

# Sustainability Newsletter

Embracing Climate Change

Volume 4: November 2022

**Norsad**  
CAPITAL

## Message from CEO: Norsad's Commitment to Climate Change

I am pleased to present the fourth volume of our sustainability newsletter which focuses on climate change in Sub-Saharan Africa (SSA). This region is thought to be one of the most vulnerable in the world to the effects of climate change.

Rising temperatures and sea levels together with changes in rainfall patterns are resulting in an increased frequency and intensity of natural disasters. This is transforming the regions' ability to produce food, protect clean water sources and facilities, maintain consistent electrical supply among others and is already measurably affecting biodiversity and the health and economic activities of communities and businesses.

As an impact investor in Africa, Norsad recognises the important role the financial sector plays in Africa when it comes to funding climate-related businesses and operations. Norsad also recognises the importance of embracing the green transition as a fundamental strategy in the efforts to combat climate change related effects. Our commitment to impact investing is guided by a number of globally recognised frameworks that inform our approach and provide access to global best practice standards.

In this issue, we will unpack the key climate-related risks facing SSA, our approach and the role of investors in responding to climate change and bridging the climate finance gap.

Best regards,

**Kenny Nwosu**

Chief Executive Officer



## About Norsad

"Norsad is an impact investor and private credit provider, and we offer tailor-made debt solutions to profitable growth companies in Africa. Our investment coverage is Sub-Saharan Africa, and our principal operational area is the Southern Africa region."

## Our Purpose

"To Build a Better Africa". We are intentional in our financing activities towards the building of a better Africa, and we aspire to positively impact the lives of 100 million Africans by 2030.

## Our Values



Be  
**Passionate**



Be  
**Authentic**



Cultivate  
**Adaptability**



Seek  
**Growth**



Embrace  
**Collaboration**

## Our Impact Themes

We select investments that contribute to solving social and environmental challenges, whilst still seeking market-related financial returns – **“Profit with Purpose.”** We focus on generating social impact around four themes:



Sustainable Livelihoods



Gender Equality



Climate and Clean Energy



Financial Inclusion

## Our Focus Sectors

Norsad has a track record of investing in Africa for over 30 years, principally in the SSA region. We focus on high-impact sectors including:



Financial institutions



Food value chain

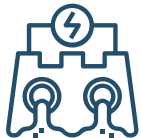


Soft infrastructure



Industrials & Manufacturing

By December 2021, Norsad had disbursed a total of US\$ 10.5 million towards renewable energy generation:



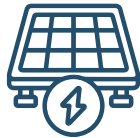
Pungwe C Hydroelectric Power Station (Zimbabwe)

**US\$3 500 000**



Riverside Solar Power Station (Zimbabwe)

**US\$2 000 000**



Invest Solar Africa (Zimbabwe)

**US\$5 000 000**

Through our investments, our portfolio is expected to have an installed capacity of 26 MW.

<sup>1</sup> [Adapting to Climate Change in Sub-Saharan Africa](#)

## The Climate Change Imperative

Global climate change has resulted in the increased frequency and severity of weather and climate-related events such as higher temperatures, increased droughts, and more severe storms leaving the poor and vulnerable the most severely impacted and most at risk.

Although Africa is one of the lowest greenhouse gas (GHG) emitters, it is still one of the world’s most vulnerable regions due to, in part, the higher levels of poverty across the continent compared to other regions.

In line with our impact pillars, we have invested in several companies operating in the food value chain, which is being increasingly impacted by climate change. In SSA, there is substantial economic reliance on rain-fed agriculture. Consequently, natural disasters that are plaguing the region will result in lower food productivity, lower economic activity, and increased population vulnerability <sup>1</sup>. Globally, providers of financial capital are increasingly standing up to incentivise and stimulate further investment in climate mitigation and adaptation. Norsad is proud to have responded to this clarion call.

Global estimated cost of natural disasters in 2021 was **US\$ 250 billion** (up 24% on 2020)- Swiss Re

Africa contributes less than **3%** of global emissions

Africa has only received **US\$ 29.5 billion** of the \$250 billion required to for climate change adaptation and mitigation.



## The Need for Climate Finance

As impact investors and debt providers, we are aware of the role we can play in supporting the fight against climate change. A major challenge in Africa is the availability of climate-related finance. Climate financing is vital in helping countries to achieve their climate goals as it not only helps countries reduce GHG emissions, but also provides communities with the opportunity to adapt and become more climate resilient.<sup>2</sup>

If countries do not have the resources required to invest in 'green' technologies and other relevant infrastructure, they may be more at risk of suffering the adverse effects of climate change. Negative climate and weather events may cause physical damage that may, without adequate financial backing, lead to the inability of certain regions to adequately rebuild and recover, leading to economic strain. Climate finance is also essential to improve the resilience of communities and countries.

## Norsad Portfolio Company Spotlight (enabling climate finance in Zimbabwe)



- Norsad initially provided a facility of US\$10 million to FBC in 2016, followed by a further disbursement of US\$10 million in 2021
- Climate finance department, housing sustainability unit, launched in 2021
- Aiming to become certified under the Sustainability Standards and Certification Initiative<sup>3</sup> (SSCI)
- FBC Bank mandate – to pursue new climate resilient investment opportunities
- FBC bank focus – to obtain Green Climate Fund Direct Access Entity Accreditation

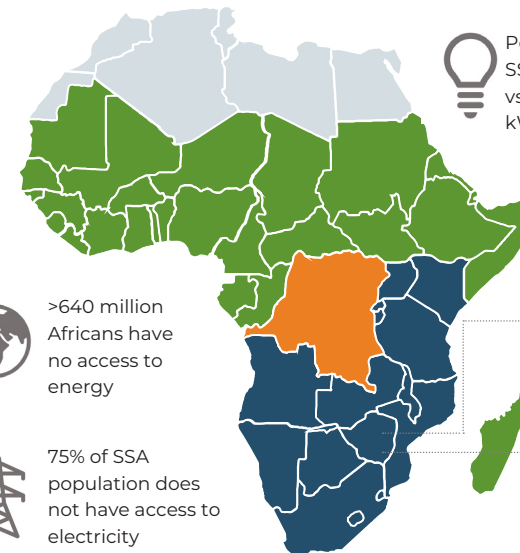
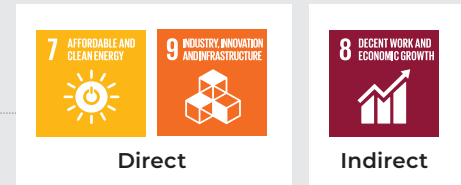
<sup>2</sup> UN - Climate Action

<sup>3</sup> Certification driven under the European Organisation for Sustainable Development

## Investing in Renewable Energy



In line with our **climate and clean energy impact pillar**, we are committed to financing sustainable infrastructure that will assist in the development of renewable energy projects. This also aligns with several direct and indirect SDGs that Norsad aims to support.



Per capita consumption of energy in SSA (excluding South Africa) is 180 kWh vs 13000 kWh in the USA and 6500 kWh in Europe



>640 million Africans have no access to energy



75% of SSA population does not have access to electricity



- Principal Operational Area
- New Geographies in 2021
- Investment Coverage

In 2021, <b>54 GW</b> total renewable energy capacity in Africa	In 2021, <b>18%</b> of electricity output in Africa was from renewable sources	In 2021, <b>US \$2.7 billion</b> renewable energy investment in Africa
Norsad Renewable Energy Portfolio Overview 2021		
<b>50</b> Jobs supported by Norsad's renewable energy portfolio	<b>8%</b> contribution to Zimbabwe's renewable energy supply	A total of <b>6.5 MW</b> produced in Zimbabwe



Through these direct investments, we are delivering on our impact theme of 'climate and clean energy' and supporting the process of renewable energy generation in the SSA region.

In Zimbabwe, the demand for affordable energy is evident, as it is estimated that only 40% of Zimbabweans have access to electricity. In addition, approximately 68% of the population in rural areas rely on firewood as their main energy source. The availability of renewable energy as well as new technology like solar irrigation systems will be critical to mitigating climate change and reducing GHG emissions in the country, which is reliant on its predominantly agricultural-based economy <sup>4</sup>.

Our investment in NRE has also resulted in positive social developments in Zimbabwe, including the following:




- New roads were built by NRE to improve access to their sites
- The new roads have augmented local farmers' access to new or alternative agricultural land and the market
- Honde Valley Hydro Electric Power Trust has connected 52 schools in the Honde Valley to the national grid, with the programme set to include schools in Mutoko and Nyanga areas.

<sup>4</sup> [Renewable Energy in Zimbabwe](#)




## Building Resilience in our Portfolio

Norsad is committed to improving our internal processes to ensure climate change forms part of our investment process and supports our portfolio to improve their resilience and sustainability.

At an organisation level, Norsad commits to:

-  Reporting on the Taskforce on Climate Related Disclosures (TCFD) as UNPRI signatories in 2023
-  Developing and implementing a climate change policy and strategy
-  Engaging with our stakeholders to ensure alignment with best practices and frameworks

We endeavour to support our portfolio by:

-  Conducting a portfolio level climate risk assessment
-  Calculating carbon footprints for our portfolio
-  Developing action plans with climate mitigation and adaptation measures

## Contact Us

### Botswana Office

+267 (0) 316 0860 · [www.norsadcapital.com](http://www.norsadcapital.com) · P O Box 1476 ABC · Plot 54366 Peelo Place · Western Commercial Road · Central Business District · Gaborone · Botswana

### South Africa Office

+27 11 326 6644 · [www.norsadcapital.com](http://www.norsadcapital.com) · No. 4, Upper Ground Floor · Katherine & West Building · 114 West Street Sandton · Johannesburg · South Africa

