



DFCD Project Snapshot

Climate-resilient agroforestry for renewable bioenergy

July 2026

Name of client	Export Trading Group (ETG)
Website	www.etgworld.com
Region	Africa
Country	Zambia
Project duration	August 2026 - August 2029
Confirmed financing	€300,000 grant from the DFCD Origination Facility (SNV) and €581,484 technical assistance support from FMO AYA
Anticipated finance leveraged	~€30 million debt financing (subject to successful pilot implementation)

Who is our (prospective) client?

Export Trading Group (ETG) is a global agricultural supply chain and agri-processing company that operates across Africa, Asia, Europe, North America, and Australia. Through its extensive network of sourcing, processing, and distribution operations, ETG works with millions of smallholder farmers while supplying agricultural commodities and food products to domestic and international markets.

In Zambia, ETG is developing the ECOSHIFT Bioenergy Crop Pilot Programme to explore how climate-resilient agroforestry can strengthen farmer livelihoods while supporting a transition to renewable biomass for industrial processing. The initiative will test dedicated bioenergy crops grown through agroforestry systems that improve soil health, restore degraded land, and create an additional income source for smallholder farmers. If successful, the model could provide a sustainable alternative to coal used in ETG's edible oil processing operations while creating long-term market opportunities for farmers.

Why do we fund this project?

Smallholder farmers in Zambia are increasingly exposed to climate change through prolonged droughts, erratic rainfall, and declining soil fertility. Many households rely on a limited number of annual crops –primarily maize, which is highly drought-prone – leaving them vulnerable to climate shocks that threaten both food security and household incomes.

At the same time, Zambia's agri-processing sector faces growing pressure to reduce greenhouse gas emissions while maintaining reliable energy supplies. Previous studies found that using agricultural residues as biomass at scale could reduce soil fertility and compete with existing household uses such as livestock feed and cooking fuel.

Previous SNV experience promoting agroforestry also highlighted limited farmer uptake, largely due to the absence of viable markets for fast-growing tree products and the high labour requirements relative to financial returns – an important constraint for many rural households.

The proposed project addresses both challenges by testing climate-resilient agroforestry systems that produce dedicated bioenergy crops, including nitrogen-fixing trees, bamboo, grasses, and sorghum, on suitable land. These crops can improve soil quality, increase water retention, reduce erosion, and diversify farmer incomes through a guaranteed commercial market for sustainably produced biomass.

However, important questions remain regarding crop performance, biodiversity impact, farmer adoption, logistics, and commercial viability. Additional technical assistance and field testing are needed before the model can attract large-scale investment and be implemented across ETG's operations.

The partnership between the DFCD Origination Facility and FMO AYA provides the minimum three-year testing period required to assess the feasibility of these agroforestry systems. While the DFCD Origination Facility will support the first year of implementation, FMO AYA will finance the remaining two years, demonstrating the complementarity of both facilities in advancing investment-ready climate solutions.

What is the intended funding objective?

The DFCD Origination Facility and FMO AYA will support ETG in developing an investment-ready business case for a scalable smallholder biomass outgrower model in Zambia.

The support will reduce technical, commercial, and operational risks while generating the evidence needed to mobilise long-term investment for climate-resilient agriculture and renewable bioenergy.

The grant and technical assistance will support:

- Demonstration plots and farmer trials to test climate-resilient agroforestry systems and suitable bioenergy crop varieties under local conditions.
- Farmer engagement and capacity strengthening, including training on regenerative agricultural practices and sustainable biomass production.
- Operational design, including testing nursery systems, biomass handling, storage, logistics, and quality management.
- Environmental, Social, Governance and GESI assessments to strengthen environmental and social performance and ensure inclusive participation.
- Investment readiness, including technical, financial and operational analysis required to support future investment decisions and scale-up.

These activities will provide the evidence required to determine whether the model can be expanded into a commercially viable, climate-resilient biomass value chain benefiting both farmers and ETG.



What are the expected impacts of the company from 2027?

During the pilot, the project is expected to:

- Establish approximately 150 hectares of demonstration and farmer-managed agroforestry plots.
- Engage around 150 smallholder farmers in field trials, training and knowledge exchange.
- Generate evidence on climate-resilient biomass production, farmer participation and commercial viability to support future investment.

Subject to successful pilot implementation and follow-on investment, the model has the potential to:

- Engage approximately 12,500 smallholder farmers across Zambia, Malawi and Zimbabwe.
- Replace around 50,000 tonnes of coal annually with sustainably produced biomass for industrial processing.
- Mobilise approximately €30 million in investment for biomass production, processing infrastructure, farmer credit, and working capital.
- Improve farmer resilience through diversified incomes, regenerative agricultural practices and long-term market access.
- Contribute to lower greenhouse gas emissions while strengthening climate-resilient food systems and sustainable land management.



Environmental and social rationale

The project combines climate adaptation, biodiversity and renewable energy objectives through a regenerative agroforestry approach.

Rather than relying on agricultural residues that are already essential for livestock feed, soil fertility and household energy, the project will test dedicated biomass crops that restore degraded land, improve soil health and increase water retention while generating an additional source of income for farmers.

The project also places strong emphasis on inclusion. Women, youth and smallholder farmers will be actively engaged throughout the pilot, with environmental, social and GESI assessments helping to identify barriers to participation and strengthen equitable access to training, employment and future commercial opportunities.

The pilot will generate valuable evidence on how climate-resilient agroforestry can support farmer livelihoods while supplying renewable biomass to industry. This will help ensure that any future scale-up delivers positive environmental, social and economic outcomes aligned with DFCD's objectives for climate adaptation, biodiversity conservation and inclusive development.

Contact us

For more information and if you want to share any confidential information you may have regarding the intended project or company, please contact:
dfcd@snv.org

 snv.org

 thedfcd.com

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