

 Early Warning System

GCF-FP080

Zambia Renewable Energy Investment Framework



Quick Facts

Countries	Zambia
Financial Institutions	Green Climate Fund (GCF)
Bank Risk Rating	U
Voting Date	2018-02-27
Borrower	Government of Zambia
Sectors	Energy, Law and Government, Technical Cooperation
Investment Type(s)	Grant
Investment Amount (USD)	\$ 52.50 million
Project Cost (USD)	\$ 154.00 million



Project Description

The Government of the Republic of Zambia (GRZ) aims at improving the conditions for renewable energy (RE) Independent Power Producer (IPPs) development and encouraging participation of private investors in the energy sector. The GETFiT (Global Energy Transfer Feed-in-Tariff) Zambia program, whose design has been supported by the KfW, aims to assist the GRZ in the implementation of its Renewable Energy Feed-in-Tariff (REFiT) Strategy officially launched in October 2017.

This framework targets to mobilize a financing package for upcoming RE IPP projects in Zambia identified under the GETFiT program, primarily for the first round 100MW solar PV (at least 80% of the framework). During the first phase, five to six small-scale (up to 20MW) solar PV projects will be selected through a competitive bidding process by Q2 2018 with the expected financial close by Q3 2018. It is targeted that most of them will be financed by the framework. The launch of the second phase will follow in mid-2018, which will procure total 100MW of small-hydro projects. The framework may finance a limited number of small-hydro projects from the second phase (i.e. up to 20% of the framework).

The Technical assistance (TA) will have two components:

1. Assist the public sector (Ministry of Energy and Water Development, Rural Electrification Authority, etc.) to create enabling environment for private investments in the mini-grid and off-grid sector. Activities under this component will catalyze the market for decentralized energy solutions and directly contribute to national energy access, translating the experience of small-scale IPP (GETFiT projects) into RE-based rural electrification.
2. Build the capacity of selected local commercial banks, institutional investors, and the Zambian financial industry for its enhanced understanding on renewable energy and infrastructure financing, renewable energy project screening, due diligence, and monitoring.



Investment Description

- Green Climate Fund (GCF)

It is proposed that the AfDB will provide senior debt and standby loans to finance each of the selected and interested IPPs (the AfDB exposure to be limited up to one-Third (33.3%) of the total project cost – USD 50 million for the whole framework). The remaining debt will be financed by the GCF (through the AfDB as an Accredited Entity), a pool of commercial banks (backed by a standby loan) and the national pension fund managed by the Zambian National Pension Scheme Authority (NAPSA) (proposed). The GCF's participation will be pari passu with the AfDB, therefore its total exposure including standard loans and standby loans will be equally limited to one-third (33.3%) of the total project cost.

In addition, Technical assistance (TA) grants of up to USD 4 million, from the GCF and the AfDB, will be provided.



Contact Information

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ACCESS TO INFORMATION

Requests for project information may be submitted using the IDP Request for Information by email to: disclosure@gcfund.org.

You can also submit an information request using this online form: <https://www.greenclimate.fund/about/disclosure/form>.

Additionally, if information requested is denied, an appeal can be filed to the Information Appeals Panel: iap@gcfund.org. You can learn more about the Information Appeals Panel at: <https://www.greenclimate.fund/about/disclosure/appeals>.

ACCOUNTABILITY MECHANISM OF GREEN CLIMATE FUND

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You can access a video about the IRM (English) at: <https://youtu.be/1LanbriVhfs>.

A brochure about the IRM can be accessed in English, French, Spanish, Portuguese, Arabic, Mandarin, Mongolian, Vietnamese, Russian, Ukrainian, Korean, German, and Kiswahili at: <https://irm.greenclimate.fund/>.



Bank Documents

- [Environmental and Social Report](#)