



## **From “*Infrastructure Development Bank*” to “*Infrastructure and Development Bank*”**

Our Stakeholders are hereby notified that in terms of the Finance Act, 2023 (No. 13 of 2023), the Bank has been renamed from Infrastructure Development Bank of Zimbabwe to *Infrastructure and Development Bank of Zimbabwe* (“*the I&DBZ*”) with effect from 1 January 2024. The change of name was necessitated by the need to have a name that reflects the Bank’s broader mandate which incorporates infrastructure and, at the same time, promote developmental financing across all sectors of the economy.

### **Background**

The Infrastructure Development Bank of Zimbabwe (“the IDBZ”) was established on the 31st of August 2005 through an Act of Parliament, the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14] as a successor institution to the Zimbabwe Development Bank (“ZDB”). The ZDB was set up in 1983 with a mandate to mobilize internal and external resources to support economic development in all sectors of the economy. This entailed the provision of capital for the expansion or modernization of existing enterprises or the creation of new enterprises. To this end, the Bank was expected to engage, alone or with other persons or institutions, in financing loans and bonds, whether medium or long term, guaranteeing loans, under-writing, and other related activities.

The objective of establishing the IDBZ as a successor to ZDB was to focus the Bank’s mandate on infrastructure development as an anchor for stimulating and supporting the economic and social development of Zimbabwe. The absence of a development finance institution (DFI) that focused on infrastructure development prompted the Government to transition the ZDB to the IDBZ. As an *Infrastructure and Development Bank*, the Bank will broaden and deepen private sector support in pursuit of strengthening the execution of its mandate. The Bank’s broad mandate is to improve the standard of living of Zimbabweans through sustainable economic



growth and investment in infrastructure as well as addressing funding shortfalls across all the sectors of the economy.

### **The Transition**

The transition from the IDBZ to I & DBZ is to enhance the Bank's execution of its mandate which enjoins it to:

- a) promote economic development and growth, and to improve the living standards of Zimbabweans, through the development of infrastructure including, but not limited to, roads, dams, water reticulation, housing, sewerage, technology, amenities and utilities;
- b) develop institutional capacity in undertakings and enterprises of all kinds in Zimbabwe; and
- c) support development projects and programmes in all sectors of the Zimbabwean economy.

The I&DBZ will prioritise the following areas for the effectual delivery of the strategy:

- (i). growing a robust pipeline of bankable and shovel-ready projects in order to accelerate infrastructure investments in primary focus sectors: Water and Sanitation; Housing; Irrigation Development; Transport; and Energy (WHITE), as well as the secondary focus sectors which are: Health, Education, Tourism, and Information Communication Technology (ICT);
- (ii). deepening partnerships and strengthening the Bank's balance sheet through implementation of various capitalisation initiatives and also broadening funding sources;
- (iii). scaling up funding support to the private sector by funding agri-businesses, mining and metals production, and various manufacturing businesses in automotive and transport equipment; chemicals, medical & industrial mineral products; and textiles & wood products sub-sectors;
- (iv). deepening human capacity in the areas of climate finance; project preparation & structuring; and project management; and
- (v). enhancing the Bank's systems and ICT platforms to foster agility, efficiency, and innovation.



By scaling up funding support to the private sector, the Infrastructure and Development Bank of Zimbabwe will strengthen financial sustainability. A stronger private sector performance will ensure diversified short-term income to augment the Bank's long-term infrastructure income.

The private sector support will entail advisory services, structured finance transactions, equity investments and use of de-risking instruments to expand sources of income. Key to the success of the private sector operations will be innovation and adaptation to the dynamic operating environment by churning out appropriate products.

The I&DBZ as a DFI will play a key role in the shift to low-emission, and climate resilient infrastructure. As such, the transition will also allow the Bank to take part in the financing of development programmes with the support of bilateral and multilateral institutions.

With the world moving from global warming to global boiling, there is more urgency than ever to unlock the capital needed for the transition to a net-zero global economy. This will result in increased funding commitments, and deployment of finance for climate and sustainable development in the most efficient and effective way possible. The transition will therefore see increased activities in climate change mitigation and adaptation, as well other environmental objectives such as biodiversity.

