



## Lusanje Solar PV Project

25MW in Lusaka, Zambia

mazars



# Addressing a Constrained Zambian Power Sector

## Zambian sector overview and development considerations

### ● Competitive Landscape

Zambia had nearly 3 000 MW of installed capacity in 2018, most of which was generated from hydro. Available capacity, however, has been decreasing since 2019, and in 2020 resulted in a supply deficit of more than 810 MW. **Peak electricity demand is set to increase to about 4 247 MW by 2025.** (Source: GET.invest)

The IPP landscape has traditionally been concentrated to ZESCO, the state utility, which currently the largest single supplier of energy in Zambia. Although there are some **small scale** solar and hydro and thermal companies were also supplying power their combined capacity is **only approximately 200MW.**

However, recent **regulatory reforms** have been introduced that **encourage the development of IPPs and the ability for them to sell directly to off-takers** and not necessarily only to ZESCO. Lusanje is currently among the first movers to take advantage of this provision.

Lusanje sits in a unique position as it does not face any competition since is it not supplying ZESCO but **rather its own captive market of private off-takers within the Economic Zone**

### ● Technical Execution

- The Engineering, Procurement and Construction (EPC) will be undertaken by top-tier EPC contractors who will be **procured through a competitive, market RFP process** adjudicated by independent technical advisors.
- The Operation and Maintenance (O&M) will be procured in a **similar manner to the EPC.** The successful EPC and O&M contractor will be selected on the basis of their capability and track record of undertaking similar projects in the past.

### ● Political Risk

Zambia is fairly well ranked in the **World Bank Doing business survey.** In the 2020 report, the country's ranking improved to **85th position out of 190** (from 87th in 2019) thanks to the progress in **minority investor protection and the reorganization of the procedures to resolve insolvencies.** In cooperation with the United Nations, the Zambian authorities also developed the Mineral Output Statistical Evaluation System (Moses) to improve **the tracking of illicit trade practices and the recovery of the unregistered funds.**

### ● Economic Risk

**Higher copper prices, the commissioning of a new hydropower station,** and a return to **normal rainfall patterns** are expected to **support growth in agriculture and electricity production,** key contributors to Zambia's industry and service sectors.

**Post Covid-19,** timely achievement of macroeconomic **stability** will largely depend on progress on **debt restructuring, fiscal consolidation efforts** and the availability of the COVID-19 vaccines. A **prolonged fallout from COVID-19** could **amplify fiscal and domestic liquidity challenges** and lengthen the time for Zambia to embark on key macroeconomic and structural reforms.

**Rainfall variability remains a key structural risk to Zambia's sustainable growth,** affecting key sectors like agriculture and electricity, and highlights the need to incorporate climate-smart solutions in Zambia's long-term growth strategy.

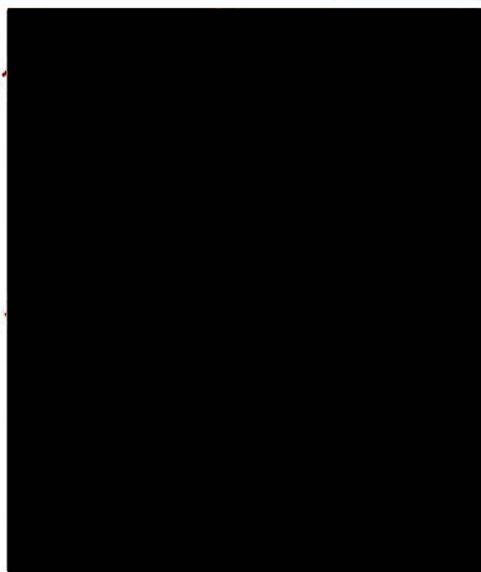
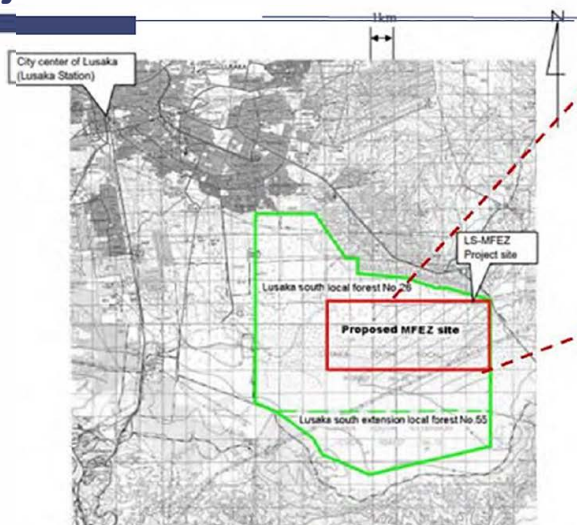
### ● Competitive Advantage

- Since **LSMFEZ** is a shareholder in **Lusanje,** it has the **first priority to supply** electricity within the Economic Zone.

# Late Stage Development Activities in Progress

## Specification overview

### ● Project Location



### ● Site Layout



# A Critical Utility to Commercial and Industrial Users

## End users within LSMFEZ

### Existing LSMFEZ Users

- **British American Tobacco:** Tobacco Products
- **Sunda- Howard:** Sanitary Pads & Diapers
- **Roland Imperial:** Cigarettes and Tobacco Products
- **Zambian Fertilizer (ETG):** Agri-products
- **Keda Ceramics Zambia Limited:** Tiles, Ceramic products
- **Big Tree:** Beverages
- **Trade Kings:** Household Consumables, FMGC
- **Zambian Breweries:** Beer Malting Plant
- **Urban Stone:** Tiles Fix, additives
- **Roto Tech:** Plastic Water Tanks
- **Mylan:** Pharmaceuticals



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