



# Inclusive green growth in Zambia

## Scoping the needs and potentials

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Tasila Banda and Steve Bass

Country Report

February 2014

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**Sustainable markets**

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*Keywords:*  
green growth; green economy  
policy; environmental economics;  
participation

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## Acknowledgements

This paper is the result of a collaboration between the government of Zambia's Ministry of Finance, the Ministry of Lands, Natural Resource Management and Environmental Protection, the Organization for Economic Cooperation and Development (OECD), and the African Development Bank (AfDB), coordinated by the International Institute for Environment and Development (IIED).

Within Zambia, it is hoped that the paper will inform imminent strategy development for inclusive green growth under Zambia's National Development Plan. Internationally, it aims to showcase Zambia's early progress in green growth and further intentions; and contribute to the growing literature on country-first perspectives as an essential complement to international initiatives.

IIED's consultant, Dr Tasila Banda, prepared a background paper under the overall guidance of Steve Bass (IIED), Shannon Wang and Jan Corfee-Morlot (OECD), Frank Sperling, Peter Rasmussen and Freddie Kwesiga (AfDB), and David Kaluba, Martin Seshekanu and Sabera Khan (Climate Change Secretariat of Zambia).

The Ministry of Finance and the Ministry of Lands, Natural Resource Management and Environmental Protection took the initiative in jointly hosting a national workshop in Chisamba in July 2013, which was co-chaired by David Kaluba of MoF and Fishani Gondwe on MLNREP.

The workshop would not have materialised without the hard-working staff of the National Climate Change Secretariat and Dr Banda, who played a wide variety of organising and coordination roles during the weeks preceding the workshop, as well as during and after it. However, the successful outcome of this workshop is largely due to the dedicated, enthusiastic, and well-informed group of participants who took time out to work together in Chisamba.

IIED's contributions were made possible by an accountable grant from DFID; however the views expressed in this publication do not necessarily reflect those of the UK Government.

## Produced by IIED's Sustainable Markets Group

The Sustainable Markets Group drives IIED's efforts to ensure that markets contribute to positive social, environmental and economic outcomes. The group brings together IIED's work on market governance, business models, market failure, consumption, investment and the economics of climate change.

Published by IIED, February 2014

Banda, T., Bass, S. 2014. Inclusive green growth in Zambia: scoping the needs and potentials. IIED Country Report. IIED, London.

<http://pubs.iied.org/16558IIED>

ISBN: 978-1-84369-996-5

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Many countries are exploring their prospects for green growth. It has become a hot topic, proving attractive to governments, companies, and civil society groups alike. The 2012 Rio+20 Summit concluded that green growth is best defined and tailored according to the individual country context. This report describes Zambia's approach to develop a **Zambian Inclusive Green Growth Strategy** under its **Sixth National Development Plan**. The **Zambian definition** for inclusive green growth, is 'inclusive development that makes sustainable and equitable use of Zambia's natural resources within ecological limits'. The report describes the changing international policy and financial context for inclusive green growth, reports on a workshop facilitated by IIED, and proposes initial steps to develop its operational Strategy.

## Contents

<b>Summary</b>	<b>4</b>	<b>5 Next steps towards a Zambian Inclusive Green Growth strategy</b>	<b>27</b>
<b>1 A joint initiative to explore inclusive green growth in Zambia</b>	<b>6</b>	<b>Annex I: Workshop Participants List</b>	<b>29</b>
<b>2 Introduction to inclusive green growth – internationally and in Zambia</b>	<b>8</b>	<b>Annex II: Pre-workshop consultation: stakeholders list</b>	<b>31</b>
<b>3 Taking stock – Zambia's progress towards inclusive green growth</b>	<b>16</b>	<b>Acronyms and Abbreviations</b>	<b>35</b>
<b>4 Looking forward – vision and options for inclusive green growth in Zambia</b>	<b>22</b>		

# Summary

Many countries – rich and poor – are currently exploring their prospects for ‘green growth’. The potentials include:

- improved efficiency and productivity of natural resource use
- reduced pollution, resource degradation and climate change
- improved resilience of economic sectors and livelihoods to climate, environmental and economic shocks

thus generating income and jobs, managing environmental risks, and reducing associated costs.

Such potentials are proving to be attractive to governments, companies and civil society groups alike, and green growth is becoming a hot topic. The potentials, and associated costs, will differ according to country environmental assets and hazards, economic outlook, markets and societal preferences. Although much of the initial thinking on green growth was led by the United Nations, multilateral development banks and other international organisations, green growth is best defined and tailored to individual country contexts. This was the conclusion of the 2012 Rio+20 Summit.

Space is especially needed within developing countries and poor groups to exchange credible information and opinion between stakeholders, and to tailor green economy approaches that work at national and local levels. Only in this way can developing countries ensure that they receive appropriate support in building green economies.

Zambia's leadership in exploring green growth in the African continent began with the AfDB (African Development Bank Group) and OECD (Organization for Economic Development) at a regional conference (Lusaka 2013). The current paper focuses on Zambia itself – the result of the Ministry of Finance and the Ministry of Lands, Natural Resource Management and Environmental Protection jointly hosting a National Scoping Workshop on Inclusive Green Growth (IGG) in Zambia on 4-5 July 2013 at the Protea Safari Lodge in Chisamba. The aim of the workshop was to improve the knowledge base that will help Zambia to make the transition towards an inclusive green economy; to support Zambian strategic decisions under the Sixth National Development Plan revision; while also helping the development community (IIED, OECD and AfDB) to understand and showcase progress and prospects in Zambia.

Presentations and discussions covered the changing international policy and financial scene on IGG, the enabling environment for IGG in Zambia, four case studies of existing green activities, sector best bets and entry points for action, and the tasks needed to develop a Zambia IGG strategy under the National Development Plan.

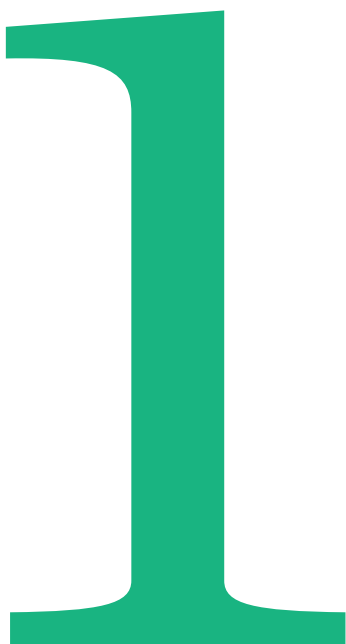
Participants agreed that IGG can be a good and coherent way to achieve progressive policies on economic growth and diversification, inclusion and poverty reduction, and profitable environmental stewardship – in ways that attract long-term finance. The workshop produced draft elements for developing Zambian IGG principles and a definition: *IGG is inclusive development that makes sustainable and equitable use of Zambia's natural resources within ecological limits. As such, it offers a coherent way to achieve progressive policies on economic growth and diversification, inclusion and poverty reduction, and profitable environmental stewardship, in ways that attract long-term finance. It shapes a new type of economy that provides sustainable development for everyone.*

A set of IGG policy options was laid out for cataloguing, exploration and development. Top priorities included: waste to energy; a diversity of clean energy supplies and suppliers; green infrastructure and services; and mainstreaming sustainable agriculture approaches. The importance of generating new green asset classes to attract significant, long-term and 'quality' investment towards them was highlighted.

The co-chairs concluded that the two-day workshop was just the start of a process to develop an operational Zambian Inclusive Green Growth Strategy (ZIGGS), noting that the process needs to begin straight after the workshop given ongoing tasks in Sixth National Development Plan revision and budget. It was felt that a one-year process to July 2014 would be needed. Initial steps are:

1. Draft principles, definition and approach to inclusive green growth for the SNDP (Sixth National Development Plan)
2. Establish a Focal Point for Zambia's IGG Strategy (provisionally the NCCS (National Climate Change Secretariat))
3. Develop the ZIGG strategy, perhaps facilitated by a coordinator attached to the Secretariat
4. Pull together a stakeholder forum and small expert group to help prepare the IGG strategy
5. Consult not only relevant government bodies, but also community, youth, SMEs/informal sector, business, banks, investors, local government, and development assistance partners
6. Use the above to assess and frame policies, projects and investments.
7. Prepare the ZIGG Strategy. While it should focus on the enabling conditions for IGG – policies, finance and institutions – it should also outline major bankable projects. The OECD, AfDB and IIED are in principle willing to consider providing continued support.

# A joint initiative to explore inclusive green growth in Zambia



In January 2013, the government of Zambia, in partnership with the AfDB and the OECD, hosted a workshop in Lusaka on Green Growth experiences in African countries. Its objective was to facilitate an exchange of perspectives between regional member countries and development partners; and to explore the rationale and enabling environment for green economy in Africa through the sharing of country experiences. The workshop brought together over 120 experts from 19 African countries, inter-governmental organisations, donor agencies and regional civil society organisations. Participants demonstrated the reality and feasibility of green growth initiatives in Africa, that even though many African countries are only beginning to consider and implement green growth policies or strategies, green growth is not an impediment to development priorities but rather essential to achieving them, especially if the process is inclusive, ensures better human health, environmental conservation and provides ecosystem services while preserving employment opportunities.

A key outcome of the Lusaka workshop was the interest expressed, notably by Zambian officials, in exploring more fully how green growth can be advanced in their countries to contribute to short- and medium-term needs, such as reducing unemployment, poverty and inequality, and to help meet long-term needs such as overcoming infrastructure deficits, connecting to markets worldwide and supporting the greening of growing cities. The current government/AfDB/OECD/IIED initiative responds to this Zambian interest.

The transformation of Zambia's economy to be greener, more inclusive, and more productive is a complex matter and there are many possible approaches. The approach taken in Zambia needs to be properly tailored to Zambia's circumstances, its potentials and its specific natural resource and human capital profile, as well as its institutional context for decision-making processes. This argues for an initial scoping phase as a way to explore the potential for a green growth strategy.

The main objective of this scoping work was to enable Zambian stakeholders to explore inclusive green growth challenges and opportunities in Zambia. It seeks to analyse the progress already made in Zambia and the opportunities, challenges and entry points; and to support the design of an inclusive green growth strategy progress, identifying assessment, planning, engagement and policy tools and processes. The first step was a background paper, prepared by Dr Banda, which was based on consultations and literature review, and presented an initial rapid assessment of inclusive green growth (IGG) potentials and entry points.

This was followed by the Ministry of Finance and Ministry of Lands, Natural Resource Management and Environmental Protection jointly hosting a National Scoping Workshop on Inclusive Green Growth in Zambia on 4-5 July 2013 at the Protea Safari Lodge in Chisamba. The workshop explored how green growth can be advanced in Zambia in order to contribute to short- and medium-term developmental priorities such as reducing unemployment, poverty, and inequality – as well as help meet long-term needs such as overcoming infrastructure deficits, connecting to markets worldwide, supporting the greening of growing cities, and sustaining environmental services.

*The aim of the workshop* was to improve the knowledge base that will help Zambia to make the transition towards an inclusive green economy; to support Zambian strategic decisions under the Sixth National Development Plan revision; while also helping the development community (IIED, OECD and AfDB) to understand and showcase progress and prospects in Zambia.

*The workshop brought together* 26 selected participants from government, private sector, civil society, academic and research institutions as well as representatives from the international development community. At this early stage in exploring green growth potentials in Zambia, this workshop was more knowledge-focused – to contribute evidence and ideas, rather than to formulate policy and plan for aid. Therefore, participants were selected based on their individual knowledge and analytical capabilities of the various sectors relevant to inclusive green growth, rather than for their representational and administrative roles.

*The approach of the workshop* was threefold:

- 1) To build on what already works in Zambia by assessing Zambia's progress to date, and the many factors that supported this progress, including the champions, changes in regulations, the political economy as well as the markets – scoping the enabling framework.
- 2) To engage and look forward by discussing Zambia's economic trends, business opportunities, showcasing of green practices and real entry points in order for participants to contribute real-life ideas and leads – scoping real potentials worth following up.
- 3) In circumstances where there are diverse and uncertain definitions of green growth globally, to arrive at a collective and best judgment – scoping the green growth vision for Zambia.

# Introduction to inclusive green growth – internationally and in Zambia

The objective of the first workshop session was to ensure that everyone was clear on the purpose and value of the National Scoping Workshop and to share initial perspectives on the 'inclusive green growth' challenge.





## Introduction: post-Rio+20 action by Zambia

Mr. Fishani Gondwe, Director of the Department of Environment, introduced the session by noting that at the time of Rio+20 (June 2012), Zambia had not been clear on either climate change and green economy, and had resolved to develop a process to improve its understanding and response to the two topics. Zambia needs to take cautious steps in order to make a relevant and robust Zambian contribution towards international climate change and green growth goals. This scoping workshop was, therefore, a great start and opportunity for gathering the necessary knowledge and for Zambia to own the process, to explore the potentials and opportunities for green activities, as well as to start establishing the basis for defining what inclusive green growth (IGG) is for Zambia.

## Challenge by the Permanent Secretary, MoF: inclusive green growth cannot be 'business-as-usual'

The Permanent Secretary for the Ministry of Finance, Mr. Felix Nkulukusa, indicated that this workshop was the opportunity for Zambia to define what green economy/growth is, having struggled as a nation with the divergent international approaches at Rio+20. He suggested that workshop participants have the mandate to offer definitions and principles, and offered the idea that green growth could combine two priorities: generating inclusive growth *and* tackling climate change. The Permanent Secretary stressed that the workshop should identify those green approaches that support Zambia's strategic priorities, notably aspirations of inclusive growth. He pointed out that energy and agriculture have been identified as critical sectors for inclusion, already have green dimensions, but need bankable green options to be elaborated, while institutional collaboration around climate change needs to be firmed up as well.

*Zambia has chosen the sustainable path and has shown commitment despite budget constraints and poor infrastructure... Government leadership has already removed unsustainable fuel subsidies in order to reallocate resources to health and education. Zambia now needs to find the small quick wins as well as the big leaps towards green growth while creating green jobs, products and taking them to the markets with the right*

*technologies... This commitment should be recognised and rewarded by the international community... Mr. Nkulukusa.*

In closing, the Permanent Secretary urged participants to not only propose options for green growth, but to include alongside them their associated financing options, and ways to ensure that behaviour changes – *'inclusive green growth is not business-as-usual'*.

## Perspectives from the international institutions – IIED, OECD, AfDB

Presentations from International communities explained the reasons why they are contributing to and building on the Lusaka Workshop on Green Growth in Africa of January 2013 (OECD and AfDB) and what their respective interests are in green growth.

## IIED: what other developing countries are saying about green growth

Steve Bass of the IIED presented an overview of the changing 'landscape' of green economy and green growth approaches globally. International approaches to green growth differ in how far they emphasise each of three aspects: *growth*, *inclusion*, and the breadth of *green* goals. Developing countries have recently been asserting the need for more inclusive approaches. However, every country has a different set of natural capital and societal needs, and will need to think through the particular synergies and trade-offs, stressing the value for Zambia of exploring and determining her own potentials and approaches. Nevertheless, IIED has identified lessons that other countries had in common, on the basis of previous green growth dialogues that IIED has facilitated along with the multi-agency Green Economy Coalition that IIED hosts:

- *Investment is key to GG* – to counteract continued capital misallocation into the *brown* economy. A key step is screening technological options associated with investment – 70% of NR/energy productivity opportunities have IRRs over 10% (evidence from McKinsey).
- *GG must be inclusive* – because of asymmetries in who pays and who benefits from the (green) economy. This can be achieved by considering the potentials of SMMEs/informal economy e.g. creating new jobs at \$100/1K and not \$1M/100K (evidence from India).

- *GG must be country-led* – based on what works locally. The international emphasis on GHG abatement paid for by international climate funds can be helpful, but is not sufficient (e.g. Ethiopia, Cambodia, Kazakhstan).
- *Environmental assets drive GG* – Natural resources (not just climate hazards) generate 90% of the ‘GDP of the poor’ in low-income countries. Better value from these assets can be realised through diversification, developing natural resource value chains, and country/product green branding (e.g. Brazil).
- *GG needs a multi-stakeholder process over time* – not a one-off GG technical plan but a process on continuous learning, consensus and action e.g. the Green Economy Action Learning Group in the Caribbean, and the Green Economy Accord between government, business and NGOs in South Africa.
- *Focus on governance and enabling conditions* – not just individual green investment projects but also ways to consider scale-up for such projects through government expenditure. This can be realised by public environmental expenditure review, sustainable public procurement, shifting incentives towards green through resource pricing and taxation, green funds, and ‘quality’ investment codes. Integration mechanisms at the level of planning can underpin such incentives: e.g. natural capital accounting, joint ecological/social metrics, strategic environmental assessment (SEA), and green multi-stakeholder fora.

- *GG definitions* – countries have different definitions, but in common they stress *the economy must serve people fairly, within ecological limits, with sustainable development as its aim*

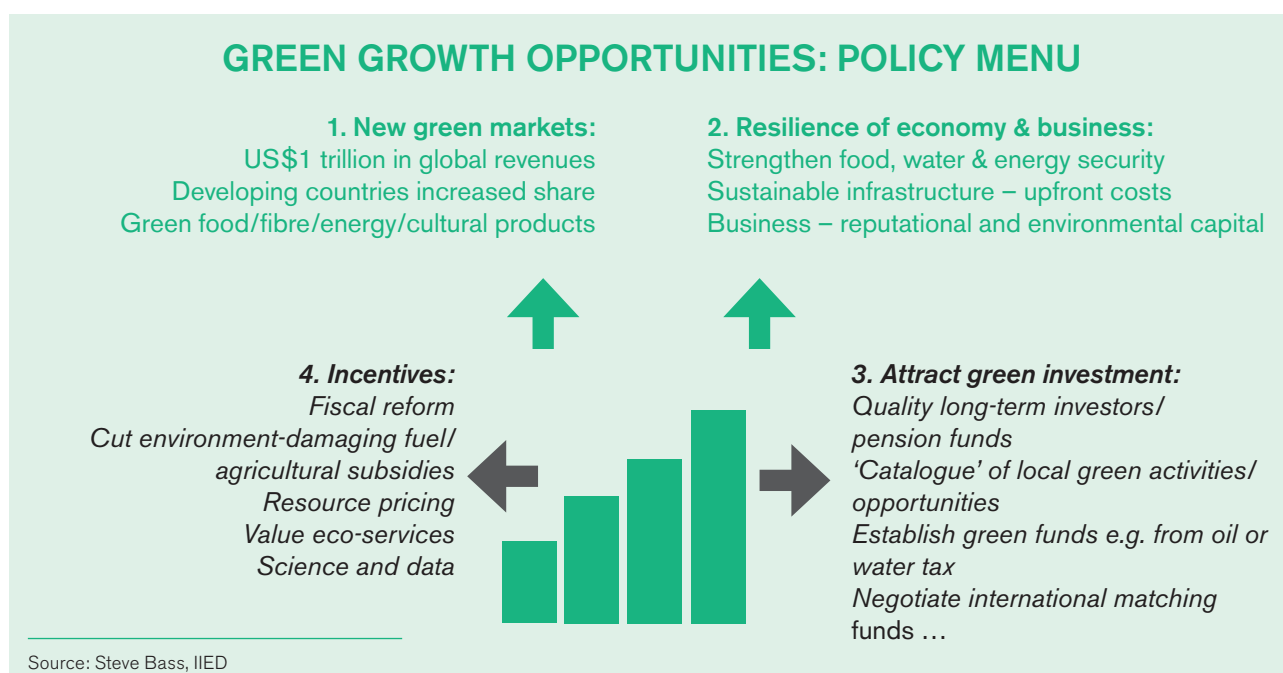
IIED’s presentation concluded with a policy menu that draws from the priorities being discussed by other developing countries. It encompasses: new green markets, resilience of economy and businesses, attractive green investments, and incentives.

## OECD: putting green growth at the heart of development

Brenda Killen of the OECD presented on the OECD agenda of ‘*putting green growth at the heart of development*’, with its focus on sharing tools that have been developed to foster green growth in developing countries. Five key messages from OECD included the recognition that:

- People and economies in developing countries are directly and deeply affected by the stresses on natural resources and environmental risks, including scarce and polluted water supplies, deadly air pollution, degraded soil, declining agricultural productivity and food security problems, drought and severe floods.
- Green growth is vital to secure a more sustainable future for developing countries and can lead to large economic and social benefits over time.

Figure 1: Policy Menu for green growth opportunities



- Although the gains from green growth are potentially large, they require reconciliation of short-term priorities with long-term sustainable development goals to transition to a new growth model – and inclusive approaches can help.
- The OECD is impressed that there is an increasing number of examples from developing countries that are implementing green growth policies with promising results, although most efforts are recent and still limited in scope.
- A twin-policy agenda is needed to guide both national and international action on green growth in developing countries.
- At the national level this policy agenda highlights three areas of action: i) the need for vision, strategy and leadership to make change happen, ii) design and implementation of policy reforms to incentivise action and guide investments, and iii) getting institutions right to support learning and good decision-making across levels of governance.
- At the international level, flows of money (and finance), trade and technology know-how are vital to support willing developing countries in the pursuit of green growth.
- OECD will work with the international community, through the OECD's network of development cooperation practitioners to support developing countries that chose to make growth more inclusive and green.

The OECD can support Zambia in advancing the green growth agenda in the following three ways:

1. By bringing their analytical thinking (together with IIED) on green growth to Zambia in order to inform the national agenda for action.
2. By bringing the attention of the international development community to Zambia on the interface between environment and development.
3. By facilitating a learning process between Zambia and other developing countries on design and implementation of green growth strategies, i.e. through the Green Growth Knowledge Platform (GGKP) and other OECD-supported forums.

## AfDB: the Bank's priorities for supporting green growth in Africa

Lewis Bangwe of the African Development Bank explained how the AfDB's conceptual model is based on its definition of green growth 'growing the economy, while maintaining increasing environmental and social assets', and promotes an iterative process towards

improving resource use, efficiency, waste reduction, and resilience – leading to growth which has improved qualities, i.e. inclusive and sustainable.

The Bank's priorities include: infrastructure development, regional integration, private sector development, governance, skills and technology. The Bank aims to: mainstream GG into development planning; strengthen the enabling environment for GG; make financing available; and track progress.

Relevant AfDB activities at present in Zambia include:

- Agricultural projects – including small scale irrigation projects (with Finland), livestock infrastructure support project (with GEF), Lake Tanganyika Integrated Management Program (with GEF) and Climate Resilience in Kafue Basin (CIF).
- Power generation projects – including cleaner approaches to coal power plant (Mamba Collieries), Hydro Power (Itezhi-Tezhi) and Katima Mulilo Transmission Line.
- Water and sanitation and hydro-power projects – including eight centres, NRWSS (National Water Supply and Sanitation) in Luapula and Northern provinces, Nkana Water and Sanitation project.

*Discussion of the international presentations* was lively. Participants stressed the need for:

- *Getting the GG/GE definition right for Zambia*, to offer a sense of trajectory. However a vision or set of principles/criteria/indicators may be more useful than a definition
- *Reallocating capital* to invest in natural resources that can make money for the poor
- *Investing in people's capacity* to combine green and inclusive approaches
- *Longer-term perspectives*, to build institutional and economic resilience, as well as new financing models that are more 'patient' for their returns
- *Business and increasingly civil society taking a lead in IGG* – noting that "aid" is not the critical factor, as revealed by the existing Zambian IGG initiatives to be showcased at the workshop
- *Look at both projects and governance* – projects that 'tick the box' in relation to IGG criteria that the workshop should generate (see below), and the policy, institutional and finance enabling environment that will favour such criteria at scale – not only one of these
- *Engaging with development assistance agencies* – many are now forming their policies and finance windows for GG, and will at least need to understand how to implement them in the Zambian context. For example, the AfDB is making sure that Zambia gets up to speed with these finance windows and also that she gets the right terms for the necessary financing.

There were also two cautions. Participants were concerned that:

1. Zambia should not be used as an experiment for policies other countries haven't tried – hence the value of the workshop in scoping Zambia's own needs; and
2. Zambia should avoid green growth becoming yet another aid conditionality.

The international participants were supportive of this stance, emphasising this being the reason for holding the current multi-stakeholder scoping workshop.

## Initial facts, figures and existing analysis from Zambia – background paper

Dr. Banda presented the main findings of the IIED-organised background paper '*Rapid assessment of potentials and entry points for advancing inclusive green growth in Zambia*', which was based in part on a consultation exercise with stakeholders. The paper had been sent to participants in advance. Its main findings are represented in Box 1 below:

### BOX 1: A SUMMARY OF FINDINGS FROM IIED'S INITIAL RAPID ASSESSMENT OF GREEN GROWTH IN ZAMBIA

*Zambia's high economic growth rates are heavily dependent on its environment-based sectors.* Agriculture, tourism, forestry and mining contribute the most to GDP. The mining sector is the largest source of export earnings at 70%. Since independence the copper-mining industry has continued to be Zambia's most valuable asset and major economic growth booster next to cobalt, electricity and various agricultural goods such as maize. Agriculture, forestry and fishing contributed 16.6% of GDP – yet importantly provide 70% of all livelihoods. Construction is one of the fastest growing sectors in 2012 increasing at 15.3% from residential and commercial developments and mining infrastructure.

*However, the benefits of this growth are not widely shared and poverty remains stubbornly entrenched.* Zambia is still one of the world's poorest countries with a per capita GDP of \$1,457. With a high population growth rate of 2.9% per annum, the country struggles to provide for the needs of an ever-growing population. The implications of a high population growth rate tied with an undeveloped economy have created a deficit in employment opportunities which are illustrated by the high poverty rate (64% as of 2013) and the high unemployment rate (14% in 2012). Zambia's economy continues to grow at high growth rates (GDP grew 7.3% in 2012) while the government has been promoting a market economy, liberalising sectors, opening up the economy and promoting foreign direct investment (FDI). Zambia is aspiring to become a middle-income country by the year 2030 – this demands the issue of long-term management of its portfolio of development assets – including natural assets – and risks – including climate risks – to be properly thought through.

*There are already some solid institutional foundations for green growth in Zambia.* The National Conservation Strategy and Fifth National Development Plan emphasised cross-sectoral links between major development sectors (agriculture, tourism, manufacturing and mining) in making best use of Zambia's natural resources. Later national strategies such as the National Climate Change Response Strategy strengthened the prospects for synergies and informed trade-offs between environmental, social and economic objectives. And Environmental Impact Assessment (EIA) legislation is a firm basis for ensuring good environmental integration in development.

The SNDP offers good foundations for green growth. It aims to balance economic growth and poverty reduction, and employs principles of accountability, decentralisation and efficient resource allocation. Each of the growth sectors – Agriculture, Livestock and Fisheries, Mining, Tourism, Manufacturing, Commerce and Trade – present significant green growth potentials.

The National Climate Change Response Strategy (NCCRS) addresses the other side of the coin – the climate vulnerability of priority sectors – and points to the importance of building the resilience of sectors so that growth is sustainable, a component of that resilience being low-carbon approaches to their development.

*There are 'glimpses of green growth' at field level already in Zambia, in:*

- Conservation agriculture, organic farming and agroforestry

- Zambia's world-renowned community-based ecotourism that can sustain natural heritage, build and operate in a 'low-footprint' way, and support local livelihoods and well-being
- New mining health and environmental standards and low-energy/low-polluting machinery and smelting equipment in order to meet international requirements
- Many Zambian energy companies are implementing the efficiency, renewability and diversification/ resilience cornerstones of Zambia's energy strategy
- Most electricity sources in Zambia are already zero-carbon, from hydro sources – saving on fossil fuel costs and with little environmental impact. Solar potentials are being considered for further development
- Some companies in Zambia are requesting their carbon foot-prints to be assessed
- Government is exercising leadership in spending more than K2 billion on energy projects, investigating geothermal energy and introducing energy-saving bulbs, allocating US\$150 million towards rail system rehabilitation, funding the national tree planting initiative, and putting a stop to intentions to mine copper in the Lower Zambezi.

*There is a range of potential benefits from more attention to green growth:* Stakeholders consulted suggested a huge range of potentials that need to be explored. These include wellbeing in terms of: the creation of decent jobs accessible to poor groups, improved income and livelihoods, health, freedoms and culture; equity among stakeholders; economic growth in needy sectors and areas that might be disproportionately reliant on natural assets or vulnerable to environmental hazards; generating greater economic value from sustainable natural resource management; resilient and diversified systems that are adapted to climate change with well-managed risks; and effective institutions that create competitive advantage and attract investment.

*There are also some possible concerns to be addressed:* Stakeholders consulted suggested a range of concerns around costs and who benefits: the cost of transition from a brown (business as usual) towards green (low carbon) economic activities; who would bear the cost; the undesirability of running into big debts in the process of transitioning and of adopting a western version of GG in Zambia; a worry that GG ideas could be coopted and misused and not benefit the poor. Clearly green growth policies will need to address these. There are also problems with the enabling framework, in spite of progress identified above. There are currently few incentives to recycle,

there are subsidies for fossil fuels, political challenges related to the ZESCO's energy supply, import duties on solar technologies, and restrictions on game producers. Environmental management standards do exist but they are not being enforced.

*There are many potential entry points to accelerate and expand green growth:* The revision of the SNDP represents perhaps the best and most immediate cross-sectoral opportunity. But there are also others including,

- the current review of many acts related to the tourism industry, and policies to attract ecotourism development; similarly in the current harmonisation of local government policies and legislation
- recent realisation by some manufacturers of the need to meet the requirements of international buyers who preferentially demand environmentally and socially friendly products
- several national scientific, academic and research bodies, which have the potential to meet the information-intensive nature of green growth in monitoring levels of environmental assets, potentials and hazards and in developing/improving inclusive green technologies

*Fora that offer good opportunities for exchange on the knowledge needs of GG include:*

- Zambia Climate Change Network (ZCCN)
- Association of Parliamentarians on Environment
- Community Based Natural Resource Management (CBNRM) Forum

*More attention might now be given to market drivers of development, and finding entry points into the decision-making processes of policy actors:*

- the rise of the consumer class as Zambia moves towards middle-income status, which presents both powerful opportunities – to shape green and inclusive aspirations and market demands – and threats if the products demanded have heavy environmental and social impacts
- the private sector, albeit with potentials to lead green growth (which will not be achieved without them), is yet to form critical mass and suitable organisations for inclusive green issues
- finance and investment mechanisms that support the long-term cost-savings and resilience conferred by green growth investments such as equipment which may be a bit more expensive but saves on energy bills later.

## Initial perspectives from Zambia: reporting on a recent stakeholder consultation

Noting that this was the first Zambia-focused conference on inclusive green economy, and was necessarily a small group of people, Dr Banda sought to widen the potential viewpoints in the room, by summarising the results of her recent survey of Zambian stakeholders.

*Discussion of the background paper and stakeholder consultation* highlighted the following topics:

1. *Business case:* There will be an early need during IGG strategy formulation to devise a business case that works for all sectors and affects all people; 'greening' the energy portfolio is a good example.
2. *Costs:* It will be important to address the wider costs of making the transition to IGG over time, and not only the income and other benefits from individual GG investments.
3. *Incentives:* The challenge is to shift the incentives structure away from 'brown' activities and towards 'green'. This will need a thorough review and clear design of finance mechanisms.
4. *Time horizon:* Attention to reducing risks and realising earlier returns will be crucial, as otherwise the long-term changes needed for IGG can appear daunting.
5. *Technologies:* It is now timely to sort out subsidies for green technologies; so far, only solar technologies attract a zero tax rate.
6. *Information:* Green growth is knowledge-intensive, bringing the challenge of collecting relevant knowledge through networks as well as supporting scientific research.
7. *People-first:* Green growth is a political process more than a technical one. Engaging youth and community groups will be important, especially during strategy formulation, so that green growth focuses on jobs, public goods and future wellbeing.
8. *Behaviour:* Green growth is not only about producing differently, but, more importantly, consuming differently. This requires changes in demand – government and CSOs need to think about changing consumer behaviour.
9. *Forum:* To increase momentum, it is also timely to bring isolated GG champions together, including local green businesses, where efforts can be highlighted and voices projected.
10. *Governance:* Zambia can build on existing institutional foundations, making green growth policy clear with compelling priorities, a good business case, and budgetary announcements.

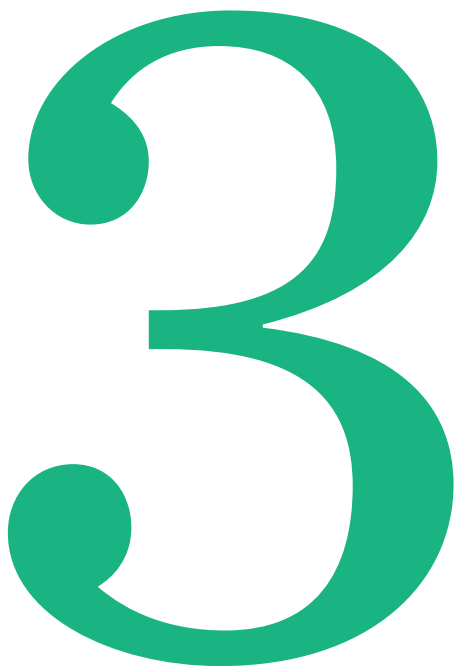
## BOX 2: A SUMMARY OF STAKEHOLDER PERSPECTIVES ON GREEN GROWTH IN ZAMBIA

Stakeholders interviewed by Dr Banda demonstrated some consensus in the following areas:

- *Sustainable development is Zambia's principal 'green' paradigm.* Few were conversant with green growth/economy, but most did not want it to distract from the practical pursuit of sustainable development – rather to help it by addressing the economics, creating competitive advantage and attracting investment.
- *If a push towards GG were to be made, stakeholders would emphasise social and economic as well as environmental objectives.* They include elements of human wellbeing (including livelihoods, health, decent jobs, income, freedoms, culture); equity among stakeholders; economic growth in the most needful sectors and areas; programmes that ensure that climate and other ecological limits are not exceeded; sustainable natural resource management; and resilient systems that are adapted to climate change and diversified with well-managed risks.
- *Principal worries about GG* were around the potential misuse of GG, notably adopting an inappropriate western-defined version of GG, coupled with a sense that the promotion of GG by western countries is a way of running away from their responsibility for controlling their own emissions. The problems of neglecting the poor were also highlighted – GG only makes sense when it reduces poverty by creating employment.
- *It is important to identify and build on what Zambia has already:* Existing green economic activities in Zambia – whether major hydro-power generation or a small backyard natural soap making factory – are important as they are often locally defined. They show the way forward but are not catalogued yet; the policy, legal and market context needs to become more supportive of activities like these.
- *Moving forward, the Sixth National Development Plan and the Vision 2030, should be seen as the guiding frameworks for adjusting economic development in Zambia.* Other precedents to build on include the NCCRS with its GG scenario options. The Energy Act, National Environmental Action Plan and REDD strategy can all be good policy foundations for Zambia's efforts towards GG. But greater coherence and capacity for implementation are needed.
- *Mainstream domestic finance mechanisms and flows also need to be adjusted in support of GG.* It is not a matter of just large scale investments as seen elsewhere in clean energy and infrastructure, which perhaps are too hopefully focused on attracting elusive international climate finance.
- *Government leadership is good in some areas, but remains biased to the brown economy,* with few incentives to recycle, subsidies for fossil fuels, political challenges related to the ZESCO's energy supply, import duties on solar technologies, restrictions on game producers.

# Taking stock – Zambia’s progress towards inclusive green growth

The objective of this session was to explore the kinds of economic activity in Zambia that already contribute to inclusive green growth, and how far policies and mechanisms are supportive.





## Exploring the Zambian enabling environment for inclusive green growth

The Director of National Planning at the Ministry of Finance, Mr. Chabala made his presentation on 'Aligning government policies to the Patriotic Front Manifesto: Revision of the Sixth National Development Plan' with its strategic focus to ensure that all programmes address three components:

- Inclusiveness: economic growth shared equitably by deliberately targeting deprived areas
- Job creation: increase gainful employment to reduce poverty levels, especially in rural areas
- Rural development: with specific interventions in rural areas

The success of any strategy or policy largely relies on the cooperation of line ministries under government. If there is to be a politically feasible Zambian IGG strategy, it should therefore be planned to align with the development agenda of the current government (Patriotic Front).

Therefore the IGG strategy should provide for alternative sources of livelihood if the transition process from brown economy to green economy is to succeed. For example, the charcoal burner will not stop cutting trees until s/he finds another secure form of livelihood besides selling charcoal. Small to large scale enterprises not in line with the IGG agenda will need to be aware and supported to find alternative business models for example through lower/zero tax on products that promote IGG. All of this means greater attention to the informal sector, and to SMEs, where poor people work.

The SNDP's focus on fiscal decentralisation will allow lower-level structures to plan what best works for them, and organise finances accordingly. Inclusive growth entails coordinating with people at the grass roots in development planning – unlike the old way of doing things (top-down planning hoping for trickle-down benefits, but failing as implementation is not feasible under local conditions). It also means ensuring that sensitisation is carried out to inform, educate and communicate with people at the grassroots so they can fully understand these concepts. This is especially important because much environmental degradation happens at the community level. Finally, there is a strong presumption of the need for inclusion, given Zambia's good macro-economic performance (7% growth, modest inflation, good FDI levels, etc) is not matched by poverty reduction – poverty is stubbornly high at 62% (78% in rural areas, 27% in urban).

The development of an IGG agenda aligned with the NDP must take into consideration that the SNDP revision intends to streamline and reduce the number of sectors included. While there are challenges in sector prioritisation and removal, the concept of sustainable development will enable the necessary integration of environmental, social and economic aspects across all sectors.

- At the current advanced stage of SNDP revision, it is difficult to input a complete IGG strategy. However the Director of Planning has allowed for a single paragraph on IGG. Since the presentation of the budget is in October 2013, this is a key initial milestone to take IGG further
- It is important that green growth concepts are well understood. This means integration in catalytic places such as the education curriculum. In the long run, this will facilitate 'ownership'
- Although there are a few existing GG policies, they lack implementation. It is important that each is accelerated and capacity built to take implementation to a different level
- Linking of related sectors is also vital for successful implementation

*Discussion* highlighted how, with the above provisions, the scene would be set for a productive IGG strategy that could be developed under the revised SNDP. The sector priorities – diversifying and development of agriculture, tourism, mining, energy, and road and rail infrastructure, and the cross-cutting priority of human development/productivity – could benefit greatly from applying IGG principles.

## Exploring four Zambian case studies of inclusive green growth

Four case studies had been selected in advance of the workshop to showcase on-the-ground green initiatives that are taking place in Zambia. They had been selected because they appeared to exhibit several of IIED's draft criteria below for inclusive green growth activity:

- a) *Human wellbeing*: decent jobs, health, livelihoods, freedoms, culture, as well as income
- b) *Minimising waste, pollution and damage to environmental assets*: reducing carbon levels; and operating within the eight other planetary boundaries (biodiversity, nitrogen cycles, etc.)

- c) *Equity*: inclusion of stakeholders in process, economic activity, and benefit-sharing – especially those dependent on natural resources and vulnerable to environmental risks
- d) *Economic growth*: in those sectors and areas where it is most needed to support wellbeing
- e) *Sustainable natural resource management*: improving natural resource efficiency and productivity per person to achieve above
- f) *Enhancing resilience of livelihoods and economic sectors*: adaptation to climate change, environmental and socioeconomic risk management, and diversification.

The cases, which were explored at the workshop, covered project-level contributions (Southern Biopower), sector level (Mining), national programme level (UNREDD), and green financing (ACCE).

## CASE STUDY 1: SOUTHERN BIPOWER

Dr Thomas Krimmel, Director of Southern Biopower, showcased how the company can turn a major problem – excessive biomass waste – into an asset which offers energy, fertilisers, and sanitation services. It uses a reliable and simple technology based on research on proven models, and employs local materials and labour. It is not dependent upon aid and is already being demanded by Zambian businesses and government facilities, having several live contracts. Participants visited a waste-to-power facility based on a nearby livestock farm and abattoir.

Figure 2: Opportunities for turning biomass waste to power-

### ORGANIC WASTE: PROBLEM OR ASSET?



Urban market waste



Sewage and overflowing oil latrines



Livestock production



Abattoir waste



Waste water ponds

Methane emissions are 20 times more aggressive GHG than CO<sub>2</sub>

Source: Dr. Thomas Krimmel

*Discussion* concurred that the waste-to-energy technology is a proven concept that has great potential for up-scaling, using waste e.g. in urban markets and at compound waste collection points. ‘When waste can become a resource, we look at the economy in a totally different way. Technology can unlock green growth potential and take it to scale.’

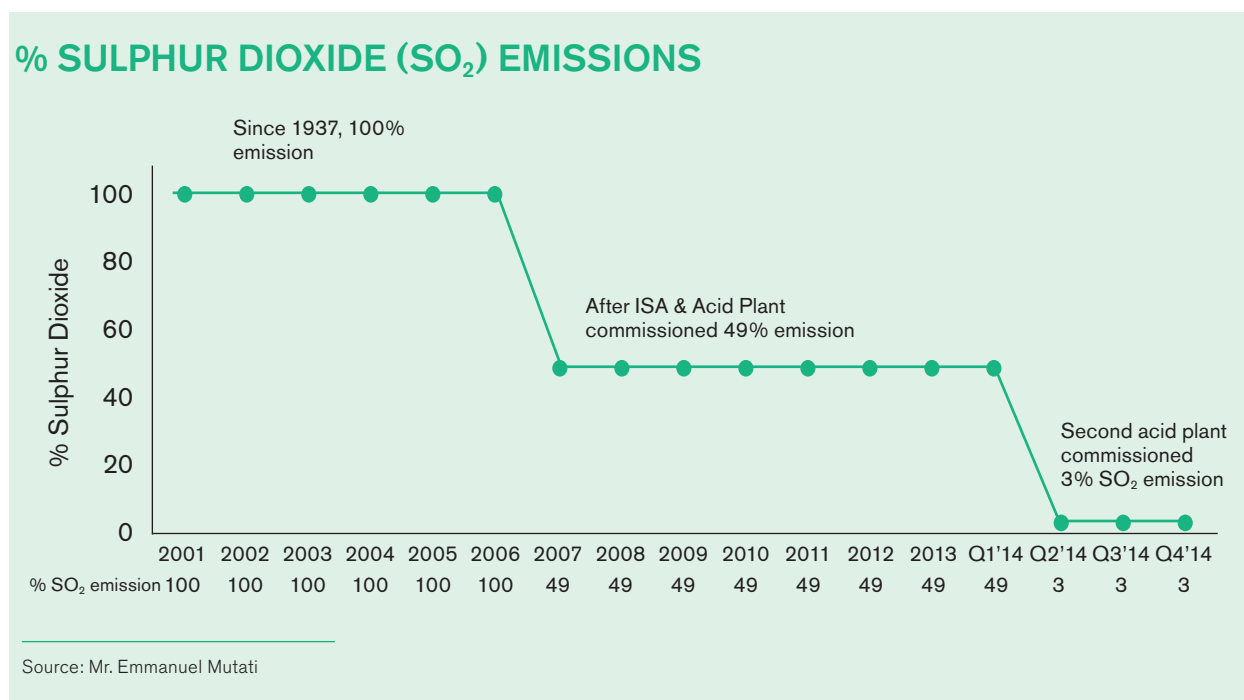
## CASE STUDY 2: MOPANI MINES

Participants were very pleased to have the Chairman of Mopani mines with them. He stated how the company has made it a priority to capture acid sulphur dioxide emissions and turn them into a useful product (sulphuric acid, both for sale and for use in the company’s own processing plants). It has already addressed the legacy of the mine’s SO<sub>2</sub> emissions since 1937. Direct capture of 97% of future SO<sub>2</sub> will be achieved by 2015 through deploying increasingly environmentally-stringent technology:

- Smelter phase I and II, has already been completed and captures 50% of the SO<sub>2</sub>.
- Smelter phase II is in progress and captures 97% of the SO<sub>2</sub>.

The company benefits from the improved reputation and friendlier community relationships that have resulted. It is now moving onto energy management, to reduce its carbon emissions.

Figure 3: Sequestering of Sulphur Dioxide at the Mopani Mines

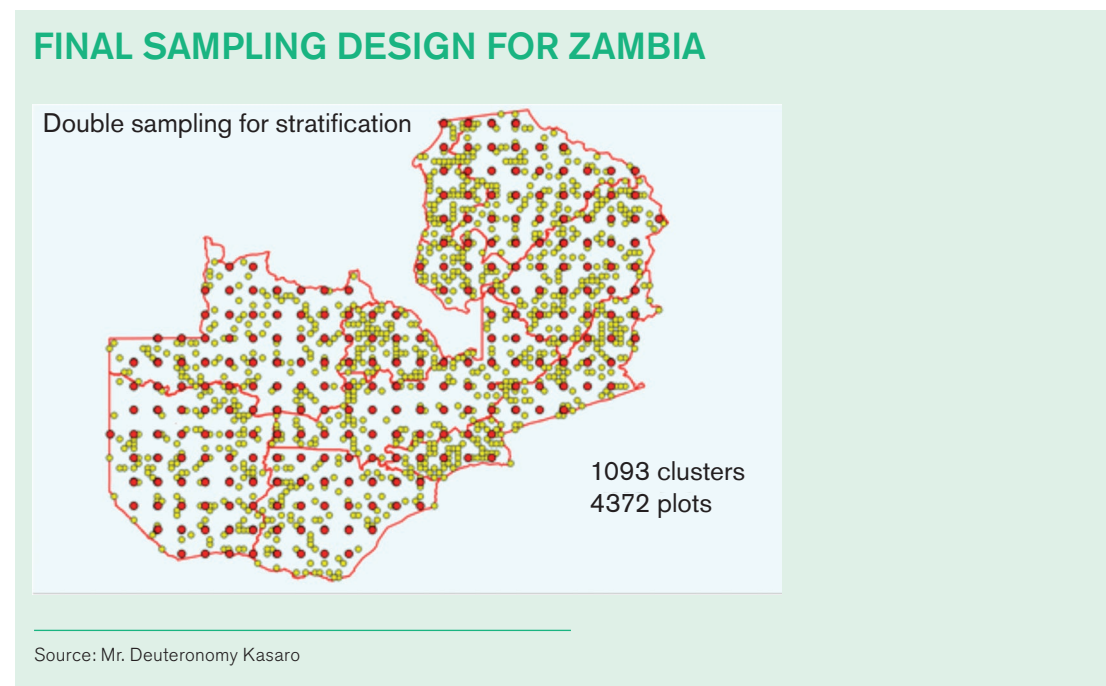


*Discussion* highlighted how the SO<sub>2</sub> reduction model was good for public goods (almost eliminating acid pollution) and good for business (generating a product of financial value). There are clearly good reasons for companies to take environmental regulations seriously, beyond legal compliance – and there is clearly no excuse for other large companies not to meet best international standards.

## CASE STUDY 3: REDD+ STRATEGY

Mr. Deuteronomy Kasaro, Programme Coordinator of the Zambia UN-REDD programme, explained progress in Zambia becoming ready potentially to gain from international payments to conserve forests for the carbon and co-benefits. One of the challenges is being able to focus on the highest potential forests, and to prove the additional carbon being stored in them. To meet this need, there are now GIS capacities in each province providing information on land cover over the last few years (multiple categories relevant to carbon/co-benefit quantity, and not simply forest/non-forest). Some provinces have also made forest inventories in order to provide a good deforestation and emissions baseline, which is critical to accessing finance – since payments are made for proven carbon storage increments beyond the baseline. Inventories also cover livelihood and socio-economic data, which can link forest loss/gain to specific people's welfare. This data collection and analysis stage is essential to a robust REDD+ Strategy that will make money for Zambia and conserve its forests; that Strategy is not yet complete.

Figure 4: National level strategy for REDD+



*Discussion* appreciated that this is a carefully prepared, Zambian-owned strategy which is providing very useful natural resources (and potentially connected socio-economic) information and policy precedents to open up IGG possibilities. The challenge is on its current dependence on an international carbon market as the principal source for payments.

## CASE STUDY 4: AFRICAN CARBON CREDIT EXCHANGE (ACCE)

Sabera Khan, Director of ACCE, explained how ACCE is a PPP with the government which is 'unlocking low-carbon Africa'. It promotes access to energy needed for poverty reduction, improvement of health conditions, improvement in living standards and modernisation of rural areas. It was modeled around the three pillars of sustainability, namely: community, economic and environmental development, and depends upon the community being proactive. Its various programmes seek to implement national low carbon development strategies through project development and implementation, and ACCE has been working with the government in identifying low carbon climate resilient projects from the SNDP for inclusion in the medium-term expenditure framework.

Two of ACCE's projects in Zambia provide 'Green village renewable energy' for agricultural processing in Luangwa and Lundazi. Despite being poor, the Lundazi community is willing to pay for solar power on a decentralised energy generation scheme. In contrast, the Luangwa community is already an economic hub, and has cash savings – but not energy to put it to use; here, the community pays a fee to ACCE for energy services that add value to their natural resources (fish) through freezing fresh fish, rather than just drying it as before. Although such community demands are increasing, the private sector is not moving into financing this kind of opportunity. This could variously be due to lack of scalability, low IRRs, remote locations, and everyone's poor access to long-term finance. Accessible energy is so often the critical need to unlock community development potentials, but ACCE believes the fundamental constraint is the lack of tradable finance instruments, such as CDM.

Figure 5: Low carbon project development in Zambia

SNDP/NATIONAL PROJECTS	
NCCS-ACCE WORKSHOP: IDENTIFY LOW CARBON CLIMATE RESILIENT PROJECTS/PROGRAMMES FROM THE SNDP FOR INCLUSION IN THE MTEF PERIOD	
SECTOR	TYPE OF PROJECTS
Agriculture	conservation farming; agro forestry; biomass production (e.g. agricultural waste management); sustainable land management
Infrastructure	railways – use of cleaner energy in engines; urban waste management (e.g. sewerage systems and land fill, biomethanation); drainages; bridges; roads; waterways; buildings (schools, hospitals, etc.)
Energy	hydropower; improved cook stoves, improved charcoal production; geothermal; biogas; solar; bio-fuel; biomass for electricity generation
Mining	use of cleaner technologies (e.g. in mineral processing); energy efficiency and management in industry; improved production processes
Health	waste management; use of cleaner technologies
Transport	use of cleaner technologies; use of biofuels
Natural Resources	forestry waste management (e.g. electricity from sawmill waste); reforestation/afforestation

Source: Ms. Sabera Khan

*Discussion* focused on the need to generate many IGG 'bankable' physical projects at scale to meet local needs and realise their potentials for both private and public goods. To achieve this at scale requires the creation of 'green' asset classes that go beyond the current (still insecure) carbon asset classes, as well as educating finance bodies, and making international links that can catalyse change in financial regimes and markets. Demand for green asset creation and services is good, as the Lundazi and Luangwa cases demonstrate, and the long-run return is potentially good. However, domestic market support needs to be geared for the long term.

# Looking forward – vision and options for inclusive green growth in Zambia

The objectives of this session were to seek participants' views on what inclusive green growth would look like in Zambia, and the policy options that offer the most potential for rapid and visible progress.



# Small Working Groups: generating vision and draft criteria for inclusive green growth in Zambia

The main points from the three groups are summarised in Table 1 below:

Table 1: Results from Small Working Group discussions

GROUP 1	GROUP 2	GROUP 3
<p><b>Principles of IGG:</b></p> <ol style="list-style-type: none"> <li>1. Participatory</li> <li>2. Equitable sharing of costs and benefits</li> <li>3. Environmental integrity</li> <li>4. Polluter pays</li> <li>5. Patriotism (value addition to country of goods and services produced)</li> <li>6. Diversification</li> <li>7. Competitive advantage</li> </ol> <p><b>Elements of IGG:</b></p> <ol style="list-style-type: none"> <li>1. IGG is a means of upholding the 3 Pillars (Social, Economic and Environment) of sustainable development at all levels of development</li> <li>2. Technological considerations should take into account the local circumstances, and develop indigenous technologies</li> <li>3. Engagement is key – ownership of the process and its take-up; and education and awareness at all levels</li> <li>4. Valuing and accounting of environmental goods and services is essential to inform the necessary trade-offs and incentives (cost/benefits)</li> </ol>	<p><b>Principles of IGG:</b></p> <ol style="list-style-type: none"> <li>1. Sustainable environment</li> <li>2. Inclusive GG               <ol style="list-style-type: none"> <li>a. Community managed</li> <li>b. All stakeholders and social groups</li> <li>c. Affordable</li> </ol> </li> <li>3. Responsive to the needs of Zambians               <ol style="list-style-type: none"> <li>a. Relevance</li> <li>b. Local applicable</li> <li>c. Sustainable</li> </ol> </li> <li>4. Add value by promoting projects that improve the lives of people               <ol style="list-style-type: none"> <li>a. Achievable/GG projects</li> </ol> </li> </ol>	<p><b>Principles of IGG:</b></p> <ol style="list-style-type: none"> <li>1. Emphasising clean production (reduce carbon emissions)</li> <li>2. Enhancing environmental sustainability</li> <li>3. Doing no harm – or providing alternative solutions</li> <li>4. Efficient cost-effective solutions (long-, medium- and short-term)</li> <li>5. Contribute to poverty reduction and employment creation (wealth creation)</li> <li>6. Environmental education and instilling behavioral change</li> <li>7. Integrated development planning, participation/local processes</li> <li>8. Identifying win-win-win solutions in order to broad consensus</li> <li>9. Stimulating (increased) investments in green ventures</li> <li>10. Strengthening ownership at country and local levels, building on what is there</li> <li>11. Finding ways to cover short-term costs to get long term benefits</li> <li>12. Political will, creating enabling environment (awareness creation, backstopping)</li> <li>13. Gender inclusiveness</li> <li>14. Ensuring that commitments are turned into concrete action</li> <li>15. Strong institutional coordination, champions</li> <li>16. Encouraging a green approach to infrastructure (buildings, construction)</li> <li>17. Mainstreaming “reduce/reuse/recycle/rot”</li> </ol>

Discussion of the three groups' proposals revealed a good consensus that IGG should be based on:

1. Inclusion – equitable involvement of all stakeholders in IGG debate, policy, implementation and review.
2. The three pillars of sustainable development – SD being the desired outcome.
3. Ecological principles as drivers of human wellbeing – reducing, re-using and recycling.
4. Economic principles – add value through efficient and effective realisation of green competitive advantage.
5. Social safeguards and synergies, for example, in creating decent jobs and livelihoods.
6. Basis in local context – respect for local conditions, knowledge capabilities and needs; and local ownership of green initiatives.
7. Keeping track of, and improving, the economic value of environmental assets, and who bears costs/benefits/risks, for example, capital accounting, valuation, and incentives. Clearly these are the areas where capacity and systems-building will be most needed.

Participants agreed that the groups' bullet points should be used to inform *Zambian IGG principles*, and possibly a vision statement, as an early task for IGG strategy development. These could be used to scrutinise policies for their compatibility with IGG, as well as for screening projects and investments against an IGG standard. In relation to M&E, the proto-principles imply the need to 'measure what matters' – a wider range of human, economic and ecological wellbeing metrics – and not just GDP or Kwacha income.

## Mainstreaming inclusive green growth in Zambia's revised SNDP: Policy options for IGG

It was agreed that these can be informed by:

- The draft principles developed from Table 1
- The SNDP's cross-cutting policy areas of 'inclusive growth, job creation, rural development'
- Participants' identification of main areas for action discussed in Session 2, i.e. principally energy, waste and NR value addition, and ways to combine these in ways that help poor groups and achieve public benefits.

There was less agreement in the small working groups on the need for a special stand-alone IGG policy. One group felt this was not necessary, primarily because GG is evidently consistent with the PF manifesto, and because its separate existence would increase fragmentation between similar policies. A further group concluded a stand-alone IGG strategy was needed at the level of implementation, an integrated strategy to implement a wide range of existing policies relevant to IGG. Finally, a third group felt there it could not be assumed that all policies pointed in the direction of IGG: thus there is a need for a gap identification exercise based on the IGG principles, addressing both sector and cross-sector policies: their 'fitness' to deliver IGG and coherence and consistency between them.

*The conclusion* was that IGG should be seen as a good way to *implement* many existing Zambian policies together to achieve synergistic outcomes, to deliver where before some policies have got stuck and not properly implemented. Zambia primarily needs a long-term IGG implementation, capacitation and financial mobilisation strategy – it's about action, delivery, and new finance mechanisms and perhaps an IGG vision rather than a new set of policies. (However, there should be a rapid policy review against IGG principles, as not every policy is supportive of IGG). It's also about bringing the actors together more into a joint IGG endeavor. This could be eg:

- through an IGG Accord between business, civil society and government on partnership and roles
- through IGG Clusters of production
- supported by a Green Fund / stimulus package, with an MSME focus
- engaging the mainstream finance sector, and shifting it to long-term investment, i.e. including, but going beyond tiny niche green funds
- with revised and harmonised aid policy that promotes country-driven IGG and plays a catalytic and risk reduction role.

## Sector/thematic priorities and implementation

Three working groups discussed what would be 'best-bet' initial emphases for a Zambian IGG strategy, considering SNDP priority sectors, country potentials, and existence of proven approaches in-country. They produced flipcharts for each of the six SNDP priority sectors. Top issues that warrant further exploration as part of IGG strategy development were as follows:



- *Waste to energy*: notably energy from municipal waste and farming waste: an iconic national programme that meets IGG principles and attracts the interest of the public, business and local government
- *Diversity of clean energy supplies and suppliers*: on the one hand, major energy supply systems need to be cleaner e.g. major green hydropower installations to support major urban areas and industry, but not at high social/environmental cost. On the other hand, the diversity of locations, NR assets and users demands a diversity of supplies, sizes and suppliers e.g. smaller HEP and clean biomass to support productive rural activities
- *Green infrastructure and services*: an integrated approach that exploits the many potential positive links between e.g. water-sanitation-waste-energy-material reuse, and recycling-building standards-urban layout-ecosystem services: starting by developing consistent codes of practice (based on IGG principles) as well as revising physical/land use planning criteria
- *Cleaner vehicles and equipment*: push for best standards for imported mining equipment, cars, etc: there is everything to be gained by using the international standards that manufacturers have to follow in most markets – both for imports and exports. The aim should be to shift from dirty private transport to cleaner and more efficient public means e.g. electric rail investment, top quality buses, and bicycles (Chipata has the latter!)
- *Public awareness*: an integrated approach that will support more sustainable consumption and production. Priority themes include: instilling a water-wise culture in population through water harvesting and more efficient use; children's active involvement in new schemes e.g. waste-to-power at schools; and improving environment inclusion in the curriculum
- *Brand 'green Zambia'*: a clear programme of continuous improvement in policy across sectors towards green and inclusive standards attracts quality investors and buyers who favour sustainable and ethically-produced products, which are increasingly mainstream. A green brand in one sector can help, and is helped by, green images in others
- *Mainstream sustainable agriculture approaches*: bring together and mainstream the wide range of sustainable agriculture approaches that are currently (competing) niches
- *Greener artisanal and small-scale mining practices*: explore the diversity of legal practices and support ways to improve their quality, thus improving livelihoods, income, environment and contributing to an improved Zambian minerals 'green brand'.

For each of these, policy, institutional capacity and financing issues were considered to be critical. In part this is because existing initiatives with green dimensions have faced difficulties in being implemented in timely and effective ways. An exploration of where these three factors are currently barriers, and where they are entry points for transformation towards IGG, should follow in the strategy development phase. So also could a 'catalogue' of existing and imminent green initiatives in Zambia, including the four case studies above but covering all sectors; this could be very useful and might inspire finance innovation.

## Making links with Zambian business

The greatest opportunities for achieving scale in green economic activities may be through business stakeholder engagement. Firstly, in the inclusion of private sector mother bodies and associations such as ZAM, ZCCI, Miners Association, Farmers Association, Tourism Association, Hotel Association, Transport Sector, Biofuel Association, Zambia Water Partnership, Waste Management Association in discussions of environmental and social business potentials and risks. But associations can too often be interested in maintaining the *status quo*, in which case a second opportunity for achieving innovation also lies in engaging with leading companies that stand out as having very good green and inclusive practices. One way to help leading companies to understand their actual and potential contributions to IGG is to work with them on 'stakeholder reporting'. In contrast to 'shareholder reporting' based on financial accounts, this accounts for stocks and flows of natural, social and human capital within the firm, as well as the externalities in terms of impacts on the surrounding community and public goods as a whole. IIED is developing, with its partners, internationally credible ways to help companies to do this; working with Zambian mining or agricultural companies would be an option.

## Making links with international policies, finance and initiatives

Although participants stressed the importance of a domestically-driven approach to IGG – given clear domestic needs and potentials – international finance and policies can also be critical, especially to pay for the transition from brown to green economy, which might necessitate some enabling investment in institutions as well as individual projects.

The seemingly inconclusive approach to green economy at Rio+20 in 2012 (that countries define their own way forward) was discussed. Despite their slow and sometimes unclear progress, participants felt that UN processes on GG and sustainable development were important, that most things are not worth doing unless there is a collective action, and the UN's work stimulates countries to consider the issues and determine where differentiated approaches are needed. It was felt that the Post-2015 development goals process, and the related Sustainable Development Goal process, were very important for Zambia to engage with, in order to establish inclusive green growth (and sustainable development) as central to future development efforts.

In this respect, the potential for development assistance to provide long-term finance was discussed. Zambia has many relationships with donors, financial organisations and knowledge providers on green issues, and indeed this is a priority for most external partners. Those partners offer the potential for new finance, knowledge, markets for green goods and services, as well as legal frameworks and collective action agreements to create basis for new activities, many of them are working in partnership with the Green Economy Coalition.

In developing Zambia's IGG strategy, financial assessment and innovation will be critical. As very initial thinking, it was felt that there is a need, and opportunities, to mix sources for IGG:

1. Bilateral development assistance – including grants, concessionary loans, guarantees, or a blend of the above;
2. Foreign investment;
3. Private sector borrowing money on the markets (helps to prove an initiative is viable);
4. Adaptation fund (Zambia needs to meet the requirement for a National Implementing Entity);
5. GEF Least Developed Country fund (currently supporting Zambia in agriculture, regeneration of miombo woodland, disaster early warning system);
6. Multilateral development banks (window for climate investment funds);

7. Green Climate Fund (for both private and public investment);
8. SADC Infrastructure program (Green Codes);
9. COMESA is also a source for climate smart agriculture for the region;
10. NAPSA and other potential sources of long-term patient capital need to be invited into the green financing discussion.

The next stage of Zambia's IGG strategy should consider:

1. Scoping the opportunities for financial, knowledgeable and political support from international and regional money and markets. The OECD has begun such work in relation to aid internationally. Potential international fora to investigate possibilities for support include:
  - a. Global GG Summit (annual in Seoul) and Forum (annual in Copenhagen for PPPs);
  - b. Green Economy Coalition for news, contacts, and evidence of what works in different countries and sectors ([www.greeneconomycoalition.org](http://www.greeneconomycoalition.org));
  - c. Green Growth Knowledge Platform for economic information and methodologies.
2. Zambia should engage actively with the Post-2015 and Sustainable Development Goal process in order to establish inclusive green growth norms that work for Zambia and the region.
3. Explore the regional dimension of IGG. Regional processes and institutions are important in terms of trade, infrastructure, investment, cross-boundary resource management and economies of scale. Botswana, Tanzania, Mozambique, South Africa and SADC have all begun exploring GG in different ways (IIED has been working with some of these) and a recent regional workshop on green growth and Africa, co-organised by the Zambian government, AfDB and OECD, showcased a range of relevant experience (see <http://www.oecd.org/dac/environment-development/greengrowthregionalworkshops15-18january2013.htm>)

# Next steps towards a Zambian inclusive green growth strategy

# 5

The co-chairs from MoF and MLNREP noted that the objectives of the workshop in terms of familiarisation and shared learning about IGG had been met. An excellent set of ingredients for developing Zambian IGG principles and IGG definition had been pulled together – broadly speaking, *IGG is inclusive development that makes sustainable and equitable use of Zambia's natural resources within ecological limits*. A one-paragraph inclusion could now be drafted for the SNDP that IGG is a coherent way to achieve progressive policies on economic growth and diversification, inclusion and poverty reduction, and profitable environmental stewardship, in ways that attract long-term finance. IGG is a process that shapes a new type of economy that provides sustainable development for everyone. A list of likely (sector) policy options had been laid out, and the importance of generating new green asset classes to attract significant, long-term investment highlighted. Analytical and planning tasks for a follow-up IGG strategy process had been developed.

Participants agreed with the co-chairs that the two days of workshop were just the start of a process to develop an operational Zambian Inclusive Green Growth Strategy (ZIGGS), noting that the process needs to start straight after the workshop given ongoing tasks in SNDP revision and budget.

It was felt that a one-year process to July 2014 would be needed for an IGG action/implementation strategy. Follow-up steps were laid out following the workshop by the organisers and co-chairs. Broadly in order, these are:

1. Draft principles, definition and approach to inclusive green growth for the SNDP;
2. Establish a Focal Point for Zambia's IGG Strategy (provisionally the NCCS);
3. Develop the ZIGG strategy, perhaps facilitated by a Coordinator attached to the Secretariat;
4. Pull together a stakeholder forum and small expert group to help prepare the IGG strategy;
5. Consult not only relevant government bodies, but also community, youth, SMEs/informal sector, business, banks, investors, local government, and development assistance partners;
6. Use the above to assess and frame policies, projects and investments;
7. Prepare the ZIGG Strategy. While it should focus on the enabling conditions for IGG – policies, finance and institutions, it should also outline major bankable projects. NB: OECD, AfDB and IIED are in principle willing to provide continued support for such a Strategy.

# Annex I: Workshop Participants List

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# Annex II: Pre-workshop consultation: stakeholders list

One or more officials were consulted from the following government, civil society and business organisations (see Box 2):

- Cabinet Office
- Ministry of Finance
- Ministry of Lands, Natural Resources and Environmental Protection
- Zambia Environmental Management Agency
- Ministry of Tourism & Arts, Planning and Information Department
- Dept of Energy
- National Institute of Public Administration
- House of Chiefs
- Civil Society Environment Fund
- Africa Carbon Credit Exchange
- National Technology Business Centre
- Zambia Climate Change Network
- Zambia Institute of Environmental Management
- Dialogue International
- Youth Environmental Network-Zambia
- Finnish Embassy
- Southern Biopower Ltd
- Agro-Fuel Investments Ltd









# Acronyms and Abbreviations

ACCE	African Carbon Credit Exchange
AfDB	African Development Bank Group
CIF	Climate Investment Fund
COMESA	Common Market for East & Southern Africa
CS	Civil Society
DFID	Department for International Development
GG	Green Growth
GHG	Greenhouse Gas
IGG	inclusive green growth
IIED	International Institute for Environment and Development
MDB	Multilateral Development Bank
MLNREP	Ministry of Lands, Natural Resource Management and Environmental Protection
MoF	Ministry of Finance
NAPSA	National Pension Scheme Authority
NCCS	National Climate Change Secretariat
NGO	non-Governmental Organisation
NRWSS	National Water Supply and Sanitation
OECD	Organization for Economic Co-operation
PF	Patriotic Front
SADC	Southern African Development community
SEA	Strategic Environmental Assessment
SME	Small and Medium Enterprises
SNDP	Sixth National Development Plan
UNREDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation
ZIGGS	Zambian Inclusive Green Growth Strategy

Many countries are exploring their prospects for green growth. It has become a hot topic, proving attractive to governments, companies, and civil society groups alike. The 2012 Rio+20 Summit concluded that green growth is best defined and tailored according to the individual country context. This report describes Zambia's approach to develop a **Zambian Inclusive Green Growth Strategy** under its **Sixth National Development Plan**. The **Zambian definition for inclusive green growth**, is 'inclusive development that makes sustainable and equitable use of Zambia's natural resources within ecological limits'. The report describes the changing international policy and financial context for inclusive green growth, reports on a workshop facilitated by IIED, and proposes initial steps to develop its operational Strategy.

IIED is a policy and action research organisation. We promote sustainable development to improve livelihoods and protect the environments on which these livelihoods are built. We specialise in linking local priorities to global challenges. IIED is based in London and works in Africa, Asia, Latin America, the Middle East and the Pacific, with some of the world's most vulnerable people. We work with them to strengthen their voice in the decision-making arenas that affect them – from village councils to international conventions.



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This research was funded by UK aid from the UK Government, however the views expressed do not necessarily reflect the views of the UK Government.



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