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ANNEX 1

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Zambia for 2022 part 2

Action Document for Green Partnership and Investment Programme along the Agriculture, Forestry, Biodiversity, Water and Climate Nexus

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title	Green Partnership and Investment Programme along the Agriculture, Forestry, Biodiversity, Water and Climate Nexus
CRIS/OPSYS business reference	OPSYS number: ACT-61218
Basic Act	Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	The Action may potentially contribute to a TEI, if a TEI materialises in the future.
3. Zone benefiting from the action	The action shall be carried out in Zambia.
4. Programming document	Multi-Annual Indicative Programme (MIP) 2021-2027 between the Republic of Zambia and the European Union.
5. Link with relevant MIP(s) objectives / expected results	<p>Priority area 1 of the MIP “Green partnerships for sustainable recovery, growth and decent jobs”.</p> <p>Specific objective 1.1: To promote and invest in the green recovery and sustainable growth along the agriculture-forestry-biodiversity-water and climate nexus.</p> <ul style="list-style-type: none"> Result 1.1 – Participation of subsistence and smallholder farmers, including women farmers and youth, in market-integrated value chains is increased and support the transition to greener and more sustainable diversified agro-food systems. Result 1.2 – Integrated, participatory and sustainable rural development practices are increasingly applied, enhancing resilience of ecosystems along the agriculture-forestry-biodiversity-water and climate nexus and improving people’s livelihoods. Result 1.3 – Communities, living adjacent to and within conservation and game management areas, have increasing income opportunities and apply sustainable resource management practices, stabilising the biodiversity within existing protected area.
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	<p>DAC 310 - Agriculture, Forestry, Fishing</p> <p>DAC 410 - General Environment Protection</p>

7. Sustainable Development Goals (SDGs)	Main SDG: SDG 1 (no poverty) Other significant SDGs: <ul style="list-style-type: none"> • SDG 2 (zero hunger) • SDG 5 (gender equality) • SDG 6 (clean water and sanitation) • SDG 8 (decent work and economic growth) • SDG 10 (reduce inequality) • SDG 12 (responsible consumption and production) • SDG 13 (climate action) • SDG 15 (life on land) • SDG 17 (partnerships to achieve the goal) 			
8 a) DAC code(s)	DAC code: 14015: water conservation – 24 % DAC code 31120: agriculture development – 27 % DAC code 31220: forest development – 25 % DAC code 41030: biodiversity – 24 %			
8 b) Main Delivery Channel	2000 – Non-governmental Organisation and Civil Society			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Combat desertification @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

1.2 Summary of the Action

The action intends to promote and invest in the green recovery and sustainable growth along the Zambian part of the Greater Kavango Zambezi (KAZA) Trans-Frontier Conservation Area (TFCA)⁷. Its geographic focus will stretch from the Greater Kafue ecosystem south-west through the Luangwa – Nyika corridors of Central and Eastern Zambia (thereafter the “landscape”).

The action will:

- 1) Enhance resilience of ecosystems and improve people’s livelihoods based on landscape approaches along the agriculture-forestry-biodiversity-water and climate nexus.
- 2) Increase participation of smallholder farmers, including women and youth farmers, in market-integrated environmentally sustainable, resilient, low carbon, circular and nutrition sensitive value chains.
- 3) Increase income opportunities through applied sustainable resource management practices by local communities.

The action will promote community-based management of natural resources and support benefit-sharing mechanisms for local communities, in particular for women and youth. It will further contribute to Zambia’s climate change adaptation and mitigation targets, enshrined in the country’s National Determined Contribution (NDC)⁸, in particular in terms of sustainable agriculture and sustainable forest management. In addition, the action will contribute to the protection of water catchment areas and the conservation of wildlife, hereby supporting Zambia’s commitments to the Convention on Biological Diversity⁹.

The action will contribute to result 1.1, result 1.2 and result 1.3 of the MIP 2021-2027¹⁰, Priority Area 1 “Green partnerships for sustainable recovery, growth and decent jobs”. It will further contribute to the Youth Action Plan in EU External Action (2022-2027)¹¹.

The action will also contribute to the Global Gateway, especially under the headings “accelerating the green transition”, “accelerating the digital transition” and “accelerating sustainable growth and decent job creation and supporting sustainable financing for growth”. It is in line with the Joint European Strategy (JES) for Development

⁶ The Czech Development Agency will launch in 2023 a new multi-year project targeting small- and medium-sized farmers in the Southern Province of Zambia

⁷ See map in Appendix 2.

⁸ Zambia’s NDC sectors include sustainable agriculture, sustainable forest management, renewable energy and energy efficiency, transport, liquid waste and coal. Zambia First NDC (Updated Submission), 30/07/2021.

⁹ <https://www.cbd.int/>

¹⁰ https://international-partnerships.ec.europa.eu/system/files/2022-01/mip-2021-c2021-9057-zambia-annex_en.pdf

¹¹ https://ec.europa.eu/commission/presscorner/detail/en/qanda_22_5882

Cooperation with Zambia for the period 2021-2027 currently being finalised between the EU Delegation and EU MS to materialise the “Team Europe” approach.

The action is also aligned with the EU’s commitment under the European Consensus on Development¹² and Alliances for Sustainable Growth and Jobs¹³. It is in line with the top political priorities of the European Commission, notably 1) the “European Green Deal” and 2) “An economy that works for the people”¹⁴. Relevant strategies related to the European Green Deal include in particular the Farm to Fork Strategy¹⁵, the Biodiversity Strategy for 2030¹⁶, the New Forestry Strategy for 2030¹⁷, the Climate Adaptation Strategy¹⁸, the Soil Strategy for 2030¹⁹ and the Circular Economy Action Plan 2030²⁰. The action is also consistent with the European Commission Communication (2019)²¹ on stepping up EU action to protect and restore the world’s forest. The action further supports the green recovery and the partnership for green transition for sustainable growth and jobs under the EU Communication Towards a Comprehensive Strategy with Africa (2020)²².

The action will contribute to SDG 1 – No Poverty, SDG 2 – No Hunger, SDG5 – Gender Equality and Women Empowerment, SDG 6 – Clean Water and Sanitation and Sustainable Management of Water, SDG 8 – Decent Work and Economic Growth, SDG 10 – Reducing Inequalities, SDG 12 – Sustainable Consumption and Production, SDG 13 – Climate Action, SDG 15 – Life on Land and SDG 17 – Partnership for the Goals.

The action will further promote social and economic rights of women, contributing to the objectives of the EU Gender Action Plan III (2021-2025)²³ and Zambia Country Level Implementation Plan. It will further contribute to the recently adopted Youth Action Plan for EU external action (2022-2027).

Close complementary will be established with the action “Green Economy Promotion and Diversification (GEPD) Programme” (Annex II AAP 2022 - part 2), for diversification of the economy and creating green and decent jobs.

2 RATIONALE

2.1 Context

General country context

Zambia is a large, land connected and strategically located country on the central plateau of the Southern African region. Its population is estimated at 17.9 million, growing rapidly at 2.9% per year, with a low population density (13 inhabitants/sqkm). With 53.4% of its population under 18, Zambia is one of the world’s youngest populations by median age. Although one of the most urbanised countries in Sub-Saharan Africa (SSA), the majority of people (62%) lives in rural areas, depending on subsistence agriculture for their livelihoods.

Zambia’s presidential and parliamentary elections of August 2021 were followed by a smooth transition of power, serving as an example of a functioning democracy in the region.

Zambia achieved lower middle-income (LMIC) status in 2011 and is striving to transform into a prosperous middle-income nation by 2030²⁴. However, Zambia continues to struggle to translate economic growth to development, despite impressive growth rates in the last decade. The country displays very high income inequalities, with over 50% of the population living below the internationally agreed upon \$1.90 poverty line. Poverty remains widespread and inequality between urban and rural areas is high.

The Government of Republic of Zambia (GRZ) considers its NDC²⁵ as a roadmap for a low carbon and climate resilient development. According to Zambia’s NDCs, the country committed itself to reduce carbon dioxide

¹² https://international-partnerships.ec.europa.eu/policies/european-development-policy/european-consensus-development_en

¹³ https://international-partnerships.ec.europa.eu/policies/sustainable-growth-and-jobs_en

¹⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024_en

¹⁵ https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy_en

¹⁶ https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en

¹⁷ https://environment.ec.europa.eu/strategy/forest-strategy_en

¹⁸ https://climate.ec.europa.eu/eu-action/adaptation-climate-change/eu-adaptation-strategy_en

¹⁹ https://environment.ec.europa.eu/topics/soil-and-land/soil-strategy_en

²⁰ https://environment.ec.europa.eu/strategy/circular-economy-action-plan_en

²¹ https://ec.europa.eu/info/publications/eu-communication-2019-stepping-eu-action-protect-and-restore-worlds-forests_en

²² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020JC0004&from=EN>

²³ https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final_en.pdf
²⁴ National Vision 2030.

²⁵ Zambia’s NDC sectors include sustainable agriculture, sustainable forest management, renewable energy and energy efficiency, transport, liquid waste and coal. [Zambia First NDC \(Updated Submission\), 30/07/2021](#).

emission by 47% (38 MtCO₂eq) with substantial international support by 2030²⁶. A National Adaptation Plan (NAP) is under preparation. GRZ has identified mitigation benefits from adaptation actions in climate smart agriculture and sustainable forest management, as well as from adaptation actions in water protection and conservation and wildlife. Zambia's NDCs call for an integrated landscape approach at watershed level, with investments in protection of water catchment areas, as well as in water capture, storage and transfer, linked to multi-use purposes in watersheds. Zambia's NDC further envisages the development of a National Wildlife Adaptation Strategy, with supportive policies to involve local community, civil society and private sector.

The country's leadership on climate change has been internationally recognised with Zambia's appointment as Chair of the African Group of Negotiators (AGN) at COP26 on Climate Change for the 2022-2024 term. At COP 26, Zambia signed the leaders' declaration on forest and land use, the global coal to clean power transition statement and the statement on international public support for the clean energy transition. The country also joined the EU-USA's joint initiative for the global methane pledge, the global green grids' initiative and signed the one sun declaration. Zambia is among the first partner countries, with which the EU is in the process of finalising a memorandum of understanding (MoU) for an EU-Zambia forest partnership.

The 8th National Development Plan (8NDP) was approved by cabinet in April 2022²⁷. It emphasises an inclusive, multi-sectoral, integrated development approach for economic transformation and job creation through:

1) Improved efficiency and competitiveness of the economy.

Environmental sustainability, anchored on sustainable resilient ecosystems and natural resources' management, including gains from carbon credit revenues. In the 8NDP, the government is committed to increase production and productivity in agriculture, by easing of restrictions on exports of agriculture commodities, promoting agriculture mechanisation, support value addition, storage and logistics, and facilitating access to finance.

Further, support to sustainable investments in water resources development and management is planned to meet the rising demand and productive use of water, while safeguarding water security. Targets are set for decreasing the deforestation rate, which currently stands at 120,000 ha/year of forest cover, by 2026 and to ban unsustainable production and consumption of charcoal by 2025.

The landscape

The landscape is at the centre of a vast regional area and plays a crucial role in sustaining Africa's biodiversity and globally significant species²⁸. It is home to large freshwater catchments, miombo woodlands and forest areas, national parks, game management and protected areas. The action will focus on two main areas of the landscape:

1) the Greater Kafue area, located in south-western part of the landscape.

2) the Lower Zambezi-South Luangwa-Luambe-North Luangwa-part of the Nyika Plateau area (LZNP to NP) located in eastern to north-eastern part of the landscape.

The Greater Kafue area includes two designated Ramsar sites²⁹ and the Kafue National Park (KNP), which connects in the south-east to wildlife corridors to Angola, Namibia, Botswana and Zimbabwe. The Kafue river is the longest lying entirely in Zambia and more than half of the country's population live in its catchment area³⁰. Main land use types range, apart from biodiversity conservation, from agriculture and forestry to mining and industrial activities. The LZNP to NP area include key wildlife corridors connecting to Zimbabwe, Mozambique and Malawi. The Luangwa river is one of the major tributaries of the Zambezi river. Around 50% of the total catchment are protected areas and about 1.8 million people live in the catchment. Main land use types range from agriculture in the highland plateau areas, to biodiversity conservation, fishing, hunting and tourism-related activities in the valley and along the escarpments.

Land and natural resources

The first Zambia's Land Policy (2021) marked an important milestone for improvement of land administration and management of land rights of the country's dual land tenure system (customary and state land). Its implementation plan is lagging behind with unclear coordination mechanisms, roles and responsibilities. A multi-stakeholder dialogue on national lands' policy implementation plan intends to achieve more clarity on stakeholders' coordination and priorities for implementation. Related challenges, such as land titling, land

²⁶ Substantial international support means adequate international resources, both bilateral and multilateral support estimated at USD \$ 35 Billion. [Zambia First NDC \(Updated Submission\), 30/07/2021](#)

²⁷ It is expected that the 8NDP will be submitted for adoption by the National Assembly in mid-June 2022

²⁸ The landscape is home to some 3,000 plant species, including 100 endemics, 600 bird species and 130 types of reptiles. The region also sustains some 200 mammal species, including those that requires ample room to roam, such as lions, cheetahs, plains zebras, wildebeest, buffaloes, African wild dogs and the continent's largest contiguous population of elephants. Nearly half of Africa's endangered elephant population resides in the KAZA region.

²⁹ These are the Kafue Flats and the Lukanga Swamp.

³⁰ GFA Consulting Group Report (2019)

encroachment, displacement of people and allocation of land are yet to be fully addressed. GRZ recognises the importance of natural resources as capital assets for the wealth and the sustainable development of the country. Sectoral natural resources policies support community based natural resources management (CBNRM) and benefit-sharing for local communities; however, these are not effectively in place.

Agriculture

The Zambian agricultural production comprises crops such as maize, sorghum, millet, and cassava. Exports are driven by sugar, soybeans, coffee, groundnuts, rice, and cotton as well as horticultural produces. Smallholder farmers produce 85% of the food crops. The agriculture sector is characterised by low productivity, limited mechanisation and is largely rainfall dependent. The total budgetary allocation to the agricultural sector for 2022 increased to ZMW 8 067 billion, compared to ZMW 7 992 billion in the 2021 budget³¹. The current farmers input supply package (FISP) falls short on effective targeting and equitable treatment of beneficiaries³². GRZ's over-sized commitments of resources to FISP and the Food Reserve Agency (FRA) severely limit the government's capacity to invest in growth and jobs.

The main challenges to ensure sustainable food systems are:

- 1) Low participation of the productive age group (youths).
- 2) High rural poverty levels (76%).
- 3) Low agriculture production diversification due to maize-centric policies.
- 4) Malnutrition remains a problem with 35% of children being stunted.
- 5) Deforestation is driven by agricultural land expansion, charcoal production and timber extraction, threatening biodiversity and compromising the country's climate change adaptation and mitigation potential³³.

Nutrition

Despite progress over the last years, supported by the largest multi-sectoral and multi-donor and multi-agency programme in Zambia, "First 1000 Most Critical Days Programme (MCDP) II (Scaling up Nutrition – Phase II (SUN II Programme)³⁴", chronic malnutrition and micronutrient deficiencies remain widespread. Currently 53% of households would not be able to afford nutritious diets. Given the high rates of non-affordability, households will prioritise meeting basic food needs, over meeting micronutrient needs, to prevent hunger. Most households live at least partly from agriculture. Therefore, diversifying homestead, smallholder and commercial agricultural production with nutritious crops, small livestock and fish farming, in a more integrated approach, would improve diversity and hence quality of nutrient intake and incomes³⁵.

Water resources management

Water accounts for 1% of the country surface area. Climate change is projected to reduce water availability by about 13% by 2100³⁶. The vulnerability of catchment areas and watersheds has increased, due to frequent and extreme climate events and the cumulative demands of a rapidly growing population for agriculture irrigation, hydropower and household use. These factors have contributed to catchment degradation, with negative impacts on the resilience of ecosystems and access to water for local economic activities. Lack of statutory instruments in water resources management have resulted in weak structures for systematic monitoring of water abstraction. Further, local overuse of resources, such as for large scale irrigation by commercial farmers, has caused conflicts among water users. The recent National Water Resource Strategy and Plan (March 2022) aims to achieve a more equitable and sustainable utilization of water resources.

Forest and woodlands

The National Forestry Policy (2015), the reducing emissions from deforestation and forest degradation in developing countries (REDD+) strategy (2015) and the National Investment Plan for REDD (2018 – 2022) promote sustainable forest management. Likewise, the role of land use, land-use change and forestry (LULUCF) activities in the mitigation of climate change has long been recognised, including in Zambia. 60% of rural households depend on forests. Forest goods contribute approximately 20% to rural household incomes. Forests and woodlands provide 80% of energy needs in the form of firewood and charcoal. Zambia has still extensive forest cover, estimated at 44.8 million ha, representing 61% of the country's land surface area³⁷. However, human activities significantly reduce forest cover at an annual rate estimated at about 276 000 ha per year³⁸. As a result, the ecosystem services of forests and woodlands, including the maintenance of soil quality, control of erosion,

³¹ IAPRI, Agricultural Status Report, 2021.

³² 8NDP

³³ Rapid Food Systems Assessment – EU-FAO-CIRAD (2021)

³⁴ MCDP II - supports the scale up of package of nutrition-specific and nutrition-sensitive interventions.

³⁵ Zambia Fill the Nutrient Gap Assessment, WFP (2021)

³⁶ Zambia's Third National Communication to the United Nations Framework Convention on Climate Change (2020)

³⁷ FAO Forest Resource Assessment (2020)

³⁸ Zambia NDC (2021)

provision of organic materials, generation of conducive microclimate, conservation of biodiversity and carbon sequestration have been increasingly negatively affected. Wood harvesting occurs mainly through large concessions, operated by foreign timber companies, with limited sustainable investments in local economies. Forest value chains are not sufficiently developed for the inclusion of micro, small and medium enterprises (MSME), cooperatives or community-based enterprises.

Biodiversity and Wildlife

Zambia has abundant biodiverse ecosystems and wildlife. Over 30% of Zambia's land is managed in protected areas (PAs).³⁹ Climate change has negatively impacted biodiversity of ecosystems and wildlife. The quality of fodder on which wildlife depends for its survival has decreased, causing habitat change and loss. This has led to migrations, including towards human settlements, which in turn increase human-wildlife conflicts. The Wildlife Act (2015) established the Department of National Parks and Wildlife (DNPW) to improve wildlife governance. The national parks and wildlife policy (2018) promotes biodiversity conservation, with the aim to transform wildlife into an economic asset for national economic development through promotion of nature-based tourism and increased local community participation in wildlife management.

Gender

Gender inequality is high in Zambia. The 2020 Human Development Index statistical report shows that gender inequality remains a major challenge, Zambia ranking 137 out of 167 countries, highlighting low representation of women in parliament (18 %) and other positions of power, low level of education, compared to their male counterparts and a critical level of maternal mortality, as well as adolescent pregnancies⁴⁰. The country has a high incidence of gender based violence with more than one-third (36%) of women aged 15-49 having experienced physical violence at least once since age 15 and 14% having experienced sexual violence⁴¹. According to the 2018 Labour Force Survey, men dominate employment, both in the formal and informal sectors. In the formal sector, men account for 62% and women 38%. In the agriculture sector, this gender gap increases significantly, with women making up less than one fifth (17.7%) of people in formal employment. Women have also less access to financial services than men, figuring at 59% and 64% respectively.

Young People

Zambia is a country of young people, with 83% of the population under the age of 35. The estimated median age of 17.6 years (2020) is one of the lowest in the region and globally. Youth unemployment rate stands at 19.9% (17.6% for male and 22.7% for female), while the private sector faces challenges to find and recruit skilled workers. The GRZ has put in place a national youth policy, which provides for strategies and programmes for youth participation in the development agenda.

Access to Finance

The financial system in Zambia is relatively underdeveloped. The country's commercial banks dominate the financial services industry, which offer low-risk and high-value services to only a limited number of customers⁴². Non-banking financial institutions (NBFIs), such as microfinance institutions (MFIs), are also active, but focus on smaller loans, predominately to micro-businesses and micro, small and medium size enterprises (MSMEs), which are rated as more risky. While these MFIs provide support to rural communities at times, they are often focused on urban and peri-urban areas, creating a supply gap for farmers and less formal agricultural MSMEs. The majority of farmers use informal services, such as informal rotating savings schemes, community organisations or informal credit providers to access financial products.⁴³ Access and usage of digital finance in Zambia has been increasing significantly since 2015, with banks, third-party providers, and telecommunication companies offering digital services. In May 2022, an IT service provider from Poland signed a MoU to make Zambia Post fit for the digital age, including for online banking and financial services.

2.2 Problem Analysis

The Zambian part of the Greater KAZA TFCA – a significant landscape at risk

The landscape's ecosystems are increasingly coming under pressure, due to resource conflicts, land encroachment, poaching, pollution, overexploitation of resources, deforestation, habitat degradation, climate change and a lack of environmental education. Insufficient investments in the management of national parks and protected areas have significantly contributed to loss of biodiversity and habitats. Weak wildlife management and law enforcement and increased vulnerability in human-wildlife interaction have reduced the economic value of protected areas and natural heritage sites. In this multi-land use and multi-stakeholder landscape, peoples' livelihoods, commercial

³⁹ Zambia has 20 National Parks, 36 Game Management Area (GMAs), 8 Ramsar sites³⁹ and numerous national heritage sites³⁹. Zambia endemic species, some of which are classified as rare, endangered or vulnerable. WWF report (2011)

⁴⁰ Human Development Index report 2020 United Nations Development Programme.

⁴¹ Zambia Health and Demographic Survey (ZDHS) 2018.

⁴² FSDZ, Financial Inclusion Summary Report Zambia 2018.

⁴³ BoZ, 2019 Credit Market Monitoring Report: Growth of Credit to Households and Implications for Financial Stability.

investments, wildlife populations and nature are intertwined, struggling to strike a balance to achieve sustainable, economically viable and climate smart development and preservation of biodiversity. To maximise the impact and geographical coverage of support in the Landscape, the action will build upon previous and ongoing projects and investments by the EU and its Member States in Zambia, and regional initiatives, such as the NaturAfrica programme, targeting TFCAs in the Southern Africa region.

Lack of land use planning

Even though the need for better and more integrated land use planning is well understood within GRZ authorities and among development partners, there is currently no baseline data available for the two main targeted landscape areas to support more integrated development, following a landscape approach. Lack of strategic assessment of land use planning and management has resulted in poor definition of land for various uses. Due to insufficient technical and funding resources, gaps in available data, issues in land tenure and user rights, outdated or non-existent general management plans for national parks and GMAs, fragmented legislative framework, lack of policy support to higher segments in the value chain (market development, export promotion), the landscape continues to face unsustainable livelihoods, environmental sustainability problems and critical disruptions in landscape connectivity. This calls for a vision towards more integrated economic development and adaptation strategies for preservation, conservation and sustainable use of ecosystems. The recently EU funded DeSIRA/GPGC “Zambia for Agroforestry, Biodiversity and Climate (Z4ABC)” project, implemented by CIFOR, aims to adopt a land use planning with a landscape approach in the LZNP-NP area. The action will draw lessons from and build upon Z4ABC approach.

Inadequate benefit-sharing mechanisms

CBNRM governance institutions are not sufficiently funded, capacitated and empowered to represent their constituencies in securing fair equity from profits made, sustainable use of the conserved biodiversity assets, tourism or other businesses. This often results in disempowerment and demotivation of communities’ involvement in sustainable and economically viable natural resources management. Consequently, this contributes to lack of sustainable investments in natural resource-based enterprises, and related livelihoods. Support to efficient and equitable benefit-sharing mechanisms for local communities is essential to promote their sustainable economic and environmentally sound development.

Persisting vulnerability of smallholder farmers (SHFs)

Through the EU funded ENTERPRISE Zambia Challenge Fund⁴⁴, significant investments have been made to support 20 agri-businesses to date, which positively benefit smallholder farmers at scale. These companies have the potential to deliver improved extension services and access to markets to over 300 000 households across the country. The Challenge Fund is also creating an enabling environment to transform food systems, protect the environment and biodiversity, adopt new climate resilient, low-carbon and green technologies in agricultural production and to secure availability of nutritious food. A positive trend is noted that buyers are increasingly competing for SHF’s produce; hence, it is essential that SHF are sufficiently empowered to negotiate a better price.

The MCDP II - Scaling up Nutrition- Phase II (SUN II) Programme⁴⁵ implements nutrition-specific and nutrition-sensitive interventions. Community-led actions, aimed at ensuring all-year-round availability of nutritious foods (e.g. promotion of vegetable, legumes, poultry and fish farming), proved successful in strengthening households’ incomes. Over 1 203 lead farmers established 1 000 community gardens across 13 districts. 38 757 follower farmers are growing diverse and nutritious vegetables and legumes. With SUN II support, high nutritive value non-wood forest products in 8 districts have been identified for promotion, production, preparation and consumption. Access to community savings and loans groups to provide guarantees for input loans and leasing, has demonstrated to have eased the SHFs’ financial situation when most vulnerable. However, the establishment of formal market linkages are yet to materialise.

In less accessible areas, SHFs are still suffering from severe constraints in terms of access to both, inputs and offtake markets. Many SHFs appear to be unable to significantly and sustainably improve their livelihoods, due to persistent financial constraints at the beginning of the cropping season. Compounded by a lack of know-how and limited access to the latest agricultural technological developments and innovations, their ability to embark on sustainable agriculture is limited. Another disadvantage is that hardly any value addition is practiced at farm level. Much of the produce is generally purchased in a dried, but otherwise not in any way processed, form.

In the landscape, the following investments will be made to support the scaling up of: 1) climate smart technologies, 2) innovation in production and marketing of healthy and diverse crops, biofortified seeds, fisheries and livestock for improved household nutrition and food security and 3) access to markets.

Limited market integration of local communities

⁴⁴ 11 EDF “Support to sustainable commercialisation of smallholder farmers in Zambia”.

⁴⁵ SUN II Programme is being funded by FCDO, EU, Sweden, Germany and Ireland.

The informal and fragmented nature of the agriculture sector has made it challenging for SHFs to gain access to larger, more formal markets. This has negatively impacted the ability to attract financial investments. Zambia's agriculture sector is predominantly based on sparsely populated rural areas, characterised by poor infrastructure, making it difficult and expensive for SHFs to access markets, suppliers and traditional sources of financing that are often based in highly populated urban areas⁴⁶. Marketing agricultural produce therefore requires robust market linkages to minimise logistical and marketing costs. The same applies to access to markets for non-wood forest products, conservation and ecosystem products and services.

Declining resilience of ecosystems

The depletion of Zambia's natural resources perpetrates the fragility and vulnerability of rural livelihoods and food insecurity. There is an untapped potential to develop sustainable value chains for wildlife and forest products and services, domestic wood industry, eco-tourism, and related value additions. Improvements in water resources management are urgently needed to balance the competing demands and conflicting needs of all range of water users.

Youth and women are disadvantaged

Culturally defined gender roles and responsibilities underpin differences in resource use. Men and women differ in their perception of ecosystems and of their inherent value. A systemic flaw is often that women and youth have a limited voice in environmental decision-making within their communities. Women are mainly engaged in lower-paying rural labour activities. Land and farm asset ownership among women is also low, which becomes a barrier for female-headed households to improve their livelihoods⁴⁷. With respect to gender inclusion in the implementation of programmes⁴⁸, the adoption of household methodologies (interventions to target the family as a "unit") is a recommended entry point.

Limited access to finance

In a recent survey conducted by Musika, an initiative mainly funded by Sweden, 75% of surveyed MSMEs highlighted that they mainly sourced start-up capital from their personal savings and used business proceeds to support operations⁴⁹. Loans to the agriculture, forestry, fishery and hunting sector have been performing far worse than any other sector. Challenges around productivity and market access often lead to low-profit margins. As a result, there is a need to provide financing to farmers to increase productivity and formalise value chains. There is an opportunity to develop financing strategies that attract funding from non-traditional sources⁵⁰.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The direct beneficiaries of the programme are:

- The **community members (women and men, youth (right holders))**, including SHFs, will be empowered through enhanced knowledge and understanding and benefit from different income generating opportunities.
- **GRZ national and decentralised authorities (duty bearers)**, including Ministry of Green Economy and Environment (MoGEE), the Ministry of Agriculture (MoA), the Ministry of Fisheries and Livestock (MoFL), the Ministry of Water Development and Sanitation (MoWDS), the Ministry of Lands and Natural Resources (MoLNR), the Ministry of Finance and National Planning (MoFNP), the Ministry of Local Government and Rural Development (MoLGRD), the Ministry of Tourism (MoT), leading to the development of policies and legislation, as well as their decentralised implementation.
- **Community-level service providers/entrepreneurs, private sector entrepreneurs** that provide SHFs with more end market solutions, innovative services and technologies. This category embraces agro-entrepreneurs, agro-dealers, commercial farmers' groups/associations providing businesses services, input suppliers, output aggregators and processors, such as large commodity traders and end buyers (including exporters). Forest companies, including logging and forest plantation companies, as well as conservation related entrepreneurs, such as eco-tourism operators, game ranching, are also included.
- **Community based organisations (CBOs), committees, boards and associations** that are formed under sector-specific natural resource legislation for purposes of co-management. Their formation, membership, objectives, functions and mechanisms for benefit sharing are defined in the legislation, which also regulates

⁴⁶ Impact on land and agricultural commercialisation on local livelihoods in Zambia, 2017, The Journal of Peasant Studies.

⁴⁷ Food and Agriculture Organization of the United Nations (FAO), *National gender profile of agriculture and rural livelihoods, Zambia*, 2018.

⁴⁸ The EU commissioned study on gender (2021).

⁴⁹ Musika, A Needs Assessment of Rural SMEs: A Validation Study 2017.

⁵⁰ EDGE, Zambia Investment Landscape Report, April 2021.

them, e.g. Community Resources Boards (CRB) and Water User Associations (WUA), in charge of sub-catchment water resources management plans.

- **International organisations (IOs) representing the rights of those living in the most vulnerable situations**
- **CSOs, CBOs**, including membership-based, cause-based and service-oriented CSOs, non-governmental organisations, faith-based organisations, foundations, research institutions, Gender and LGBTQ+ organisations, not-for-profit media, trade unions and employers' organisations will be involved in the action for communities' mobilisation, mentoring and guiding the implementation of rural development approaches.
- **Financial institutions**, include the non-bank financial institutions, equipment leasing companies, informal lenders (e.g. savings groups or village banking).

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The overall objective (impact): To support a climate-resilient transition towards green partnerships, sustainable growth and decent jobs in Zambia.

The specific objectives (outcome) are:

- 1) To enhance resilience of ecosystems and improve people's livelihoods based on landscape approaches along the agriculture-forestry-biodiversity-water and climate nexus.
- 2) To increase participation of smallholder farmers, particularly women and youth, in market-integrated environmentally sustainable, resilient, low carbon, circular and nutrition sensitive value chains.
- 3) To increase income opportunities and apply sustainable resource management practices for local communities.

The expected outputs are:

Output 1.1: Enhanced policy and capacity for integrated landscape management.

Output 1.2: Enhanced capacities for watershed management, addressing forest degradation, biodiversity conservation, water resources management and climate resilience in selected target areas.

Output 1.3: Improved capacity for forest policy, governance, management and monitoring systems.

Output 2.1: Improved delivery of transformative services to smallholder farmers, including women and youth.

Output 3.1: Improved livelihoods through enhanced value chains' development in forest products and services as well as diversified income generating activities within game management and protected areas.

3.2 Indicative Activities

The indicative activities in support to the achievement of the specific objectives are as follow:

Activities related to output 1.1: Enhanced policy and capacity for integrated landscape management.

- Conduct a baseline, gap assessment and a geo-spatial survey/mapping, combined with biophysical, demographic, and socio-economic data, inclusive of gender analysis
- Identify and monitor areas at risk in the landscape.
- Strengthen the capacity of existing natural resource management and monitoring platforms.
- Share spatial database and information products (e.g. maps) generated for the landscape at national level with relevant local level authorities/stakeholders.
- Build capacities of line Ministries in charge of natural resources management to integrate, develop, implement and monitor policies, promote land-use and landscape planning, build and update inventories.
- Support participatory land-use planning and integrated watershed management and develop integrated land use plans in target areas.
- Build capacities of community-based structures at the landscape level.
- Support benefit-sharing mechanisms for CBNRM.

- Support local and regional activities led by women and youth to inform, raise awareness, advocate and support decision making.

Activities related to output 1.2: Enhanced capacities for watershed management, addressing forest degradation, biodiversity conservation, water resources management and climate resilience in selected target areas.

- Plan, develop and implement integrated watershed management on sub-catchment level, including the involvement of local communities and local governance structures.
- Implement multi-sectoral interventions to contribute to restoration of natural capital ecosystems and related ecosystem services, including biodiversity conservation, carbon sequestration, soil fertility, water cycle regulation, and disaster risk reduction.
- Promote and support sustainable private sector involvement in the landscape, along the agriculture-biodiversity-forest-water-climate-nexus.
- Support the development of the national policy on integrated water resources management, feeding into output 1.

Activities related to output 1.3: Improved capacity for forest policy, governance, management and monitoring systems.

- Build the capacity of the forest department within MoGEE, including for forest monitoring and production of forestry statistics.
- Update of the national forest policy and statutory instruments to promote sustainable forest management. (e.g. development of national forest management standard traceability systems and domestic green procurement policy).
- Support wise use fire, fire management and monitoring.
- Support measures to promote carbon credit schemes.
- Support measures related to the EU-Zambia forest partnership and its roadmap.

Activities related to output 2.1: Improved delivery of transformative services to smallholder farmers, including women and youth.

- Scale up application of sustainable climate smart agriculture practices, integrated soil fertility management, agroecology, diversification of production and sustainable aquaculture and livestock production.
- Promote nutrition sensitive agriculture at household level, promote agro-biodiversity/agro-forestry and the production and consumption of more diversified nutritious food.
- Build niche markets for sustainably-produced products.
- Set up and/or strengthen existing digital farmer networks, as well as trading and transport platforms.
- Disseminate agro-meteorological information, early warning, e-extension messaging on sustainable pest control, animal diseases and post-harvest losses.
- Launch and/or promote a digital Market Information Service (MIS), Virtual Farmers Market and Value Chain Opportunity Service (VCOS),etc.
- Support financing conservation agriculture services, critical mechanisation and machining methods.
- Train/mentor smallholder farmers, agri-entrepreneurs, prioritising women and youth.
- Promote innovative financial services for better financial inclusion of smallholder farmers, prioritising those that apply environmentally sustainable and climate-smart farming practices.
- Support financing of high-impact value addition, management technologies for reducing/avoiding food loss and waste, circularity, aggregation service investments and quality certificates.
- Raise awareness and empower women and youth organisations for equal access to opportunities within increasingly sustainable food systems.

Activities related to output 3.1: Improved livelihoods through enhanced value chains' development in forest products and services as well as diversified income generating activities within game management and protected areas.

- Support private sector investments in value chains for forest products and services, including tree plantations.
- Support out-grower schemes in multi-purpose forestry.
- Support community-based forest management group activities.
- Provide funding in local economic activities, supporting sustainable, climate smart and diversified livelihood activities.
- Support the planning and implementation of sustainable management plans of national parks.
- Support wildlife law enforcement capacity, anti-trafficking, anti-poaching.
- Support sustainable human-wildlife interaction practices.

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.