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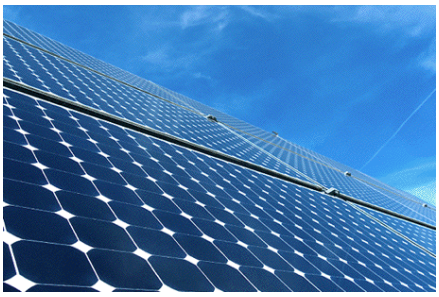
USAID TRADE HUB SOUTHERN AFRICA

SUCCESS STORY
Preparing Zambia for Clean Power

With USAID's Support, Zambia is Developing New Policies to Promote Clean Energy



Zambia has a range of primary energy sources, including hydropower, coal, forest biomass and renewable sources. Among renewable sources, hydro and solar resources are the most significant, followed by biomass and wind energy potential.

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Zambia's total generation capacity is about 2,000 megawatts, and only 3.5% percent of its rural population has access to electricity. The country has an ambitious plan to raise that figure to 15% by 2015, even as the demand for electricity grows due to increasing mining and agricultural activities, which have easily outstripped supply. One important solution is to increase the contribution of renewable energy—clean sources of power that are particularly effective in remote rural areas—to the country's energy mix. Zambia is well-endowed with renewable energy resources including biomass, small hydro, solar, geothermal and wind. However, apart from large-scale hydro, the contribution of renewable energy to the national energy supply has been very small up to this point.

To help Zambia achieve its renewable energy goals, USAID's Southern Africa Trade Hub is working with the Department of Energy through the Ministry of Mines, Energy and Water Development (MMEWD) to develop policies that will encourage investment in clean energy sources and train the country's officials to solicit and evaluate bids for solar power solutions.

Specifically, the Trade Hub is helping MMEWD develop a Renewable Energy Feed-in Tariff (REFIT) policy that will guide decisions on the design of electricity tariffs from renewable energy technologies, the nature of contracts established and the details of compensation: all of which will help Independent Power Producers finance renewable energy investments. Simultaneously, the Trade Hub is improving the ability of the relevant energy institutions to administer the policy and undertake clean energy procurement transactions. The assistance aims to fill the knowledge gap and pave the way for the widespread use of photovoltaic technology.

As part of the process, the Trade Hub launched a technical assistance training program in which MMEWD and other energy sector stakeholder, such as the Rural Electrification Authority (REA), Energy Regulation Board (ERB), Office for Promotion of Private Power Investment (OPPPI), and power utility ZESCO were trained to evaluate and procure solar photovoltaic energy systems for the expansion of energy access in rural areas not connected to the national grid.

An August 2013 workshop in Lusaka covered every aspect of solar PV energy systems, including planning for installation, required policies and regulations, design criteria, implementation arrangements and financing options; it was followed up by a second phase workshop in November. Zambia recently invited the first bids for construction of solar and mini grids in three rural provinces. With the support of USAID's Southern Africa Trade Hub and the procurement training provided, the country will be ready for them.