



Climate Finance Readiness Zambia



Climate Finance Readiness

FACT SHEET 6.

ZAMBIA

Climate finance readiness (CFR) progress in Zambia is evidenced in the development of the national climate change strategic and policy framework, now awaiting Cabinet approval.

Zambia has been classified as a least developed country (LDC), and is characterised by a large rural population and increasingly high poverty levels, and therefore faces particular development challenges related to climate change impacts that increase vulnerability for people and livelihoods. In the past decade, Zambia has already experienced large-scale flooding and droughts, which have impacted millions of people. Unpredictable weather patterns have affected agriculture, while the water flows of the Zambezi have become more extreme. Rainfed agriculture is especially vulnerable to rainfall patterns, with variability reducing agriculture's annual GDP growth rate by at least 1 percentage point, and by over 2 percentage points during the worst rainfall scenario.

UNDP CFR PILLAR	CLIMATE FINANCE READINESS COUNTRY ASSESSMENT
Financial Planning	<ul style="list-style-type: none"> • Zambia has progressed towards a cohesive policy framework, as demonstrated by the mainstreaming of climate change in its Sixth National Development Plan (SNDP), and by the draft National Climate Change Response Strategy (NCCRS). However, the National Climate Change Policy (NCCP) will need to be passed in order to prioritise and define the roles and responsibilities related to climate change activities. • Most climate change programmes are donor initiated. The Climate Change Financing Framework (CCFF) is under development and aims to improve resource mobilisation. • The Interim Climate Change Secretariat (ICCS), established under the Ministry of Finance and National Planning (MOFNP), is developing the CCFF. The ICCS is responsible for facilitating information sharing, dialogue and coordination across sectors, projects and stakeholders. • Due to the absence of an approved NCCRS and NCCP, Zambia does not have well-defined legal-institutional arrangements. As a result, the coordination of environmental management and climate finance activities remains relatively limited.
Accessing Finance	<ul style="list-style-type: none"> • The MOFNP has been proposed for accreditation as the National Implementing Entity (NIE). • Zambia does not have a national climate fund, but one has been suggested under the NCCRS. • Zambia has demonstrated significant capacity to access bilateral and multilateral funding, and has been elected to represent LDCs on the Board of the Green Climate Fund (GCF).
Delivering Finance	<ul style="list-style-type: none"> • Leveraging of climate funds from the national/regional banks is low, although there is some involvement from the Development Bank of Zambia and AfDB. • The Zambia Development Agency (ZDA) is encouraging the private sector to invest in the renewable industry through tax incentives.
Monitor, Report & Verify (MRV)	<ul style="list-style-type: none"> • National policies that guide and enforce requirements for MRV systems are relatively limited. • Policies and regulatory frameworks are needed at all levels of government to guide monitoring and reporting of climate finance activities.



Conclusions and Recommendations

Zambia has made significant progress in its climate finance readiness (CFR) as evidenced in the development of the NCCP and NCCRS. However, there have been delays in the operationalisation of both the strategy and the policy because Cabinet has to approve and adopt them first. The approval of the strategy and policy needs to be expedited. In addition, the following recommendations are important for improving Zambia's CFR status:

- Strengthening the institutional framework will be a necessary first step towards CFR for Zambia, while the timely evolution of the ICCS into the National Climate Change Council and the creation of a National Climate Fund will facilitate increased channelling of finances to relevant projects and improved delivery of funding.
- Improving cooperation between institutions like the ZDA and national or regional banks, and creating the necessary incentives for private sector engagement, will be significantly beneficial.
- Skills in project implementation are needed so that approved projects are implemented timeously and efficiently.
- Furthermore, there is a need to enhance partnerships between government, private sector and NGOs, such that the linkages in place can be further developed and capitalised upon.

This supplementary report forms part of research undertaken for UNDP's Regional Bureau of Africa Regional Environment Project on the Management of Environmental Service and Financing for Sustainable Development. The study and project provided support targeted at building the capacity of regional economic communities (RECs), governments, UNDP country offices and other stakeholders on sustainable ways to restore and manage natural ecosystems, while establishing enabling conditions for countries to access environmental finance from emerging carbon/environmental finance markets and mechanisms at the same time. This study was conducted between October 2013 and November 2014. The fieldwork behind the study was concluded in July 2014, and thus every attempt has been made to ensure the data referenced is factual up until this date.

