

JICA Signed Japanese ODA Loan Agreements with Zambia

-Promoting TICAD IV Growth Acceleration and Poverty Alleviation Goals through Improved Rural Access to Electricity Services-

1. On March 26, JICA (President: Sadako Ogata) signed an agreement with the Republic of Zambia to provide a Japanese ODA loan of up to just over 5,511 million yen for the Increased Access to Electricity Services Project. This is the first Japanese ODA loan in 17 years for Zambia, part of a restart in official development assistance for sub-Saharan Africa stemming from structural reforms made under international supervision, recent sound macroeconomic management and international debt reduction.
 2. This project has mainly two components, extension from existing grid networks in seven provinces and establish a small hydroelectric power plant in one province in order to improve the living environment for local communities through better access to electric power. Support for this project is coordinated with the World Bank and other donor organizations engaged in solving the financial and organizational issues facing Zambia's electric power sector.
 3. Zambia has also developed a master plan created supported by JICA for efficient and effective rural electrification as part its national development strategy. The Increased Access to Electricity Services Project is being used to select the project's target sites based on this regional electrification plan, and technical cooperation is planned to enhance the capacities of the Rural Electrification Authority (REA). This should bring about an organic integration of technical assistance and financial cooperation under the new JICA. An additional objective is for the project to be registered as a Clean Development Mechanism (CDM) based on electrification and the adoption of hydropower as a renewal energy source. Plans are already in place to provide the necessary technical support to apply for CDM status.
 4. Although Zambia's electric power demand has increased rapidly in recent years due to a production recovery in the mining sector, aging facilities have caused a decrease in the capacity to generate power. The percentage of electricity servicing in Zambia is low, posing a serious impediment to regional economic and social activity; 60 percent of the population lives in regions with an electrification rate of just three percent as of 2004, while the nationwide rate is a mere 20 percent. As a result, the majority of the population still relies on kerosene, diesel and firewood to provide household lighting, which places an undue burden on the environment. The Zambian government has acknowledged the significant obstacle caused by the lack of electrification to the lives of its citizens and business activities, and has made the rehabilitation of old power plants and construction of new ones a key priority.
 5. At The Fourth Tokyo International Conference on African Development (TICAD IV) held in Yokohama last May, it was recognized that proper road networks, power networks and other international infrastructures are beneficial not only domestically but across borders as well. JICA plans to ensure power networks in the Southern African Region, and therefore will conduct a study to develop future power sources and a power generation plan. JICA will be to provide comprehensive support for the electric power essential to the development of both Zambia and the Southern African Region.
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(For further details, [click here.](#))

Reference

Loan amount, Terms and conditions

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/Grace Period (years)	Procurement
Increased Access to Electricity Services Project	5,511	0.01%	40/10	General Untied

Executing agency

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