



Insurance and Pensions Symposium

Financing Zimbabwe's Climate and Sustainability Transition: Policy Signals and Expectations for Insurance Companies and Pension Funds

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Purpose of the Engagement

- ❑ Provide policy direction on Zimbabwe's climate and sustainability agenda
- ❑ Highlight national climate priorities and investment areas
- ❑ Strengthen collaboration between Government and institutional investors
- ❑ Mobilise long-term capital for sustainable and climate-resilient development

Climate Change as an Economic and Financial Risk

- Increasing droughts, floods and climate variability in Zimbabwe
- Impacts on agriculture, infrastructure, health, water systems and energy
- Growing fiscal pressures and disaster response costs
- Climate risks increasingly affecting financial stability and investment portfolios



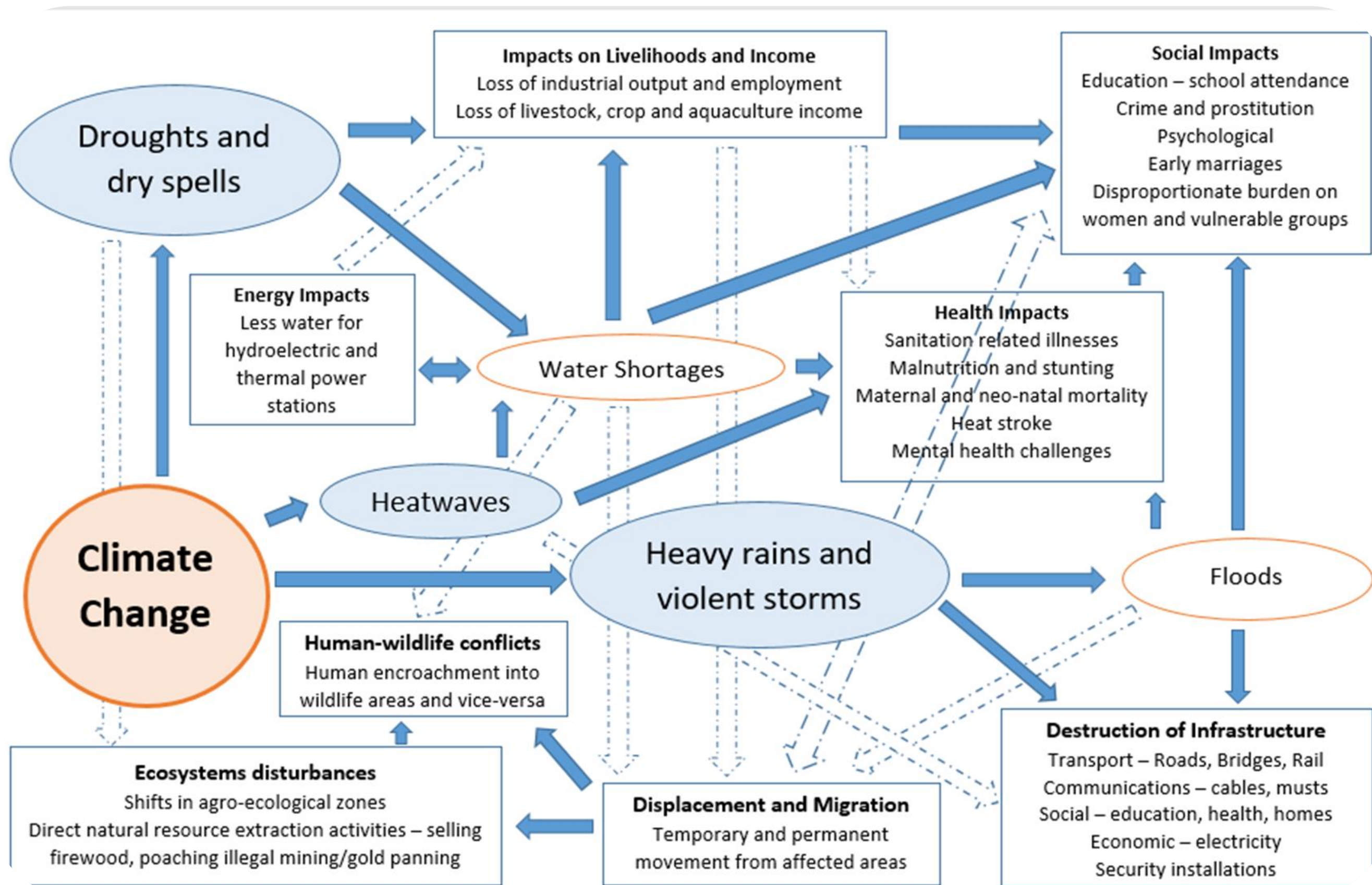
Climate Risk – Causes of Climate Change



Climate Risk – Impacts of Climate Change

- Tropical Cyclones often result in:
 - flooding and loss of life,
 - increased water borne diseases,
 - destruction of social and economic infrastructure
- Droughts and prolonged intra-seasonal dry spells result in:
 - increased malnutrition
 - loss of incomes and livelihoods,
 - reduced hydroelectric power generation,
 - poor animal health and deaths,
 - increased food import bill





***Climate Change = Financial Risk* - Risks faced by Insurance claims and pensions due to climate change**

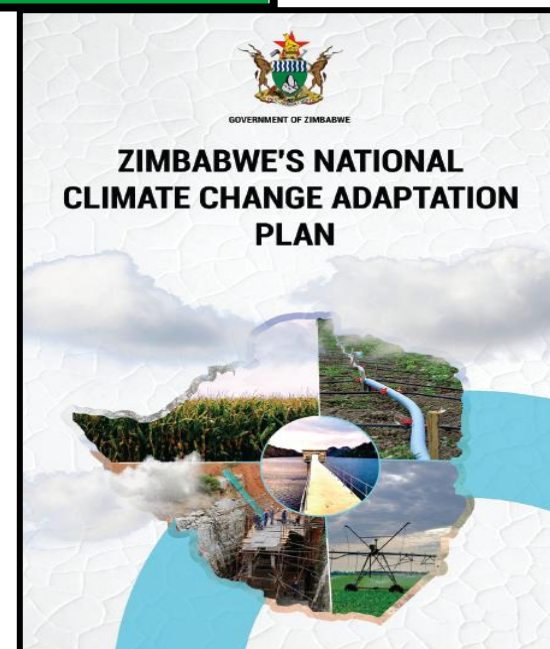
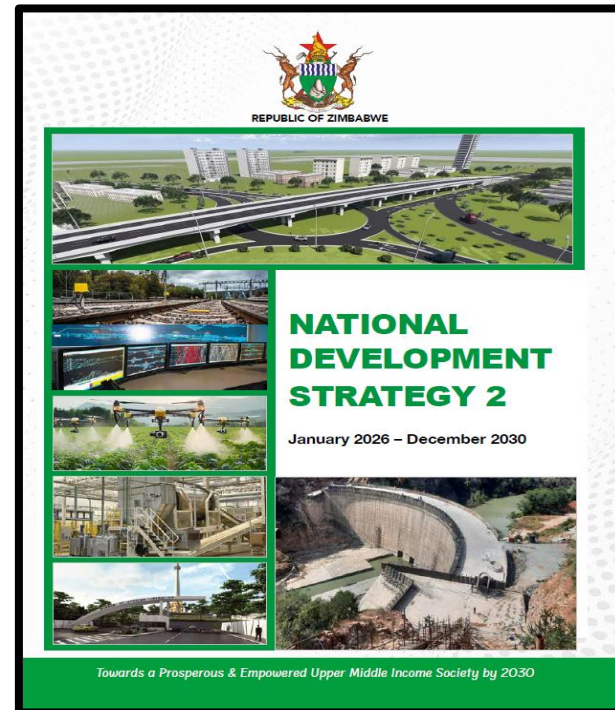
INSURANCE COMPANIES

- Increased claim frequency on property, crops, business interruption etc. potentially raising payout costs for lender-held policies or defaults on insured projects and underwriting losses.
- Higher claim severity due to nature of climate change related event causing a rise in payout per claim
- Lower coverage in high-risk areas increasing vulnerability and protection gap
- Increase in claim may increase operational costs
- Increased disputes on policy, causation, exclusion and responsibility for climate related damage

PENSION FUNDS

- ▶ Investment losses in vulnerable sectors – i.e fossil fuels, agriculture, carbon intensive sectors or real estate causing decreased asset value
- ▶ Transition Risk – policy and regulation changes, carbon pricing and shifts to low carbon technology can reduce values of companies not adapting
- ▶ Climate shocks can raise inflation and exchange rate volatility, commodity price shocks (i.e. tobacco, cotton, gold, coal).
- ▶ Pension trustees may face legal risk if they fail to assess and manage climate related financial exposure properly

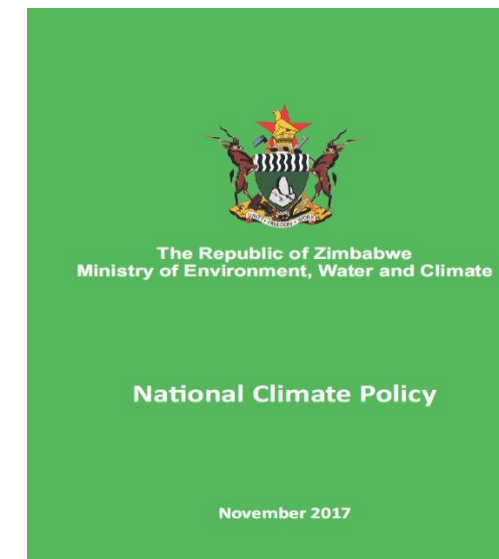
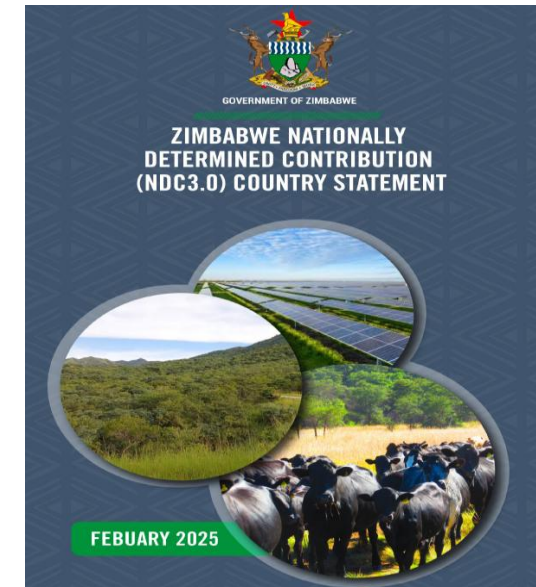
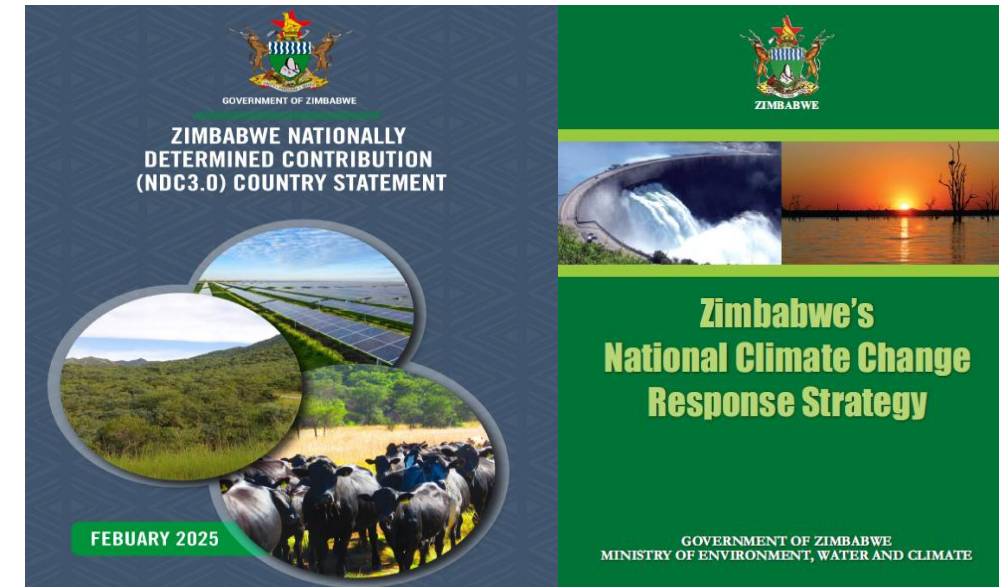
Zimbabwe's Development Vision



- Vision 2030 – Achieving an Upper Middle-Income Economy
- National Development Strategy 2 (NDS2) – *Food Security, Climate Resilience and Environment Protection Pillar*
- Transition toward climate-resilient and low-carbon development
- Integrating climate considerations across national development planning – National Climate Change Adaptation Plan on cards

Zimbabwe's Climate Policy Landscape

- Constitution of Zimbabwe
- National Development Strategy 2 (NDS 2)
- National Climate Policy (2017)
- National Climate Change Response Strategy
- NDC 3.0 (to 2035): emission reduction, renewable energy access & resilience building.
- National Climate Change Adaptation Plan (2024–2030): Prioritised Sectors: agriculture; water; health; infrastructure; human settlements; forestry & biodiversity; and, Tourism)
- Climate Change Management Bill



Climate Change Management Act

- Now at Bill Stage – consultations done by Parliament across the country
- Establishes a comprehensive legal framework for climate governance
- Mainstreams climate action across all sectors of the economy
- Provides for greenhouse gas emissions management
- Enables enhancement of carbon trading in Zimbabwe incl institutionalisation of the Zimbabwe Carbon Markets Authority (ZICMA)
- Establishes a National Climate Fund for climate finance mobilisation

ZIMBABWE'S VISIONARY CLIMATE ACTION: KEY PILLARS OF THE MANAGEMENT BILL



ZIMBABWE CARBON MARKETS AUTHORITY & NATIONAL CREDIT REGISTRY

- REGULATE TRADING
- MONITOR PROJECTS
- ESTABLISH FRAMEWORK



COMMUNITY INCLUSION MANDATES

MANDATORY CONSULTATIONS
INCLUSIVE DECISION-MAKING



INSTITUTIONAL OVERSIGHT



DESIGNATED NATIONAL AUTHORITY



LOSS & DAMAGE UNIT



TRANSPARENCY & COMPLIANCE



SECTORAL DUTIES FOR ALL

- APPOINT SUSTAINABILITY OFFICERS
- SUBMIT INDEPENDENT AUDITS
- COMMIT TO EMISSION TARGETS



PROCEDURAL RIGHTS

ACCESS TO INFORMATION,
PARTICIPATION



FINANCIAL INCENTIVES

ADVANCING MITIGATION &
ADAPTATION










National Climate Change Adaptation Plan



Primary Objective: To mainstream climate change considerations across all development planning.

Priority investment sectors:

-  Agriculture and food security
-  Water resources management
-  Energy systems
-  Infrastructure and human settlements
-  Health systems
-  Forest Ecosystems and biodiversity
-  Tourism



- 10.310 Billion needed for adaptation costs for the period 2023 – 2030 translating to an annual requirement of USD 1,288 Billion.

- **Core Objective:** To mainstream climate change adaptation into national, sub-national, and sectoral development planning processes and strategies.
- **Key Aims:**
 - i. **Reduce vulnerability** to the impacts of climate change by building adaptive capacity and resilience.
 - ii. **Facilitate integration** of adaptation in a coherent manner into new and existing policies, programs, and activities.

Priority Investment Sectors:

- **Agriculture and Food Security:** Enhancing resilience in farming systems and livestock.
- **Water Resources Management:** Protecting and managing water supplies against climate variability.
- **Energy Systems:** Securing power generation and distribution from climate risks.
- **Infrastructure and Human Settlements:** Building resilient urban and rural infrastructure.
- **Health Systems:** Addressing climate-sensitive diseases and strengthening medical responses.
- **Forest Ecosystems and Biodiversity:** Conserving natural habitats to maintain ecosystem services.
- **Tourism:** Protecting landscapes and heritage sites from environmental degradation.

Zimbabwe's Carbon Trading Opportunities

1. **Renewable Energy** such as solar, wind, geothermal, biogas.
2. **Energy Efficiency** in cooking, lighting, industrial processes, mining or buildings.
3. **Transportation** – shifting to electric buses and mass transportation; fuel efficiency.
4. **Bioenergy and waste management** – composting, waste to energy.
5. **Climate smart agriculture** - better livestock management; soil carbon; reduced use of synthetic fertilisers.
6. **New clean technologies in manufacturing** – clinker substitution in cement; nitrous oxide abatement; green hydrogen; green electrolysis.
7. **Forestry and nature preservation** - reducing emission from deforestation; afforestation and reforestation; agroforestry.

Insurance Companies and Pension funds can come onboard as a potential project proponent, investors and insurers for carbon credit projects!!!

CARBON TRADING OPPORTUNITIES IN ZIMBABWE: FOR INSURANCE COMPANIES & PENSION FUNDS

OPPORTUNITIES FOR INSTITUTIONAL INVESTORS



**FOR INSURANCE
COMPANIES**



DIVERSIFIED INVESTMENTS

Long-term, stable returns.



ESG & SUSTAINABILITY GOALS

Alignment with responsible investing.



CARBON CREDIT INVESTMENT

Direct project funding for credits.



REGULATORY COMPLIANCE

Future-proofing against climate regulations.



SECTOR PROJECTS



Clean energy, forestry,
carbon farming



FOR PENSION FUNDS

ZIMBABWE'S POLICY & INSTITUTIONAL FRAMEWORK

POLICY FRAMEWORK (SI 150 OF 2023)



- LEGAL FOUNDATION for Carbon Markets
- CLEAR OWNERSHIP & REVENUE SHARING
- BENEFIT SHARING (30% to Local Communities, 2% to State Fund)
- PROJECT REGISTRATION REQUIREMENTS

INSTITUTIONAL FRAMEWORK



- MINISTRY OF ENVIRONMENT, CLIMATE, AND WILDLIFE (MECW)
Overall Oversight
- NATIONAL CARBON CREDIT REGISTRY
Tracking Credits
- DESIGNATED NATIONAL AUTHORITY (DNA)
Approval Process
- CARBON MARKETS ADVISORY COMMITTEE



KEY SECTORS FOR PROJECTS



FORESTRY & REDD+
Conservation,
afforestation



RENEWABLE ENERGY
Reduced fossil fuels



AUSTALTURE
Regenerative farming,
reduced methane



**SUSTAINABLE
AGRICULTURE**
Regenerative farming,
reduced methane

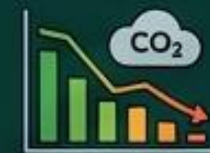


**WASTE
MANAGEMENT**
Landfill gas-to-energy



**CLEAN
COOKSTOVES**
Efficient cooking

BENEFITS TO ZIMBABWE



**GREENHOUSE GAS
REDUCTIONS**
Climate action



JOB CREATION
New economic sectors



**SUSTAINABLE
DEVELOPMENT**
Community projects



**SUSTAINABLE
DEVELOPMENT**
Community projects



**TECHNOLOGY
TRANSFER**
modern systems



CONSERVATION

170 TYPES OF CARBON CREDIT



Zimbabwe's Climate Finance Needs

- Significant resources are required for climate change adaptation and mitigation
- Public financing alone is insufficient
- Need to mobilise private sector and institutional capital
- Long-term domestic savings institutions are critical partners

▶ **Adaptation** - an adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities”

▶ **Mitigation** - an anthropogenic (human) intervention to reduce sources or enhance the sinks of greenhouse gases”.



ZIMBABWE'S CLIMATE FINANCE NEEDS



1. KEY STATISTICS & TARGETS



\$10.3 BILLION
ADAPTATION NEEDS
(NAP, 2023-2030)

\$4.8 BILLION
MITIGATION COSTS



40%
PER CAPITA
EMISSIONS REDUCTION

2. SECTORS FOR INVESTMENT



CLIMATE-SMART AGRICULTURE



RENEWABLE ENERGY



INFRASTRUCTURE & RESILIENCE

THE VISION: SUSTAINABLE & LOW-CARBON FUTURE

3. FINANCIAL MECHANISMS & SOURCES

PUBLIC FINANCE



INTERNATIONAL AID (GCF, Grants)



PRIVATE INVESTMENT



SUSTAINABLE & LOW-CARBON FUTURE

International Climate Finance

- Zimbabwe accesses global climate finance through:
 - a) Green Climate Fund (GCF)
 - b) Adaptation Fund
 - c) Global Environment Facility (GEF)
 - d) Climate Investments Funds
- The Ministry of Environment, Climate and Wildlife serves as the national focal point for these mechanisms.
- The country also access funds from bilateral and multilateral arrangements

ZIMBABWE ACCESSES GLOBAL CLIMATE FINANCE THROUGH

1 INTERNATIONAL CLIMATE FUNDS



GCF
GREEN CLIMATE FUND

GREEN CLIMATE FUND (GCF):
Large grants & loans.
Example: Resilient agriculture project (UNDP as partner)

GLOBAL ENVIRONMENT FACILITY (GEF):
Funding for biodiversity, energy

ADAPTATION FUND (AF):
Concrete adaptation projects

2 DOMESTIC INSTITUTIONAL FRAMEWORKS



IDBZ:
Accredited Entity of the GCF.
Direct access to loans and support for projects

CLIMATE CHANGE MANAGEMENT DEPT:
Within Ministry.
National Designated Authority (NDA).
The official interface

3 INNOVATIVE & EMERGING MECHANISMS



RENEWABLE ENERGY FUND (REF):
Blended finance (Government, UN, Old Mutual).
Scalable clean energy

CARBON TRADING:
Regulatory framework for carbon credits.
Generate revenue from mitigation

4 KEY FUNDING INSTRUMENTS



GRANTS:
Financial support without

GRANTS:
Financial support without repayment



TECHNICAL ASSISTANCE:
Expert support for capacity building



CONCESSIONARY LOANS:
Loans with favorable terms



BLENDED FINANCE:
Combining public & private funds

Role of Insurance & Pension Funds in Climate & Sustainability

Insurance: Building Climate Resilience

- Provides risk protection against climate shocks
- Supports climate adaptation (e.g. agricultural index insurance)
- Enables rapid recovery through parametric solutions
- Incentivises sustainable practices and resilience measures

Pension Funds: Financing Sustainability

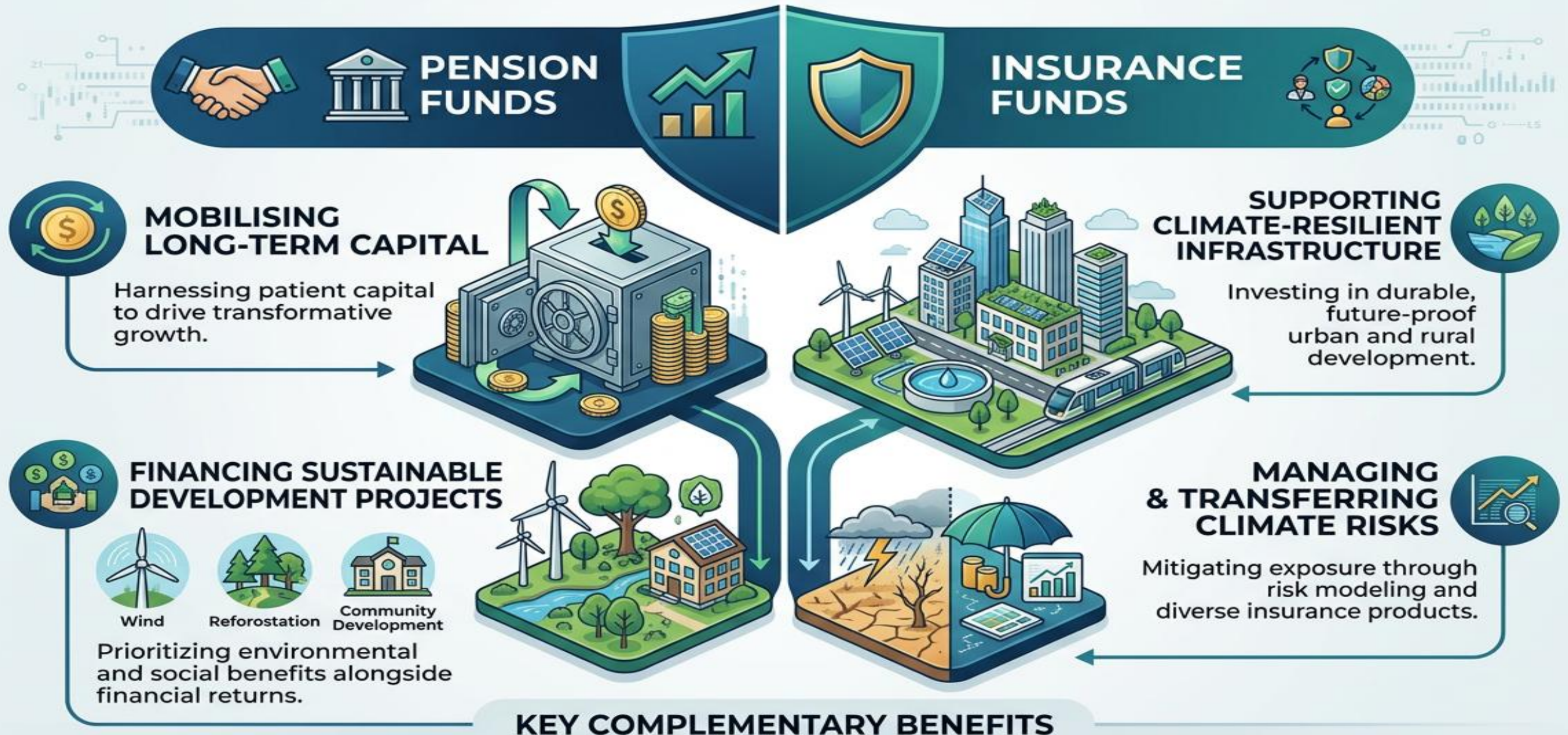
- Mobilise long-term capital for green and resilient infrastructure
- Invest in renewable energy and low-carbon projects
- Support sustainable finance instruments (e.g. green bonds)
- Integrate Environmental, Social, and Governance (ESG) criteria to manage climate risks and ensure sustainable returns

Enabling Environment

- IPEC driving sustainable and climate-aligned regulation
- Public-private partnerships supporting green investments
- Alignment with national climate and sustainability priorities

ROLE OF INSURANCE AND PENSION FUNDS

INSTITUTIONAL INVESTORS' CRITICAL ROLE IN CLIMATE & SUSTAINABILITY



PENSION FUNDS: Provide a base of long-term investment capital.

INSURANCE FUNDS: De-risk projects and enhance climate adaptation.

Investment Opportunities for the Sector

- Renewable energy and green infrastructure
- Water and irrigation systems
- Climate-smart agriculture
- Green bonds and sustainability-linked instruments
- Forestry, land restoration and nature-based solutions

Strategic Green Investment Pipeline (2026–2027)

1. Decentralized Renewable Energy & Grid Modernization

- **Target:** Utility-scale solar and the **Rural Energy Master Plan** (56 community mini-grids).
- **Strength:** High bankability via the **ZimREF Renewable Energy Fund**, a blended finance model (projected to reach **US\$50M by late 2026**) that de-risks private capital through UN and Old Mutual partnerships.

2. Climate-Resilient Water & Irrigation Infrastructure

- **Target:** The **US\$424M Commercial Irrigation Development** plan and the rehabilitation of 10,600 dams.
- **Strength:** Protected by the **Horticulture Investment Fund (HIFECR)** and IDBZ's dedicated Climate Finance Facility, offering stable, long-term returns for institutional investors.

3. Scaled Climate-Smart Agriculture (CSA)

- **Target:** 100% adoption of the **Pfumvudza/Intwasa** conservation model by the 2026 season.
- **Strength:** Investors can fund cold-chain logistics and solar-powered value addition (e.g., fruit canning, meat processing) which carry government incentives like **duty-free equipment imports**.

4. Digital Green Bonds & Sustainability-Linked Debt

- **Target:** Tokenized green bonds on the **Victoria Falls Stock Exchange (VFEX)**.
- **Strength:** Offers a "Prescribed Asset" status with enhanced transparency; the 2025-2026 issuance cycle introduces **digital money settlement** to improve liquidity for pension funds.

5. Regulated Carbon Markets & Verified Forestry

- **Target:** Nature-based solutions under the **2025 Carbon Trading Regulations** and new **Forest Stewardship Standards** (effective Jan 2026).
- **Strength:** Provides a new revenue stream through **Verified Carbon Credits** from reforestation and wildlife-based tourism projects (e.g., Kariba REDD+).

Insurance Innovation: Defining the Resilience Toolkit

- A. **Agricultural Index Insurance (AII)** - If rainfall falls below a pre-agreed millimeter threshold (the "trigger"), a payout is automatically issued to cover the cost of seeds and fertilizer for the next season. *It removes the need for expensive on-site inspections, making insurance affordable for smallholder farmers.*

- B. **Parametric Insurance Products** - A "parameter" is a physical event (wind speed, heat intensity, etc) rather than a financial loss. Useful for **renewable energy projects** (e.g., a solar farm receiving a payout if "low-sunlight" days exceed a certain number) and **infrastructure** (e.g., payouts for municipal bridge repair triggered by flood-water height). *Speed. Payouts happen in days, not months, which is critical for maintaining cash flow during a crisis.*

- C. **Disaster Risk Insurance Mechanisms (Sovereign Level)** - Large-scale policies taken out by the national government to protect the national budget from catastrophic shocks. Zimbabwe is a member of the **African Risk Capacity (ARC)**. In 2024, the government and the World Food Programme (WFP) received a **US\$32M payout** following the El Niño-induced drought. *This "Sovereign Shield" prevents the government from having to divert funds from healthcare or education to pay for emergency food aid.*

- D. **Inclusive Climate Protection for Vulnerable Communities** - Micro-insurance products designed for low-income households and the informal sector. Integration with **mobile money (EcoCash/OneMoney)**. Payouts are sent directly to a farmer's or vendor's phone after a disaster, ensuring the most vulnerable can immediately purchase food or essentials without waiting for traditional aid. *"Bundling" insurance with other services, such as a farmer receiving a small insurance policy automatically when they buy a bag of certified drought-resistant seeds.*

Policy Signals from Government

- Government is committed to:
 - i. Strengthening climate governance and legislation
 - ii. Promoting sustainable finance
 - iii. Supporting climate finance mobilisation
 - iv. Enabling carbon markets and green investment
 - v. Creating an enabling policy environment for investors

Emerging Issues: ESG and Sustainable Finance

- Government is prioritising ESG integration as a core pillar of sustainable finance in Zimbabwe
- Strengthening alignment with national frameworks: Climate Change Management Bill, NDS 2, NDC & NAP
- Moving toward greater climate risk disclosure and transparency across the financial sector
- Regulators, including IPEC, expected to drive responsible investment and ESG compliance
- Development of a national sustainable finance / ESG framework to guide capital allocation
- Leveraging Prescribed Asset Status to channel investment into green and resilient sectors
- Positioning Zimbabwe to attract global climate finance and ESG-linked investment flows
- ESG as a foundation for financial stability, investor confidence and long-term economic resilience

Way Forward

- **Collaboration:** A whole-of-society approach is essential. There is need for continued dialogue and collaboration between insurance companies, pension funds, government ministries, regulators, and development partners to build on synergies and inform policy development and implementation.
- **Alignment:** alignment with key sectoral policies, strategies, plans and green finance frameworks to ensure that the private sector effectively contributes to national, regional and international climate and development goals, enhancing access to climate financing (development banks, climate funds, blended finance).
- **Embrace Disclosure:** capacity building and adoption of international standards that ensure transparent and consistent disclosure of climate-related risks and opportunities. This builds investor trust and attracts green capital.
- **Leverage Opportunities:** The transition to a greener economy presents significant opportunities. Insurance Companies and Pension Funds are uniquely positioned to unlock private sector finance for climate action and drive innovation and the establishment of innovative financial mechanisms and instruments such as sustainability linked bonds, sustainability linked loans, green bonds, etc. Investment in key priority areas as highlighted in the NDC, NAP, Green Resilient Recovery Strategy etc.
- **Financial services:** Expand risk pools and parametric insurance for climate shocks, including crop insurance and property cover for flood/drought. Strengthen catastrophe modelling, reinsurance arrangements, and capital buffers. Promote affordable insurance penetration in vulnerable communities.

Conclusion

- Zimbabwe's sustainability transition presents both risks and opportunities.
- Stronger collaboration between Government, regulators and institutional investors will be essential to mobilise the long-term capital required to build a resilient and sustainable economy.

Thank You

