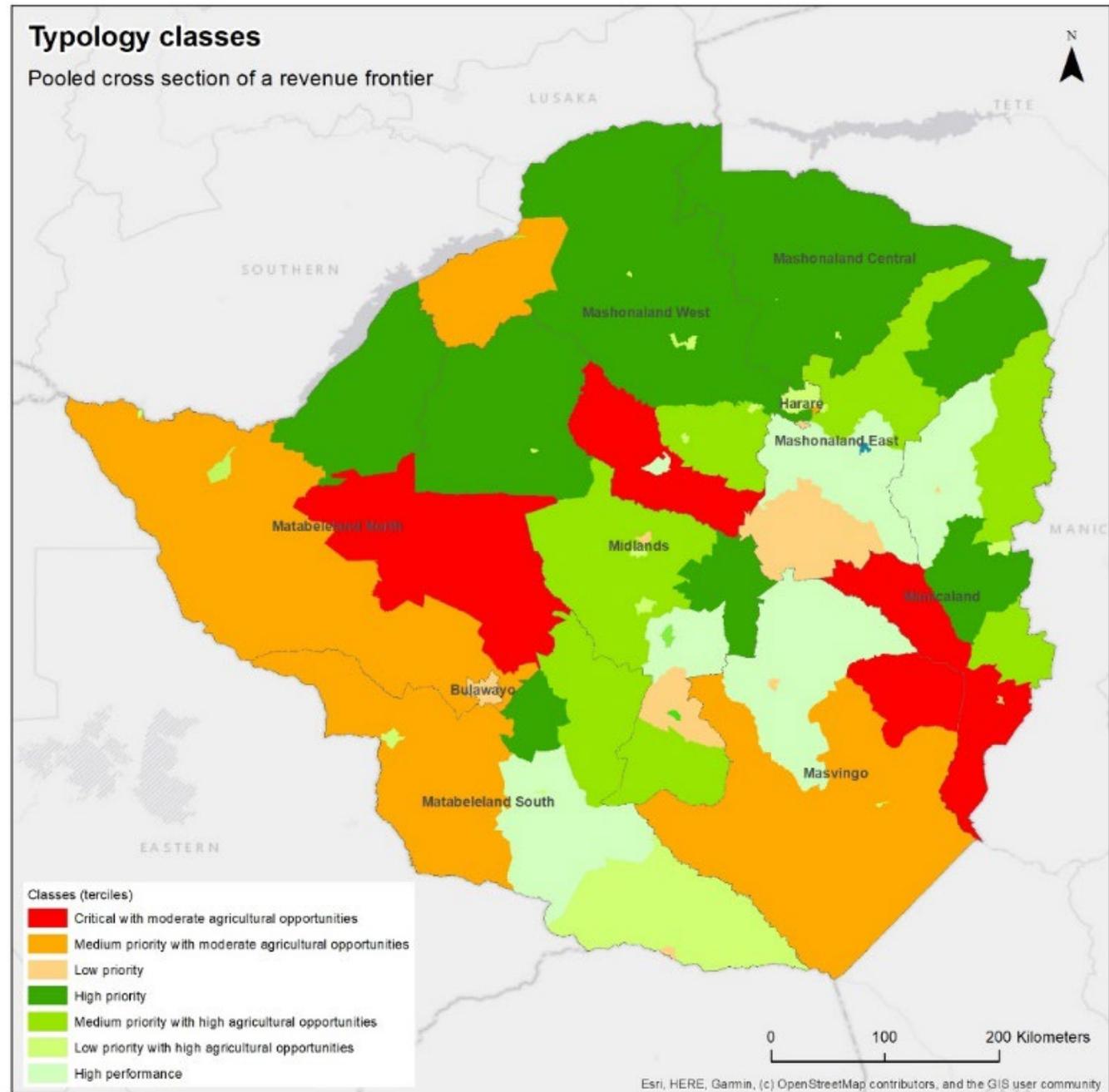
Halve levels of poverty

Build Inclusive and Resilient Food Systems

Presidential Rural Development 8.0

1. **Presidential Climate-Proofed Input Scheme;**
2. **Presidential Cotton Scheme;**
3. **Presidential Blitz Tick Grease Scheme;**
4. **Presidential Rural Development Programme;**
5. **Presidential Community Fisheries Scheme;**
6. **Presidential Poultry Scheme;**
7. **Presidential Goat Scheme and;**
8. **Local Inventions and Innovations.**

Agriculture Potential in Zimbabwe



Collaborative Partnerships

**Hand-in-Hand Partnership Platform
for Action on Inclusive Resilient and
Sustainable Food Systems**

Government

Ministry of Finance

Ministry of Industry

Ministry of SMEs

Farmer Unions

Civil Society

**International Financial
Institutions (IFIs)**

World Bank

**Bilateral & Multilateral
Donors**

UN Agencies

UNECA, UNDP....

Private Sector

Horticulture Development Council

Agriculture Investment Summary

Total Investment Requirement (**Private Sector**)

Investment Target
\$8.2B

Agriculture & Food System Transformation Agenda

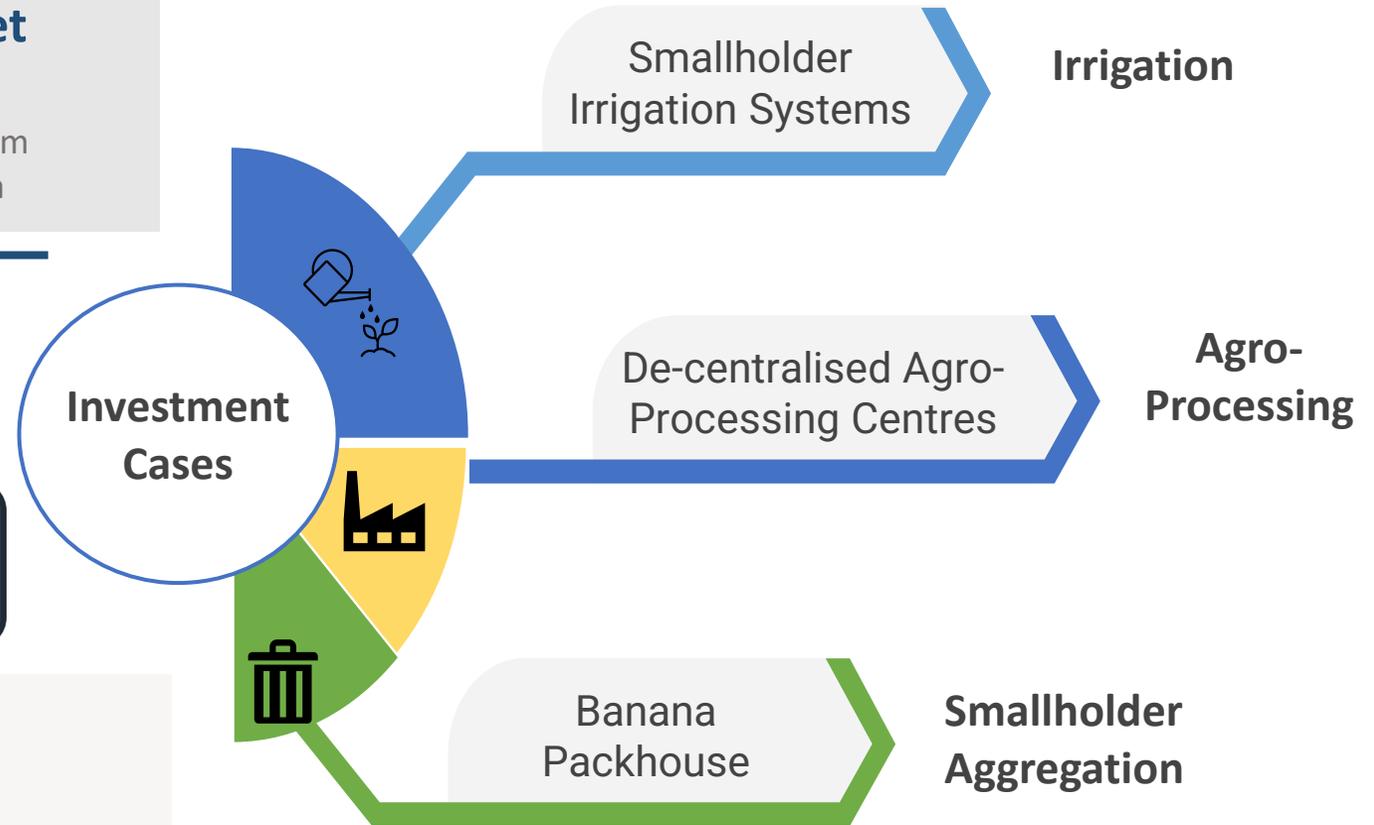
Priority Investment Opportunities

Catalytic Investments
(Donors/Impact Investors/Government)

Investment Facilitation & Services

One Stop Investment Services Centre (OSISC)

- Company/ Business Registration
- Tax registration
- Issuance of Investment License
- Immigration permits
- Processing of Environmental Impact Assessment (EIA)
- Connectivity to utilities like water and power, securing land
- Advisory services on any other statutory requirements





Investment Case 1

Smallholder Micro-Irrigation Systems



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

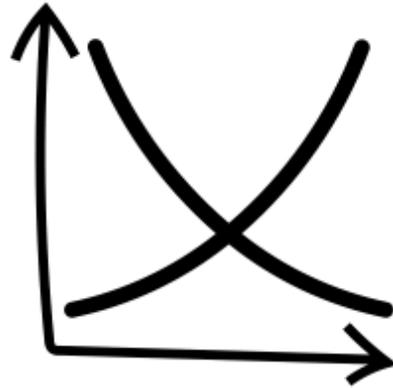


7 Micro-Regions

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
Underground
Boreholes
17500ha

Government Support Fiscal & Policy Incentives

Build Own Operate and Transfer (BOOT) :

Contractors may enter into contracts with state or Statutory Corporation under which he undertakes 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

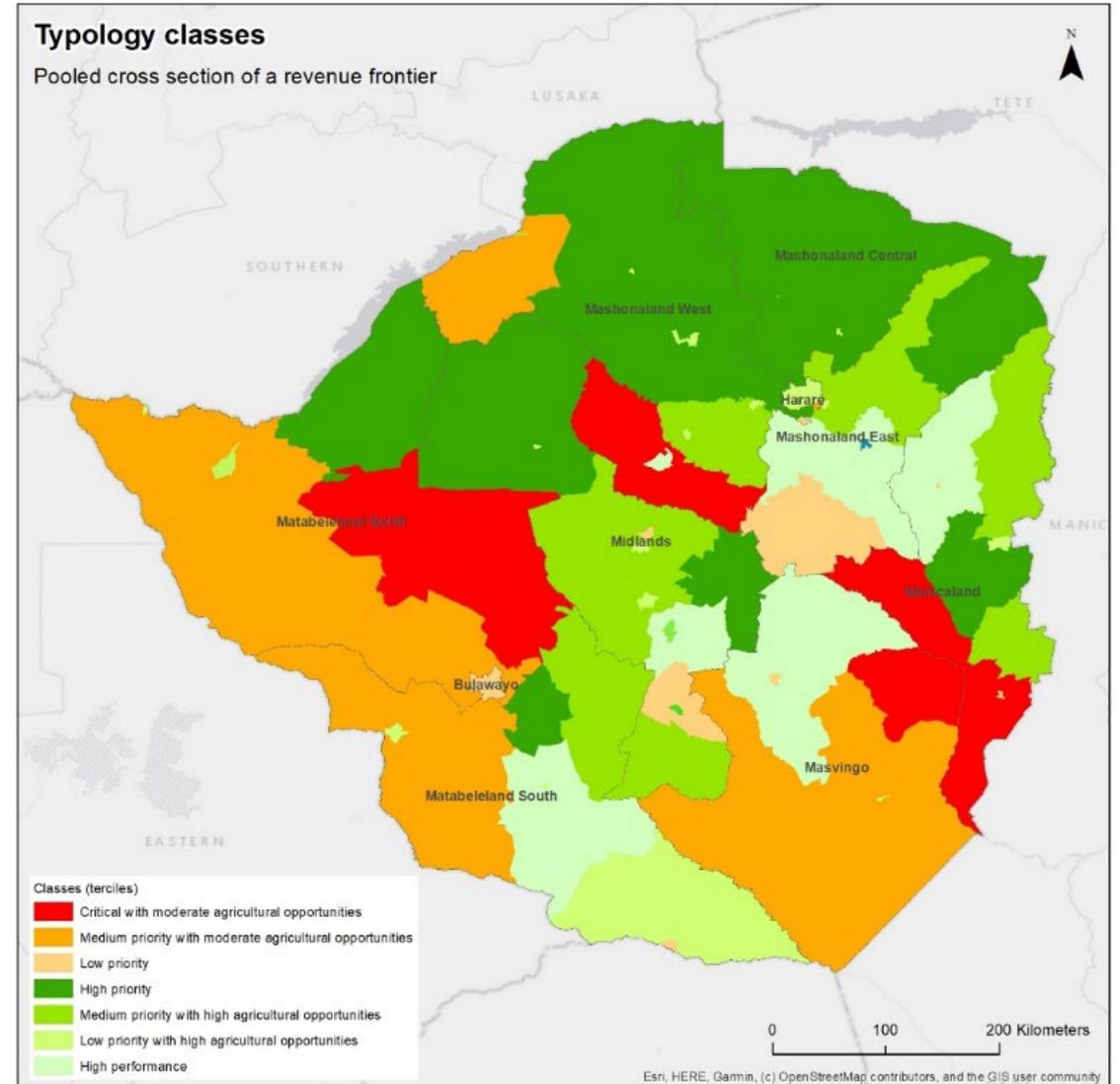
Environmental Performance Indicators

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

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

Tomato Processing



Tomato Processing

INVESTMENT OUTLAY



Total : \$10.2M :

\$850 000 per plant

Public Sector : Fiscal Enablers
Catalytic Investment : SHF Support

SMALLHOLDER FARMERS



Total : 160272

13352 Farmers

benefiting per plant

MICRO-REGIONS & SCALE



12 enterprises

implementable in

6 Micro Regions

Implementation Modality

Establishment of decentralised micro-tomato processing plants within high potential tomatoes processing sites.

DEMAND & SUPPLY



Current Supply Gap :
12000 MT/Year

Target Market :
Local & Export

Product
Paste & Purée

Commodity Prices
Tomato Paste \$3.20/KG.

Market Structure
2 relatively large processors
in the market.

Government Support Fiscal & Policy Incentives

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

Special Initial Allowance : 25% of cost from year one and the next 3 years
SMEs-100%

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.

Farming Equipment Tax Rebate : 0% VAT on all agriculture equipment

Investment Analysis : **Tomato Processing Plant**

Profitability Indicator

Investment Outlay	\$10.2M
Gross Profit	~17.6%
Internal Rate of Return (IRR)	~19,7%
Net Present Value	~\$7,105,080

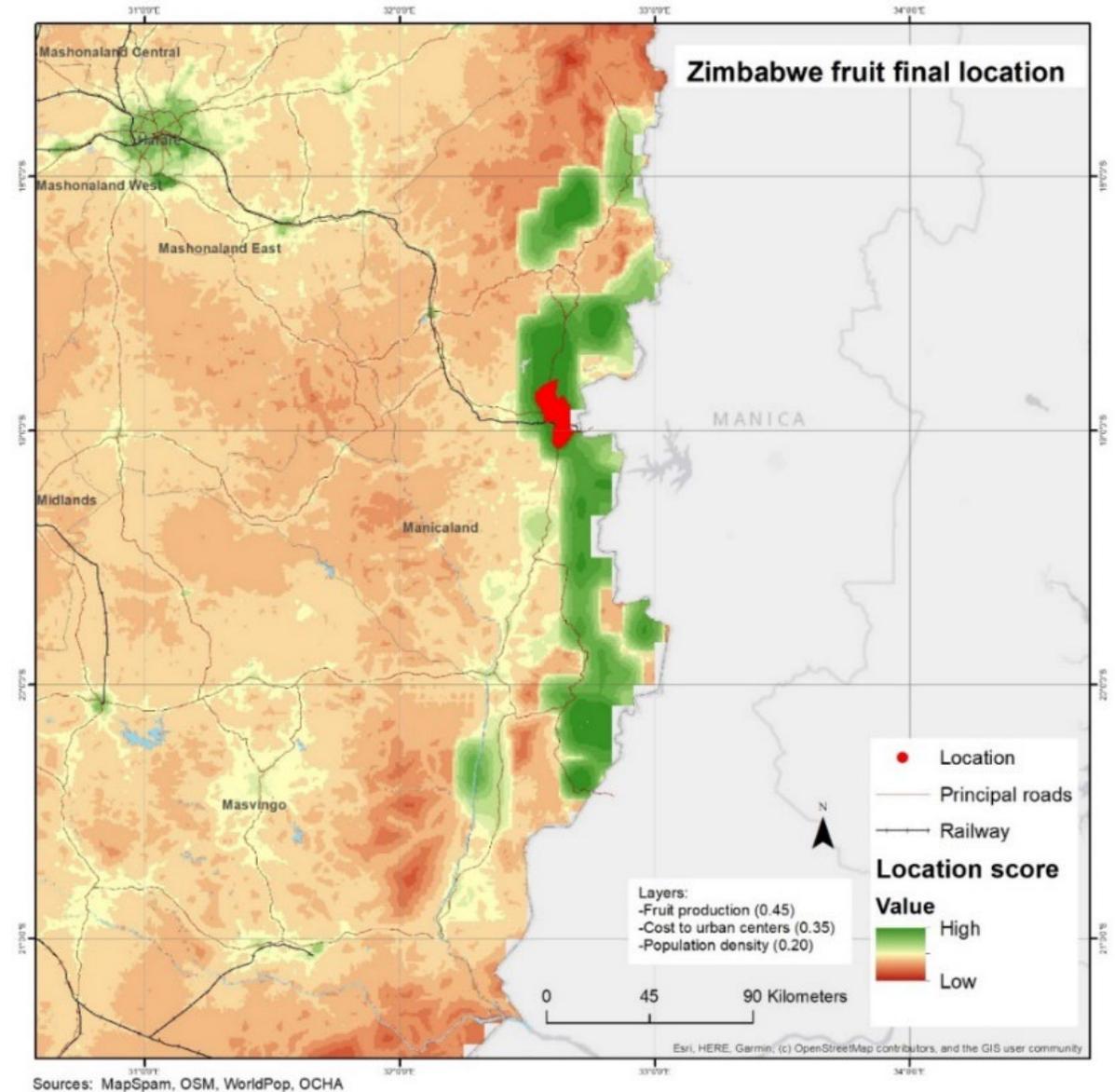
Environmental Performance Indicators

Carbon Foot Print	390g to 1392 g CO ₂ e per Kg*
Water Foot Print	5 to 53 L*

Socio-Economic Performance Indicators

Number of Farmers	160272
Incomes/Capita	\$82,9
Other Benefits to Farmers	Food Loss Reduction
Macro-Economic Benefits	Import Substitution

Optimal Investment Location





Investment Case 3

Banana Packhouse



Banana Packhouse

INVESTMENT OUTLAY



Total : \$550 000 :

\$110 000 per Packhouse

Public Sector : Fiscal Enablers
Catalytic Investment : SHF Support

SMALLHOLDER FARMERS



Total : 30325

6065 Farmers
benefiting per
Packhouse

MICRO-REGIONS & SCALE



5 enterprises
implementable in
1 Micro-Region

DEMAND & SUPPLY



Current Supply Gap :
6.5% currently exported

Target Market :
Local & Export

Product
Fresh Banana/Dried

Commodity Prices
**US\$ 0.15 and US\$ 0.18
per KG**

Market Structure
**1 relatively large centralized
banana Packhouse**

Government Support Fiscal & 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
SMEs-100%

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.

Implementation Modality

Establishment of decentralised banana pack houses in smallholder banana producing communities

Investment Analysis : **Banana Packhouse**

Profitability Indicator

Investment Outlay	\$550 000
Gross Profit	~28.5%
Internal Rate of Return (IRR)	~39,7%
Net Present Value	~\$454 572

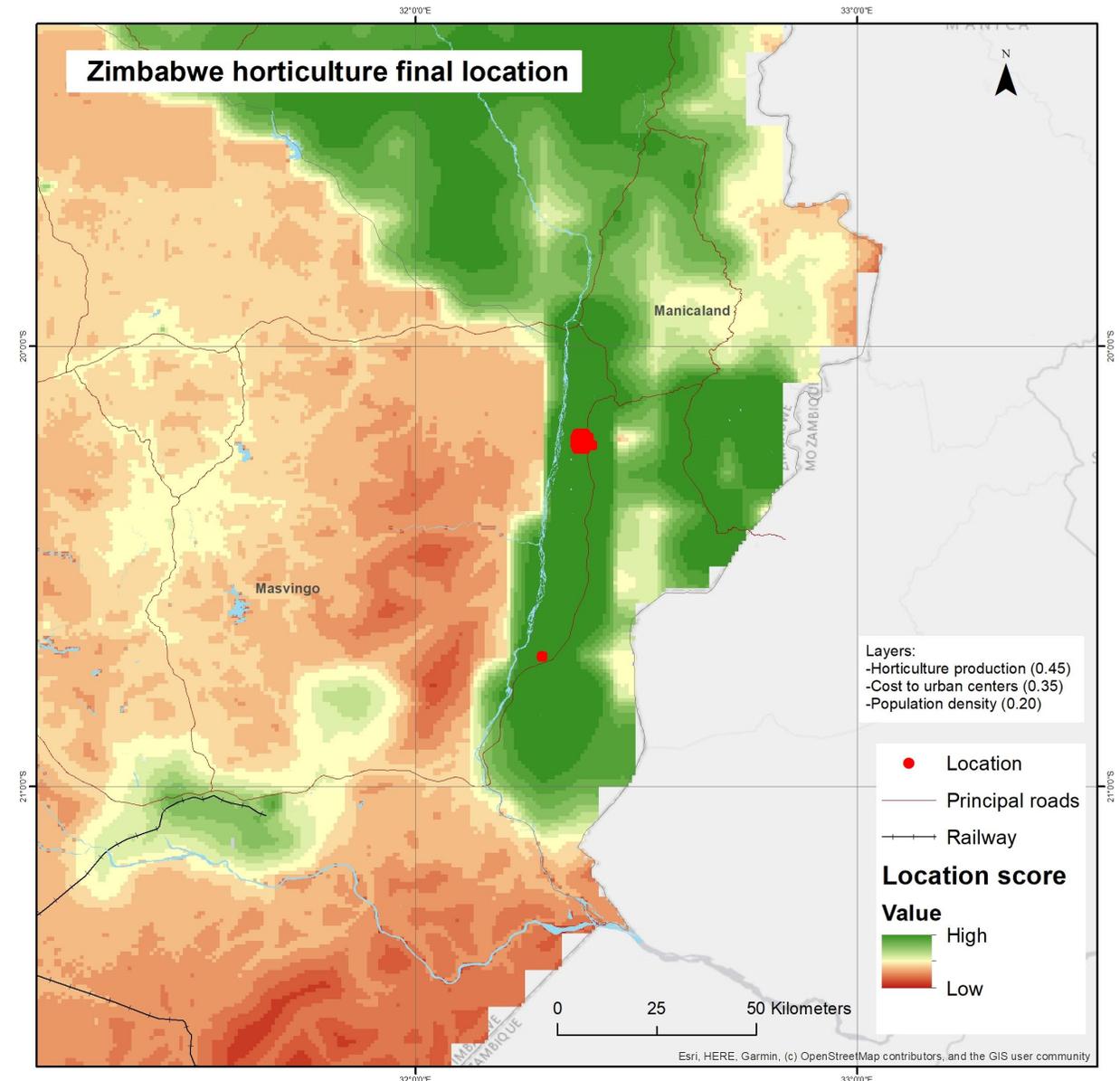
Environmental Performance Indicators

Carbon Foot Print	324g to 1 124g CO2e/kg of Bananas
Water Footprint	576M3 per Tonne

Socio-Economic Performance Indicators

Number of Farmers	30352
Income per capita	\$140
Other Benefits to Farmers	Food Loss Reduction
Macro-Economic Benefits	Import Substitution

Optimal Investment Location





ZIMBABWE INVESTMENT PLAN



Food and Agriculture Organization
of the United Nations

SUMMARY

US\$1.14B
Total Investment

23.8%
Overall
Average IRR

2..5 million
Beneficiaries

U\$ 345
Income Increase
Per Capita

11%
Emission Reduction
Per Capita

KEY INVESTMENTS

1

Intervention

Micro-Irrigation Systems for
Smallholder Farmers

Cost (USD)

Data Collection ongoing

IRR (%)

TBA

NPV

TBA

Sustainability Benefits

Beneficiaries:

Income increase per capita:
U\$: TBA

Emission reduction per capita:
7%

2

Intervention

Banana Packhouse

Cost (USD)

US\$550 000

IRR (%)

39.7%

NPV

US\$454 572

Sustainability Benefits

Beneficiaries: 30352

Income increase per capita:
US\$39.4

Emission reduction per capita:
**12% [with use of renewable
Energy]**

3

Intervention: Tomato Processing Plant

Cost (USD)

US\$10.2M

IRR (%)

19.7%

NPV

US\$7 105 080

Sustainability Benefits

Beneficiaries: 160 272

Income increase per capita:
US\$82.9

Emission reduction per capita:
**15% [use of water
conservation methods at
production]**