



## **GREEN SUPPLEMENT TO THE STRATEGY FOR THE IMPLEMENTATION OF THE AFRICA CONTINENTAL FREE TRADE AREA AGREEMENT- ZAMBIA**

**Greening Cotton and Textiles and Wood and Wood Products  
Value Chains: Strategy and Action Plan**

**Validation Workshop**

**Lusaka, Zambia**

**Taj Pamodzi Hotel**

**8 and 9 October 2024**

**Concept Note &  
Programme of Work**

## 1. Background

### 1.1 INTRODUCTION

Zambia ratified the instruments establishing the African Continental Free Trade Area (AfCFTA) of the African Union in February 2019. As party to the agreement, the government developed and launched a National Strategy for the Implementation of the AfCFTA Agreement in August 2020. The aim of the strategy is to leverage the African Continental Free Trade Area to expand and diversify its export base by among others expanding national production capacities and diversifying traditional and non-traditional exports of selected products and value chains where the country has revealed comparative and competitive advantages. With support from its development partners, the UNECA launched a project, funded by DANIDA, to support member states to identify and develop green value chain strategies and action plans as supplements to the national strategy for the implementation of the AfCFTA Agreement. In consultation with national authorities, critical value chain sectors were identified for prioritization and targeted for boosting production and exports of green products and building climate resilience and sustainability in selected value chains.

National authorities have endorsed cotton and textiles, wood and wood products, leather and leather products, sugar, Oleaginous plants, seeds, & fruits and electricity and renewable energy as the main export value chain sectors where the country has revealed comparative and competitive advantage to produce goods for exports to regional and continental markets. Of these cotton and textiles and wood and wood products, which also ranked highest, have been prioritized for the development of a green strategy and action plan as a supplement to the national strategy for the implementation of the AfCFTA Agreement.

The aim of the Green Supplement is to provide strategies and actions for developing green value chains for exports to African markets. To promote long-term competitiveness and sustainability of these value chains, the Green Supplement strategy and action plan also contain measures to foster climate adaptation and promote green growth transitions in line with national development priorities. Greening these value chains is not sufficient to guarantee sustainability and competitiveness of these value chains. Climate change risks are real and have a large bearing on the sustainability of cotton, textile, and wood value chains. It is important that adaptation measures are implemented to safe-guard nascent capacities and sustaining growth in exports from these sectors to the rest of Africa and beyond. This strategy document contains interventions and actions that will help Zambia develop low-carbon and climate resilience green value chains and cotton and wood derivative products for exports to regional markets in Africa, thereby diversifying the export base and boosting Intra-African trade.

The rest of the strategic plan is structured as follows. The next section summarises the national strategy for the implementation of the AfCFTA Agreement and its strategic goals and the two prioritized value chains in this Green Supplement to the national AfCFTA implementation strategy. This is followed by a presentation of the condensed situational analysis, summarising the national macroeconomic context, institutional and regulatory framework and the structure and performance and identification of potential value chains for cotton and wood sectors. The concluding section presents a set of strategies and actions for the two sectors and concludes with an implementation strategy and action matrix, management arrangements, partnership strategies and risk mitigation actions.

## 1.2 STRATEGY FOR IMPLEMENTATION OF AfCFTA INITIATIVE

As the country progressively implements the national AfCFTA strategy, it needs to be more deliberate in its choices, strategies, actions, and interventions for achieving desired development outcomes. It needs to set robust and clear vision and make its development targets succinct and measurable, with smart set of indicators for tracking progress and outcomes. The national strategy on implementation of the AfCFTA only has three quantitative targets on growing traditional and non-traditional exports by annually 15% and 25%, respectively. The other specific target is on connecting 110 Micro, Small and Medium Enterprises (MSME) to the export market. These targets apply to eleven (11) priority sectors identified in the National Export Strategy. There are no sectors and product specific export targets identified in the export strategy to drive the envisaged growth in non-traditional exports for the country over the medium term. In the services sectors, the national AfCFTA strategy focuses on growing tourism exports and developing transport, communication, insurance, and financial services in Africa. Tourism and transport sector are important sectors for greening trade and decarbonisation logistics, while finance and insurance are expected to play an intermediary role of lubricating green growth pathways in sectors with high carbon footprints and carbon sequestration and storage potential.

The Green Supplement to the AfCFTA will include a review of the national AfCFTA implementation strategy, identification of high-level opportunities for greening prioritised sectors and recommending critical interventions (actions/inaction) which will accompany Green Supplement strategy implementation moving forward. Specific strategies for identified green value chains – wood and paper products and cotton and textiles – will be formulated and will contain detailed action matrix to guide implementation and subsequent monitoring and evaluation processes. The goal will be to develop productive capabilities and export growth in green products and to secure greater competitiveness for green exports to regional markets, and subsequently integrating these products into global value chains.

## 1.3 GUIDING PRINCIPLES

The approach for developing the Green Supplement strategy for cotton and wood sectors is framed on the same guiding principles on which the national strategy for the implementation of the AfCFTA initiative is based. These guiding principles are as follows:

- a) **Continuity:** Building on the progress achieved at the level of regional economic communities such as SADC and COMESA.
- b) **Integrity:** Upholding the agreed modalities for trade in goods and services.
- c) **Openness:** Maintaining active participation in bilateral and multilateral trade negotiations.
- d) **Transparency:** Benchmarking trade policy options against international best practices.
- e) **Inclusivity:** Acknowledging equitable participation in trade of both local and foreign entrepreneurs.
- f) **Mutual accountability:** Subjecting the strategy to monitoring, evaluation, and a midterm review under the leadership of the AfCFTA national implementation committee.
- g) **Sustainability and innovative funding:** Ensuring adequate funding for the successful implementation of the strategy through increased domestic resource mobilization.

## 1.4 VISION

The vision is to develop climate resilient and carbon efficient export-oriented cotton and textile and wood and wood products enterprises that can leverage existing green technologies and innovations, to produce products and services that are domestically and internationally competitive and significantly contribute to growth and employment creation, while reducing emissions. This will contribute to a broader national vision of promoting green growth, which seeks to create “a low carbon, resource efficient, and socially inclusive economy by 2030” (MGEE, 2024).

## 1.5 FRAMEWORK FOR GREENING THE VALUE CHAINS

The national green growth strategy provides an overarching framework for greening economic activities and trade across all sectors of the economy. It is accompanied by a robust framework for measuring and tracking progress through the Green Growth Index, a document that contains indicators for measuring progress towards a green economy. Therefore, greening the cotton and textile and wood and wood product value chains contributes to the national goal of promoting green growth transitions while also promoting export growth, diversification, and competitiveness. The green growth framework has four dimensional areas of progress: a) To promote efficient and sustainable use of resources such as land, water, energy, and materials; b) To promote green growth opportunities across the value chain by among others promoting green investments, trade, employment and innovation; c) To protect natural capital assets by promoting environment quality improvements, reducing emissions, protecting biodiversity and ecosystems and as well as cultural and social heritage resources; d) To ensure social inclusion by ensuring gender balance, social equity, and social protection.

Table 1 below summarises the green growth framework in developing the Green Supplement strategy for cotton and wood sectors. The cotton and wood products space for cotton and wood value chains are large and diverse, offering opportunities for innovation and creation of new green products and raw materials for domestic use and for export to African markets and beyond. To identify critical interventions for greening the value chains, it is important to (a) understand material flows and utilization at every stage of the value chain, (b) identify critical areas of industrial innovation and transformation of materials into high-value products, (c) identify opportunities to minimise waste and emissions and make necessary decisions at every stage of the value chain; and (d) understand and integrate principles of circularity and sustainability at every stage of the value chain. This information is generated by conducting a detailed situation analysis and review of performance of cotton and wood sector over the last two decades, teasing out critical lessons and insights about challenges and opportunities for enhancing productive capacities and promoting export competitiveness of cotton and textiles and wood and wood products in regional and international markets.

Table 1: Proposed tools for assessing green growth aspects of the value chains

No.	Dimensions of Green growth	Indicative measures	Assessing value chains in terms of
1	<p><b>Sustainable and efficient use of resources</b></p> <p>Environmental and resource productivity</p>	<ul style="list-style-type: none"> <li>• Carbon efficiency</li> <li>• Energy use efficiency &amp; productivity</li> <li>• Resource productivity: materials, water, land, nutrients, etc.</li> </ul>	<p>Efficient in use of</p> <ul style="list-style-type: none"> <li>• water,</li> <li>• land &amp; nutrient</li> <li>• energy &amp;</li> <li>• materials (waste)</li> </ul>
2	<p><b>Protection of Natural Assets</b></p> <p>Natural Asset Base/ Environmental dimension of quality of life</p>	<ul style="list-style-type: none"> <li>• Renewable stocks: forests, fisheries, and water</li> <li>• Non-renewable stocks: minerals, biodiversity, ecosystems</li> <li>• Environmental health and risks</li> <li>• Environmental amenities and services</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable use of natural resources, biodiversity &amp; ecosystem services,</li> <li>• Protection of environmental quality,</li> <li>• Protection of cultural/social &amp; heritage resources</li> <li>• Reduction of GHGs emissions</li> </ul>
4	<p><b>Economic opportunities</b></p> <p>Economic opportunities and policy responses for green growth</p>	<ul style="list-style-type: none"> <li>• Technology and innovation</li> <li>• Environmental goods/services</li> <li>• International financial flows</li> <li>• Training and skills</li> <li>• Prices and transfers</li> <li>• Regulations and management</li> <li>• Economic growth/structure</li> <li>• Trade and productivity</li> <li>• Labour, education, and income</li> <li>• Socio-demographic patterns</li> </ul>	<ul style="list-style-type: none"> <li>• Green investment</li> <li>• Green trade</li> <li>• Green jobs</li> <li>• Green innovations</li> </ul>
5	<p><b>Social Inclusion</b></p> <p>Social characteristic of growth</p>	<ul style="list-style-type: none"> <li>• Gender balance</li> <li>• Access to basic services</li> <li>• Social equity</li> <li>• Social protection</li> </ul>	<ul style="list-style-type: none"> <li>• Shared Prosperity</li> <li>• Social inclusion</li> </ul>

Sources: Based on GGGI Green Growth Framework (MGEE, 2013).

## 2. Objectives of the Workshop

The overarching goal of the African Continental Free Trade Area of the African Union is to promote and deepen intra-African trade and development. To achieve this, the African Union formulated and launched the African Continental Free Trade Area (AfCFTA) initiative in March 2018 in Kigali. The objective of the initiative is to promote intra-African trade, a critical component of Agenda 2063 of the Africa We Want of the African Union. Zambia signed and ratified the AfCFTA Agreement in February 2019, and the Agreement came into force in the same year after securing signatures from 54 member states of the African Union.

Zambia, through the Ministry of Commerce, Trade and Industry prepared and launched its national strategy for the implementation of the AfCFTA in August 2020. The overall objectives of the national strategy were to support the attainment of the country's overall development aspirations of becoming a prosperous middle-income country by 2030, create conditions for achieving robust inclusive growth, stimulate investment and enterprise growth, create job opportunities, and reduce poverty and inequality by among others expanding export markets access for Zambian produced goods within Africa.

The national AfCFTA implementation strategy aims to accomplish the following specific objectives:

- a) To open new markets for exports from Zambia in parts of Africa to which the country does not currently export any goods and/or services;
- b) To increase market share in existing parts of Africa to which Zambia already exports its goods and services;
- c) To ensure that exports to African markets contribute to the country's foreign exchange reserves, job creation, industrialization and reducing economic inequality;
- d) To build the productive capacity and export-readiness of the MSME sector for both the merchandise and services sectors;
- e) To contribute to raising the technical competence of both the public and private sectors in trade policy issues;
- f) To strengthen the trade defence mechanisms to address any threats and challenges resulting from import surges and unfair trade practices; and
- g) To strengthen the national quality infrastructure to support the production of quality products.

The National Green Strategy is an important document that lays down government's ambition, goals, and priorities when it comes to promoting green growth and transitions in the economy. The green growth strategy provides a national framework through which the Green Supplement to the national AfCFTA implementation strategy should be aligned. The Green Supplement strategy document is therefore an operational strategy for implementing the AfCFTA initiative and the national green growth strategy by greening the cotton and textile sectors.

The Green Supplement aims to identify and implement measures to strengthen national productive capabilities to produce cotton and textile products and wood and wood products for exports to regional markets within Africa. It also seeks to create or co-create new export products out of cotton and wood materials, using more efficient, inclusive, and environmentally sustainable technologies, production, marketing, and distribution processes. This also means that the cotton and textile and wood and wood products value chains under development should be sustainable, inclusive and climate resilient, and fully exploiting opportunities for decarbonization at every stage of the value chain.

Against this backdrop, the United Nations Economic Commission for Africa (Africa Trade Policy Centre - ATPC and the Subregional Office for Southern Africa- SROSA), under the auspices of the Ministry of Commerce, Trade and Industry (MCTI) of the Republic of Zambia is convening a workshop to present and discuss the draft Green Supplement to the Strategy for the Implementation of the AfCFTA Agreement in Zambia. The workshop shall serve as a platform to stimulate discussions on the draft strategy to elicit feedback and inputs from a broad range of stakeholders in Zambia and ensure complementarities across the National AfCFTA Strategy, the National Green Strategy, and the National Export Strategy of Zambia.

### **3. Format of the workshop**

The workshop is in-person and will begin with an official opening by government and UNECA officials, setting the stage for the proceedings. Following this, the consultant will present the draft strategy and action plan, outlining key objectives, proposed actions, and expected outcomes. Stakeholders will then provide feedback during plenary discussions and breakout sessions.

### **4. Expected Outcomes**

- Enhanced understanding of challenges and opportunities for Zambia to develop green value chains in the context of the AfCFTA with attention to cotton and textiles and wood and wood products;
- Strengthened stakeholder dialogue on opportunities to develop sustainable and green value chains in Zambia;
- Enhanced complementarities across the policy documents of Zambia in relation to trade and AfCFTA (National Export Strategy, National Green Strategy and National AfCFTA).

### **5. Expected Outputs**

- Feedback and comments on the draft report;
- A validated draft strategy and action plan;
- A press release.

### **6. Participants and Facilitators**

About 50 participants from government, private sector, civil society organisations, academia, professional business associations and development partners.

### **7. Date and Venue**

8-9 October 2024

### **8. Language**

English

### **9. Contacts**

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## Draft Work Programme

### DAY ONE

#### GREENING THE COTTON AND TEXTILES VALUE CHAINS IN ZAMBIA

Master of Ceremony: Ministry of Commerce, Trade and Industry (MCTI)

Time	Description of Activity
08:30-09:00	<b>Arrival and Registration of Participants</b>
09:00-09:30	<b>Opening Session:</b> Welcome Remarks, Director, UNECA Subregional Office for Southern Africa. Opening Remarks, Permanent Secretary, Ministry of Commerce, Trade and Industry.
09:30-09:45	<b>Session 1: Workshop Objectives</b>
	Mr. Souleymane Abdallah, Economic Affairs Officer, UNECA ATPC
09:45-10:15	<b>Group Photo and Tea-Break/Health Break</b>
10:15-11:00	<b>Session 2: Presentation of Cotton &amp; Textiles Value Chain Strategy &amp; Plan</b>
	Mr. Samuel Bwalya, Consultant, UNECA.
11:00-12:30	<b>Session 3: Plenary Discussion</b>
	Facilitator: Ms. Bineswaree Bolaky, Economic Affairs Officer, SRO-SA.
12:30-13:45	<b>Lunch Break</b>
13:45-14:00	<b>Session 4: Break Out Thematic Working Groups - Objectives and Guidelines</b>
	Mr. Samuel Bwalya, Consultant, UNECA.
14:00-15:00	<b>Session 5: Break Out Thematic Working Groups</b>
	Group 1: Greening Cotton production (Farm level).
	Group 2: Greening Cotton Ginneries (Lint-Yarn)
	Group 3: Building Green Textiles Value Chain (Yarn-Apparel)
15:00-15:15	<b>Tea-Break/Health Break</b>
15:15-16:15	<b>Session 6: Thematic Working Groups -Plenary Presentations</b>
	Moderator: Mr. Samuel Bwalya, Consultant, UNECA.
16:15-16:30	<b>Session 7: Key Workshop Outcomes on Day One and Next Steps</b>
	Mr. Souleymane Abdallah, Economic Affairs Officer, UNECA ATPC



## DAY TWO

### GREENING THE WOOD AND WOOD PRODUCT VALUE CHAINS IN ZAMBIA

Master of Ceremony: Ministry of Commerce, Trade and Industry (MCTI)

Time	Description of Activity
08:45-09:15	<b>Arrival and Registration of Participants</b>
09:15-09:25	<b>Recap of Day One</b>  Ministry of Commerce, Trade and Industry.
09:25-10:00	<b>Session 8: Presentation: Wood and Wood Products Strategy &amp; Plan</b>  Mr. Samuel Bwalya, Consultant, UNECA
10:00-10:15	<b><i>Tea-Break/Health Break</i></b>
10:15-11:15	<b>Session 9: Plenary Discussion and Comments</b>  Facilitator: Ms. Bineswaree Bolaky, Economic Affairs Officer, SRO-SA.
11:15-13:00	<b>Session 10: Break Out Thematic Working Groups</b> Group 1: Greening Indigenous Hardwood Production and Supply Chains Group 2: Greening Plantation Forestry & Roundwood Supply Chains Group 3: Greening the Wood Processing Industries
13:00-14:00	<b><i>Lunch Break</i></b>
14:00-15:00	<b>Session 11: Thematic Working Groups -Plenary Presentations</b>  Facilitator: Mr. Samuel Bwalya, Consultant, UNECA.
15:00-15:15	<b><i>Tea-Break/Health Break</i></b>
15:15- 15:45	<b>Session 12: Summary of workshop outcomes and next steps</b>  Mr. Souleymane Abdallah, Economic Affairs Officer, UNECA ATPC
15:45-16:00	<b>Closing Session</b>  Closing Remarks by UNECA Closing Remarks by MCTI
	<b><i>End of Workshop</i></b>