



MOIRA MUKUKA

LEGAL PRACTITIONERS

Budget 2023

**Green Bonds and Sustainable Finance
Walking the Talk**



www.moiramukuka.com



In the 2023 Budget speech delivered on 30 September 2022, the Minister of Finance announced incentives to support the development of the green bond market in Zambia. This comes against the backdrop of the Zambia Capital Markets Master Plan (CMMP) recently approved by Cabinet on 26 September 2022, with a view of repositioning the Zambian Capital Markets to attract international long-term investments and be the source for long term investment capital for Zambia.

Zambia has identified Environmental Sustainability as one of the key strategic pillars that will drive economic transformation in its 8th National Development Plan and in particular identifies green finance as an alternative source of finance to compliment other sources to drive sustainable development.

Much work has been done to develop the green bond market in Zambia with the introduction of the Green Bond Guidelines by the Securities and Exchange Commission in 2020. You can read our synopsis of the regulatory framework in our

series of articles [here](#). In the 2022 Budget, the Minister of Finance announced a reduction in the fees for conducting environmental impact assessments, a critical piece in the development of any project that would be eligible for a green bond issuance.

The missing piece has been the absence of measures to reduce costs, create local institutional investor appetite, develop capacity for third party review, and incentivise issuers and investors alike. You can read our analysis of some of the challenges in our previous article [here](#).

Government has introduced an exemption from withholding tax on interest income earned on green bonds listed on the Securities Exchange Commission Zambia with maturity of at least 3 years, to encourage investment in projects with environmental benefits including biodiversity conservation. Currently, interest income earned by investors on bonds attracts withholding tax at 15%. The exemptions will assist with creating investor appetite on the demand side.

Get in touch if you seek to understand the green bond regulatory framework.

CONTACT



SHARON SAKUWAHA

Co-Managing Partner

M: +260 966 082 780

E: sharon.sakuwaha@moiramukuka.com



business@moiramukuka.com | +260 211 410 055 | www.moiramukuka.com

Our Offices

Moira Mukuka Legal Practitioners
Block A, First Floor, LA Complex Plot 4987, Los Angeles Boulevard,
Longacres, Lusaka. P. O. Box 320152, Lusaka, Zambia.

The contents of this article are intended to be for general information and cannot be relied upon as legal advice. You should seek specialist legal advice about your specific circumstances.

