

frameworks, such as the extended producer responsibility (EPR) legislation. The EPR has instead the potential to support a transition to green and circular packaging and improved waste management.

Current production and consumption practices are not regenerating natural systems, put natural resources under increasing stress, particularly around peri-urban and urban areas and have serious and worsening environmental consequences. The Zambian economy is largely based on sectors, such as mining, agriculture and forestry, which often use unsustainable business models, thus depleting natural resources. Furthermore, the private sector predominantly uses linear business models. The Zambian food system is currently linear, with food waste and organic matter being either buried, dumped or landfilled, preventing nutrients from being recovered and returned to the soil as compost and organic fertiliser. This is a missed opportunity for the private sector, particularly in the current context of increased cost of chemical fertilisers induced by Russia's aggression in the Ukraine. A similar situation exists with the current water and sanitation systems, where groundwater is being used to unsustainable levels, and sanitation systems contaminate groundwater systems, resulting in public health disasters, such as cholera outbreaks. Over 75% of peri-urban and urban households use charcoal as their primary energy source for cooking, resulting in over-exploitation of Zambia's forests. However, there is a lack of sustainable charcoal production and incentives to shift towards more renewable energy sources. Deficits in central electricity generation and distribution are compensated by a widespread use of diesel generators. While alternatives, such as solar technology, bio digesters, wind power, are available on the market, the prices remain high and a barrier for MSMEs and private households. Lack of incentives, the current legal frameworks and ZESCO's financial situation in the electricity sector are significant barriers to promote alternative supply models.

Zambia generates around 19 million tons of solid waste every year, of which only around 3% is reused or recycled and less than 40% is collected and disposed of in landfills. With a growing middle class and changing consumption and production patterns, waste generation will continue to grow in the coming years, exposing Zambia to increasing challenges in terms of environmental degradation, GHG emissions and public health problems, particularly in urban and peri-urban areas. On average 51% of municipal solid waste is made up of organic matter. There are currently only a few private sector initiatives to valorise this waste (only 3% is recycled in Lusaka). Other recyclable materials make up 29% of the waste stream, but are not being re-used or recycled. In turn, manufacturers of packaging and other household items rely on imported raw materials.

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

#### **International organisations (IO), bilateral development agencies (BDA) and international and European development financial institutions (EFDI)**

They are IO and BDA running programmes that address climate change, green growth (mostly agricultural and energy sectors), private sector development (particularly agribusiness and mining) and enabling business environment. The action aims at ensuring complementarity and creating synergies with their work.

Relevant IOs include the United Nations Capital Development Fund (UNCDF), the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO), the International Labour Organisation (ILO) and the International Trade Centre (ITC), the United Nations Development Programme (UNDP), the World Bank Group, and the Global Green Growth Institute (GGGI).

Among EU MS BDAs a specific collaboration is envisaged with Finland, to build on lessons learned and experiences made under their Accelerating Growth of SME (AGS) programme, which will end in 2023 and in relation to their support to the African Circular Economy Network (ACEN), to which Zambia plans to adhere. With SIDA, the cooperation will presumably focus on access to finance and on access to markets with the National Board of Trade, while with SNV it will be in liaison with potential interventions by the Netherlands Development Finance Company (FMO).

Other relevant non EU BDA include the Japan International Cooperation Agency (JICA), which intervenes in waste management and the United States Agency for International Development (USAID), which supports and provides finance to private sector development (PSD) and provides TA for a coherent business environment.

EFDI that have shown initial interest to the action are: the European Investment Bank (EIB), the FMO, the German Development Bank (KfW) and its daughter the Deutsche Entwicklungsgesellschaft (DEG), the Swedish Swedfund, and the Nordic Environment Fund Corporation (NEFCO).

The African Development Bank (AfDB) could be associated as a lead financier of the Green Climate Fund (GEF) and since it is involved in financing actions promoted by the African Circular Economy Network (ACEN).

#### **International and local NGOs and advocacy organisations**

The World Wide Fund for Nature (WWF) has been actively lobbying for managing GEF funding, and may be involved in relation to green finance. Local NGOs, including youth and women associations, will be involved through