

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA809

Project Name	Zambia Strengthening Climate Resilience (PPCR Phase II) (P127254)
Region	AFRICA
Country	Zambia
Sector(s)	General agriculture, fishing and forestry sector (10%), General transportation sector (30%), General information and communications sector (10%), General public administration sector (20%), Flood protection (30%)
Lending Instrument	Specific Investment Loan
Project ID	P127254
Borrower(s)	Government of Republic of Zambia
Implementing Agency	Ministry of Finance and National Planning
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	25-Mar-2013
Date PID Approved/Disclosed	26-Mar-2013
Estimated Date of Appraisal Completion	22-Mar-2013
Estimated Date of Board Approval	09-May-2013
Decision	

I. Project Context

Country Context

Zambia is a large and diverse landlocked country of 752,600 km² located in southern sub-Saharan Africa. The current population of 13 million is predominantly rural (61%) and expected to double by 2030.

Zambia's economy is heavily dependent on natural resources, particularly mining and increasingly forestry. Copper and cobalt account for 80% of the exports. With favorable copper prices and robust macro-economic conditions, Zambia GDP grew by 5.7% a year during 2000-2010, and by 6.8% in 2011, attaining a GNI per capita of US\$1,160 in 2011.

Despite this rapid growth, overall poverty remains high (60.5% in 2010), particularly in rural areas (74%). By contrast, poverty in urban areas declined to 35%, further broadening urban-rural inequities. Up to 80% of Zambia's poor (and 90% of the extreme poor) now live in rural areas. Agriculture and other primary sectors employs more than 65% of the total population, but remains largely rainfed and under-developed. Given its economic reliance on a narrow resource base Zambia is particularly vulnerable to climate and economic shocks.

II. Sectoral and Institutional Context

Zambia's climate is highly variable, with frequent droughts, seasonal and flash floods, extreme temperatures and dry spells. Floods and droughts have increased in frequency over the past three decades, costing the nation an estimated 0.4% in annual economic growth. These trends are expected to intensify in the future: projected temperatures are expected to increase by 3-5o C by 2100, with average precipitation declining during the early rainy season (October to December) and intensifying thereafter. In the absence of adaptation, rainfall variability alone could keep an additional 300,000 people below the poverty line over the next decade, and reduce annual GDP growth by 0.9%.

The poor are particularly vulnerable to climate change impacts due to their heavy reliance on climate sensitive sectors. Zambia includes two major river catchments, the Zambezi and the Congo. The rural population along the Zambezi basin (particularly along the southern and western zones), is amongst the poorest and most vulnerable in Zambia, due to recurrent floods and droughts and socio-economic isolation. Particularly vulnerable are the elderly, female-headed households and single or divorced male-headed households. Their food and income sources are heavily reliant on subsistence crops, sales of livestock and natural resources, and casual labor (mostly paid for in food). This makes them vulnerable to climate-induced crop failure, both during droughts as well as floods, when excessive and unpredictable rainfall leads to water logging. Frost and heat stress are also being increasingly reported. As climate patterns become more erratic, water and energy resources, infrastructure and housing, and animal and human health are also becoming increasingly affected. Traditional systems of early warning, (such as fruiting of particular trees or animal behavior), so prevalent in the Zambezi floodplains, are proving to be no longer sufficient to manage these trends.

To address these challenges, a panel of national experts under the Ministry of Finance (MoF) helped the Government mainstream climate change into Zambia's Sixth National Development Plan (2011-2015). Zambia also developed a National Climate Change Response Strategy, based on the 2007 National Adaptation Programme of Action (NAPA), which provides the institutional basis for its National Climate Change and Low Carbon Development Program.

The number of institutions directly involved in climate change activities in Zambia is steadily growing. At the Government's level, climate change activities have been led by three key Ministries (Ministry of Finance; Ministry of Lands, Natural Resources and Environment Protection; and the Disaster Management and Mitigation Unit under the Office of the Vice President). Over the last two years, however, a growing number of Line Ministries, donors, civil society organizations and private sector organizations have been supporting Zambia in building a climate resilient economy. In total, some 25 organizations are now directly involved.

Recognizing the need to ensure high-level coordination, the Government of Zambia agreed to establish a National Climate Change Secretariat under MoF, with staff seconded from various sectoral Ministries. The Secretariat is responsible for coordinating all climate change and disaster risk management initiatives in Zambia, leaving implementation to line Ministries. In accordance with decentralization trends, climate resilience and disaster risk management are also increasingly being promoted at both provincial and district council levels.

The Pilot Program for Climate Resilience (PPCR) is an integral part of Zambia's effort to respond to climate change. The PPCR is a multi-donor Trust Fund, one of the three programs under the Strategic Climate Fund of the Climate Investment Funds (CIFs). Phase 1 of the PPCR (2010-2013)

is currently supporting the National Climate Change Secretariat in mainstreaming, capacity building and information sharing at the national level. Together with a Project Preparation Grant, it is also assisting the Government in preparing for Phase II, following the design outlined in the Strategic Program for Climate Resilience (SPCR) which was endorsed by the PPCR sub-committee in June 2011. The three PPCR Phase II projects included in the SPCR (administered by IDA, AfDB and IFC) are highly complementary and together with other program partners, are assisting the Government to gradually move from capacity building to implementation of climate resilience priorities.

The Zambian PPCR has been designed to be both strategic and transformational. Strategic because it supports the backbone of Zambia's National Climate Change Program, thus leveraging a much larger financing pool (see Annex 8). By elevating the Secretariat to a level where it has convening power, the PPCR is also assisting Zambia to make climate change an intrinsic part of economic development. At the same time, it adopts a participatory, learning-by-doing approach to Zambia's most vulnerable area - the Zambezi River Basin - allowing national institutional capacity to be informed by lessons from the field. Lastly, it recognizes that effective adaptation requires behavioral change, through better and targeted climate information and awareness.

The Zambian PPCR is also transformational. It integrates climate risk management into national and sub-national planning, thus seeking to change the long-term resilience of vulnerable populations, exposed assets and natural systems to climate stresses. It introduces new approaches and technologies, including innovations generated by local champions (who will be directly supported by the project). The approach adopted by pilot districts follows the Government's decentralization and social protection agenda, allowing for replication and scaling up. Lastly, the design recognizes that promoting climate-resilient livelihoods amongst the most vulnerable gives them the best option to adapt to both present conditions as well as future changes.

Within the Zambezi area, the Project focuses on addressing the challenges in one of Zambia's most vulnerable sub-basins (Barotse). A designated Ramsar site and Zambia's second largest wetland, the Barotse floodplain is currently proposed as a World Heritage Site. This vast area of 550,000 ha and some 1.1 million people is critical for the livelihoods and culture of the Lozi people, who developed intricate systems of traditional resource management under the oversight of their King (Litunga) and the Barotse Royal Establishment (BRE). Having learned to live with floods for centuries, the Lozi rely on a complex system of traditional earth lined canals for transport, drainage, irrigation, fisheries, and cultural ceremonies. At the same time, the Barotse floodplain remains one of the poorest areas of Zambia: in Mongu, Senanga and Kaoma districts, for example, about 60 percent of a sampled population lived on less than 10 ZMW a month (US\$0.06/day) and/or suffered at least 5 months of chronic food insecurity. In recent times, livelihoods have been disrupted by unpredictable floods, flash floods, droughts, and intense rainfall, as well as changing socio-economic patterns. Parts of the traditional canals built in the late 1880s have become silted, affecting agriculture and fisheries production. Project preparation has been endorsed by BRE and the authorities of Western Province, and involved close partnerships with local experts, including Zambia Red Cross Society, the National Heritage Conservation Commission, Concern International, WorldFish, Oxfam, the Zambia Climate Change Network, and youth champions.

III. Project Development Objectives

The development objective of the project would be to strengthen Zambia's institutional framework for climate resilience and improve the adaptive capacity of vulnerable communities in the Barotse

sub-basin.

Progress towards reaching this objective would be measured through the following Project Development Objective (PDO) level indicators:

- 1) 25% real increase in budgetary allocation supporting climate resilience in vulnerable sectors
- 2) At least 70% of direct beneficiaries under targeted districts, wards and communities assessed to have used information and planning tools to respond to climate change and variability
- 3) Average flow velocity of target canals at 80% of optimal (limiting flow standard of 0.6 m/s for sandy clay soils)
- 4) Number of direct project beneficiary households (of which women-headed and very vulnerable households)

The number of direct project beneficiaries under Participatory Adaptation is estimated at 130,000 (about 25,800 households). This comprises 12 percent of the total population of the Barotse sub-basin, and 73 percent of the population of 24 targeted wards (sub-districts) and 8 target districts in the sub-basin. At the community level, the project would target the estimated 32 percent of the population that consists of women-headed households, as well as male-headed households considered to be very or extremely vulnerable (earning less than 10 ZMW of cash income/adult/month and/or suffering from more than 5 months of food insecurity a year). Through strengthened management of canals, the project would help generate an estimated 3,250 person-days of labor-intensive works, and directly benefit the rural population estimated to live in wards adjacent to the canals (about 41,700 people)

IV. Project Description

Component Name

Strategic National Programme Support
Support to Participatory Adaptation
Pilot Participatory Adaptation

V. Financing (*in USD Million*)

For Loans/Credits/Others

	Amount
Borrower	0.00
Strategic Climate Fund Credit	5.00
Strategic Climate Fund Grant	31.00
Total	36.00

VI. Implementation

Institutional and Implementation Arrangements

The National Climate Change Secretariat, under the Ministry of Finance (MoF) will take overall responsibility for project execution, and oversee and coordinate project implementation. The Secretariat – already operational - was established by a committee of Permanent Secretaries in March 2012, and endorsed by directive of the Secretary to the Cabinet on 16 October 2012. The Secretariat has the mandate to coordinate all climate change activities across sectors and projects in Zambia. It is also responsible for facilitating stakeholder consensus and development of Zambia's

Climate Resilient and Low Emissions Development Program, and facilitate Zambia's role at international negotiations (namely in UNFCCC, and Green Climate Fund). The Secretariat has already been coordinating Phase I of the PPCR. It is likely that under the long-term arrangements currently under discussion, the Secretariat will be managed by a multi-stakeholder Board (the National Climate Change and Development Council) with representation from Government, civil society and private sector. The Secretariat is being staffed by 8 experts, seconded by various stakeholder Ministries, who are in the process of being appointed and transferred. This core team would be complemented by contracted staff in the areas of procurement, financial management, internal audits, communications, monitoring and evaluation, and administration and logistics, most of whom are already mobilized for Phase 1.

As part of its core mandate, the Secretariat would be directly responsible for Component 1.1. Institutional Support to National Climate Change Program. It would also be responsible for the procurement of the social marketing campaign (Component 1.2), and major studies and services (Component 2). The Secretariat will also be responsible for overall project reporting.

The Disaster Management and Mitigation Unit (DMMU) will be responsible for implementation of the early warning and open data platform activities under Component 1.2, Strengthened Climate Information. In so doing, it will draw on existing coordination mechanisms amongst government entities on early warning systems, rely on its inter-sectoral committees at both national and regional levels, which include active participation by civil society such as the Zambia Climate Change Network and locally-based partners. It will draw on information provided by ZMD, Zambia Emergency Preparedness and Response Information System (ZEPRIS) and the outputs generated by relevant projects under development or implementation including Water Resources Development Project and Integrated Water Resources Management Information System (IWRMIS). DMMU will operate based on agreed annual work plans with the Secretariat, against which regular advances would be made and accounted (see Financial Management).

A small Sub-Project Implementation Unit (SPIU) would be established in Mongu (Western Province) to oversee the planning, provide specialized technical support, and carry out fiduciary, safeguards and monitoring oversight of Component 3 Pilot Participatory Adaptation. The SPIU would report directly to the Chief Planner (at the Provincial level) and to the National Coordinator at the Secretariat level. SPIU technical experts would be expected to actively assist the Provincial Development Committee, the Barotse Royal Establishment (BRE) and the targeted District Councils to mainstream climate resilience into provincial and district-level planning. The procedures for the Participatory Adaptation component would follow a specific Operational Manual (expected to be finalized by March 2013), and are based on proven procedures under the former Zambian Social Investment Fund (ZAMSIF).

As part of Component 2.1 Facilitation and strengthening of community decision-making, the Secretariat would contract experienced NGOs and/or other development experts that have on-going, relevant programs in the target districts. These NGOs, working in close collaboration with local chiefs (Indunas) would facilitate ward and community-level planning, as well as the management of traditional canals. They would also assist target beneficiaries to prepare and submit simple sub-project proposals in accordance with the agreed eligibility criteria, and thereafter assist them in implementation. At the ward level, the project would benefit directly existing Area Development Committees, whilst at the community level the project would target established Village Area Groups, farmers groups, women's groups and individual champions.

The sub-projects under Component 3.1 would be first screened by the districts for compliance with the standards, and then reviewed and approved by a Provincial Committee consisting of provincial-level agencies, BRE, and civil society representatives. The Secretariat could be represented at the first meetings of the Provincial Committee to ensure compliance with the eligibility criteria. Once approved, simple lump-sum agreements would be signed directly with the beneficiaries, and funds disbursed directly to their bank accounts in several tranches, according to the progress of the agreed sub-projects .

The canal rehabilitation works would be coordinated through the Chief Planners' office at the provincial level, through an agreed annual work plan with the Secretariat. Traditional BRE leaders (Indunas) and a specialized NGO would assist with community organization and manual labor, whereas more specialized works and mechanized dredging would be organized by the Provincial Harbor Master and provincial technical staff, with logistical and policy support provided by Maritime Department. Traditional leader's involvement (from BRE) in both canal rehabilitation and Participatory Adaptation sub-grants would be critical to project's success.

VII. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
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

VIII. Contact point

World Bank

Contact: Sofia U. Bettencourt
 Title: Lead Operations Officer
 Tel: 5338+3218 /
 Email: sbettencourt@worldbank.org

Borrower/Client/Recipient

Name: Government of Republic of Zambia
 Contact:
 Title:
 Tel:
 Email:

Implementing Agencies

Name: Ministry of Finance and National Planning
 Contact: Mr. David Kaluba

Title: National Coordinator, PPCR
Tel: 260-979403037
Email: dckaluba@juno.com

IX. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>