



SUBMISSION TO THE EXPANDED PLANNING AND BUDGET COMMITTEE

ON

THE 2024 BUDGET

FROM

THE ZAMBIA CLIMATE CHANGE NETWORK

DATE: 12TH OCTOBER 2024

1. BACKGROUND

The Zambia Climate Change Network (ZCCN), a membership - based Organization that exists as a civil society National platform, whose strategic thrust is on climate justice and sustainable development in Zambia. It was established on the 28th of February 2011 and has its Secretariat at Mulungushi International Conference Center, 1st floor, New Wing, Lusaka.

Upon being invited to make submission, the Zambia Climate Change Network has undertaken an analysis of the estimates of revenue and expenditure for the financial year ending 31st December 2024 and has since made comments on the implications of the 2024 budget on Climate Change. The Network has further made comments on how the proposed revenue measures and allocations are likely to impact Climate Change mitigation and adaptation measures. ZCCN partners and members who have contributed to the drafting of this memorandum include Global Platform Zambia, Green Living Movement, AMINI Center for Policy Research, Youth Ignite Zambia, Action Aid Zambia.

2. INTRODUCTION

Following the 2024 budget address to the national assembly by the Minister of Finance and National Planning Honorable Dr. Situmbeko Musokotwane on September 29, 2023, to unveil the 2024 National Budget, we are hereby privileged to present our submissions to the Expanded Budget and Planning Committee today 12th October 2023. We note that this is the third budget announcement made by the current Government.

The budget, themed “Unlocking Economic Potential,” laid out the government's policy priorities for the fiscal year 2024 and beyond. Given the global and domestic economic concerns, it is quite expected that the budget's principal goal will be to encourage private-sector-driven growth and promote inclusive development.

We are glad that Climate Change issues have increasingly been gaining prominence in the national development agenda. Zambia Climate Change Network applauds the emphasis government placed on Climate Change and environmental sustainability as indicated in the creation of the Ministry of Green economy and Environment among other efforts.

Point 142 of the Budget Speech: “Madam, climate related risks also pose increasing threats to the stability of the financial system.”

Certainly, climate change has undeniably exerted a significant influence on Zambia's economy across various sectors, presenting a clear and imminent danger to both our current economic growth and the well-being of our citizens in the future. Industries such as agriculture, energy, tourism, and water resources, encompassing both sanitation and supply, have been severely affected. Consequently, the government is actively pursuing sustainable and climate-resilient pathways for economic development, guided by this understanding. We note Government's plan to formulate a National Adaptation plan to address climate risks and hazards.

The 2024 budget, amounting to K177.9 billion, shows a 6.3% increase compared to the 2023 budget, which was projected at K167.3 billion. However, when calculated as a percentage of the Gross Domestic Product (GDP), the 2024 budget represents 27.8%, which is lower than the 2023 figure of 31.4%. The 2024 Budget maintains the Farmer Input Support Programme (FISP) as the primary agricultural investment program with a slight 6.5% reduction in allocation from the previous year.

However, ZCCN notes that there is growing consensus that FISP has not met expectations, leading to calls for the government to signal its withdrawal from this policy and instead focus on agroecology farming and support the local production of organic fertilizer and develop farm blocks and infrastructure, which could mark a positive and substantial policy shift. Alternatively, Government should outline on the strategy to enhance environmentally friendly practices in 2024 to achieve a more resilient financial system regarding climate related risks.

3. COMMENTS ON THE BUDGET

3.1 Environmental Protection

Point 214 in the Budget Speech “*Madam Speaker, I propose to spend K1.5 billion towards environmental protection. The funds will be used to implement various programmes and projects to protect the environment and build resilience against the effects of climate change.*”

The funding for environmental protection has increased by about K391 million in the 2024 budget compared to the previous year, but it still accounts for 0.8% of the overall budget, demonstrating a modest increase of 0.2% and falling short of the 2024 target of 1.0% of the Medium-Term Budget Plan. Zambia's vulnerability to climate change, despite this increase in financing, emphasizes the urgent need to develop emergency preparedness and resilience in vulnerable populations,

underscoring the significance of more significant expenditures in climate change mitigation measures.

Point 46 in the Budget Speech *“Madam, to adapt to the adverse effects of climate change and build resilience, Government will continue implementing smart agricultural technologies in collaboration with Cooperating Partners.*

The ZAMSTAT’s report for the “2022 Poverty Assessment in Zambia” which was recently released, highlights that addressing the 62 percent poverty rate and ensuring food security in Zambia is of utmost national importance. Increasing funding for environmental protection is crucial at this pivotal moment, as individuals pursuing charcoal businesses as a means of livelihood may not only harm the environment but also exacerbate climate change, diminishing our ability to adapt and mitigate.

Point 225 in the Budget Speech. *“Madam, to continue promoting the usage of clean energy as well as supporting the green economy and climate change mitigation, I propose the following measures: a) Remove customs duty on electric motorcycles, electric vehicles, electric buses, electric trucks, and attendant accessories such as charging systems; and b) Reduce excise duty to 25 percent from 30 percent on hybrid vehicles designed for the transportation of persons.”*

The budget recognizes the impact of climate change on Zambia's economy and people's livelihoods, with the government implementing measures such as eliminating customs duties on machinery and equipment for geothermal energy activities to support the green transition. Additionally, the reduction of customs duties on electric vehicles, along with a decrease in excise duty on hybrid vehicles for passenger transport, reflects a progressive approach that further bolsters the green transition agenda.

Table 1: shows the allocation both proportionally and actual terms towards environmental protection.

Year	Allocation	Proportion
2022	K 971.9 million	0.6%
2023	K1.06 billion	0.6%
2024	K1.45 billion	0.8%

In the 2024 budget, there is a notable increase in funding for the Disaster Prevention and Mitigation Sub-programme, which rose from K14.5 million in 2023 to K36.9 million, allocated for hazard prevention, national contingency planning, and vulnerability assessments, while the Early Warning and Preparedness Sub-programme's budget also sees an increase from K5.7 million in 2023 to K11.3 million in 2024, encompassing disaster preparedness planning, early warning dissemination, and the addition of 50 new automatic weather stations to supplement the previously planned 120 stations for 2023.

Agriculture, Livestock and Fisheries

***Point 37 of the budget speech:** “Madam Speaker, over the past years, crop and livestock production has generally been below potential. This has been due to several factors such as adverse effects of climate change, high cost of inputs, unaffordable finance, inadequate irrigation and other agricultural support infrastructure, poor livestock, and crop management practices, as well as inadequate mechanization.”*

The 2024 budget allocates 13.8 billion Kwacha to Agriculture representing a 7.8% share of the National budget which is progressive from 6.7% in 2023, indicating its importance in the government's economic agenda. This allocation is vital for addressing various challenges in the sector, such as low productivity, access to modern farming technologies, and climate change resilience.

However, as we may be aware the Maputo declaration mandates African countries to dedicate at least 10% of their national budgets to agriculture to achieve a 6% annual growth rate, but the agriculture budget has consistently fallen short of this. In the 2024 budget, there is a proposed allocation of K13,826,019,474 (7.8%) for agriculture, livestock, and fisheries interventions, reflecting a 6.7% increase compared to the 2023 budget allocation.

Water, Supply and Sanitation

***Point 130 of the Budget Speech.** “Madam, to accelerate access to clean and safe water supply, Government will, in 2024, construct 1,374 boreholes and rehabilitate 1,270 boreholes across the country.”*

The Water and Sanitation sector has seen a substantial decrease in funding, dropping from K2.9 billion in 2023 to K1.9 billion in the current budget, with a consistent decline since 2020 when it comprised 2.5% of the budget, ultimately reaching just 1.1% in 2024. This raises serious concerns of Governments ability to address pressing water and sanitation challenges in communities effectively.

The expectation that improved water facilities will be available to more than 92,000 households in 2024, despite a smaller budget allocation, shows progress in improving public health and sanitation. However, the sector's continued heavy reliance on external financing, which accounts for more than 80% of the 2024 budget, emphasizes the urgent need for effective financial planning to guarantee the sustainability of water and sanitation initiatives in the future.

4. COMMENTS ON SPECIFIC FINDINGS

4.1 Environmental sustainability

Point 141 of the Budget Speech: “Madam Speaker, to adequately prepare and respond timely to adverse weather conditions, the Government will expand the coverage and enhance early warning systems.”

The allocation for the Prevention and Mitigation Sub-programme saw a substantial increase, rising from K14.5 million in 2023 to K36.9 million in 2024, which will be used for risk mitigation, national contingency plan development, and vulnerability analysis, while the budget for the Early Warning and Preparedness Sub-programme also experienced growth, going from K5.7 million in 2023 to K11.3 million in 2024, to encompass disaster preparedness planning, early warning dissemination, and the addition of 50 new automatic weather stations.

In 2024, the CDF allocation increased by 8.2 percent in nominal terms, reaching K4.8 billion from K4.4 billion in 2023. However, when adjusted for inflation, the real value of the CDF decreased by 4.8 percent, with an absorption rate of only 19 percent due to centralized approval processes and staffing issues.

If strong monitoring and reporting systems are put in place for CDF projects, this will improve disaster response and result in increased community engagement in environmental and climate change awareness and active participation in securing CDF project funding resulting in improved outcomes, provided that robust monitoring and reporting systems are implemented for CDF projects, ultimately leading to improved disaster response.

4.2 Energy

Point 88 of the budget speech. “*Madam, to increase access to clean, reliable, and affordable energy in rural areas, the Government will continue to support the Rural Electrification Programme.*”

Both the 8NDP and Zambia's Medium Term Budget Plan (2024-2026) specify the goal of increasing the country's capacity for power generation and promoting the use of green and renewable energy. The planned 2024 budget's primary targets for the sector are enhancing efficiency, fostering competition and private sector engagement, increasing power generating capacity, and extending access to clean energy, particularly in rural regions.

We are of the view that ensuring sufficient resource allocation, including a minimum portion of funds dedicated to enhancing investments in eco-friendly technology, promoting clean and sustainable energy alternatives, and bolstering the expandability of environmentally friendly innovations, is imperative.

Point 143 of the budget speech. “*Madam Speaker, to address rigidities in processing the environmental impact assessment, the Government will review specific provisions in the law to shorten the time taken to issue the Decision Letter. This will ensure that decisions on complete applications are made within the specified timeframe, beyond which it will be deemed to have been approved. This will accelerate the actualization of investment in the country.*”

In view if the government propose, alternatively, the Environmental Impact Assessment (EIA) process should be streamlined with caution, considering realistic time constraints for approvals while retaining thorough environmental and social analyses. ZCCN therefore, is of the view that, the approval process should not be determined by timeline as some projects may require vigorous assessments that may have greater impact on social and economic aspects.

On the other hand, the Forestry Department in the 2024 budget has been allocated K141.8 million less of K52.1 million compared to K193.9 million in 2023. This could hinder ongoing forestry projects and conservation efforts which may further have implications on the forestry sector's sustainability.

ZCCN is of the view that, with the allocation to biodiversity conservation and protection, more emphasis should be on enhancing education and awareness-raising on the importance of sustainable management of the environment, ecosystems, and natural resources, to ensure that citizens understand the consequences of poor environmental practices and take appropriate action to contribute to the sustainability of the environment. By promoting and enhancing community participation in natural resource management, structures such as natural resources management committees, game management committees, forest management committees, and water management committees will facilitate community-based natural resource management.

5 RECOMENDATIONS

In view of the above submissions ZCCN wishes to recommend the following

1. We propose that the government adopt agroecology as a strategic tool to address agriculture production and productivity in relation to national GDP. In the face of present climatic shocks and pressures, agroecology will contribute to better livelihood resilience, post-harvest management as well as approaches for mitigating and adapting to climate change.
2. Allocation for Climate Change budget lines must be clear as they are being integrated across key ministries such as Agriculture, Lands and Natural Resources, Water Development, Sanitation and Environmental Protection and Energy
3. Government should transition away from single-crop farming and instead focus on diversifying its agricultural production according to the unique strengths and suitability of different provinces and districts.
4. We urge the government to expedite the recruitment of more extension officers to aid farmers in adopting improved agricultural practices, enhance access to eco-friendly technologies, and connect them with markets, while emphasizing the need for increased funding and a shift from chemical to organic fertilizers to promote, nutritional security, climate-smart and sustainable agriculture in Zambia that enhance crop and livestock production such as, integrated pest management and disease control, irrigation, and post-harvest management.
5. Some of the CDF should be channeled towards climate actions and environmental protection. To achieve the goals of the Maputo declaration and increase funding for agriculture, it is crucial for the government to prioritize domestic resource mobilization by tackling illicit financial flows, combating tax evasion, and enhancing public procurement practices.

6. CONCLUSIONS

In as much as we appreciate efforts made by the Zambian government to uplift the welfare of its people and the protection of the environment, we as ZCCN are alive to the fact that the 0.8% allocation to Environmental Protection in the 2024 national budget is not adequate and as a nation we risk not achieving climate change intervention strategies as stipulated in the 8NDP and our aspirations to contribute to the attainment of Zambia's National Determined Contributions (NDCs) to achieve the targets set in the 2015 Paris Agreement on Climate Change.

Signed,



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