



Constituency Development Funds As A Mechanism For Funding Climate Change Responsiveness in Zambia

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Executive Summary

The Constituency Development Fund (CDF) is a mechanism that the “New Dawn Government”¹ has adopted in driving decentralised development. As progressive steps are being taken towards achieving the Vision 2030 ambitions of becoming a prosperous middle income country, climate change and its adverse effects if left unaddressed pose a huge threat that could derail these efforts and impede the path towards sustainable development.

To ensure sustainable development, climate adaptive and mitigative efforts need to be placed at the centre of these developmental activities particularly those under the umbrella of decentralised development and as such, there is a need to accelerate the mainstreaming of climate responsiveness into CDF. Therefore, in order for CDF to have the desired impact on the communities and play its envisaged anchoring role for community driven development, deliberate efforts need to be made towards ensuring that the structures, the national and fiscal policies that govern it have the tenets that promulgate environmental stewardship and climate responsiveness.

This discussion paper will look at how CDF can be used to support climate adaptation and resilience

among communities. The paper aims to review CDF with the intention of looking at how this devolved fund can be used as a means of effective climate financing for the most vulnerable communities. By using the architecture of decentralisation the paper will look at how the CDF structures can include climate responsiveness so as to establish a sub-national fund that will work in unison with CDF and will invest global and national climate finances in support of community-prioritised investments in public goods that build local resilience to climate change.

Introduction

Climate finance is a term used to refer to local, national or transnational financing that is drawn from public, private and alternative sources of financing with the intention to support mitigation and adaptation actions that will address climate change. In the advent of the global climate crisis, the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol and the Paris Agreement have emphasised the call to action of the nations and parties with more financial resources to come to the aid of those that are less endowed and more vulnerable to the impacts of climate change.² In accordance with the principle of “common but differentiated responsibility and respective capabilities,” this takes cognizance of the fact that there is a skewed contribution by countries to climate change and more importantly their capacity and preparedness to prevent it and cope with its consequences vary enormously. Climate finance is needed for mitigation, because large-scale investments are required to significantly reduce emissions.

Climate finance is equally important for adaptation, as significant financial resources are needed to adapt to the adverse effects and reduce the impacts of a changing climate.³ In Zambia, key policy pronouncements and legal reform have been on the national agenda to change the nation’s trajectory towards sustainable development. The National Climate Change Policy of 2016, the national commitment to the 2030 Agenda on Sustainable Development, the AU Agenda 2063 and the SADC Regional Indicative Strategic Development Plan all espouse the need to anchor development on sustainability. In this regard Zambia has been working towards having a new climate policy and strategy which will address climate adaptation and mitigation. Furthermore, this is outlined in the green growth strategy in the Eighth National Development Plan (8NDP) and complemented by the National budgetary allocations for the year 2023.

Decentralising Climate Financing

In order for climate financing to have its intended purpose of addressing the unique issues that affect different communities, the control of climate funds has got to be relinquished to the local authorities in the various communities so that their responsiveness strategies are tailor made to address the specific and unique ways in which these communities are impacted by climate change. Decentralising climate finance is a key step towards ensuring its effectiveness and seeing to it that these finances reach the most vulnerable and deliver measurable and impactful solutions on the ground.





As a climate response approach, decentralised climate financing has been particularly successful in taking climate responsiveness directly into the hands of the communities. For instance, governments in Kenya, Mali, Senegal and Tanzania are using the architecture of decentralisation to establish sub-national climate change funds that invest global and national climate finances to support community-prioritised investments in public goods that build local resilience to climate change. As is evidenced from Kenya, when local climate adaptation planning is intentional, supported by devolved funds managed by county authorities, and informed by enhanced climate information services and community prioritisation, there is a significant potential gain that can render immeasurable benefits for men and women in poor and marginalised households.⁴

Furthermore, in the case of Kenya, where decentralised climate financing has scored its greatest success already covers just under a third of the total population⁵ and demonstrates that decentralised climate financing can yield exponential returns if harnessed. The success in Kenya is reflected in empowered communities and strengthened local institutions enabling responsive decision making, platforms for collective action and shared use of resources, as well as the institutionalisation of climate finance within the planning and budgeting processes of local governments. This learning is informing the development of equivalent models in Tanzania, Mali and Senegal. Therefore based on this background, the land is fertile and ready for Zambia to borrow from these successes and explore the usage of CDF as the anchoring structure upon which climate financing can reach not only the most isolated but also most impacted areas. The fact that CDF is aimed at reaching the 156 Constituencies across the country, there is an opportunity to utilise the existing structures of CDF to consolidate the other efforts being made to address climate change.

Climate change response in Zambia

In the advent of the global climate crisis, Zambia has taken strides to remedy and insulate the nation from the adverse impacts of this global phenomenon. Taking cognizance of the Paris Agreement, Zambia has pledged to reduce its GreenHouse Gases (GHG) emissions by 38,000 Gg CO₂ equivalent by 2030. Currently, the cumulative emissions have reduced by 39 percent (14,846.9 Gg CO₂ equivalent) between 2015 to 2019. Zambia's interventions to mitigate the effects of climate change have included the integration of climate change into the school curriculum. Furthermore, improvement of early warning systems; provision of weather index insurance through the reformed and expanded Farmer Input Support Programme (FISP) now called Comprehensive Agricultural Support Programme (CASP) and promotion of alternative sources of livelihoods are

among the responses. Additionally, promotion of climate smart agricultural practices, such as minimum tillage and residue retention, agroforestry, diversification of crops and crop rotation; climate proofing of infrastructure; and development of renewable energy are all complimentary attempts aimed at redressing the effects of climate change. In this regard therefore, the government has made it a point to address the climate problem intentionally and this should be the case at the genesis of the selection of projects that are funded by CDF.

Furthermore, the Government needs to strengthen links with the private sector and also raise community awareness on climate change matters. Collection of data on climate change impacts, and improvement of capacity in the analysis of the same should be prioritised (ZSDGVNR, 2020, P.25).⁶

The impact of climate variability has been evident in Zambia, with the rises in temperature, shifts in precipitation, and the increased frequency and intensity with which dry spells, droughts, seasonal and flash floods have occurred in the recent past being a clear sign. According to the Climate Vulnerability Index, Zambia has a ranking of 138.⁷

As a consequence of the aforementioned climate change repercussions, there are social-economic implications that occur and are disproportionately borne by women and children. In today's society, women and girls are subjected to inequality and discrimination which are compounded in the event of a disaster occurring.⁸ Globally, the likelihood of women living in extreme poverty is 4% higher than that of men.⁹ The National Policy on Climate Change has the objective to engender Climate Change programmes and activities. However, the lack of insurance cover and financial inclusivity coupled with archaic traditional roles of providing food and fuel may exacerbate women's vulnerabilities in the wake of climate change. In Zambia, women constitute 64 percent of the rural population and approximately 80 percent of food producers.¹⁰

Almost 65 percent of the small scale farmers are women, but despite this significant composition, they still have less access than men to finance, land rights, and extension services thus impairing their productivity and constraining their capacity to adapt

to climate change.¹¹ Furthermore, 56.7% of the Zambian women population live in poverty.¹²

Structuring the Climate change response in Zambia

Climate change is a pertinent issue in Zambia that has had an unfavourable socio economic development impact and has adversely affected the food and water security, water quality, energy and sustainable livelihoods of rural communities. Owing to this, and the threat posed by climate change to the development process and the attainment of the Vision 2030 in particular, the Government has taken necessary steps to minimise the potential for further damage. However, the steps and actions undertaken so far in mitigating climate change and adaptation to its adverse impacts had been fragmented and done in an ad-hoc manner, hence the need to bring these into the conversation of a more structured programme such as CDF which seeks to fast track development through decentralisation, intentionally apportions part of the fund to women and youth who are impacted the most by adverse effects of climate change but more importantly has the potential to fund climate adaptation and mitigation through the 60 percent that it allocates to community projects. Apportioning part of the ZMW 28.3 million to climate adaptation and mitigation projects in each constituency will only galvanise the concerted national climate mitigation efforts being made which are enshrined in community action.

Limitation of localising climate adaptation and financing

Despite the activities listed above being progressive steps towards a more sustainable approach to development, there are many constraints that make it a challenge to bridge the gap between the pursuit of decentralised development and the attainment of environmental sustainability. These mainly include; the limited options available to earn a sustainable living, unsustainable agricultural practices and use of in-organic fertiliser products; inadequate education and community awareness on the environment and the value of natural resources and the custodianship

role played by communities; and inadequate legal and institutional frameworks and capacities for implementation of actions on environmental protection. Additionally, there are low levels of technical and technological capacities and funding limitations for implementation of more ambitious climate change actions; low integration of climate change in key sectors at the national and subnational level; and insufficient hydrometeorological infrastructure and climate information services and early warning systems for more efficient disaster and climate risk preparedness, prevention, response and recovery.

Further, there is limited inclusive participation of communities, especially the most vulnerable, in the management of natural resources. Systems for quantification and valuation of natural resources to inform policy decisions are also inadequate, compounded by the uncoordinated implementation of natural resource management programmes. There is also weak compliance and enforcement of environmental sustainability standards and norms, coupled with inadequate environmental emergency preparedness and response systems, and weak environmental monitoring and surveillance systems and capacities. All the aforementioned contribute to the broad spectrum of factors that impede environmental sustainability.

Existing challenges of using CDF in climate financing and adaptability

In the Zambian context climate resilience mainstreaming in the fund assigned to drive community development is not a prominent feature. The CDF guidelines, 2022 in addressing the allocation to projects and criteria of selection merely states, *'the project should have minimal negative environmental impact.'*¹³ This does not suffice in ensuring prioritisation and a proactive approach towards projects that are intended to be sustainable and have climate responsiveness embedded in them. Additionally as at the time of the reading of the National Budget of the fiscal year 2023, of the ZMW 3 Billion that has been released so far, less than 10 percent has been absorbed and utilised, as

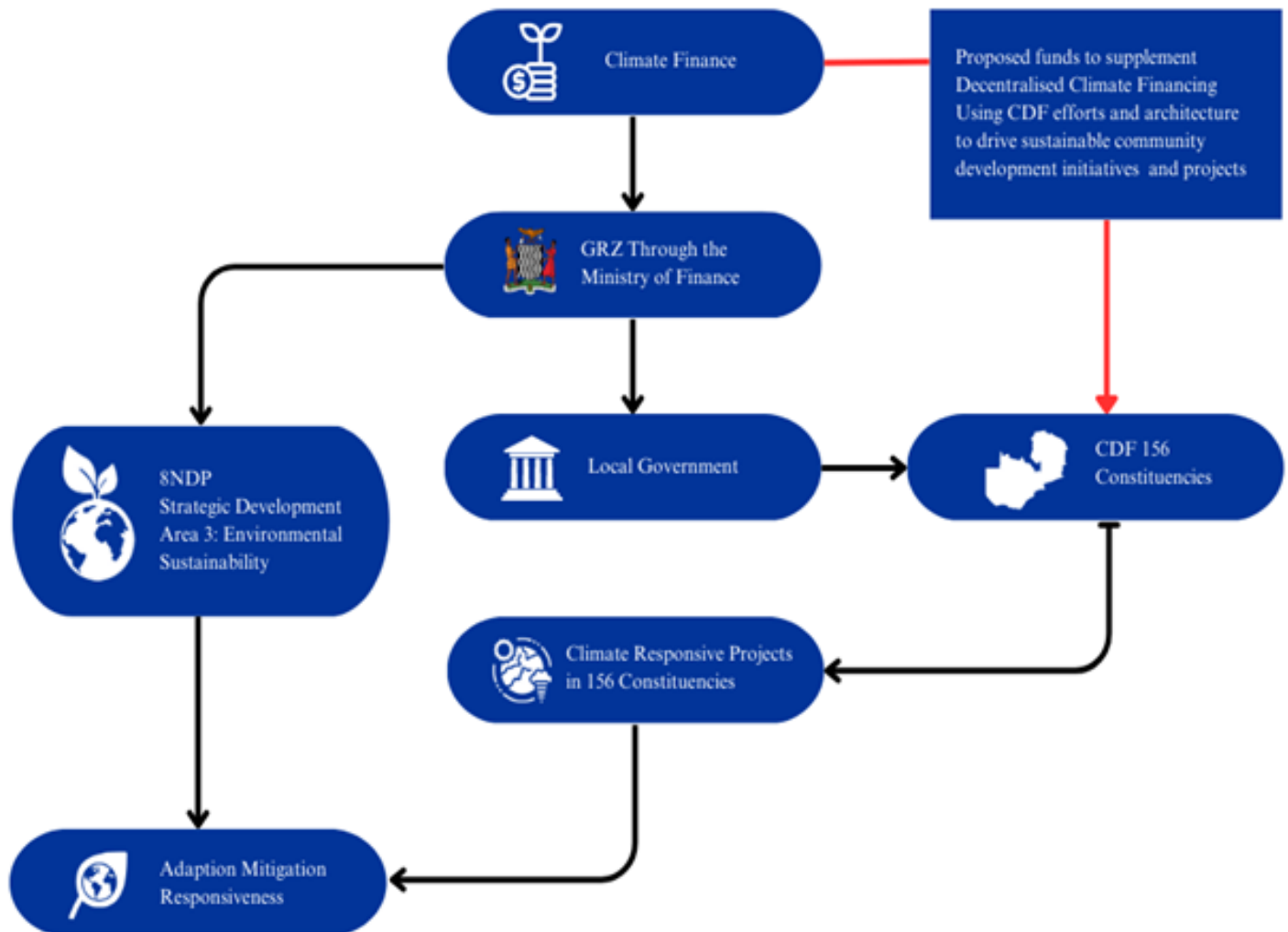
a consequence the uptake of the fund is standing in the way of addressing the climate change challenges that exist. Furthermore there still remains a disconnect in the communities with getting involved in matters that affect the community. In Zambia a participatory approach is required with communities being involved in the various processes.

By taking a CDF approach that prioritises conducting a comprehensive needs assessment in each community, this process in turn identifies the inherent needs that are unique to the communities and as a consequence of community engagement and participation, local expertise can be exploited and harnessed, thereby translating informal knowledge into formal policy¹⁴ and planning submissions which when considered make the basis of policy that responds to local needs particularly those challenges related to climate change. This approach will add to the practical application of CDF and will serve to strengthen the CDF guidelines and ensure buy-in from the communities.

CDF for sustainable Community Development

On the path to economic recovery and in the pursuit of sustainable development, Zambia with the current CDF can mirror the efforts of countries like Kenya. But it cannot be overemphasised that the devolution of climate financing still remains subordinate to the different legislative guidelines and adopts only mechanisms that will work in a particular jurisdiction, devolved climate finance and how it's integrated into the community in the case of Zambia should remain responsive and take an approach that builds agile local institutions, equips them with the requisite capacity to respond adequately to climate change. As opposed to setting up a separate Climate Adaptation Fund (CAF), the diagram below proposes that a portion of the funds that are mobilised for climate financing can be channelled into the adaptation, mitigation and responsive activities as a compliment to the CDF efforts that support the community development projects.

Proposed CDF and Climate Funding Structure



Adapted from the Devolved Climate Finance

The CDF allocation for the year 2022 is estimated to be over ZMW 4 billion translating into at least ZMW 25.7million per constituency.¹⁵ In 2023, the allocation to the CDF will be increased to K4.4 billion, an increase of K401 million. This means that each constituency will now get K28.3 million, an increment of K2.6 million.¹⁶ These funds using the above diagram can be complimented by the ZMW 817.2million that has been allocated to the Ministry of Green Economy and Environment to 8NDP through the implementation of five (5) programmes; Forestry Development and Management; Green Economy and Climate Change; Meteorological and Weather Services; Environmental Protection and Management and Management and Support Services.¹⁷

These finances can be exploited in tandem with the funding allocated to the Ministry of Small Medium Enterprise development (MSMED), Cooperatives and Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) Zambia training institutions to help increase the uptake and usage of these funds.

Utilising CDF to respond to climate change

The CDF guidelines have allocated to project development under the community project section 60 percent of the total allocation to the constituency.¹⁸ The utilisation of CDF for funding climate responsive projects has a multi-dimensional effect on communities. This may result in projects with a sustainable lifespan, projects that address the very needs of the communities, projects that build climate resilience, projects well supported by the buy-in from residents of the community as well as projects that create sustainable employment and will promote the transition to circular micro-economies within communities. Finally in the strategy to enhance disaster risk reduction and response the CDF can prioritise investment into projects that provide data for early warning and early response e.g. in drought or flood susceptible areas may strengthen how CDF can influence climate adaptation and mitigation once the fund is intentionally applied for such a purpose and to projects that prioritise sustainable development.

The Constituency Development Fund provides a nouveau approach to funding climate smart, climate adaptive and mitigative solutions at the constituency or community level. Placing the community at the centre of driving this means of development will ensure that projects have a buy-in from the community, promote a sense of ownership and ensure they are socially monitored by their domicile communities thereby ensuring sustainability. This is crucial to the creation of employment opportunities that are sustainable. Furthermore, it is critical that beyond formation co-operatives as has been the main push in the conversations around CDF, the different community members need to be more pragmatic in learning about the different community development plans such as Integrated Development Plans (IDP), District Development Plans (DDPs) and City Strategic Plans. Equipped with knowledge, constituents should then identify where they fit into the bigger development picture, thereby taking up projects that foster environmental stewardship and create sustainable employment within the confines of the overall development plans.

To make this tangible, there is a need for a two-pronged approach that will firstly; identify and fill the capacity gaps within the local authorities such as business development, project management, business incubation and other necessary skills that will be useful in increasing the success of development activities in the various communities that CDF is meant to serve. Secondly, capacity needs to be built for applicants as regards project proposal and business plan writing, business forecasts, financial statements and more importantly what a bankable project looks like and how best applicants can approach the application process to increase their chances of success.

Sustainable uses of CDF in practice

CDF, if well managed, coupled with the resources from the pool of funds for climate financing as exemplified above may be a viable means of responding to the climate change impact on Zambian crops and livestock systems that adversely affect agriculture businesses and could potentially undermine livelihoods. Funds apportioned to community development can be utilised in some of the ways listed below. These are not comprehensive but for the focus of this paper are listed as follows;

- *To invest in technologies, and decision-making tools, to strengthen climate resilience so that communities are better equipped to take appropriate preventative actions. Furthermore, these funds can be utilised to improve water, food and energy security.*
- *CDF offers a community centred tool that can be utilised and could possibly scale up the actionable climate information services and climate-smart agriculture technologies which promote gender and social inclusion.*
- *The fund can prioritise projects for sustainable financing for off-grid solar irrigation which would significantly increase output from these constituencies. Solar electricity and biogas products can be used to complement other alternative energy sources.*
- *Additionally the fund can be utilised to fund projects that maximise the usage of resources particularly integrated agricultural activities such*

as integrated aquaculture-agriculture systems; Diversified chicken and goat-legume systems, fish, chickens and or ducks or poultry and aqua fisheries. There are numerous combinations that can be explored but the success of this still remains heavily dependent on local capacity building through training from intermediaries on how to incorporate and navigate climate change responses into a climate responsive CDF. Constituencies can invest in projects that produce organic or bio fertilisers that ensure improved soil quality.

- *Additionally, CDF can be used to fund solar power in order to provide electricity to those areas within the community such as schools and hospitals that are not connected to the national grid. Further to this, solar water pumps and water supply systems for the community may also be supported by CDF funded projects to ensure communities are furnished with clean and healthy water supply for their daily usage.*

Conclusion

Based on the above, CDF presents a rare opportunity for community environmental stewardship activities to be locally derived and driven by the local communities. CDF strengthens the local actor's ability to access and deliver the climate responses needed to build their communities and to own climate and nature-positive solutions. Additionally, fully devolved climate financing which gives local people agency over decision making will reinforce the efforts of environmental stewardship and basically take environmental management back into the community with the intention to respond directly to the unique circumstances presented in each community. The already existing architecture synonymous with CDF provides a readily available mechanism for funding into which climate response can be integrated without having to reinvent the wheel.

Recommendations

In light of the above, some interventions are presented below;

1. *There is a need to integrate climate responsiveness into CDF through inclusive participation of communities, especially the most vulnerable, in the management of natural resources. Encouraging local participation by conducting comprehensive needs assessment to inform policy as well as how the fund is distributed and utilised and how best community action fits into the bigger development picture. This will strengthen the collective efforts towards reversing land degradation and achieving ecosystem restoration and management as routes to climate change adaptation and mitigation.*
2. *There is a need to enhance the architecture of the CDF and its guidelines in order to make the financing more inclusive and promote incentives for projects that reinforce ecosystem stewardship, productivity, and wealth creation.*
3. *There is a need to decentralise the administration of CDF as it is still operating with critical decisions being centralised there by delaying the decision making process and affecting the fund absorption rate. To increase the absorption rate of the CDF, there is an urgent need to revise the CDF guidelines in order to take power from the central government and give it to the local authorities thereby actualising decentralisation.*
4. *There is a need to prioritise intentional disclosure of information through awareness raising on how constituents can effectively utilise CDF to integrate their projects and businesses into the Development Plans, Integrated Development Plan (IDP) or any other local development framework that ultimately feed into the community development projects that are earmarked for the community in order to reflect real climate response actions required in these communities.*
5. *To be more impactful and ensure that women are involved in the uptake of CDF, the information available should be simplified, including ensuring that application forms are designed with the consideration of community literacy levels. Other*

issues of consideration include; the processes of simplifying company or cooperative registration to encourage formality and legalisation of small scale businesses. Additionally, capacity building needs around project proposal writing and the intricacies of what a bankable project looks like should be made available in their simplest form to encourage more women to apply for the fund and to avoid them being left behind and trapped in intergenerational poverty, whilst other parts of society reap the benefits of decentralised development.

6. **There should be training and capacity building of skills through institutions such as TEVETA, provision and set up of small business and start up business Incubators that will provide support along the way as constituents venture into climate responsive businesses so that the skills gaps are addressed and commensurate effort is directed towards setting up of businesses as well as ensuring their longevity and potential for growth, while making a measurable and impactful contribution to the community.**

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