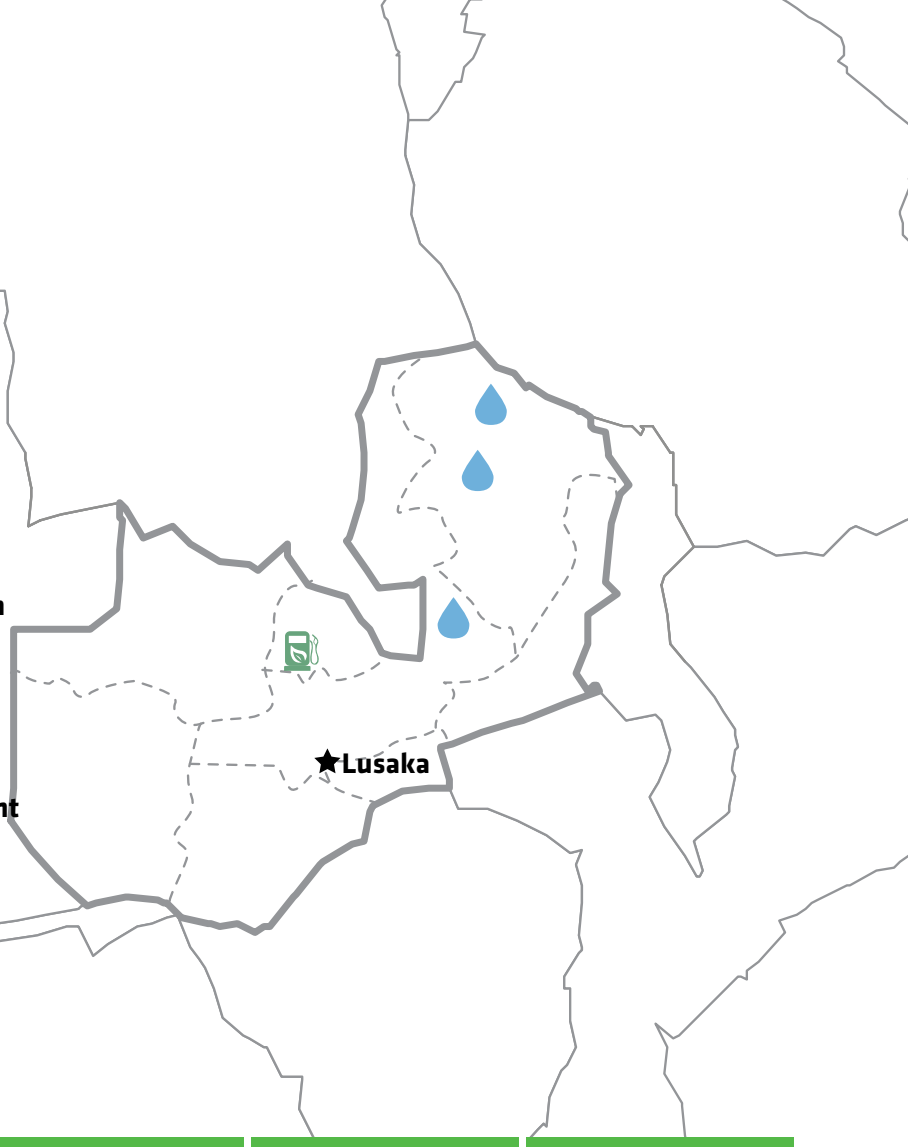
SOUTHERN AFRICA

Zambia



GDP: **$22.4bn**
Five-year economic growth rate: **12%**
Population: **14.5m**
Total clean energy investments, 2006-2013: **$215.5m**
Installed power capacity: **2GW**
Renewable share: **5.3%**
Total clean energy generation: **727.2GWh**
Top energy authority:
Ministry of Mines, Energy and Water Development

OVERALL RANKING 2014
30

OVERALL SCORE 2014
1.07

PARAMETER	RANKING	SCORE
I. Enabling Framework	37	0.99
II. Clean Energy Investment & Climate Financing	38	0.37
III. Low-Carbon Business & Clean Energy Value Chains	20	2.40
IV. Greenhouse Gas Management Activities	22	1.34

SUMMARY

Zambia ranked 30th out of 55 in *Climatescope* 2014 countries, with a score of 1.07. It performed best on Low-Carbon Business and Clean Energy Value Chains Parameter III, and achieved high marks for its distributed energy regulatory framework and energy access policies, both of which are components of Enabling Framework Parameter I.

There was no investment in the country's clean energy sector in 2013; however a total of $215m was invested in small hydro schemes through asset financing and corporate finance deals between 2010 and 2011.

Zambia has a more liberalized power sector than many of its neighbors. Each of the three main market sectors – generation, transmission and distribution – has more than one player, but it remains dominated by a single public utility.

Zambia has one of the largest water resources in Africa and relies on large hydro for nearly 90% of installed power generation capacity. The country's off-grid energy sector continues to grow, although the majority of the rural electrification budget is invested in grid extension projects.

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

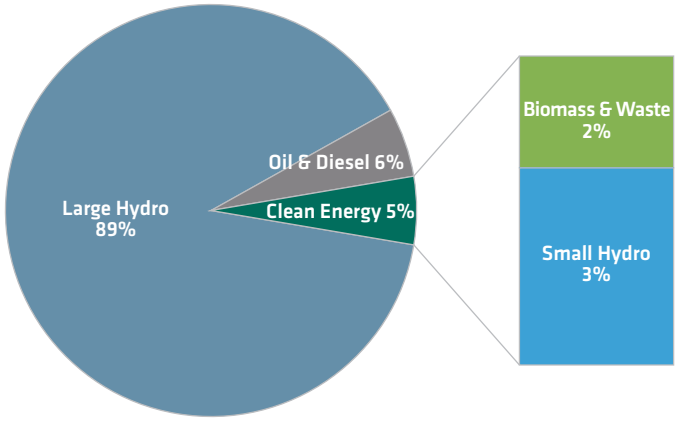
Climatescope 2014 Report by Bloomberg New Energy Finance
Multilateral Investment Fund part of the Inter-American Development Bank,
UK Department for International Development, Power Africa

PARAMETERS AT A GLANCE

Zambia finished 37th on Enabling Framework Parameter I, reflecting the lack of clean energy policies, slow growth in the volume of installed renewable capacity and low electricity prices. On the positive side, the country was judged to have a relatively strong distributed energy regulatory framework and energy-access policies.

INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

2GW total installed capacity



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

State-owned utility ZESCO generates nearly 95% of the country's power, while two private on-grid generators make up the remainder with thermal power and small hydro plants. In addition to the state utility, there is a private transmission and distribution company, which purchases approximately 55% of generated electricity for use in the copper mining region, and a separate distributor in the north of the country.

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.

Source: Bloomberg New Energy Finance Policy Library

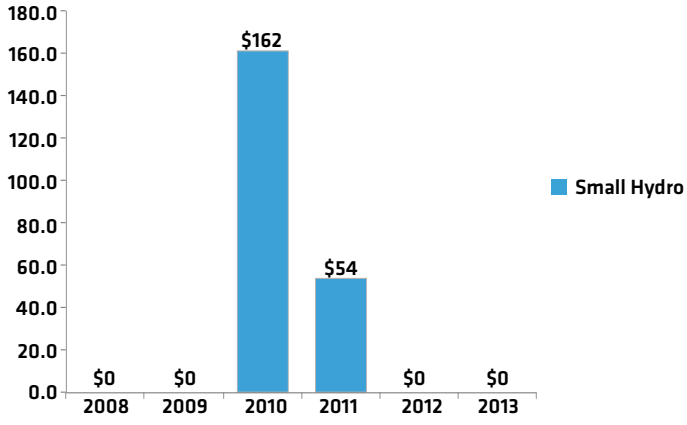
Zambia did not score highly – ranking 38th – on Clean Energy Investment and Climate Financing Parameter II due to the low level of investment, grants and green micro-finance activity. While total investment from 2006 to 2013 of $215m is significant compared with similar African countries, it has been sporadic.

The country's Low-Carbon Business and Clean Energy Value Chains Parameter III score was more positive – it placed 20th – thanks largely to high scores for its distributed clean energy value chain and distributed clean energy service providers. The country has a host of small-scale manufacturers and service providers, particularly in the field of small hydro and biomass.

Zambia's historical carbon offsetting activity made the only significant contribution to the Greenhouse Gas Management Activities Parameter IV score, for which it took 22nd place overall. Although the country has produced just six projects, the score reflects their wide variety – they span five of the six sectors – and the high projects-to-emissions ratio, a consequence of the country's low emissions.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2008-2013 ($m)

$215.5m total cumulative investment



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