Green Finance Toolkit

Available Green Financing Sources and Eligibility Criteria

Objective

The Green Finance toolkit aims to equip Tanzanian businesses, especially Micro, Small, and Medium Enterprises (MSMEs), with comprehensive guidance on accessing green finance. It introduces local and international financing options—including early-stage equity and concessional capital—eligibility criteria, typical financing terms, and emerging tools like green bonds and blended finance. The goal is to help businesses develop environmentally responsible projects that create green jobs, reduce environmental impacts, and align with Tanzania's Nationally Determined Contributions (NDCs) and Sustainable Development Goals (SDGs).

This toolkit is primarily tailored for private sector actors, including MSMEs, startups, and entrepreneurs, but is also relevant to NGOs and development partners supporting the green transition.

Context

The country has set an ambitious goal to reduce greenhouse gas emissions by 30-35% by 2030 as part of its Nationally Determined Contributions (NDCs). This is a critical target for combating climate change, as Tanzania faces pressing environmental issues such as deforestation, water scarcity, and climate vulnerability. However, realizing a green, resilient economy by 2030 requires an estimated USD 32 billion in investments to fund climate adaptation and mitigation efforts.

For Tanzania to meet its Sustainable Development Goals (SDGs) and NDC targets, it must mobilize resources for projects that promote renewable energy, sustainable agriculture, and green infrastructure. This is where green finance comes in—a key enabler of green projects and sustainable business models.

Despite the potential for green finance to drive Tanzania's green transition, businesses—especially MSMEs—face considerable barriers to accessing capital. Green financing options remain underutilized, and many businesses are unaware of the resources available to fund their sustainable initiatives.

Available Green Financing Sources in Tanzania

Tanzanian businesses can access diverse financing options from local, regional, and international sources. This section details each source, including what it entails, eligibility criteria, Tanzanian examples, and access steps.

Green Financing Sources Overview

Green Bonds

What Are They?
Debt instruments are used to raise capital for projects with positive environmental impacts, such as renewable energy, sustainable agriculture, water infrastructure, and green buildings. They follow the International Capital Market Association (ICMA) Green Bond Principles (GBP).

Eligibility Criteria:
- The project must deliver measurable environmental benefits (e.g., reduced CO_2, improved energy efficiency)
- Must align with green categories defined in frameworks like the ICMA Green Bond Principles
- Excludes activities linked to fossil fuels or high emissions
- Requires impact reporting (e.g., tCO_2e reduced, MWh generated)

Sector Examples:
- Solar mini-grids (>85% clean energy output)
- Climate-smart irrigation and water management projects
- Sustainable forestry initiatives

Typical Financing Terms:

- Ticket sizes range from USD 15 million and above, suitable for larger-scale projects.
- Eligibility Criteria:
- The project must support national climate or environmental goals (e.g., NDCs, SDGs)
- Must demonstrate measurable impact (e.g., renewable energy generation, reforestation, water conservation
- Often requires co-financing or matching contributions
- May prioritize rural, low-income, or gender-inclusive initiatives
- Interest rates vary, often aligned with market rates (6–10%) but can be lower for certified green bonds.
- Maturities are generally 7–15 years.

How to Access:

- Partner with NMB or CRDB to structure offerings, leveraging NMB's impact metrics or CRDB's Sustainable Bond Register.
- Secure approval from the Capital Markets and Securities Authority (CMSA) and list on the Dar es Salaam Stock Exchange (DSE).
- Obtain external reviews (e.g., NMB's Climate Bonds Initiative certification or CRDB's Sustainalytics Second Party Opinion).

Case Sudy: Tanga Water Infrastructure Green Bond

In February 2024, Tanga UWASA issued East Africa's first subnational green bond, valued at TZS 53.12 billion (~$20.8M). The 10-year bond aimed to enhance water supply and sanitation in Tanga City and surrounding areas. The project was oversubscribed by 103%, with 65% of funds sourced locally and 35% internationally.

Grants and Subsidies

What Are They?

Non-repayable funds from government agencies or donor organizations supporting climate-focused initiatives across sectors such as renewable energy, sustainable agriculture, water management, and waste management.

Eligibility Criteria:

- The project must support national climate or environmental goals (e.g., NDCs, SDGs)
- Must demonstrate measurable impact (e.g., renewable energy generation, reforestation, water conservation, etc)
- Often requires co-financing or matching contributions
- May prioritize rural, low-income, or gender-inclusive initiatives

Sector Examples:

- Off-grid solar and rural electrification
- Climate-resilient agriculture
- Water supply and sanitation projects

Typical Financing Terms:

- Grant amounts usually range from USD 50,000 to USD 2 million depending on scope.
- No repayment is required.

How to Access:

- Apply through programs like the Tanzania Rural Electrification Expansion Program via the Rural Energy Agency (REA).
- Submit proposals via CRDB's GCF accreditation pipeline or other donor windows.

Private Investment

What Are They?

Capital from private equity firms, venture capitalists, and impact investors supporting profitable and scalable green ventures, including early-stage startups and high-risk R&D projects.

Eligibility Criteria:

- The project must have a viable business model with growth potential
- Must deliver both financial returns and environmental/social impact
- Clear ESG or sustainability strategy preferred
- The strong management team and operational capacity recommended

Sector Examples:

- Off-grid solar (e.g., Persistent Energy Tanzania)
- Climate-smart agriculture technology startups
- Water purification and recycling ventures

Typical Financing Terms:

- Equity ticket sizes range from USD 100,000 to USD 10 million.
- Venture capitalists seek equity stakes, with exit horizons of 5–7 years.
- Concessional loans may be available with interest rates of 0–5%, and repayment over 5–10 years.

How to Access:

- Pitch to investors such as Acumen Fund, Novastar Ventures, Norfund, and regional VC firms.
- Leverage Tanzania Investment Centre (TIC) incentives including tax holidays and special economic zones.

International Climate Funds

What Are They?

Global funds like the Green Climate Fund (GCF), Global Environment Facility (GEF), and Adaptation Fund that finance climate mitigation and adaptation projects in developing countries.

Eligibility Criteria:

- The project must align with the climate adaptation/mitigation priorities of the host country
- Must be implemented with or through an accredited entity (e.g., national bank, UN agency)
- Requires strong impact justification (e.g., climate resilience, vulnerable groups support)
- Detailed project proposal with results framework and theory of change

Sector Examples:

- Climate-smart agriculture technologies
- Renewable energy expansion
- Water resource management and conservation

Typical Financing Terms:

- Grants: USD 100,000 to USD 3 million typically.
- Concessional loans or blended finance up to USD 15 million or higher.
- Long repayment periods (10–20 years), low or zero interest.

How to Access:

- Collaborate with CRDB's Sustainable Finance Unit or UN agencies for GCF project proposals.
- Follow NDA approval via Tanzania's Vice President's Office.

Early-Stage & Concessional Capital (New Section)

What Are They?

Financing tools designed to support green startups, innovation, and high-risk R&D projects that may not yet qualify for traditional debt or grants.

Types:

- Venture Capital & Private Equity targeting early-stage green tech.
- Concessional loans from Development Finance Institutions (DFIs) such as IFC, AfDB.
- Convertible grants and revenue-based financing instruments.

Sector Examples:

- Climate-smart agriculture startups developing precision farming tools
- Water purification and treatment technologies
- Circular economy innovations in waste recycling

Typical Financing Terms:

- Ticket sizes: USD 100,000 to USD 5 million for startups.
- Interest rates: Often below market or interest-free for early grants.
- Repayment terms vary widely; equity investors expect ownership stakes.

How to Access:

- The approach impacts investors and green tech accelerators such as the Tanzania Climate Innovation Center (TCIC).
- Engage local and regional venture capital networks.

CEOrt Tip; Pursuing green finance is not just about accessing capital—it's about positioning your business as a driver of Tanzania's sustainable future. CEOrt urges its members to think beyond compliance and consider how their projects can transform communities, regenerate ecosystems, and contribute meaningfully to our national and global climate goals.

Risk and Financing Size Overview for Green Finance Options

Financing Type	Typical Ticket Size (USD)	Risk Level	Brief Risk Explanation
Early-Stage & Concessional	100,000 – 5 million	High	High risk due to startup phase, technology uncertainty, and market adoption challenges. Investors expect higher returns or equity.
Green Bonds	5 million – 100+ million	Low to Medium	Lower risk as bonds are usually issued by established entities with regular payments but depends on issuer creditworthiness.
Grants	Up to several million	Very Low	No repayment required; lowest financial risk but competitive and conditional on impact criteria.
Private Equity & Venture Capital	1 million – 50+ million	High	High risk with the potential for high reward; investors take equity stakes and influence business decisions.
Concessional Loans	500,000 – 20 million	Medium	Below-market interest rates reduce risk, but loans must be repaid; often backed by development agencies mitigating default risk.

Step-by-Step Guide to Accessing Green Finance

1. Develop a Green Strategy

- Begin with a clear idea or concept of your project that aims to create a positive environmental and social impact. Think about what you want to achieve and how it contributes to Tanzania's climate goals and sustainable development.

2. Assess ESG Alignment

- Evaluate your project's Environmental, Social, and Governance (ESG) aspects. Identify any gaps or changes needed to ensure the project meets recognized green standards and sustainability principles.

3. Identify Suitable Financing Options

- Explore different green finance sources that best fit your project's size and stage—such as green bonds, grants, private investments, concessional or early-stage funding.

4. Prepare a Detailed Project Proposal

- Develop a comprehensive proposal that highlights the environmental benefits, social impact, financial viability, and measurable outcomes of your project (e.g., CO_2 reductions, jobs created).

5. Apply for Green Funding and Engage Partners

- Submit your proposal to appropriate funders and engage with financial institutions, technical partners, and advisors to support your application and project success.

Sample Monitoring & Reporting Indicators

Indicator: CO_2 Avoided
What to Measure: Emissions reduction
Example Target: 10,000 tCO_2/yea

Indicator: Energy Output
What to Measure: Renewable capacity
Example Target: 5 MWh/day from solar

Indicator: Jobs Created
What to Measure: Employment impact
Example Target: 50 green jobs

Indicator: Water Saved
What to Measure: Volume conserved
Example Target: 1,000 m^3/year

Key Institutions & Access Points

Institution	Role	Contact
National Designated Authority (NDA)	Approves GCF proposals	Vice President's Office
Tanzania Investment Centre (TIC)	Provides investment incentives	www.tic.go.tz
Rural Energy Agency (REA)	Offers subsidies & grants	www.rea.go.tz
Acumen Fund / Norfund	Impact investors	www.acumen.org / www.norfund.no
CRDB & NMB	Green bonds & GCF pipelines	Contact bank sustainability units
UNDP / UNEP	Support GCF/GEF proposals	www.undp.org / www.unep.org
CMSA / DSE	Approve and list green bonds	www.cmsa.go.tz / www.dse.co.tz

Green Finance Readiness Checklist for SMEs

Use this before approaching any funder or investor:

Readiness Area	Key Questions
Strategic Alignment	Does the project align with climate goals (e.g., NDCs, SDGs)?
Business Model	Is the model scalable, financially viable, and climate-positive?
ESG/IMM Systems	Can you measure CO_2 reductions, green jobs, or adaptation impacts?
Legal Structure	Is your business registered? Can it legally hold and report funds?
Financial Documentation	Do you have audited financials or projections for at least 3 years?
Co-financing	Can you contribute part of the capital (even in-kind)?
Certifications	Can you obtain green bond verification or environmental clearance?
Team & Governance	Does your team have the technical and operational capacity?
Gender & Inclusion	Does your project promote equity or empower vulnerable groups?
Partnerships	Are you working with technical, academic, or NGO partners?

> If you answer "No" to morethan 4 items, consider pre-application support via CRDB's Sustainable Finance Unit, or local accelerators.

Case Study

Tanzania Agriculture Climate Adaptation Technology Deployment Programme (TACATDP)

CRDB is the first commercial bank in Africa to have a full Funding Proposal approved by the Green Climate Fund (2021): for a total funding value of USD200 million (GCF USD100 million and CRDB co-financing USD100 million). Using GCF's concessional resources, CRDB will launch three new financial products to support local agribusiness:

- A dedicated credit line for climate adaptation technologies and practices,
- A credit guarantee facility to expand access to new borrowers, and
- A weather-indexed insurance product to help protect against losses from climate-related events

This program aims to reach more than **6.1 million direct and indirect** beneficiaries through the transformation of the country's climate financing processes to improve access to affordable climate adaptation technologies in the agriculture sector.

In addition to financial products, the programme includes technical assistance and capacity-building components. These efforts aim to ensure the long-term sustainability of climate adaptation financing in Tanzania by reducing perceived risks associated with lending to agribusinesses and supporting large-scale investment in climate-compatible adaptation solutions.

TACATDP Operates under 2 main components:

1. Financial Instruments for Climate Adaptation
2. Technical Assistance and Capacity Building (4)

How TACATDP Promotes Sustainable Farming in Tanzania

The TACATDP program operates under two main components:

Dedicated Credit Line for Agriculture Resilience and Adaptation

(ARA) Financing CRDB, in partnership with GCF, has introduced specialized financing products to help farmers invest in climate resilient agriculture.These loans aim to fund drought-resistant seeds,precision irrigation systems, and sustainable soil management practices (CRDB Bank, 2023).

Guarantee Credit-Enhancement Facility

Many smallholder farmers struggle to access loans due to high credit risk perceptions.TACATDP introduces a guarantee scheme that reduces lending risks for financial institutions while improving access to credit for smallholder farmers investing in adaptation solutions (GCF, 2023).

Agriculture Resilience and Adaptation (ARA) Insurance Scheme

CRDB Bank, in collaboration with local insurance companies, has developed insurance solutions to protect farmers from climate shocks.This includes index-based crop insurance, which compensates farmers when rainfall falls below critical thresholds (CRDB Bank, 2023).

Training Farmers on High-Return Adaptation Strategies

Smallholder farmers are trained on climate-resilient crops, agroforestry, and sustainable water management.The program helps farmers adopt the circular economy model, reducing waste while improving resource efficiency (CRDB Bank, 2023).

Expected Impact of TACATDP

By transforming Tanzania's climate financing approach, TACATDP is expected to drive long-term adaptation and resilience in the agricultural sector. The key anticipated impacts include:

1. **62,064**
direct beneficiaries annually, with 1.24 million direct beneficiaries over the program's lifetime (GCF, 2023).

2. **245,152**
indirect beneficiaries per year, translating to 4.9 million indirect beneficiaries over the program's duration (CRDB Bank, 2023).

3. Increased private sector investments in climate adaptation, strengthening Tanzania's agriculture sector against future shocks (World Bank, 2023).

4. Enhanced food security and economic stability, particularly for vulnerable smallholder farmers and rural women (CRDB Bank, 2023).

Green finance is growing fast driven by climate urgency, policy incentives, and the need for sustainable business models. For Tanzanian MSMEs, it offers a real opportunity to access funding that fuels both business growth and environmental impact.

This toolkit has outlined practical financing options, eligibility criteria, and the steps needed to access green capital. The goal is to empower businesses with clear, actionable guidance—so they're not left behind in the green transition.

With the right preparation, partnerships, and proof of impact, Tanzanian enterprises can lead the way in building a low-carbon, resilient economy.

Ongoing initiatives like **CEOrt's Green Finance Campaign** aim to bridge financing gaps through practical tools, conversations, and partnerships.

Suggested References & Sources

Global & Regional Green Finance Frameworks

1. Green Bond Principles – International Capital Market Association (ICMA)

   https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/

2. Climate Bonds Initiative (CBI) – Green Bond Certification Standards
   https://www.climatebonds.net/

3. Green Climate Fund (GCF) – Country Programming and Access Modalities
   https://www.greenclimate.fund/

4. African Development Bank (AfDB) – Africa Green Financial Facility
   https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/green-finance

5. East African Development Bank (EADB) – Green Credit Lines
   https://eadb.org/

6. COMESA Climate Change Initiative
   https://www.comesa.int/comesa-climate-change-initiative/

Tanzania-Specific Green Finance Sources

1. Nationally Determined Contributions (NDC) Implementation Plan – Tanzania Vice President's Office (VPO), Division of Environment
   https://www.vpo.go.tz/

2. CRDB Bank – Green Bond & GCF Accreditation News
   https://www.crdbbank.co.tz/

3. NMB Bank – Sustainability Reports and Green Bond Framework
   https://www.nmbbank.co.tz/

4. REA (Rural Energy Agency) – Rural Electrification Programs
   https://www.rea.go.tz/

5. Tanzania Investment Centre (TIC) – Investment Incentives & Green Zones
   https://www.tic.go.tz/

6. UNDP Tanzania – GEF Small Grants & Green Finance Readiness
   https://www.undp.org/tanzania

> Reports & Supporting Studies

1. REPOA (2023). A Review of Tanzania's Fiscal Regime for Climate Action.
   https://www.repoa.or.tz/publications/

2. World Bank (2022). Unlocking Climate Finance for Development in Tanzania.
   https://www.worldbank.org/en/country/tanzania

3. UNEP Finance Initiative – Making Green Finance Work for Africa
   https://www.unepfi.org/

Definitions (Glossary)

Term	Meaning
Green Bond	A debt instrument used to finance green/ environmental projects
CBI (Climate Bonds Initiative)	Provides certification for green bonds
GCF (Green Climate Fund)	International fund for climate adaptation/ mitigation
Second Party Opinion	Independent review confirming a bond/ project's green credentials
NDCs	Nationally Determined Contributions—climate goals under the Paris Agreement
IMM	Impact Measurement & Management—framework for tracking project outcomes

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