

SOUTHERN AFRICA

Zambia

GDP: **27.1bn**

Five-year economic growth rate: **6.0%**

Population: **15.0m**

Total clean energy investments, 2009-2014: **\$207.3m**

Installed power capacity: **2.4GW**

Renewable share: **5.4%**

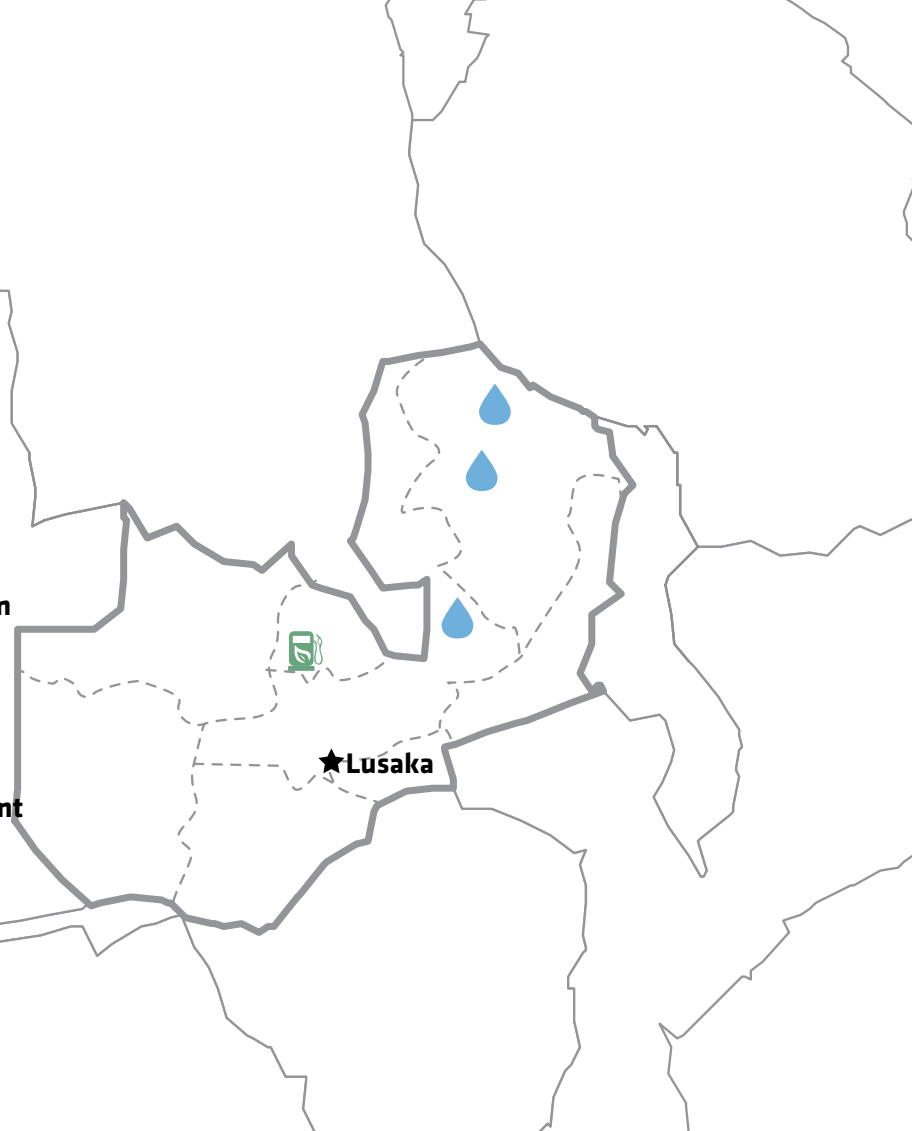
Total clean energy generation: **536.5GWh**

Top energy authority:

Ministry of Mines, Energy and Water Development

OVERALL RANKING 2014 2015 OVERALL SCORE 2015

30 34 0.99



PARAMETER	RANKING	SCORE
I. Enabling Framework	38	0.95
II. Clean Energy Investment & Climate Financing	39	0.30
III. Low-Carbon Business & Clean Energy Value Chains	23	1.99
IV. Greenhouse Gas Management Activities	22	1.51

SCORE SUMMARY

Zambia scored 0.99 in *Climatescope* 2015, placing it 34th on the list of countries overall, a drop of four places compared with 2014. Its highest ranking was on Greenhouse Gas Management Activities Parameter IV.

On Enabling Framework Parameter I, Zambia dropped one place to rank 38th. Areas of strength included the presence of regulations governing the distributed energy sector and energy access policies.

The country slipped one place to 39th position on Clean Energy Investment and Climate Financing Parameter II, reflecting the absence of any new investment in clean energy.

Zambia also fell on Low-Carbon Business & Clean Energy Value Chains Parameter III, losing three places to rank 23rd. A number of distributed energy service providers bolstered its score in this area.

On Parameter IV, the country was placed 22nd, a relatively strong position that was largely built on its historic carbon offsetting activity relative to total emissions.

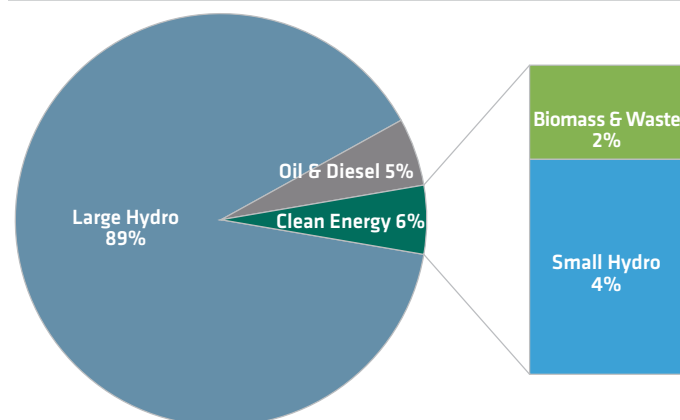
For further information, access www.global-climatescope.org/en/country/zambia

OVERVIEW

Zambia's installed capacity is 2.4GW, of which 90% – some 2.1GW – consists of large hydro. The remainder is made up of oil and diesel plants, while captive biomass projects power the country's sugar estates and surrounding areas. Due to low rainfall levels, the country's power deficit amounts to over 500MW or 30% of peak demand.

INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)

2.4GW total installed capacity



Source: Bloomberg New Energy Finance, Zambia Electricity Supply Corp, Zambia Sugar

National utility ZESCO generates nearly 95% of the power while two private on-grid generators make up the remainder using fossil-fuel and small hydro plants. Outside the state utility, a private transmission and distribution company purchases 55% of the generated electricity for the Copperbelt mining region. Over 90MW of the country's 130MW of non-large hydro renewable power capacity is provided by independent power producers (IPPs), though only 52MW is grid connected.

KEY POLICIES

Debt/Equity Incentives	Rural electrification fund can provide 50% of the capital for private rural electrification projects.
Tax Incentives	Small hydro and solar developers are eligible for tax holidays and import duty exemptions. Carbon tax applied on all motor vehicles since 2006.

Source: Bloomberg New Energy Finance Policy Library

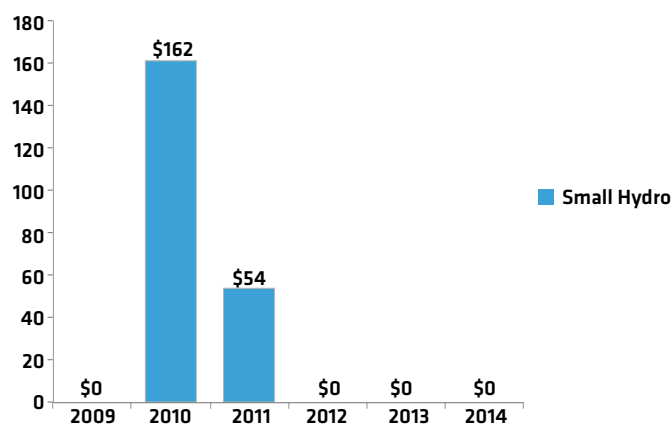
In summer 2015 the government signed an agreement for two 50MW PV projects under the International Finance Corporation's "Scaling Solar" program, with additional capacity mooted. ZESCO is currently expanding existing large hydro projects, with 360MW installed at the Kariba plant in 2014. The country is on track to add a further 120MW hydro project at Itezhi-Tezhi and its first coal power plant with the 300MW Maamba Collieries project, expected to be commissioned by early 2016.

The government offers tax incentives for developers of small hydro and solar projects, including import duty and VAT exemptions and tax holidays. Those policies have yet to drive any clean energy investment, however, reflecting the lack of wider renewable energy policy or cost-reflective electricity tariffs. The government raised tariffs in August 2015, but they are not yet cost reflective.

Zambia's Revised Sixth National Development Plan (2013-16) proposes introducing renewable energy and a feed-in tariff, as well as making use of ethanol and alternative fuels. Government consultations continue on the introduction of feed-in tariffs. The energy regulator is also developing guidelines for off-grid systems. The country previously developed a draft national renewable energy strategy which would seek to add 400MW of renewable energy by 2030, but the plan was never implemented.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2009-2014 (\$m)

\$207.3m total cumulative investment



Source: Bloomberg New Energy Finance

Notes: Total investment includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.