

 Early Warning System

IFC-38685

SS Zambia 2



Quick Facts

Countries	Zambia
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2017-02-16
Borrower	NEOEN INTERNATIONAL
Sectors	Energy
Investment Amount (USD)	\$ 15.00 million
Project Cost (USD)	\$ 60.00 million



Project Description

PROJECT DESCRIPTION

As part of the World Bank Group (WBG) Scaling Solar program, Neoen SAS in consortium with First Solar ("the Sponsors") has been awarded the contract to finance, construct and operate a 55 MWp solar photovoltaic (PV) power plant ("the project") at the Lusaka South Multi-Facility Economic Zone (LS-MFEZ) in Zambia. The Sponsors incorporated together with IDC (the Industrial Development Corporation, an investment company owned by the Government of the Republic of Zambia) a special purpose vehicle dedicated to the project ("the Company", or "Bangweulu Power Company Limited"). Neoen, the main sponsor of the project, is an independent power producer, generating electricity from renewable sources (solar, wind or biomass). Neoen develops, finances, builds and operates power plants and is active in France, Portugal, Australia, Mexico, Egypt, Mozambique, Jamaica, Zambia, Jordan and El Salvador. With a current operating base of 759 MW, Neoen seeks to achieve installed power of over 1,000MW by 2017. The Zambia PV power plant to be built under the WBG's Scaling Solar program will operate on a 25 year Power Purchase Agreement (PPA) signed with ZESCO, the integrated electricity utility company of Zambia. The total project cost is estimated at US\$60 million. The World Bank (WB) is providing a payment guarantee and IFC's proposed investment consists of an A loan of up to \$15 million. The power plant covering a maximum footprint area of about 52 hectares will require about 460,000 thin film modules from First Solar and 12 transformers. The proposed PV system will be connected to the grid and the electrical energy will be evacuated through the Lusaka South MFEZ substation, via a 33kV underground cable. The substation and underground cable will be financed, implemented and commissioned by the company, and then handed over to ZESCO. The project site is situated within the LS MFEZ about 15 km to the South and East of the Lusaka Central Business District. The site is bordered by the Lusaka National Park to the South and some agricultural holdings to the East. The company has assigned Sterling & Wilson as the engineering, procurement and construction (EPC) contractor as well as the operations and maintenance (O&M) contractor. The construction phase is expected to take eight months; commissioning is expected to be in November 2017 with plant take-over expected in December 2017. In order to be flexible on the planning and to accommodate changes in the project schedules, the notice to proceed with the works (NTP) date is used as a timing reference.

OVERVIEW OF IFC'S SCOPE OF REVIEW

WB and IFC's review included the following activities: (i) site visits in April, August and September 2016; (ii) review of available project documents and environmental assessment reports and Neoen's Health, Safety Environmental Management Plan (HSEMP); (iii) review of Mphande socio-economic survey reports; (iv) meetings with key officers of Neoen, the Zambian Industrial Development Corporation (IDC) and the Zambia Disaster Management and Mitigation Unit (DMMU) as well as members of the affected communities and the local administrative authorities - Acting District Commissioner and Permanent Secretary of the Kafue District.

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS**

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards. PS 1 - Assessment and Management of Environmental and Social Risks and Impacts PS 2 - Labor and working conditions PS 3 - Resource Efficiency and Pollution Prevention PS 4 - Community Health, Safety and Security PS 5 - Land Acquisition and Involuntary Resettlement If IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

ENVIRONMENTAL AND SOCIAL CATEGORIZATION AND RATIONALE

This is a Category B project according to IFC's Policy on Environmental and Social Sustainability. The proposed investment is expected to have limited environmental and social impacts, which are site-specific, temporary and none is expected to be significant. These impacts can be avoided or mitigated by adhering to applicable performance standards, procedures, guidelines



Investment Description

- International Finance Corporation (IFC)



Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>



Bank Documents

- [Project Information](#)
- [Vol 2_SecondDraft ESIA Bangweulu SolarProj_17112016_Neoen.pdf](#)