

**PROJECT INFORMATION DOCUMENT (PID)  
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC68987

<b>Project Name</b>	Forestry Investment Program (FIP) Investment Plan
<b>Region</b>	AFRICA
<b>Country</b>	Zambia
<b>Sector(s)</b>	Forestry (80%), Public administration- Agriculture, fishing and forestry (10%), General information and communications sector (10%)
<b>Theme(s)</b>	Natural disaster management (10%), Climate change (50%), Environmental policies and institutions (20%), Land administration and management (10%), Other environment and natural resources management (10%)
<b>Lending Instrument</b>	IPF
<b>Project ID</b>	P160267
<b>Borrower Name</b>	Zambia Ministry of Finance
<b>Implementing Agency</b>	Interim Climate Change Secretariat
<b>Environment Category</b>	B - Partial Assessment
<b>Date PID Prepared</b>	27-May-2016
<b>Estimated Date of Approval</b>	25-Jul-2016
<b>Initiation Note Review Decision</b>	The review did authorize the preparation to continue

**I. Introduction and Context**

**Country Context**

Zambia has experienced a decade of rapid economic growth. A combination of prudent macroeconomic management, market liberalization policies, and a steep increase in copper prices helped drive investments in the copper industry and related infrastructure to achieve an average annual growth of about 6.4% during the last decade, although recent economic growth has slowed on account of declining copper prices and slowing growth in key markets. Despite robust annual growth in the recent past, poverty in Zambia remains stubbornly high. The poverty rate is 60 percent (as of 2010), and 39 percent of the population live in extreme poverty, with insufficient consumption to meet their daily minimum food requirements. Poverty is disproportionately rural. The World Bank's Poverty & Inequality Brief for Zambia in 2015 emphasizes two driving factors: (1) High and persistent income inequality between urban and rural regions, and (2) Low productivity in the agriculture sector.

The country has defined its rural development agenda through the Sixth National Development Plan, and aims to achieve Zambia's own "Vision 2030: to be a prosperous middle income country by 2030." The Sixth National Development Plan is organized around the theme of "broad based wealth and job creation through citizenry participation and technological advancement" while promoting inclusive growth, fostering a competitive and outward-oriented economy, and

significantly reducing hunger and poverty. The Sixth National Development Plan includes a focus on natural resources conservation, and envisions "a productive environment and well-conserved natural resources for sustainable socio-economic development by 2030" through reversing deforestation, wildlife depletion, heritage sites degradation, and land degradation.

### **Sectoral and Institutional Context**

Zambia's rural poor, dependent largely on agriculture and natural resources, are vulnerable to an inherently highly variable climate. Much of Zambia is dry or very dry with naturally occurring droughts, extreme temperatures, and seasonal flooding. As a result of human-induced global climate change, Zambia's climate has been changing over the last decades and projected additional changes are significant over the next decades. Projected temperatures are expected to increase by 3 to 5 degrees C by 2100, with average precipitation declining during the early rainy season (October to December) and intensifying thereafter.

Adaptation to climate change is thus on the forefront of the country's national priorities. In addition, Zambia contributes to carbon emissions, with the single largest contributor being loss of carbon from deforestation. Carbon emissions from forestry can be reduced (and carbon sequestration can be enhanced) through programs for Reduced Emissions from Deforestation and Degradation (REDD+). With support from the UN-REDD program, Zambia has recently completed its National REDD+ Strategy, a comprehensive set of proposed actions and policies to move forward on REDD. The country's REDD+ ambitions were further laid out and quantified in the Nationally Determined Contribution (NDC) that Zambia proposed at the COP21 in Paris, France.

The National REDD+ strategy very briefly lays out strategies and priorities but does not include a comprehensive plan for how to implement the strategy nor how to finance it. To fill this gap, the Government proposes to prepare a National REDD+ Strategy Investment Plan and has requested coordinated technical and financial assistance from the Forestry Investment Program (FIP), implemented through the three multilateral development banks (WB, AFDB, and IFC) and from the UN agencies actively supporting UN-REDD (UNDP, UNEP, and FAO).

The Government of the Republic of Zambia (GRZ) has put in place a multisectoral coordination mechanism for climate change issues by establishing the Interim Climate Change Secretariat (ICCS). At this time, the ICCS sits within the Ministry of Finance.

### **Relationship to CAS/CPS/CPF**

The World Bank's 2013-2016 Country Partnership Strategy (CPS), extended to 2017, prioritizes adaptation to climate change and poverty reduction. This grant is fully consistent with the CPS particularly in supporting Objective 1 of the Strategy (Reducing poverty and vulnerability of the poor) and Outcome 1.2 (Improved resilience, incomes and health for the poor).

This small grant also supports and contributes to helping deliver on the Bank's twin goals of ending extreme poverty and boosting shared prosperity by 2030 and the Bank's new Forest Action Plan and Climate Business Plan both of which were launched at the December 2015 Paris Conference of the Parties (COP21). The work to be supported by this grant will be closely coordinated with the Zambia Integrated Forest Landscape Program (ZIFL-P). The ZIFL-P encompasses a series of investments from different sources (BioCarbon Fund, GEF, FIP, and possibly others being identified) that would lead ultimately to results-based payments for carbon storage and reduced

carbon emissions resulting from reduced deforestation and degradation.

## II. Project Development Objective(s)

### Proposed Development Objective(s)

The PDO is to develop an investment plan for Zambia's National REDD+ Strategy while also meeting the objectives of the Forestry Investment Program (FIP).

### Key Results

The proposed PDO result indicators would be:

- i. An Investment Plan for the National REDD+ Strategy prepared, consulted, and submitted to appropriate authorities for approval.
- ii. Government institutions provided with capacity building support to improve planning for REDD+ implementation.

## III. Preliminary Description

### Concept Description

The grant would finance the development of a National REDD+ Strategy Investment Plan (IP) for the country. The IP process is Government-owned, led through the ICCS, but will include other ministries and stakeholders as necessary.

The grant's objective would be accomplished through analysis of key development plans, policies, strategies, and existing or planned investment operations; identifying financing opportunities for climate action/engagement; providing capacity building to key stakeholders; and through broad consultation with key stakeholders and partners. The IP will lay out a roadmap for Zambia to combine and leverage global climate finance opportunities to support a long term sequence of transformational climate investments, comprising possible additional future FIP and Green Climate Fund (GCF) funds, and other multi- or bi-lateral funds as well as private sector financing.

The preparation of a REDD+ investment plan builds on an existing country-led REDD+ planning process which was supported by UN-REDD financing. In other FIP-supported countries, the IP grant has been used to prepare a FIP-specific IP but in this instance the Government of Zambia requested the Multilateral Development Banks (MDBs) and the UN agencies to work together and support the government to develop a general investment plan for the implementation of the REDD+ National Strategy.

## IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	

Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

## V. Financing (in USD Million)

Total Project Cost:	0.25	Total Bank Financing:	0
Financing Gap:	0		
<b>Financing Source</b>			<b>Amount</b>
Climate Investment Funds			0.25

## VI. Contact point

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