

## ANNUAL REPORT 2022





# GENERAL INFORMATION

**PHYSICAL ADDRESS:**

Stand No. Lusak/LN\_15087/2  
Great North Road  
Lusaka, Zambia

**POSTAL ADDRESS:**

Post Net Box 349  
Private Bag E891  
Lusaka, Zambia

**TELEPHONE NUMBERS:**

+260 211 241296/98  
+260 977640740  
+260 966862081

**EMAIL ADDRESS:**

[info@rea.org.zm](mailto:info@rea.org.zm)

**WEBSITE:**

[www.rea.org.zm](http://www.rea.org.zm)

**FACEBOOK:**

REA-Rural Electrification Authority, Zambia

## STRATEGIC DIRECTION

This report is anchored on the Rural Electrification Authority's corporate philosophy, which are expressed in the Vision, Mission and Values as follows:

### VISION STATEMENT

"A beacon of excellence in providing electricity access to all rural communities for improved livelihoods"

### MISSION STATEMENT

"To electrify rural communities in an equitable and sustainable manner for socio-economic transformation"

### CORE VALUES

REA Board, Management and Staff commit themselves to the following values and ethics which govern behavior in discharging the mandate:

- a. **Integrity**
- b. **Innovation**
- c. **Transparency**
- d. **Accountability**
- e. **Partnerships**

REA has coined an acronym for the values as I<sup>2</sup>TAP.

### 2022 – 2026 STRATEGIC OBJECTIVES

REA's Strategic Objectives include:

- Strategic Objective 1: Improve Rural Electrification;
- Strategic Objective 2: Improve Stakeholders' Collaboration;
- Strategic Objective 3: Improve Financial Capacity and Management;
- Strategic Objective 4: Improve Operational Processes and Procedures;
- Strategic Objective 5: Improve Human Capacity
- Strategic Objective 6: Improve Administration and Logistical Capacity.



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## ACRONYMS

<b>CP</b>	Cooperating Partners
<b>EDF</b>	European Development Fund
<b>EE</b>	Energy Efficiency
<b>EIA</b>	Environmental Impact Assessment
<b>ERB</b>	Energy Regulation Board
<b>ESAP</b>	Electricity Services Access Project
<b>GCF</b>	Green Climate Fund
<b>GEP</b>	Grid Extension Project
<b>GIP</b>	Grid Intensification Project
<b>GRZ</b>	Government of the Republic of Zambia
<b>HSHS</b>	High-Powered Solar Home Systems
<b>HT</b>	High Tension of Minimum Voltage 11kV
<b>IAEREP</b>	Increased Access to Electricity and Renewable Energy Production
<b>ICT</b>	Information and Communication Technology
<b>KGRTC</b>	Kafue Gorge Regional Training Centre
<b>KMHPP</b>	Kasanjiku Mini Hydro Power Plant
<b>kVA</b>	Kilo-Volt Ampere
<b>kWh</b>	Kilo-Watt hour
<b>kWp</b>	Kilo-Watt Peak
<b>LCC</b>	Lusaka City Council
<b>LV</b>	Low Voltage of Minimum Voltage 0.4kV
<b>MoE</b>	Ministry of Energy
<b>MoU</b>	Memorandum of Understanding
<b>MP</b>	Member of Parliament
<b>NGOCC</b>	Non-Governmental Gender Organizations' Coordinating Council
<b>OG-RESS</b>	Off-Grid Renewable Energy Smart Subsidy
<b>PPP</b>	Public-Private Partnership
<b>REA</b>	Rural Electrification Authority
<b>REF</b>	Rural Electrification Fund
<b>REMP</b>	Rural Electrification Master Plan
<b>RGC</b>	Rural Growth Centre
<b>SHS</b>	Solar Home Systems
<b>SMG</b>	Solar Mini Grid
<b>US\$</b>	United States Dollar
<b>WB</b>	World Bank
<b>ZPPA</b>	Zambia Public Procurement Authority
<b>ZREFF</b>	Zambia Renewable Energy Financing Framework

## GLOSSARY

<b>Authority:</b>	An organization that has administrative power and control. In this report, the Authority represents the Rural Electrification Authority.
<b>Catchment population:</b>	This is the estimated population of the area served by a facility e.g, a school, and other public facilities.
<b>Civil Structure:</b>	This is defined as a network of interconnected components designed to withstand external loads, including its own weight, while maintaining sufficient rigidity.
<b>Direct Beneficiaries:</b>	Direct beneficiaries refer to individuals or groups who benefit directly from a developmental intervention, or who are the direct recipients of developmental activities.
<b>E-Kiosks:</b>	These are centres for electricity production and supply of energy services, located in rural or peri-urban zones.
<b>Electrical Network:</b>	This is an interconnected network for delivering electricity to consumers.
<b>Grid Densification:</b>	Expansion of existing low voltage networks to connect clusters within 600 meters of existing distribution transformers.
<b>Grid Extension:</b>	A network expansion from the national power distribution system to new areas and communities that involves extension of the high tension (HT) by a length more than 5km.
<b>Grid Intensification:</b>	A network expansion from the national power distribution system to new areas and communities that involves extension of the high tension (HT) by a length less than 5km.
<b>High Tension Lines:</b>	These are electric lines that deliver electricity over long distances at a voltage of 11kV and above.
<b>Indirect Beneficiaries:</b>	Indirect beneficiaries refer to individuals or groups who are not the direct target of developmental interventions and activities but may be indirectly affected and benefited by the activities with direct beneficiaries.
<b>kWp:</b>	Unit of measure for peak power output produced by a Solar System.
<b>Low Voltage Lines:</b>	Voltage that exceeds extra-low voltage and does not exceed 1000 volts alternating current (1000 V AC) or 1500 volts direct current (1500 V DC).
<b>Megawatt:</b>	A unit of power equal to one million watts.
<b>REF:</b>	Rural Electrification Fund is a fund created by the Rural Electrification Act No. 20 of 2003.
<b>REMP:</b>	A 22-year Rural Electrification Master Plan for Zambia covering the period from 2009 to 2030.
<b>RGC:</b>	A Rural Growth Centre is defined as rural locality with a high concentration of residential settlements which is the centre of rural economic activities.
<b>Special Purpose Vehicle:</b>	A subsidiary company formed for a specific business purpose.
<b>Stakeholder:</b>	A stakeholder is any group or individual who can affect, or is affected by, the achievement of an organisation's purpose, objectives or performance.
<b>Strategic Objectives:</b>	These are statements that indicate what is critical to the Rural Electrification Authority's strategic direction.



## STATEMENT BY THE BOARD CHAIRPERSON



On behalf of the Board of Directors of the Rural Electrification Authority (REA), and in Thursday 10th August 2023 accordance with Part V, Section 24 (1) of the Rural Electrification Authority Act No. 20 of 2003, I am pleased to submit this Annual Report for the year ending 31<sup>st</sup> December 2022.

Our rural electrification programme has made significant strides in providing access to electricity in remote areas that previously did not have electricity. In the year 2022, we connected over 16,989 households to the grid, bringing the total number of households with access to electricity to 77,299. This represented a major milestone for the Authority, and we are proud of the impact that our efforts have had on the lives of rural communities.

During the year under review, REA decentralised its operations by establishing four (4) regional offices in the north, south, east and west of the country. In addition, the Authority made significant progress promoting renewable energy use, aimed at reducing reliance on traditional energy sources and promoting a cleaner and more sustainable environment. To this effect, several renewable energy projects were commissioned across the country. We have also conducted several awareness campaigns to educate communities on the benefits of renewable energy and how it can be harnessed to improve their livelihoods.

While we are proud of our achievements during 2022, we continue to pursue our Strategic Objectives for 2022 – 2026. We are committed to continuing our efforts to increase access to electricity to more households, especially those in remote areas that are still without electricity.

We will also continue to promote the use of renewable energy and explore innovative ways of providing sustainable and affordable energy solutions to rural communities.

Finally, I would like to express my gratitude to our partners, stakeholders, and team members for their continued support and dedication to the operations of the Authority. Without their contributions, the year 2022 would not have been as successful as it was.

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A handwritten signature in black ink, appearing to be 'B. Jaani', written over a horizontal line.

Mr. Bruce Jaani  
**ACTING BOARD CHAIRPERSON**

# STATEMENT BY THE CHIEF EXECUTIVE OFFICER



I am pleased to report on the progress REA made towards implementing its mandate during the year 2022. In line with the Rural Electrification Master Plan (REMP), the implementation of rural electrification programme focused on the following key areas:

- (i) Extension of ZESCO Limited's distribution network;
- (ii) Construction of off-grid networks; and
- (iii) Implementation of partner-funded projects and engagements.

## **Extension of ZESCO Limited's Distribution Network and Construction of Off-Grid Networks**

Our work during the year was underpinned by the Government's desire to accelerate rural electrification to achieve equitable socio-economic development across the country - leaving no one behind. This desire was demonstrated by the Government's increased allocation of resources towards rural electrification during the 2022 financial year. We planned to execute 46 projects, of which 30 were Grid Development Projects (GDP) and 16 were Renewable Energy Projects (REP). By the end of the year, we had completed eight (8) projects while the rest were still under different stages of implementation.

The government has committed that the country will attain universal access to electricity by the year 2030. Therefore, at REA, we are expected to demonstrate our capacity to absorb all allocated resources in the year by ramping-up the execution of projects at a rate which should be commensurate with the increased resources

availed through the national budget. As a way of attaining this, REA commissioned regional offices in Kasama, Choma, Solwezi and Chongwe. These offices are resourced with the necessary skills needed to plan and execute projects.

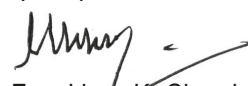
## **Implementation of Partner-Funded Projects and Engagements**

We continued to pursue collaborations with development partners and the private sector during the year. Some of these partnerships resulted in implementation of innovative technologies and solutions in renewable energy, such as design of Nano Grids for remote communities, while others resulted in co-financing arrangements.

We are proud of the progress we made during the year. The achievements we made would not have been possible without strategic guidance from the Board and the hardworking members of staff.

Looking ahead, we remain committed to our mission and are determined to continue making progress towards achieving universal access to electricity. We recognize the challenges ahead but are confident in our ability to overcome them and achieve our goals.

As I close, I wish to pay tribute to the Government for its commitment to develop the rural communities in the country. This continued commitment to resourcing rural electrification programme will undoubtedly result in improved quality of rural livelihoods.



Eng. Linus K. Chanda  
**CHIEF EXECUTIVE OFFICER**





## 1.0 | CORPORATE PROFILE

### 1.1 Mandate of the Rural Electrification Authority

The overall mandate of the Rural Electrification Authority (REA) is to increase access to electricity in rural areas to contribute to improved productivity and quality of life of the rural population in Zambia.

### 1.2 Functions of REA

The specific functions of REA, as set out in Section 4(1) of the Rural Electrification Act No.20 of 2003, are to:

- a) Administer and manage the Rural Electrification Fund;
- b) Develop, implement and promote the utilisation of and update rural electrification master plans for systematic electrification of rural areas;
- c) Promote the utilisation of available rural electrification technological options to enhance the contribution of energy to the development of agriculture, industry, mining and other economic activities in rural areas;
- d) Mobilise funds from within and outside Zambia in support of rural electrification;
- e) Offer, on a competitive basis, the construction of rural electrification projects and periodically publish information on programmes being carried out;
- f) Design and offer, on a competitive basis, to developers and operators, smart subsidies for capital costs on projects that are designed to supply energy for development of rural areas;
- g) In conjunction with stakeholders, develop mechanisms for the operation of grid extension networks for rural electrification and other rural energy supply systems;
- h) Finance project preparation studies for rural electrification projects in accordance with guidelines developed and approved by the Authority;
- i) Recommend to Government, policies for the enhancement of access to electricity by the rural populations; and
- j) Undertake such other activities as are conducive or incidental to the performance of its functions under the Act.

## 2.0 | CORPORATE GOVERNANCE STRUCTURE

### 2.1 Board of Directors

The following Board of Directors were appointed by the Honourable Minister of

Energy, Eng. Peter Chibwe Kapala, MP on 15<sup>th</sup> December 2021 pursuant to Section 6 (1) of the Rural Electrification Act. No 20 of 2003.



Eng. Likonge B. Makai-Mulenga  
**Board Chairperson**



Mr. Bruce Jaani  
**Vice Board Chairperson**



Ms. Nancy M. Mwamba  
**Member**



Mr. Caesar Cheelo  
**Member**



Mrs. Mazuba Mwambazi  
**Member**



Mr. Kayula Chimfwembe  
**Member**



Mr. Mafayo Ziba  
**Member**



Eng. Linus K. Chanda  
**Board Secretary**

## 2.2 Role of the Board of Directors

The roles of the Board are outlined below:

- i. Oversee the administration and management of the Rural Electrification Fund;
- ii. Oversee development, implementation and updating of the Rural Electrification Master Plan;
- iii. Oversee the promotion of the utilisation of available rural electrification technological options to enhance the contribution of energy to the development of agriculture, industry, mining and other economic activities in rural areas; and
- iv. Approve the implementation of Annual Work Plans and Budgets, and approve policies, strategies, and Plans.

## 2.3 Board Committees

The Board Committees assist the Board of Directors in undertaking its functions. During the period under review, the Rural Electrification Authority had established three (3) Board Committees which included the following:

### 2.3.1 Technical Committee

The main role of the Technical Committee was to advise the Board of Directors and provide guidance to Management on technical matters. In addition to the above, the Technical Committee's roles and responsibilities included the following:

- i. Monitoring the implementation of projects;
- ii. Examining from time to time the development of project proposals and making recommendations to the Board on the implementation of such proposals;
- iii. Reviewing in-house procedural frameworks related to the implementation of contracts and making recommendations on adjustment mechanisms to facilitate speedy and smooth implementation of projects;
- iv. Facilitating the development of strategies to address delays in the implementation of projects; and
- v. Reviewing development projects of a commercial nature which are part of the Authority's efforts to diversify its revenue base.

As of 31<sup>st</sup> December 2022, the members of the

Technical Committee were as follows:

- i. Mr. Caesar Cheelo - Chairperson;
- ii. Mr. Mafayo Ziba - Vice-Chairperson;
- iii. Eng. Victor Chisenga - Member; and
- iv. Eng. Mfikeyi Makayi - Member.

During the period under review, the Technical Committee held four (4) quarterly meetings and three (3) special meetings.

### 2.3.2 Finance and Human Resources Committee

The Finance and Human Resources Committee provided advice to the Board of Directors and Management on all operational, financial and administrative matters affecting the Rural Electrification Authority. As of 31<sup>st</sup> December 2022, its membership was comprised of the following:

- i. Mrs. Nancy Mwamba - Chairperson;
- ii. Mrs. Mazuba Mwambazi - Vice-Chairperson;
- iii. Mr. Lackson Mukuma - Member;
- iv. Mrs. Doris Sakupwanya - Member; and
- v. Mr. Sidney Chifungula - Member.

During the period under review, the Finance and Human Resources Committee held three (3) ordinary meetings and eight (8) special meetings.

### 2.3.4 Audit and Risk Committee

The main role of the Audit and Risk Committee was to provide advice to the Board of Directors and Management on financial management. This was demonstrated by overseeing and monitoring the integrity of financial reports and statements and the systems of risk management, internal controls and compliance. As of 31<sup>st</sup> December 2022, its membership was comprised of the following:

- i. Mr. Bruce Jaani - Chairperson;
- ii. Mr. Kayula Chimfwembe - Vice-Chairperson;
- iii. Eng. Glenda Mwandama - Member;
- iv. Mr. Paul G. Katupisha - Member; and
- v. Mrs. Cecilia Zimba - Member.

The Audit and Risk Committee held four (4) ordinary meetings and one (1) special meeting.



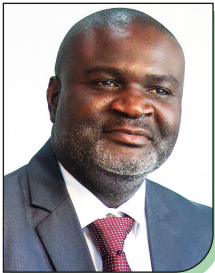
## 2.4 Management Team

The REA Management Team is headed by a Chief Executive Officer (CEO) appointed as provided under section 16(1) of the Rural Electrification Act

No. 20 of 2003. The CEO oversees operations of the Authority on a day-to-day basis and is assisted by Directors and Managers who form part of the Senior Management Team. Below are the members of the Senior Management Team.



Eng. Linus K. Chanda  
**Chief Executive Officer**



Eng. Alex Mbumba  
**Director - Engineering Services**



Mr. Joseph Ntanda  
**Director - Finance**



Ms. Adrine Muchimba  
**Director - Human Resources and Administration**



Mrs. Jacqueline Musonda  
**Director - Strategy and Planning**



Mr. Joseph Kenya  
**Manager Audit and Risk**



Mr. Sylvester Mphande  
**Manager - Procurement**



Mr. Justin Mukosa  
**Manager - Corporate Affairs**



Mr. Nkomba Mulemba  
**Legal Counsel**

## 3.0 | ANALYSIS OF THE AUTHORITY'S PERFORMANCE IN 2022

### 3.1 Overall Performance

This section provides a comprehensive account of the activities undertaken by the Rural Electrification Authority (REA) for the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022. The activities were based on the approved 2022 Annual Work Plan and Budget formulated using five (5) Strategic Objectives (SO) from the previous Strategic Plan for the period 2019 – 2021. These five (05) objectives were stated as outlined below:

SO 1: Improve Rural Electrification Service Delivery;

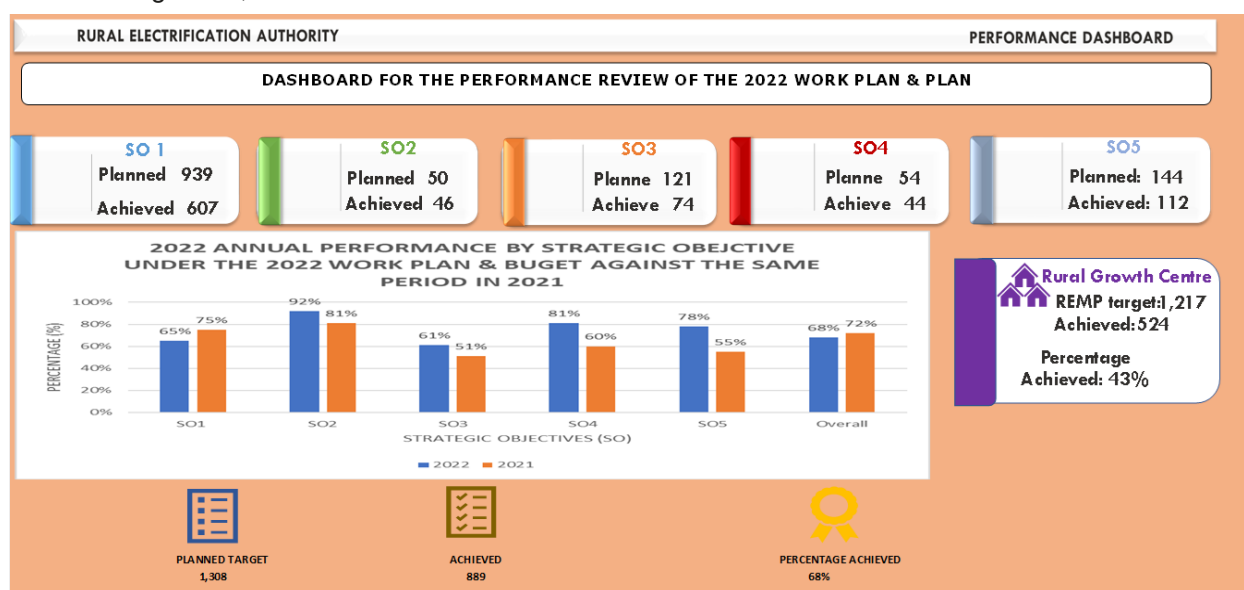
SO 2: Improve Collaboration with Stakeholders;

SO 3: Improve Financial Capacity and Management;

SO 4: Improve Operational Processes and Procedures; and

SO 5: Improve Human Capital and Administrative Capacity.

The Authority undertook a total of four (4) Strategic Performance Reviews to assess its performance towards achieving its Strategic Objectives. The reviews evaluated the performance of the Authority towards achieving the targets set in the Rural Electrification Master Plan (REMP) and the attainment of outputs set in the 2022 Work Plan and Budget. As of 31<sup>st</sup> December 2022, the achievement of targets set in the 2022 Work Plan and Budget was at 68% as shown in figure 1 below.



**Figure 1:** Performance review of the 2022 Work Plan and Budget

The preceding sections provide details of the Authority's performance in 2022

### 3.2 Electrification Projects

#### 3.2.1 Grid Development Projects

In the year 2022, the Authority planned to implement a total number of 30 Grid Development Projects (GDPs). These projects comprised 6 Grid Extension Projects (GEPs) and 24 Grid Intensification Projects (GIPs). These projects

comprised 6 Grid Extension Projects (GEPs) and 24 Grid Intensification Projects (GIPs). Of the 30 projects, 16 were projects implemented in 2021 while 14 were projects implemented in 2022.

As of 31<sup>st</sup> December 2022, 5 of the 2021 GIPs were completed at a total cost of K21,755,415. The completed projects resulted in 1,115 connections out of which 1,109 were households' connections while 6 were connections at public facilities. Table 1 shows details of the completed GDPs.

**Table 1:** Completed Grid Development Projects

NO	PROJECT NAME	DISTRICT	PROVINCE	PROJECT COST (K)		TARGETED CONNECTIONS	CATCHMENT POPULATION
1	Ming'omba	Chililabombwe	Copperbelt	2,741,659		150	8,632
2	Mutenda Muchinshi	Chingola	Copperbelt	8,932,156		315	9,849
3	Salamano	Mufulira	Copperbelt	2,077,345		203	1,962
4	Bulaimu	Nakonde	Muchinga	4,733,710		250	4,924
5	Mufubushi	Mpika	Muchinga	3,270,545		197	12,039
<b>Sub-totals</b>				<b>21,755,415</b>		<b>1,115</b>	<b>37,406</b>

The remaining 11 GIPs carried over from the year 2021 were at various stages of implementation by the end of the year. The delay in completion of the on-going projects was attributed to the late delivery of project materials to project sites due to the negative effect of the COVID-19 pandemic on international trade. In addition, the projects were negatively affected by the depreciation of the Zambian Kwacha against major convertible currencies which impacted the total cost of project materials.

Implementation of the 14 planned GDPs for 2022 could not be undertaken due to unforeseen extensions in the tendering process. The Authority however repackaged the projects and planned to execute them in the year 2023.

### 3.2.2 Off-Grid Renewable Energy Projects

The Authority planned to implement 16 Renewable Energy Projects (REPs) in the year 2022. Of the 16 REPs, 13 included the Solar Energy Projects while three (3) were expansion of power distribution networks for the Kasanjiku Mini Hydro Power Plant (KMHPP).

As of 31<sup>st</sup> December 2022, the Authority had completed a total of 4 REPs while the remaining projects were at various stages of implementation. As of 31<sup>st</sup> December 2022, the Authority had completed a total of 3 REPs namely Chaba Solar Mini Grid Project and the two (2) lots under the Kasanjiku Distribution Network Extension while the remaining projects were at various stages of implementation.

The status of the projects is outlined below:

#### 3.2.2.1 Chaba Solar Mini Grid Project (48.5 kWp)

The Authority completed the construction of the Chaba Solar Mini Grid (SMG) project located in Chilubi District of the Northern Province. The project involved the installation of a 48.5kW<sub>p</sub> solar power generating system to supply electricity to an initial 847 customers including a secondary school, primary school, a rural health centre, households, and business entities.

As of 31<sup>st</sup> December 2022, the mini grid was operational and a total of 250 connections had been achieved.

#### 3.2.2.2 Ngabwe District Council Solar Mini Grid (28kWp)

The 28kW<sub>p</sub> Ngabwe District Council SMG Project was implemented as a green-field project with a target to supply electricity to Ngabwe District Council offices, Council Lodge and 10 staff houses. During the period under review, construction of the solar power generating system was still in progress.

#### 3.2.2.3 Chunga Solar Mini Grid Project

The Chunga SMG project in Kafue National Park in Mumbwa District of Central Province was aimed at providing electricity services to the Office Administration Block for Department of National Parks and Wildlife Services, Chunga Primary School, Chunga Rural Health Centre and associated institutional houses. The construction of the civil structures and distribution network



was completed in 2021. However, the installation of the solar power generating system was still outstanding by the end of the year 2022 due to ongoing negotiations between the European Union (EU) who funded the project called Increased Access to Electricity and Renewable Energy Production (IAEREP) and the contractor.

The Authority therefore carried the project forward to 2023.

#### **3.2.2.4 High-powered Solar Home System (SHS) Project**

In the year 2022, the Authority planned to install 1.6kWp High-Powered Solar Home Systems (SHS) at 42 selected Chief's palaces. The SHS were designed to provide sufficient power for basic lighting, entertainment, water pumping and cooking needs using energy efficient appliances such as Electric Pressure Cookers (EPCs). As of 31<sup>st</sup> December 2022, the Authority had commenced the procurement process.

#### **3.2.2.5 NGOCC-supported Solar Home System Project**

The Authority undertook a Solar Home System project in collaboration with the Non-Governmental Gender Organizations' Coordinating Council (NGOCC).

The project was aimed at providing electricity services to the Nkolongozya Women Club Business Centre in Sipatunyana Chiefdom of Kalomo District in Southern Province. The project involved the installation of three (3) SHS, the first at the Cooperative Business Centre, the second at Siamwawa Primary School and the third at the school staff house with 100 x 10Wp SHS for the cooperative members in the surrounding community.

During the period under review, the Authority completed the procurement process for the High-

Powered Solar Home Systems and the contract was signed in December 2022 between the Authority and Retro International Zambia Limited. The installation of the systems was expected in the first Quarter of 2023.

#### **3.2.2.6 Solar for Schools and Hospitals**

The Authority planned to implement 5 x 15kWp Solar Mini Grid projects to electrify schools and hospitals in selected areas of the country. As of 31<sup>st</sup> December 2022, the projects were still ongoing.

#### **3.2.2.7 Smart Capital Subsidy Projects**

The Authority planned to undertake three (3) smart capital subsidy projects which included solar home systems, green field solar mini grids and solar mini grids powered by excess energy from the solar milling plants. As of 31<sup>st</sup> December 2022, the projects were cancelled and replanned for implementation in 2023 under a different business model.

#### **3.2.2.8 Kasanjiku Distribution Network Expansion Project**

The Authority continued the expansion of the distribution network from the Kasanjiku Mini Hydro Power Plant to targeted beneficiary load centres. The project was implemented in a phased approach. Phase I, was a carryover from the year 2021, comprising the extension of the network to Ntambu, Sailunga, Kazozu and Chisengisengi load centres. During the period under review, the Authority completed the project, which resulted in increased connections as shown in Table 2 below. Phase II involved extension of the network to Kanyamisovu, Tomuilunga, Kashambila and Nkenyauli load centres. The works were contracted during the year with three (3) contractors working simultaneously on the sections of the planned network. The work was still underway by the end of the year 2022.

### 3.2.3 Performance of Operating Mini Grids

**Table 2:** KMHPP Connections per Load Centre as of 31<sup>st</sup> December 2022

LOAD CENTRE	CONNECTION CATEGORY				
	RESIDENTIAL	COMMERCIAL	PUBLIC	SOCIAL	TOTAL
Ntambu Mission	104	16	3	2	125
Ntambu Local Court	169	22	3	3	197
Ntambu Chawama Market	162	33	0	0	195
Luwi Mission	26	1	3	0	30
Ntambu Discipleship	23	0	1	1	25
Kayisumpa	4	1	1	0	11
St Phillips (Kapidi A)	12	0	0	2	14
St Christopher (Kapidi B)	50	0	3	1	54
Kazozu	42	7	2	3	54
Chisengisengi	31	0	2	3	36
Chisengisengi Market	0	4	0	0	4
Chief Sailunga	5	0	0	0	5
<b>GRAND TOTAL</b>	<b>633</b>	<b>84</b>	<b>18</b>	<b>15</b>	<b>750</b>

#### 3.2.3.1 Kasanjiku Mini Hydro Power Plant

REA continued operating the 640kW Kasanjiku Mini Hydro Power Plant (KMHPP) in Mwinilunga District in North-Western Province as an off-grid network. Procurement of a private partner to operate the power plant was still awaiting approval of the PPP model from the Private Public Partnership (PPP) Council.

During the period under review, the plant average generation was 508,080kWh and the customer base stood at 750 across the 12 load centres as presented in Table 2 above. During the period under review, the plant average generation was 508,080kWh and the customer base stood at 750 across the 12 load centres as presented in Table 2 below.

**Table 2:** KMHPP Connections per Load Centre as of 31<sup>st</sup> December 2022

LOAD CENTRE	CONNECTION CATEGORY				
	RESIDENTIAL	COMMERCIAL	PUBLIC	SOCIAL	TOTAL
Ntambu Mission	104	16	3	2	125
Ntambu Local Court	169	22	3	3	197
Ntambu Chawama Market	162	33	0	0	195
Luwi Mission	26	1	3	0	30
Ntambu Discipleship	23	0	1	1	25
Kayisumpa	4	1	1	0	11
St Phillips (Kapidi A)	12	0	0	2	14
St Christopher (Kapidi B)	50	0	3	1	54
Kazozu	42	7	2	3	54
Chisengisengi	31	0	2	3	36
Chisengisengi Market	0	4	0	0	4
Chief Sailunga	5	0	0	0	5
<b>GRAND TOTAL</b>	<b>633</b>	<b>84</b>	<b>18</b>	<b>15</b>	<b>750</b>

### 3.2.3.2 Solar Mini Grids

The Authority continued to provide Technical Assistance for the operation and maintenance of eight (8) Solar Mini Grids. Seven (7) of the eight (8) mini grids were operational throughout the period under review with a total of 875 beneficiaries connected while the eighth (8<sup>th</sup>) mini

grid was earmarked for decommissioning and relocation.

The mini grids were pending installation of smart meters complete with mobile money vending platform integration and approval of tariffs by the Energy Regulation Board (ERB). Table 3 below provides a summary status of the SMGs.

**Table 3:** Operation Status of Solar Mini Grids under REA's Oversight

NO	NAME OF SMG	DISTRICT	PROVINCE	CAPACITY (kWp)	ACTIVE CONNECTIONS	STATUS
1	Kabamba	Serenje	Central	45.0	43	Operational
2	Mukatamwene	Ngabwe	Central	9.95	29	Operational
3	Mumeno	Ngabwe	Central	19.85	60	Operational
4	Mpanta	Samfya	Luapula	60.00	200	Scheduled for decommissioning as the Grid had arrived
5	Kampekete (SMP)	Chongwe	Lusaka	5.0	71	Operational
6	Chaba Chilubi	Chilubi	Northern	49.5	250	Operational
7	Chibwika	Mwinilunga	North-Western	32.0	180	Operational
8	Moyo Hospital	Pemba	Southern	49.5	42	Operational
TOTAL				270.79	875	

### 3.2.3.3 Partner Funded Projects & Engagement

During the period under review, REA continued to collaborate with various cooperating partners to implement projects that were co-financed. For example, the Authority collaborated with the World Bank (WB) and the European Union (EU) to implement the Electricity Services Access Project (ESAP) and the Increased Access to Electricity and Renewable Energy Production (IAEREP) project.

### 3.2.3.4 Electricity Service Access Project (ESAP)

REA continued to implement the ESAP which was aimed at increasing electricity access in targeted rural areas to provide an enabling environment for accelerated national electricity access in Zambia. The project, which was divided into three (03) major components and scheduled to close on 31<sup>st</sup>

August 2022 was extended by 1 (one) year. The three (3) components are outlined below:

#### a) On-Grid Electrification Subsidy Program

On-Grid Electrification Subsidy Program was further divided into two (2) components.

- Last-mile connection subsidy: The last-mile connection subsidy program commenced in September 2018 with an initial target of 23,000 connections over five (5) years. In 2022, the project component achieved 55,512 connections. Of these connections, 47,029 were residential while 8,483 were commercial.

As of 31<sup>st</sup> December 2022, the project had recorded a percentage achievement of 97.3% of its targeted connections. Table 4 shows the summary of the subsidy connections per province against the overall target.

**Table 4:** Summary of Subsidy Connections as of 31<sup>st</sup> December 2022

NO.	PROVINCE	TARGETED NUMBER OF CONNECTIONS	CONNECTIONS AT 31 <sup>ST</sup> DECEMBER 2022	VARIANCE
1	Luapula	3,663	7,865	-4,202
2	Muchinga	5,941	8,144	-2,203
3	Northern	4,180	3,575	605
4	North-western	4,489	2,547	1,942
5	Copperbelt	1,016	1,712	-696
6	Eastern	8,265	9,721	-1,456
7	Western	1,322	3,633	-2,311
8	Southern	3,529	8,706	-5,177
9	Central	5,259	7,445	-2,186
10	Lusaka	632	2,164	-1,532
	<b>Total</b>	<b>38,296</b>	<b>55,512</b>	<b>-17,216</b>

- ii. Grid Extension and Re-enforcement: The extension and strengthening of the grid network for new connections involved the construction of 33kV and 11kV distribution lines, installation of distribution transformers, and construction of low voltage (LV) distribution lines (400 and 230V). Table 5 highlights the status of the projects as of 31<sup>st</sup> December 2022.

**Table 5:** Details of Grid Network Connections

PROVINCE	STATUS AS AT 31 <sup>ST</sup> DECEMBER 2022
Eastern	▪ Project completed and commissioned.
Luapula lot 1	▪ Project completed and commissioned.
Luapula lot 2	▪ Project completed and commissioned
Copperbelt	▪ Project completed and commissioned.
Southern	▪ Project completed and commissioned.
Western	▪ Project completed and commissioned.
North-Western	▪ Project completed and commissioned.
Muchinga	▪ Project has stalled with only 11% of the works done.
Central	▪ Project has stalled with only 11% of the works done.
Northern	▪ Project completed and commissioned

### **b) Off-grid electricity access Expansion**

The Off-Grid Rural Electrification Smart Subsidy Program (OG-RESS) Program was established and split into four (4) different electricity service-provision categories in rural Zambia in line with funding lots in Table 4. The Off-Grid Rural Electrification Smart Subsidy Program (OG-RESS) Program was established and split into four (4) different electricity service-provision categories

in rural Zambia in line with funding lots in Table 6 These included provision of electricity services using the following means:

- Solar Home Systems;
- Solar Mini/Micro-grids;
- Energy-Kiosks (Charging Stations); and
- Hybrid combination of mini/micro-grid and energy-kiosk/charging station solutions.



**Table 6:** Funding Windows and Corresponding Funding Lots for OG-RESS as of 31<sup>st</sup> December 2022

FUNDING WINDOW	INDICATIVE NUMBER OF EXPECTED CONTRACTS	INDICATIVE SERVICE CONNECTIONS
SHS	1-3	8,000-10,000
Mini/Micro-Grid	2-5	7,500-10,000
E-Kiosks	1-5	2,500-5,000
Hybrid	2-5	6,000-10,000
Productive Uses	TBD	TBD

### ***c) Capacity Building and Project Implementation Support***

The Project component implemented activities as outlined below:

- i. Development of the Least Cost Geospatial Electrification Plan (LCGEP): During the period under review, the Least Cost Geospatial Electrification Plan was completed, and the Ministry of Energy approved the report.
- ii. Development of the National Electrification Strategy, which study was completed by the end of the year. Similarly, the plan was adopted by the Ministry of Energy.

### **3.2.3.5 Increased Access to Electricity and Renewable Energy Production (IAEREP) Project**

REA implemented a project entitled “Increased Access to Electricity and Renewable Energy Production” (IAEREP) worth €40 million. The Government of the Republic of Zambia through the Ministry of Finance signed a Financing Agreement with the European Union in November 2016. The aim of IAEREP was to support the Zambian Energy Sector by increasing access to clean, reliable, and affordable energy and promoting renewable energy production and energy efficiency in Zambia.

Further, demonstration projects commenced and were financed by a European Development Fund (EDF) grant. The projects were the Government’s contribution to the demonstration scheme.

During the year under review, the demonstration projects that were commenced comprised:

- a) Demonstration project(s) in partnership with the Rural Electrification Authority (REA);

- b) Renewable-energy powered mini-grid demonstration projects identified by the private sector; c) Energy efficiency demonstration projects; and d) Feasibility studies

### ***a) Demonstration Projects in Partnership with the Private Sector***

This component was meant to develop demonstration projects in partnership with the private sector. The project was allocated EUR 3,000,000 which would not be accessed by year end because the contractor did not meet the deadline for submission of grant administrative documents.

### ***b) Renewable Energy powered mini-grid demonstration projects with the Private Sector***

The scope of this subcomponent was to develop a Renewable Energy Mini-grid demonstration project budgeted at EUR 18,000,000. Three (03) of the four (4) Contractors successfully filed their proposals and proceeded to procurement stage while one (1) failed to meet the requirements. The target for the projects was implementation of 196 Solar Mini Grids (SMG) and 250 Solar Home Systems (SHS). The sites were spread across the 10 provinces of Zambia.

### ***c) Energy Efficiency (EE) demonstration projects***

This project aimed to implement an Energy Efficiency (EE) demonstration project with a budget allocation of EUR 4,000,000. The Lusaka City Council (LCC) was identified as the most suitable public entity to implement the project, which involved installation of energy efficient street lighting in Lusaka. The Lusaka City Council (LCC) was identified as the public entity to implement

the project, which involved installation of energy efficient street lighting in Lusaka. However, as of 31<sup>st</sup> December 2021, the Lot was cancelled due to failure to meet administrative requirements and disagreements between the parties about the Energy Performance Contract (EPC) agreement requirements.

#### d) Feasibility Studies

The IAEREP project also included feasibility studies for the sites which were previously identified as potential project sites during the pre-feasibility study stage. Studies undertaken include the following:

i) Hydro Resource Assessment Study: The Authority undertook assessments at five (5) sites namely Chauka Matambu in Mwinilunga District, Chipoma falls in Chinsali District, Mwambezi Rapids in Mbala District, Pule Wa Kasanshi in Lunte District and Pule Wa Luangwa in Mporokoso/Lunte District. During the period under review, the Authority successfully identified five (5) positive sites for mini hydro power development as shown in Table 7 below: During the period under review, the Authority successfully identified five (5) sites for mini hydro power development as shown in Table 7 below:

**Table 7:** Feasibility Studies undertaken

NO.	NAME OF IDENTIFIED PROJECT SITE	DISTRICT	PROVINCE	POTENTIAL CAPACITY (KW)
1	Pule Wa Luangwa	Mporokoso/Lunte	Northern	840
2	Pule Wa Kasanshi	Lunte	Northern	150
3	Chipoma	Chinsali	Muchinga	540
4	Chauka Matambu	Mwinilunga	North-Western	460
5	Mwambezi Rapids	Mbala	Northern	250
<b>Total</b>				<b>2,240</b>

ii) Solar Mini Grids Feasibility Studies:

The Authority also undertook reconnaissance studies for Solar Mini Grids (SMG) Projects in Central, Northern, Southern and North-

Western Provinces. The Authority identified five (5) sites and undertook detailed studies for possible development using SMGs. The identified sites are highlighted in Table 8 below:

**Table 8:** Feasibility Studies Undertaken in 2022

S/N	PROJECT NAME	DISTRICT	PROVINCE	CAPACITY (KWP)	POTENTIAL BENEFICIARIES	TECHNOLOGY
1	Chiundaponde	Lavushimanda	Muchinga	222	282	Solar Mini Grid
2	Kalela	Chinsali	Muchinga	250	233	Solar Mini Grid
3	Kuuli	Kalabo	Western	198	120	Solar Mini Grid
4	Mishulundu	Kalabo	Western	227	117	Solar Mini Grid
5	Mpidi	Zambezi	North-Western	250	232	Solar Mini Grid
<b>Total</b>				<b>1147</b>	<b>984</b>	

#### 3.2.4 Strategic Partnerships

In its quest to address the low electricity access rate in rural areas and scale up rural electricity connectivity and productive uses of electricity, REA embarked on the creation of strategic

collaborative partnerships with various institutions working in rural communities. This measure was also aimed at bridging the funding gap for the Rural Electrification Fund (REF) through mobilising additional funding for the rural electrification projects from strategic partners.

### **a) Zambia Statistical Agency**

During the year under review, the Authority in conjunction with the Ministry of Energy (MoE) continued with the implementation of the Memorandum of Understanding (MoU) with the Zambia Statistics Agency (ZamStats) to establish the rural access rate to electricity. In 2022, MoE, REA and ZamStats commenced preparatory activities for the 2023 National Energy Access Survey (NEAS) by developing the data collection tools as well as the pre-testing of the tools in Kafue and Rufunsa districts.

### **b) Local Authorities in Rural Constituencies**

REA initiated the collaboration with Local Authorities in the implementation of Priority Rural Electrification Projects (PREPs) in rural constituencies using part of the allocation of Constituency Development Funds (CDF). As part of activities planned for implementation during the year under review, the Authority successfully held a Symposium for Members of Parliament (MPs) from 15<sup>th</sup> to 17<sup>th</sup> March 2022 where all MPs were engaged on the proposed collaboration. Further, the Ministry of Local Government and Rural Development (MLGRD) and the Attorney General's Office were engaged and granted a 'No Objection' to the proposed template for the MoU to be signed between REA and Local Authorities. As of 31<sup>st</sup> December 2022, 57 MPs had signed up for the proposed collaboration on CDF against a planned annual target of 40 MPs. Execution of the MoU with respective Local Authorities and commencement of implementation of the initiative was planned to be undertaken under the 2023 Work Plan and Budget.

### **c) Zambia Electric Cooperative Development (ZECDP)**

In August 2022, the Authority signed a Memorandum of Understanding (MoU) with the National Rural Electric Cooperative Association (NRECA) International of the United States of America, with the aim of providing Off-grid Solutions to electrify selected rural areas in Zambia through the use of an "Electric Cooperatives" business model. In August 2022, the Authority signed a Memorandum of Understanding (MoU) with the NRECA International of the United States of America, with the aim of jointly implementing the Zambia Electric Cooperative Development (ZECDP) intended to provide Off-grid Solutions to electrify selected rural areas in Zambia through the use of an "Electric Cooperative" business model. Electric cooperatives are private utilities owned by their customers and operated as sustainable businesses. As of 31<sup>st</sup> December 2022, REA and NRECA selected sites where pre-feasibility studies for piloting of the Cooperative Business Model would be undertaken and the pre-feasibility studies had since commenced and would be completed in 2023.

## **3.3 Environmental and Social Impact Management**

### **3.3.1 Environment Impact Assessments**

The Authority is cognisant of both the negative and positive effects its projects may pose to the environment. To identify these effects, the Authority undertakes Environmental Impact Assessments (EIAs), in line with the requirement under the Environmental Management Act No.12 of 2011 as read with Statutory Instrument (SI) No. 28 of the Environmental Impact Regulations. This is to ensure project sustainability through mitigation of negative impacts and enhancement of positive impacts.

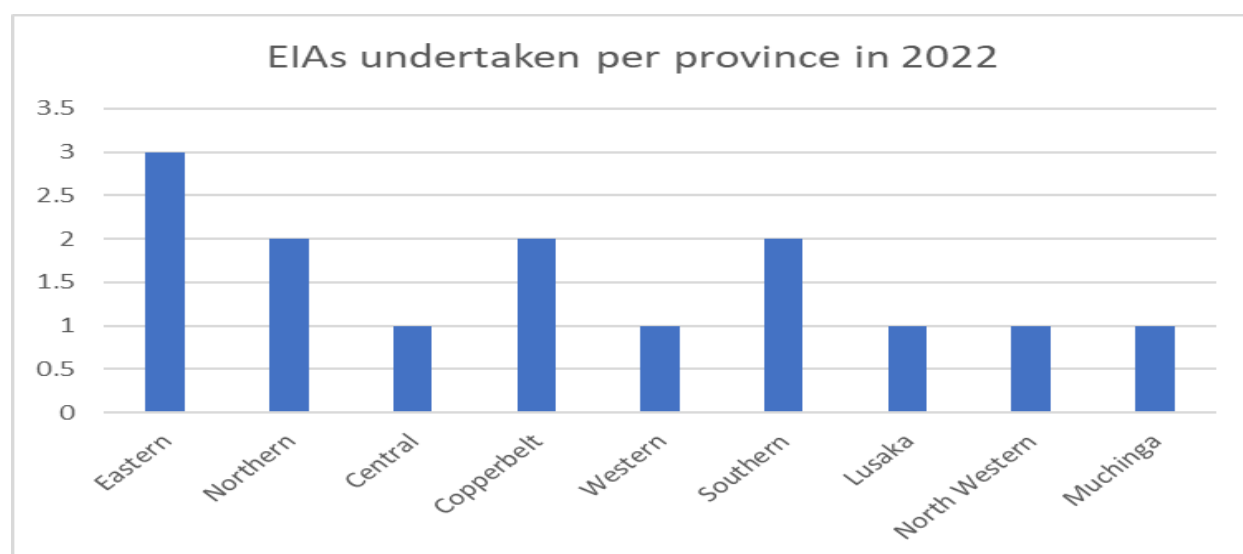
Table 9 below indicates some of the identified notable impacts and mitigation measures that were implemented to minimise or reduce the identified impacts:

**Table 9:** Notable Environmental and Social impacts and associated mitigation measures

Impact	Mitigation Measures
Air Pollution	<ul style="list-style-type: none"> <li>□ Designated routes were established on site for motor traffic.</li> <li>□ All the sand or soil heaps were removed to avoid nuisance dust arising from prevailing wind.</li> <li>□ All earth materials were watered and/or covered with appropriate material to suppress dust emission.</li> <li>□ All equipment and machinery were regularly serviced</li> </ul>
Noise Pollution	<ul style="list-style-type: none"> <li>□ All land preparation activities took place during the day</li> </ul>
Soil Contamination	<ul style="list-style-type: none"> <li>□ Regular servicing and maintenance of equipment and vehicles.</li> </ul>
Occupational and Public health safety risks	<ul style="list-style-type: none"> <li>□ Continued ensuring that labour and working conditions of contractors, subcontractors and REA itself as well as the supply chain were within the requirements of the labour laws of Zambia and International Standards.</li> <li>□ Ensured compliance to Occupational Safety and Health standards throughout the project.</li> <li>□ All site workers underwent Safety, Health, Environment and Quality assurance inductions before starting work and after leave break.</li> <li>□ All contractors provided their own trained Safety, Health and Environmental Officers on site.</li> <li>□ Personal protective clothing was supplied to each worker</li> </ul>
Hazardous waste generation	<ul style="list-style-type: none"> <li>□ All chemicals that were used were those approved by Zambian law. All waste that could not be recycled by the projects was taken to the council designated dump sites.</li> </ul>
Increased cases of HIV/AIDS sexually transmitted infections	<ul style="list-style-type: none"> <li>□ Implemented an extensive HIV/AIDS and STI education campaign among the local population, targeting not only youth but adults as well. The campaign was initiated immediately after the works commenced.</li> <li>□ Implemented a comprehensive HIV/AIDS and STI education campaign targeting all workers hired for the project, both local and international.</li> </ul>
Loss of Vegetation	<ul style="list-style-type: none"> <li>□ Clearing of vegetation was restricted to the way leave width and areas for access roads. Way leaves vegetation clearing guidelines were compiled with.</li> <li>□ Only areas needed for construction of structures were cleared</li> </ul>

During the period under review, the Authority undertook 14 environmental impact assessments in nine (9) provinces for the new projects under

the 2022 Work Plan and Budget as outlined in figure 2.



**Figure 2:** Project sites visited for environmental impact assessment in 2022



The Authority also undertook environmental monitoring activities to ensure effective implementation of mitigation and enhancement measures in all its projects.

### 3.3.2 Tree Planting Exercise

As an environmentally aware institution, the Authority embarked on a tree planting exercise to replace vegetation that was cleared during the creation of wayleave for its projects. During the year under review, the Authority planned to

plant a total of 1,250 trees in Luapula Province. The exercise was flagged off in Lubwe area in Chifunabuli District of Luapula Province where 305 assorted trees were planted in October 2022. The tree planting exercise was graced by the Honorable Minister of Energy Eng. Peter Kapala and was attended by five (5) traditional rulers in the areas namely: Senior Chief Mwewa, Chief Chitembo, Chief Mbulu, Chief Mwansakombe and Chief Mulongwe. The remaining trees were scheduled to be planted in January 2023.



**Figure 3:** Launch of the Tree Planting Exercise by the Honorable Minister of Energy Eng. Peter Chibwe Kapala, (r) in Lubwe, Chifunabuli District in Luapula Province

## 3.4 Project Monitoring & Evaluation

### 3.4.1 Project Monitoring

During the period under review, the Authority undertook 16 field visits to 14 projects carried over from 2021. This was against 46 projects that were scheduled for implementation in 2022. The field visits were a routine activity meant to track progress achieved and document challenges faced during the implementation of projects for purposes of generating evidence for appropriate decision-making.

The 14 projects that were visited include Shinengene-Northern Resettlement, Kanyama, Chipepo, Kantengwa, Bulaimu, Kanongesha, Katongo-Chilolwa, Kopa, James/Luembe Phase II, Ndewe-Simambumbu, Kasanjiku Lot 2, Kasanjiku Lot 3, Matunga and Zuze. Figure 4 shows Zuze Grid Intensification Project in Petauke District of Eastern Province.

### 3.4.2 End of Project Evaluation

During the year under review, the Authority undertook end of project evaluations on a total number of five (5) projects completed in 2022 as presented in Table 10 below:



**Table 10:** Project Sites Visited for End of Project Evaluations in 2022

NO.	PROJECT NAME	PROVINCE	DISTRICT	TECHNOLOGY	COMPLETION DATE
1.	Salamano	Copperbelt	Kitwe	Grid Intensification	5 <sup>th</sup> March 2022
2.	Mutenda/Muchinshi	Copperbelt	Chingola	Grid Intensification	20 <sup>th</sup> March 2022
3.	Ming'omba	Copperbelt	Chililabombwe	Grid Intensification	20 <sup>th</sup> March 2022
4.	Moyo Mini Hospital	Southern	Pemba	Solar Mini Grid	28 <sup>th</sup> July 2022
5.	Ngabwe Solar Mini Grid Power Plant (Mukatamwene and Mumenso)	Central	Ngabwe	Solar Mini Grid	18 <sup>th</sup> December 2022

### 3.5 Project Planning, Appraisals and Resource Mobilisation

#### 3.5.1 Rural Electrification Master Plan

The Authority commenced preparatory works for the update of the REMP to ensure that it was aligned with the current needs and priorities of the Country. In October 2022, a technical working group was established to spearhead the process to update the REMP. The group developed a draft framework to guide the process of updating the REMP.

#### 3.5.2 Resource Mobilisation

The Authority was awarded a US\$2.5 million grant from the Green Climate Fund (GCF) through the African Development Bank (AfDB) to facilitate the execution of the Zambia Renewable Energy Financing Framework (ZREFF). The implementation agreement under the ZREFF was signed on 31st August 2022.

The Authority had completed preliminary project site assessment under the ZREFF. In addition, the procurement process for various consultancy services under the ZREFF Technical Assistance were initiated.

One of the functions of the Authority is to build and maintain a comprehensive public awareness campaign by employing integrated strategic communication processes that build mutually beneficial relationships between the Authority and its external and internal stakeholders and ensure that the Authority has the necessary positive visibility.

This is achieved through managing effective and efficient public relations programmes and implementing community development activities in project areas to ensure the effective participation of beneficiary communities. The Authority undertook the following key programmes to attain the planned objectives and targets for the year 2022.



**Figure 4:** Zuze Grid Intensification Project in Petauke District of Eastern Province

## 4.0 | PUBLICITY AND COMMUNITY ENGAGEMENTS

### 4.1 Media Liaison Programme

The Authority continues to actively inform the nation on its activities and progress being made through various media programmes. During the period under review, the Authority organised three media facility visits to selected rural electrification projects sites in Eastern, Western and Copperbelt provinces for 25 print and electronic media institutions. During the period under review, the Authority organised three (3) media facility visits to selected rural electrification projects sites in Eastern, Western and Copperbelt provinces for 25 print and electronic media institutions. In addition, the Authority held three (3) press briefings to announce the commencement of the 2022 Work Plan and Budget, the end of subsidy component of the Electricity Services Access Project (ESAP) and the handover of bicycles for community mobilization activities.



**Figure 5:** REA Director presenting the CEO's Award to Mr. Lupindula Mwewa from ZNBC at the media awards ceremony

One of the highlights during the year was the hosting of the media award gala in July 2022 under the media awards programme. The purpose of this programme was to raise the profile of rural electrification issues in Zambia by instituting a system of recognizing media houses and individual journalists that report on rural electrification matters.

### 4.2 Community Sensitisation and Awareness Programme

The Authority underscores the role beneficiary communities play in the success of rural electrification projects both during and post implementation. These communities are a key stakeholder as they provide not only support

to projects but are the ultimate consumers of electricity. As a result of this, the Authority engages the communities in project areas to sensitize them, create awareness on the benefit of the project and obtain their buy-in. In 2022, the Authority undertook a total of 38 sensitisation and education awareness activities. Out of which six (6) were off-grid project sites while 32 were on-grid project sites. Additionally, re-sensitization and monitoring of community mobilisation activities was undertaken in 17 on-going on-grid project sites. Figure 6 shows a community awareness meeting in Chishi project area.



**Figure 6:** Community sensitisation and awareness meeting at Chishi project area of Chifunabuli district, Luapula Province

### 4.3 Information, Education and Communication (IEC) Materials

The Authority continued to publicize its activities through quarterly newsletters. During the year, the Authority produced four (4) editions of its newsletter which were disseminated to its various stakeholders. Other education specific materials were disseminated during community mobilization programmes for new projects throughout the country.

### 4.4 National and Local Exhibitions

To further increase awareness and enhance promotion of its corporate image, the Authority takes advantage of some of Zambia's premier exhibitions to interact with its stakeholders. In the year under review, the Authority exhibited at Coalition of African Parliamentarians on Animal and Human Health (CAPAH) Expo in Kabompo, North-Western Province from 25<sup>th</sup> August to 3<sup>rd</sup> September 2022. The Authority also participated in the Western Province Expo in Mongu from



10<sup>th</sup> to 14<sup>th</sup> October 2022 and the Energy week which was held in Lusaka from 3<sup>rd</sup> to 7<sup>th</sup> October 2022. The Authority further leveraged the huge gatherings at traditional ceremonies to exhibit and disseminate information to rural communities on its operations. These included the Lwiindi Gonde,

Kuomboka, Nc'wala and Kwanga traditional ceremonies of Western, Eastern, Southern, Luapula provinces respectively.

The Authority leverages on ICTs to deliver on its mandate. In the year under review the following initiatives were embarked on:



**Figure 7:** REA Board Member Mr Mafayo Ziba during REA Media Awards



## 5.0 | INFORMATION COMMUNICATION TECHNOLOGY (ICT)

### 5.1 Business Information System (BIS)

The Authority commenced the procurement of a Business Information System. The aim of this activity was to improve the internal processes particularly interfaces among systems such as Project Management, Financial Management, Stores and Human Resources Management. The following benefits accrue on full operationalised of the BIS among others: The following benefits accrue on full operationalisation of the BIS among others:

- i. Improved reporting through the provision of real-time data and a single source of truth;
- ii. Standardised business processes which will result in reduced operational costs, improved collaboration, and workflows; and
- iii. Improved customer services in the delivery of rural electrification services.

### 5.2 Primary Open-Source Platform for Energy and Climate Tracking (PROSPECT)

The Authority continued to develop the Prospect Data Platform with Technical Assistance from GIZ. This initiative was aimed at enhancing remote monitoring of the operations of Mini-Grids. Further, the platform was meant to provide capabilities for monitoring, verification and reporting on the

utilisation of Solar Home Systems (SHS) under the ESAP project.

As of 31<sup>st</sup> December 2022, the development of the platform was at 80% completion and the first version of the Prospect Data Platform was scheduled to be released in the first quarter of 2023.

### 5.3 Control Objectives for Information and Related Technologies (COBIT) Framework

In 2022, the Authority adopted and commenced the implementation of COBIT as a framework for the governance and management of enterprise Information and Technology. This was to ensure investment in information and technology was aligned and support the attainment of the institutional objectives as enshrined in the Strategic Plan 2022-2026.

The REA tried to make available the requisite employee skills and competences aligned to the strategic objectives of the Authority during 2022. Further, talent among staff was identified and skills were continuously being developed. As of 31<sup>st</sup> December 2022, the Authority had a total staff establishment of 125 employees, out of whom 11 were designated to a World Bank project called Electricity Supply Access Project (ESAP) were they executed delegated responsibilities.



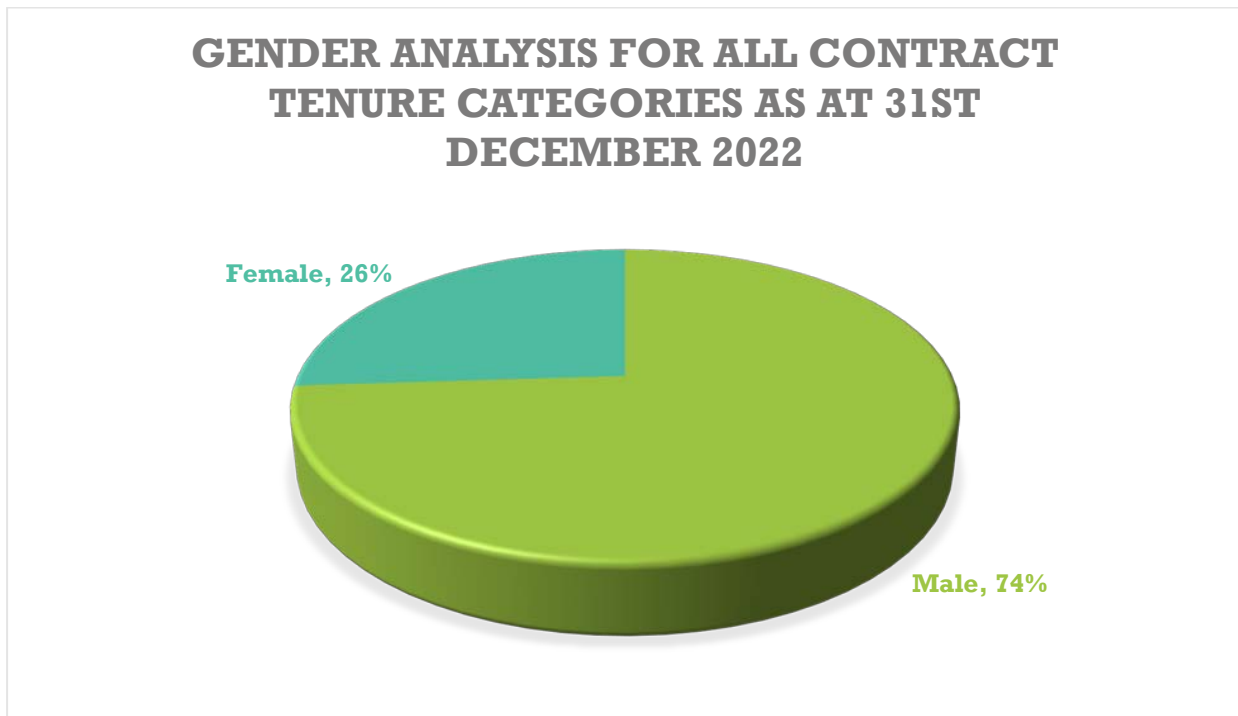
**Figure 8:** Installation of High Powered Solar Home System at a School

## 6.0 | HUMAN CAPITAL MANAGEMENT

### 6.1 Employees by Gender

REA is an equal opportunity employer and works towards gender equality. During the year under review, the Authority continued to strive towards reaching a gender balance amongst its

employees. Thus, the Authority had 125 staff out of whom 92 were male representing 74% of the establishment and 33 were female representing 26% of the establishment of employees across all contract tenures. Refer to Figure 7 below:



**Figure 9:** Employee by Gender

### 6.2 Recruitment

The Authority undertook recruitments to fill key positions which included senior executive positions in various departments and units

that had fallen vacant. The recruitments were undertaken to enhance the operations of the Authority thereby aiding the execution of its mandate. Table 11 below shows staff recruited in 2022.

**Table 11:** Staff Recruited in 2022.

NO	POSITION	ENGAGEMENT DATE
1	Assistant Planning Engineer - Grid	3 <sup>rd</sup> January 2022
2	Chief Executive Officer	17 <sup>th</sup> January 2022
3	Director Finance	1 <sup>st</sup> May 2022
4	Manager Project Planning	3 <sup>rd</sup> May 2022
5	Director Engineering Services	9 <sup>th</sup> May 2022
6	Legal Counsel	9 <sup>th</sup> May 2022
7	Director Human Resource and Administration	1 <sup>st</sup> June 2022
8	Senior Legal Officer	1 <sup>st</sup> June 2022



### 6.3 Capacity Building

In its quest to continue improving service delivery, the Authority undertook continuous professional trainings in key areas which contributed to the attainment of the strategic objectives for the year 2022. The main aim of the capacity building was to enhance skills required for implementation of projects.

The various programmes undertaken were

intended to strengthen the organization's ability to fulfil its mandate relating to the provision of access to electricity in rural areas by promoting sound management, strong governance, improving living standards and enhancing economic opportunities.

By the close of the year 2022, the Authority undertook a total of 51 trainings and workshops out of which 36 were local and 15 were foreign. Table 12 below shows some of the trainings and workshops undertaken.

**Table 12:** Staff Training and workshops undertaken in 2022

NO.	NAME OF COURSE	OBJECTIVE OF TRAINING
1	Solar Energy Applications Training	To build capacity/skills in solar energy applications and installations
2	Certified Energy Auditor Training	To enhance skills for analysis of energy consumption and allocation to production systems
3	Labour Law & Industrial Relations	To gain fundamental knowledge and exposure to industrial relations aspects prevailing in industries.
4	Performance Management Training	To enhance capacity in understanding performance management concepts and setting of SMART Key Performance Indicators.
5	Financial Modelling for Renewable Energy Projects	To acquire fundamental knowledge on modelling operating costs and modelling revenue for future REA Projects.
6	Workshop on Customer Service Excellence	Enhanced knowledge of delivery of excellent customer service.
7	Geographical Information Systems for Renewable Energy Projects	To enhance fundamental knowledge on planning of renewable energy projects.
8		
9	Computerised Financial & Asset Management	To enhance skills for improvement of accuracy and timely financial reporting and asset management.
10	General Finance for Engineering and Non-Engineering professions	To equip managerial and supervisory staff with financial engineering expertise required to interpret company financial statements.
11	Cash Flow Management Forecasting Modelling and Analysis	To enhance the application of methodical approaches of cash management flows in an organization.
12	Result Based Leadership & Management Training for Supervisors and Managers	To equip managers and supervisors with modern leadership style for effective management.
13	Designing HR Policies	For acquisition and attainment of knowledge in designing, developing and reviewing of HR Policies.
14	Electronic Document & Records Management	To enhance ability for application of corporate wide EDRM solution to address specific issues and services in management of records.
15	Office Management for Personal Assistant	Enhancement of knowledge and skill on the management of the executive office
16	Energy Finance	To enhance fundamental knowledge in Energy Finance and risks associated with it.
17	Advanced Transportation of Abnormal Load, Dangerous & Heavy Goods	To acquire knowledge in transport logistics for heavy goods vehicles and pre trip vehicle inspections and maintenance.
18	Contract Management	To enhance understanding of principles involved in contracts and relationship management.
19	Certified Lead Cloud Security Management	Development of competencies to participate in implementation and management of cloud security.
20	Cashflow Management Analysis Modelling & Forecasting	To enhance interpretation of cashflows, statements and ratios in managing finances.
21	Best Practices in Managing Inventory & Stock Management	To enhance knowledge and skill of Inventory Management and standard stock management procedures.

## 6.4 Staff Wellness

In a bid to promote employee health and well-being, the Authority undertook various activities. Among the activities undertaken included physical exercises, nutrition, and health talks. As a result of the various activities conducted during the period under review, the Authority maintained a mentally and physically healthy workforce, improved employee morale and retention, thereby reduced health risks which may have affected performance throughout the year. Figure 9 shows a photo taken after the group exercise.



**Figure 10:** REA Staff Group Exercise

## 6.5 Team Building

To ensure that the REA Team continues to implement activities efficiently and effectively towards achieving its mandate, the Authority continued to conduct various team building activities.



**Figure 11:** REA Staff during the team building session at Twangale Park

## 6.6 Risk Management & Litigation

### 6.6.1 Internal Audit

The Authority through Internal Audit activities provided independent assurance and consulting services to the Board and Management by evaluating the adequacy and effectiveness of internal controls, risk management and governance systems.

During the period under review, the Authority undertook Financial and Management Accounts Audits, Project Audits, Systems and Performance Audits and Consultancy Engagements.

This was done by evaluating the systems established to ensure compliance with policies, plans, procedures, laws, and regulations which have an impact on the Authority's operations. During the quarterly sessions of the audit and risk committee, the audit reports were tabled, and recommendations were made by the committee. Subsequently, outstanding matters were resolved following management's adherence to the adopted corrective measures. This strengthened the internal control environment and resulted in transparency and accountability in the use of public resources and safeguarding of REA's assets.

### 6.6.2 Risk Management

REA operates within an overall medium risk range. The Authority's lowest risk appetite relates

to improving electrification project delivery and electrification service delivery and has a marginally higher risk appetite relating to research and development and improving financial capacity and management.

This means reducing to reasonably practicable levels the risks originating from electrification project implementation, service delivery and meeting our legal obligations will take priority over other business objectives. During the period under review the eminent risks that the Authority encountered were as follows:

#### **6.6.2.1 Inadequate funding towards operational costs**

The Parliamentary allocation towards the operational budget for the Authority was ZMW 15 million in 2022. This was against the required ZMW 108 million for the same year. This represented a shortfall of 86% of the required resources towards the operational cost.

#### **6.6.2.2 Delay in the implementation of the approved Organisational Structure**

The Authority's Organizational Structure was approved alongside the 2022-2026 Strategic Plan by the Board of Directors in 2022. However, as of 31<sup>st</sup> December 2022, the Authority was still undertaking the review processes with Emolument Commission as a result, the Organizational Structure was yet to be operationalised. This situation affected the efficient and effective implementation of activities of the Authority's Strategic Plan.

#### **6.6.2.3 Depreciation of the Zambian Kwacha and increase in Inflation rate**

The depreciation of the Zambian Kwacha against convertible foreign currencies, specifically the United States Dollar (US\$), affected the procurement of imported project materials, ICT tools and software. Further, the increase in inflation rate eroded the purchasing power of the kwacha for goods and services that were priced in major convertible currencies such as the United States dollar.

#### **6.6.2.4 Continued Low connections to electricity in project areas**

The Authority continued to experience low connections to electricity in project areas as a result of;

- a) Inability by the targeted beneficiaries to connect to electricity due to low-income levels which deterred the beneficiaries from paying the required ZESCO connection fee and undertaking internal wiring;
- b) The continued shortage of a certified electrician to undertake internal wiring in accordance with ZESCO Limited's regulations continued to hamper the achievement of planned connections.

#### **6.6.2.5 Delay in Project Completion**

The delay in completion of projects within the stipulated time hampered the achievement of Strategic Objectives in the 2022 - 2026 Strategic Plan resulting in the following;

- a) Delayed project commissioning and connection to electricity.
- b) Stakeholder dissatisfaction;
- c) Failure to meet annual connection targets; and
- d) Low budget absorption.



## 7.0 | LEGAL SERVICES

The Legal Services Unit oversees the management of all legal matters concerning REA including but not limited to drafting and reviewing of Contracts, Agreements and Memoranda of Understanding, attending to dispute resolutions and ensuring REA's compliance to legislation.

During the period under review, REA was involved in seven (7) legal disputes relating to employment, garnishee proceedings and commercial disputes. It must be noted that two (2) of the legal disputes were concluded before 31<sup>st</sup> December 2022 while five (5) were yet to be concluded. Among other key activities was the review of the Rural Electrification Act No. 20 of 2003 which was led by the Ministry of Energy. The Authority looked forward to the enactment of the draft Rural

Electrification Bill in 2023.

### 7.1 Integrity Committee

During the period under review, the Authority re-established the Integrity Committee in September 2022, following the dissolution of the previous Integrity Committee. The members of the Committee had been allotted tenure of three (3) years. The Committee, which is comprised of a multi-disciplinary team, undertook an induction workshop.

The Committee's mandate was to strengthen the principles of Good Corporate Governance as well as other internal policies, procedures and relevant regulatory frameworks.



**Figure 12:** Beneficiary of the Luangeni Grid Intensification Project in Chipata District

## 8.0 | FINANCE

### 8.1 Institutional Budget

The Rural Electrification Act No. 20 of 2003 specifies the sources of funding for the Rural Electrification Fund (REF). The sources include an appropriation by Parliament, 3% electricity levy loans, grants and donations from Cooperating Partners (CP). In the year 2022, the main contributor to the REF was the Government of the Republic of Zambia (GRZ) representing 64.8% of the budget while the remaining 35.2% were funds from other sources.

The 2022 budget had two components namely, Capital Budget amounting to K766, 904,979 and Operational Budget amounting to K28, 775,669. The 2022 Institutional Budget total was K795, 680,648.

The appropriation by parliament was classified

as appropriation by parliament-REF and appropriation by parliament-REA towards Capital and Operation expenditure, respectively.

#### 8.1.1 Income

A total sum of K646, 949,651 against a total budget of K795, 680,648 was allocated towards capital expenditure during the year 2022. This entailed that 81% of the total budget was allocated towards Capital expenditure while the remaining 19% was allocated towards Operational costs.

Further, the 2022 Capital Budget was made up of K362,208,689 being 2022 GRZ allocation, K280,012,562 from World Bank and K117,373,728 funds carried forward from 2021. Table 13 below illustrates the allocation of the 2022 Capital Budget.

**Table 13: Summary of Sources of Funds for 2022 Capital Budget**

SUMMARY OF SOURCES OF CAPITAL FUNDS FOR 2022		
No.	SOURCE	AMOUNT (K)
1	Appropriation by Parliament 2022 Yellow Book	362,208,689
2	Committed Funds	117,373,728
3	Fixed Deposit Investment	6,900,000
4	Interest from Staff Loans	410,000
5	Grant from GRZ (ESAP) - World Bank Loan	280,012,562
	<b>Total Income</b>	<b>766,904,979</b>

With regards income for the Operations Budget, K15,114,031 was allocations from GRZ for 2022 and K8,977,907 was interest from fixed deposit investments as shown in Table 14 below:

**Table 14: Summary of sources of Funds for 2022**

SUMMARY OF SOURCES OF FUNDS FOR 2022 OPERATIONS BUDGET		
No.	SOURCE	AMOUNT (K)
1	Appropriation by Parliament 2022 Yellow Book	15,114,031
2	Interest from Fixed Deposit Investment	8,977,907
3	Deferred Income	4,273,731
4	Interest from Staff Loans	10,000
	<b>Total Income</b>	<b>28,775,669</b>



In terms of funding received from GRZ through the Ministry of Finance (MOF) and as per approved allocations for 2022, Operations Budget for the Authority was fully funded while the Capital Budget was less by K71, 208,689.

### 8.1.2 Expenditure

During the year under review, REA allocated a total sum of K646,949,651 towards capital expenditure against the total K795,680,648. Thus, the Authority allocated the K795,680,648 as follows:

- i. Grid Extension development accounted for 33.9%;
- ii. World Bank-ESAP project accounted for 35.2%;
- iii. Mini hydro development accounted for 5.6%;
- iv. Solar projects development accounted for 6.5%; and
- v. Other project management-related activities accounted for 19%.

**Table 15:** below shows the expenditure allocations

SUMMARY OF EXPENDITURE BUDGET		
No.	SOURCE	AMOUNT (K)
1	Grid Extension Development	270,782,951
2	World Bank-ESAP Project	280,012,562
3	Mini Hydro	44,553,374
4	Solar	51,600,764
5	Other project management activities	148,730,997
	<b>Total Income</b>	<b>795,680,648</b>



**Figure 13:** Beneficiary of the Nunjucha Grid Extension Project at Lubosi Primary School in Nalolo District

# ANNEXES

## ANNEX I: AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022



**Rural Electrification Authority**

**Financial Statements for the year  
ended 31 December 2022**



**RURAL ELECTRIFICATION AUTHORITY**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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## RURAL ELECTRIFICATION AUTHORITY

### BOARD MEMBERS, MANAGEMENT AND ADVISORS

#### Board Members

Eng. Likonge Brenda Makai	-	Chairperson
Mr. Bruce Jaani	-	Vice-Chairperson
Ms. Nancy Mwamba	-	Member
Mrs. Mazuba Mwambazi	-	Member
Mr. Kayula Chimfwembe	-	Member
Mr. Caesar Cheelo	-	Member
Mr. Mafayo Ziba	-	Member

#### Management

Mr. Linus Chanda	-	Chief Executive Officer & Board Secretary (Appointed on 17 <sup>th</sup> January 2022)
Mr. Alex Mbumba	-	Director Engineering Services (Appointed on 1 <sup>st</sup> May 2022)
Mr. Joseph Ntanda	-	Director Finance (Appointed on 1 <sup>st</sup> May 2022)
Ms. Adrine Muchimba	-	Director Human Resources and Administration (Appointed on 1 <sup>st</sup> June 2022)
Mrs. Jacqueline Musonda	-	Director – Strategy & Planning
Mrs. Laura Malao Daka	-	Legal Counsel (Retired on 31 <sup>st</sup> January 2022)
Mr. Nkomba Mulemba	-	Legal Counsel (Appointed on 1 <sup>st</sup> May 2022)
Mr. Sylvester Mphande	-	Manager – Procurement
Mr. Justin Mukosa	-	Manager – Corporate Affairs
Mr. Joseph Kenya	-	Manager - Audit & Risk

#### Legal Advisors

Mosha and Company

#### Bankers

Zambia National Commercial Bank Plc  
Bank of Zambia  
Citi Bank Zambia Limited  
ABSA Bank Zambia PLC

#### Auditors

Grant Thornton  
2<sup>nd</sup> Floor, Metropolitan House  
Off Kelvin Siwale Road  
P O Box 30885  
Lusaka

#### Registered Office and Principal Place of Business

Plot 5033  
Longolongo Road  
Post Net Box 349  
P/Bag E891  
Lusaka

## RURAL ELECTRIFICATION AUTHORITY

### REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 31 December 2022.

#### Principal activities

The Rural Electrification Authority (REA) was established by an Act of Parliament No. 20 of 2003. Its primary aim is to provide electricity infrastructure to the whole nation targeting rural communities as mandated by Government. The principal activity of Rural Electrification Authority (“the Authority”) is to increase the availability of electricity in the rural areas and access to electricity by the rural population.

Under the Act, REA is mandated with the tasks of administering and managing the Rural Electrification Fund. The Authority shall apply the moneys of the Fund to increasing the availability of electricity in rural areas and access to electricity by rural populations.

According to the Rural Electrification Act No. 20 of 2003, the functions of the Authority shall be to:

- (a) Administer and manage the Rural Electrification Fund;
- (b) Develop, implement and update rural electrification master plans for the systematic electrification of rural areas;
- (c) Promote the utilization of available rural electrification technological options to enhance the contribution of energy to the development of agriculture, industry, mining and other economic activities in rural areas;
- (d) Mobilise funds from within and outside Zambia in support of rural electrification;
- (e) Offer on a competitive basis, the construction of rural electrification projects and periodically publish information on programmes being carried out;
- (f) Design and offer, on a competitive basis, to developers or operators, smart subsidies for capital costs on projects that are designed to supply energy for development of rural areas;
- (g) In conjunction with stakeholders, develop mechanisms for the operation of grid extension networks for rural electrification and other rural energy supply systems;
- (h) Finance project preparation studies for rural electrification projects in accordance with guidelines developed and approved by the Authority;
- (i) Recommend to Government policies for enhancement of access to electricity by the rural populations; and
- (j) Undertake such other activities as are conducive or incidental to the performance of its functions under the Act.

#### Financial results

The Rural Electrification Authority recorded a surplus of income over expenditure of K3,723,678 for the year ended 31 December 2022 (2021: surplus of income over expenditure of K2,682,922).

The Rural Electrification Fund recorded a surplus of income over expenditure of K263,376,322 for the year ended 31 December 2022 (2021: surplus of income over expenditure of K308,976,957).

## RURAL ELECTRIFICATION AUTHORITY

### REPORT OF THE DIRECTORS (CONTINUED)

#### Directors

The Directors who held office during the year were:

Eng. Likonge Brenda Makai	-	Chairperson
Mr. Bruce Jaani	-	Vice-Chairperson
Ms. Nancy Mwamba	-	Member
Mrs. Mazuba Mwambazi	-	Member
Mr. Kayula Chimfwembe	-	Member
Mr. Caesar Cheelo	-	Member
Mr. Mafayo Ziba	-	Member
Mr. Linus K. Chanda	-	Chief Executive Officer & Board Secretary (Appointed on 17 <sup>th</sup> January 2022)

#### Directors' expenses

The Directors' expenses for the year were K2,551,794 (2021: K3,009,759).

#### Property and equipment

The following are the additions to property and equipment during the year:

	Rural Electrification Fund	Rural Electrification Authority
	K	K
Capital work in progress (CWIP)	203,138,691	202,043,642
Motor vehicles	2,920,609	21,408,634
Office equipment	1,113,710	4,871,519
Furniture and fittings	268,323	173,571
Office machinery	-	-
Land & buildings	158,070	-
	<u>207,599,403</u>	<u>228,497,366</u>

During the period, the Authority implemented capital project works amounting to K203,138,691 (2021: K202,043,642).

#### Health and safety of employees

The Directors are aware of their responsibilities regarding the health and safety of employees and have put appropriate measures in place to safeguard the health and safety of employees. There were no fatalities during the year. Following the advent of the Covid-19 pandemic, the Directors have put in place health and safety measures as directed by the Ministry of Health to avoid the spread of Covid-19.

#### Donations

There were no donations made during the year (2021: Knil).

#### Employees

The average number of employees during the year was less than 125 (2021: less than 115). The total remuneration paid to the employees during the year was K81,282,582 (2021: K68,360,582).



## RURAL ELECTRIFICATION AUTHORITY

### REPORT OF THE DIRECTORS (CONTINUED)

#### Overall assessment of impact of Covid -19 on preparation and presentation of the financial statements

Coming out of the devastation of the COVID-19 pandemic, the economy entered the year with renewed hope of recovery, with increased number of vaccinations for both adults and children at a rate witnessed in developed countries. The past three years have a common theme; the increasing volatility of the global economy and the subsequent challenges this has posed for the investment environment. The vaccination progress has resulted in market recovery and significant headway in the reopening of the economy. Furthermore, experts have assessed that vaccinations are key to achieving herd immunity and may be key to returning to normal. Considering the inequality in the vaccination roll out, it is likely that we may see uneven growth with developed markets recording a strong recovery while the emerging and frontier markets may trail behind. The negative effects of the COVID-19 pandemic are expected to continue in 2023.

The Authority has continued enforcing the COVID-19 health measures by playing a critical role in ensuring that it safeguards the health and safety of members of staff, project workers and more so for communities in which it is undertaking projects. Additionally, the Authority has continued implementing Paperless Board Solutions by procurement of Tablets (Hardware) and Diligent Board (Software) for the Board of Directors

The Board has carefully considered the Authority's unique circumstances and has assessed the financial impact of Covid-19 on financial reporting as low.

#### Authorisation of financial statements

The financial statements for the year ended 31 December 2022 have been approved by the Board of Directors.

#### Auditors

The Auditors, Messrs Grant Thornton have been appointed as Auditors for the period 2020 to 2022 and having expressed their willingness to continue in office, a resolution for their reappointment will be presented to the Board.

By order of the Board



SECRETARY

Lusaka, Zambia

Date: 9 June 2023

## RURAL ELECTRIFICATION AUTHORITY

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 24 of the Rural Electrification Act No. 20 of 2003 requires the Authority to submit a report to the Minister concerning its activities during the financial year which shall include information on the financial affairs of the Authority. This report must give a true and fair view of the financial position of Rural Electrification Authority and of its financial performance and its cash flows for the year then ended, including such other information as the Minister may require. In preparing such financial statements, the Directors are required to be responsible for

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the International Public Sector Accounting Standards (IPSASs), and on the going concern basis unless it is inappropriate to presume that the Authority will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements comply with the International Public Sector Accounting Standards and the Rural Electrification Act No. 20 of 2003. They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that in their opinion

- (a) the financial statements give a true and fair view of the financial position of the Rural Electrification Authority as of 31 December 2022, and of its financial performance and its cash flows for the year then ended;
- (b) at the date of this statement there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due; and
- (c) the financial statements are drawn up in accordance with International Public Sector Accounting Standards and the Rural Electrification Act No. 20 of 2003.

This statement is made in accordance with a resolution of the Directors.

Signed on behalf of the Board at Lusaka on **9 June 2023**

  
Board Chairperson

  
Chief Executive Officer

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RURAL ELECTRIFICATION AUTHORITY

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Rural Electrification Authority, which comprise the statement of financial position as at 31 December 2022, and the statement of financial performance, statement of changes in accumulated funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Rural Electrification Authority as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Partners

Edgar Hamuwele (Managing)  
Christopher Mulenga  
Wesley Beene  
Rodia Milumbe Musonda  
Chilala Banda

##### Chartered Accountants

Zambian Member of Grant Thornton International

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##### Grant Thornton

Metropolitan House  
2nd Floor, West wing  
Off Kelvin Siwale Road  
Arcades Area  
P.O. Box 30885  
Lusaka, Zambia 6

T +260 (211) 227722-8

C +260 974 267988

C +260 957 599429

E gtlusaka.mailbox@zm.gt.com

**Audit • Tax • Advisory**

**www.gt.com.zm**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF RURAL ELECTRIFICATION AUTHORITY (CONTINUED)**

#### **Other information**

The Directors are responsible for the other information. The other information comprises of the Report of the Directors, Statement of Directors' responsibilities in respect of the financial statements, Detailed operating statement – Appendix I and analysis of Rural Electrification projects - Appendix II. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RURAL ELECTRIFICATION AUTHORITY (CONTINUED)

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

The financial statements have been properly prepared in accordance with the Rural Electrification Act No. 20 of 2003, and the accounting and other records and registers have been properly kept in accordance with the Act.



Chartered Accountants



Rodia Milumbe Musonda – AUD/F000367

Partner signing on behalf of the Firm

Lusaka

Date: 9 June 2023

# RURAL ELECTRIFICATION AUTHORITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2022

		2022			2021		
Notes	Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K	Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K	
<b>Revenue from non-exchange transactions</b>							
International donor funding	5	107,995,840	-	113,270,635	-	113,270,635	
Government grants	6	306,144,024	15,144,024	320,368,279	13,168,722	307,199,557	
		<u>414,139,864</u>	<u>15,144,024</u>	<u>433,638,914</u>	<u>13,168,722</u>	<u>420,470,192</u>	
<b>Revenue from exchange transactions</b>							
Finance income	7	9,548,516	9,145,306	10,239,373	9,949,967	289,406	
Other income	8	<u>4,555,605</u>	<u>2,166,197</u>	<u>3,237,247</u>	<u>2,172,038</u>	<u>1,065,209</u>	
		<u>14,104,121</u>	<u>11,311,503</u>	<u>13,476,620</u>	<u>12,122,005</u>	<u>1,354,615</u>	
<b>Total revenue</b>		<u>428,243,984</u>	<u>26,455,527</u>	<u>447,115,534</u>	<u>25,290,727</u>	<u>421,824,807</u>	
<b>Expenses</b>							
Employee costs	9	81,282,582	11,990,972	68,360,582	14,887,825	53,472,757	
Administration expenses	10	28,976,837	3,731,002	26,081,870	2,054,236	24,027,634	
Project studies and consultancy	11	34,789,402	62,267	27,119,758	535	27,119,223	
Depreciation expense	13	8,935,406	6,944,778	7,877,098	5,658,513	2,218,585	
Rental expense	21	4,469,025	-	4,700,968	-	4,700,968	
Exhibition and publicity		2,686,704	-	1,283,833	-	1,283,833	
Travel, transport, and subsistence		<u>4,030</u>	<u>2,830</u>	<u>31,546</u>	<u>6,696</u>	<u>24,850</u>	
<b>Total expenses</b>		<u>161,143,985</u>	<u>22,731,848</u>	<u>135,455,655</u>	<u>22,607,805</u>	<u>112,847,850</u>	
<b>Surplus for the year</b>		<u>267,099,999</u>	<u>3,723,678</u>	<u>311,659,879</u>	<u>2,682,922</u>	<u>308,976,957</u>	

# RURAL ELECTRIFICATION AUTHORITY

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

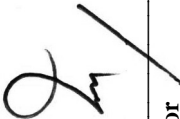
	Notes	2022			2021		
		Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K	Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K
<b>Assets</b>							
<b>Non-current assets</b>							
Property and equipment	13	27,864,355	7,321,644	20,542,711	32,319,048	6,365,486	25,953,562
Capital work in progress	14	1,159,268,280	-	1,159,268,280	956,129,589	-	956,129,589
Investments	15	18,901,585	2,085,958	16,815,627	5,404,516	-	5,404,516
<b>Total non-current assets</b>		<u>1,206,034,220</u>	<u>9,407,602</u>	<u>1,196,626,618</u>	<u>993,853,153</u>	<u>6,365,486</u>	<u>987,487,667</u>
<b>Current assets</b>							
Receivables	16	38,885,404	12,121,558	26,763,846	177,432,322	4,579,718	172,852,604
Inventory	17	42,228,278	-	42,228,278	39,203,116	-	39,203,116
Cash and cash equivalents	18	347,494,804	3,745,803	343,749,001	147,571,682	3,911,519	143,660,163
<b>Total current assets</b>		<u>428,608,486</u>	<u>15,867,361</u>	<u>412,741,125</u>	<u>364,207,120</u>	<u>8,491,237</u>	<u>355,715,883</u>
<b>Total assets</b>		<u>1,634,642,706</u>	<u>25,274,963</u>	<u>1,609,367,743</u>	<u>1,358,060,273</u>	<u>14,856,723</u>	<u>1,343,203,550</u>

# RURAL ELECTRIFICATION AUTHORITY

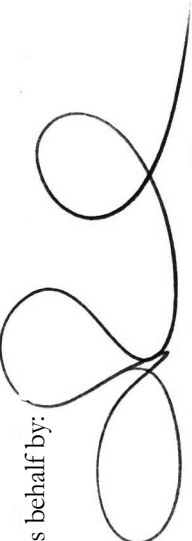
## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

		2022			2021		
	Notes	Consolidated K	Electrification Authority K	Rural Electrification Fund K	Consolidated K	Electrification Authority K	Rural Electrification Fund K
<b>Funds and liabilities</b>							
<b>Funds and reserves</b>							
General fund		(14,360,273)	(14,360,273)	-	(18,083,951)	(18,083,951)	-
Rural electrification fund		1,603,930,359	-	1,603,930,359	1,340,554,037	-	1,340,554,037
<b>Total funds</b>		<u>1,589,570,086</u>	<u>(14,360,273)</u>	<u>1,603,930,359</u>	<u>1,322,470,086</u>	<u>(18,083,951)</u>	<u>1,340,554,037</u>
<b>Non-current liabilities</b>							
Capital grants	19	1,171,182	1,171,182	-	3,228,227	3,228,227	-
<b>Total non-current liabilities</b>		<u>1,171,182</u>	<u>1,171,182</u>	<u>-</u>	<u>3,228,227</u>	<u>3,228,227</u>	<u>-</u>
<b>Current liabilities</b>							
Capital grants	19	1,076,076	1,076,076	-	1,076,076	1,076,076	-
Payables	20	42,825,363	37,387,978	5,437,385	31,285,884	28,636,371	2,649,513
<b>Total current liabilities</b>		<u>43,901,439</u>	<u>38,464,054</u>	<u>5,437,385</u>	<u>32,361,960</u>	<u>29,712,447</u>	<u>2,649,513</u>
<b>Total liabilities</b>		<u>45,072,620</u>	<u>39,635,235</u>	<u>5,437,385</u>	<u>35,590,187</u>	<u>32,940,674</u>	<u>2,649,513</u>
<b>Total funds and liabilities</b>		<u>1,634,642,706</u>	<u>25,274,963</u>	<u>1,609,367,743</u>	<u>1,358,060,273</u>	<u>14,856,723</u>	<u>1,343,203,550</u>

The financial statements on pages 9 to 37 were approved by the Board of Directors on **9 June 2023** and were signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director Finance



## RURAL ELECTRIFICATION AUTHORITY

### STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31 DECEMBER 2022

	<b>Rural Electrification Authority K</b>	<b>Rural Electrification Fund K</b>	<b>Total K</b>
Balance at 1 January 2021	(20,766,873)	1,031,577,080	1,010,810,207
Surplus for the year	2,682,922	308,976,957	311,659,879
Transfers to ZESCO Limited (a)	-	-	-
Balance at 31 December 2021	<u>(18,083,951)</u>	<u>1,340,554,037</u>	<u>1,322,470,086</u>
Surplus for the year	3,723,678	263,376,322	267,099,999
Transfers to ZESCO Limited (a)	-	-	-
Balance at 31 December 2022	<u>(14,360,273)</u>	<u>1,603,930,359</u>	<u>1,589,570,086</u>

- (a) Transfers to ZESCO Limited (ZESCO) represent completed and commissioned projects that are transferred by the Authority to ZESCO for operation and maintenance at no consideration. This is because ZESCO and REA are both agencies of the Government of the Republic of Zambia. During the period under review, REA did not transfer any projects to ZESCO.

# RURAL ELECTRIFICATION AUTHORITY

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 K	2021 K
<b>Cash flows from operating activities</b>			
Surplus for the year			
- Rural Electrification Authority		3,723,678	2,682,922
Surplus for the year			
- Rural Electrification Fund		263,376,322	308,976,957
<b>Adjusted for:</b>			
Amortisation of capital grants	19	(2,157,035)	(2,132,038)
Depreciation expense	13	8,935,406	7,877,098
Finance income		<u>9,548,516</u>	<u>(10,239,374)</u>
<b>Operating cash flows before working capital movements</b>		<u>264,329,854</u>	<u>307,165,565</u>
<b>Movement in operating funds</b>			
Decrease/(increase) in receivables		138,546,918	(16,872,319)
Increase in inventory		(3,025,162)	(23,794,240)
Increase/(decrease) in payables		<u>11,539,479</u>	<u>(25,984,275)</u>
<b>Net cash generated from operating activities</b>		<u>411,391,088</u>	<u>240,514,731</u>
<b>Cash flows from investing activities</b>			
Investments purchased	15	13,497,069	(5,404,516)
Interest received	7	9,548,516	10,239,374
Acquisition of plant and equipment	13	(4,480,712)	(26,453,725)
Additions to capital work in progress	14	<u>(203,138,691)</u>	<u>(202,043,642)</u>
<b>Net cash used in investing activities</b>		<u>(211,567,957)</u>	<u>(223,662,509)</u>
<b>Cash flow from financing activities</b>			
Capital grants received	19	<u>99,990</u>	<u>2,022,006</u>
<b>Net cash generated from financing activities</b>		<u>99,990</u>	<u>2,022,006</u>
<b>Net increase in cash and cash equivalents</b>		199,923,121	18,874,228
<b>Cash and cash equivalents at beginning of year</b>		<u>147,571,682</u>	<u>128,697,454</u>
<b>Cash and cash equivalents at end of year</b>	18	<u>347,494,804</u>	<u>147,571,682</u>

## RURAL ELECTRIFICATION AUTHORITY

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Budget K	Actual K	Performance Difference K
<b>Revenue</b>			
International donor funding	280,012,562	107,995,840	(172,016,722)
Funds in investment	6,900,000	-	(6,900,000)
Government grants	377,732,720	306,144,024	(71,588,696)
Committed Funds	117,373,728	117,373,728	-
Finance income	9,587,907	9,548,516	(39,391)
Other income	<u>4,073,731</u>	<u>4,555,604</u>	<u>481,873</u>
<b>Total income</b>	<u>795,680,648</u>	<u>545,617,712</u>	<u>(250,062,937)</u>
<b>Expenses</b>			
Employee costs	90,380,013	81,282,582	9,097,431
Administration expenses	41,874,296	37,912,242	3,962,054
Project studies and consultancy	649,704,556	237,928,094	411,776,462
Rental expense	7,090,235	4,469,025	2,621,210
Exhibition and publicity	4,533,092	2,686,704	1,846,388
Travel, transport and subsistence	<u>2,098,456</u>	<u>4,030</u>	<u>2,094,426</u>
<b>Total expenses</b>	<u>795,680,648</u>	<u>362,806,913</u>	<u>(431,397,972)</u>
<b>Surplus for the year</b>	<u>-</u>	<u>181,335,035</u>	<u>181,335,035</u>

# RURAL ELECTRIFICATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

### 1. General Information

#### Establishment

The Rural Electrification Authority (“the Authority”) was established by the Rural Electrification Act No. 20 of 2003 of the Laws of Zambia (the “Act”). The principal activity of Rural Electrification Authority is to increase the availability of electricity in the rural areas and access to electricity by the rural population.

The Authority is mandated with the tasks of administering and managing the Rural Electrification Fund (REF); developing and implementing the Rural Electrification Master Plan (REMP), mobilizing funds to support rural electrification, encouraging private sector participation in rural electrification through provision of smart subsidies, competitive bidding and community mobilisation, financing project preparation studies for rural electrification and recommending to government suitable policies.

The address of its registered office and principal place of business is disclosed on page 1.

### 2. Statement of compliance and basis of preparation

#### a) Statement of compliance

The financial statements of the Authority have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Zambian Kwacha (K), which is the functional and reporting currency of the Authority. The accounting policies have been consistently applied to all the years presented.

#### b) Basis of Preparation

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The statement of cash flows is prepared using the indirect method. The financial statements are prepared on an accrual basis.

#### c) New standards

The International Public Sector Accounting Standards Board (IPSASB) approved the following standards:

	Effective Date
• <i>IPSAS 5, Borrowing Costs – Non-Authoritative Guidance</i> (issued November 2021)	On or After 1 January 2023
• <i>Improvements to IPSAS, 2021</i> (Issued January 2022)	Date noted in the Standards
• <i>IPSAS 43, Leases</i> (issued January 2022)	On or After 1 January 2025

These Standards resulted in a number of consequential amendments to other IPSAS. These amendments are effective from the dates noted in the Standards.

#### d) Amendments to existing Standards

A number of IPSAS were amended as a result of the IPSASB’s improvement to IPSAS, 2021 project. This project involves making non-urgent but necessary changes to IPSAS. The following IPSAS have been amended:

- *IPSAS 17, Property, Plant and Equipment;*
- *IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets;*
- *IPSAS 22, Disclosure of Financial Information About the General Government Sector;*
- *IPSAS 29, Financial Instruments: Recognition and Measurement;*
- *IPSAS 30, Financial Instruments: Disclosures;*
- *IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs);*
- *IPSAS 39, Employee Benefits; and*
- *IPSAS 41, Financial Instruments.*

The IPSASB’s narrow scope project *IPSAS 5, Borrowing Costs- Non-Authoritative Guidance* amended this IPSAS to provide with Implementation Guidance and Illustrative Examples to assist entities in determining the extent to which borrowing costs can be capitalized.



## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 3. Summary of significant accounting policies

##### (a) Revenue recognition

###### **Revenue from non-exchange transactions**

###### ***Electricity levies***

The Authority recognizes the revenues from electricity levy when the event occurs and the asset recognition criteria are met to the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

###### ***Transfers from Government and Donors***

Revenues from non-exchange transactions with Government and donors are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably.

###### **Revenue from exchange transactions**

###### ***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

##### (b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

###### **Depreciation**

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

• Office equipment	25%
• Furniture and fittings	20%
• Computer equipment	33%
• Office furniture	25%
• Motor vehicles	25%
• Capital work in progress	Nil

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 3. Summary of significant accounting policies (continued)

##### (b) Property and equipment (continued)

The assets residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

The Authority derecognizes items of property and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

##### (c) Impairment of non-financial assets

At each reporting date, the Authority assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 3. Summary of significant accounting policies (continued)

##### (d) **Inventory**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for at purchase cost using the weighted average cost method.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

##### (e) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

##### (f) **Provisions**

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

##### (g) **Contingent liabilities**

The Authority does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 3. Summary of significant accounting policies (continued)

(h) **Contingent assets**

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

(i) **Employee benefits**

All employees are on contract, provision is made for end of contract gratuity on an accruals basis for the period in employment at the rate of 35% of basic salary.

Membership of the statutory National Pension Scheme ('NAPSA') is compulsory and monthly contributions by both employer and employees are made. The employer's contribution is accounted for in the statement of financial performance as it arises.

(j) **Leasing**

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

(k) **Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Creditors or debtors denominated in foreign currency are reported at the reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

(l) **Related parties**

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. The Rural Electrification Authority is a statutory body which was created by an Act of Parliament and is controlled by the Government of the Republic of Zambia (GRZ). There are other entities that are related to the Authority through common control.

(m) **Budget information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.



## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 3. Summary of significant accounting policies (continued)

(n) **Capital grants**

Capital grants are not recognized until there is reasonable assurance that the Authority will comply with the conditions attached to them and that the grants will be received.

(o) **Financial instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 “Financial Instruments: Recognition and Measurement” are classified as loans and receivables or held-to-maturity investments, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketable (regular way trades) are recognized on the trade date, i.e., the date that the Authority commits to purchase or sell the asset. The Authority’s financial assets include cash and short-term deposits, and loans and receivables.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Derecognition**

The Authority derecognizes a financial asset or where applicable, a part of a financial asset or part of a group of similar financial assets when:

- i. The rights to receive cash flows from the asset have expired or waived.
- ii. The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

3. Summary of significant accounting policies (continued)

(o) Financial instruments (continued)

**Impairment of financial assets**

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i. The debtors or a group of debtors are experiencing significant financial difficulty;
- ii. Default or delinquency in interest or principal payments;
- iii. The probability that debtors will enter bankruptcy or other financial reorganization; and
- iv. Observable data indicates a measureable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

**Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present values of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Authority. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 3. Summary of significant accounting policies(continued)

##### (o) Financial instruments (continued)

All financial liabilities include trade and other payables, bank overdrafts.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification.

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

##### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts in surplus or deficit.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is currently an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions), without any deduction for transaction costs.

#### 4. Significant judgements and sources of estimation uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur.

##### Useful lives and residual values

The Directors reviewed the estimated useful lives of property, plant and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The Directors judged a residual value of zero as a result of the fact that plant and equipment are not held for trading and are normally scrapped.

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

5.	<b>International donor funding</b>	<b>2022</b>	<b>2021</b>
		<b>K</b>	<b>K</b>

#### **Rural Electrification Fund**

Received from the World Bank (ESAP)	<u>107,995,840</u>	<u>113,270,635</u>
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International donor funding represents those funds received for specific projects undertaken by the Authority to enhance infrastructure. These funds were received on the basis of the project budgets submitted. Accordingly, the Authority is contractually bound to spend funds only in connection with the projects.

Furthermore, the contracts stipulate that funds received for the project may only be applied to the costs incurred for the project, as and when the phases of the project are certified as complete by an independent engineer. The conditions remaining therefore represent phases of the projects that are yet to be certified as complete by an independent engineer. Furthermore, the contract stipulates that where funds are not spent as specified within the contract, they must be returned to the donor.

6.	<b>Government Grants</b>	<b>2022</b>	<b>2021</b>
		<b>K</b>	<b>K</b>

Rural Electrification Fund	291,000,000	307,199,557
Rural Electrification Authority	<u>15,144,024</u>	<u>13,168,722</u>
	<u>306,144,024</u>	<u>320,368,279</u>

#### **Unconditional grants**

Rural Electrification Authority	<u>15,144,024</u>	<u>13,168,722</u>
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#### **Conditional grants**

Rural Electrification Fund	<u>291,000,000</u>	<u>307,199,557</u>
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<b>Consolidated</b>	<u>306,144,024</u>	<u>320,368,279</u>
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The Rural Electrification Fund was used in the Authority's quest to provide electricity to the rural populace. The unspent portion of the grant relates to projects in progress at year-end for which the funds are already committed.

	<b>2022</b>	<b>2021</b>
	<b>K</b>	<b>K</b>

7.	<b>Finance income</b>		
	<b>Rural Electrification Authority</b>		
	Interest on short term investments	9,133,416	9,853,832
	Interest on staff loans	<u>11,891</u>	<u>96,135</u>
		<u>9,145,306</u>	<u>9,949,967</u>

#### **Rural Electrification Fund**

Interest on staff loans	<u>403,210</u>	<u>289,407</u>
	<u>403,210</u>	<u>289,407</u>

<b>Consolidated</b>	<u>9,548,516</u>	<u>10,239,374</u>
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## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 8. Other income

<b>Rural Electrification Authority</b>	<b>2022</b>	<b>2021</b>
	<b>K</b>	<b>K</b>
Capital grant-amortised (note 19)	1,617,776	2,132,038
Other income received	289,821	-
Income from sale of assets	<u>258,600</u>	<u>40,000</u>
	<u>2,166,197</u>	<u>2,172,038</u>
<b>Rural Electrification Fund</b>		
Net exchange gains	1,475,764	-
Capital grant-amortised (note 19)	539,259	-
Other income received	47,666	1,065,209
Liquidated Damages	<u>326,718</u>	<u>-</u>
	<u>2,389,407</u>	<u>1,065,209</u>
<b>Consolidated</b>	<u>4,555,605</u>	<u>3,237,247</u>

Other income received refers to income that does not fall under any prescribed account. Liquidated damages are recoveries from contractors due to non-performance.

#### 9. Employee costs

	<b>2022</b>	<b>2021</b>
	<b>K</b>	<b>K</b>
<b>Rural Electrification Authority</b>		
Salaries and wages	7,309,376	7,815,631
Gratuity	1,580,189	1,965,850
Accrued leave pay	488,172	593,847
Medical scheme expenses	294,027	274,392
Staff welfare and benefits	<u>2,319,209</u>	<u>4,238,105</u>
	<u>11,990,972</u>	<u>14,887,825</u>
<b>Rural Electrification Fund</b>		
Salaries and wages	47,686,869	35,975,806
Gratuity	11,916,297	9,211,453
Accrued leave pay	3,765,340	2,878,145
Medical Scheme expenses	3,014,278	2,919,978
Staff welfare and benefits	<u>2,908,826</u>	<u>2,487,375</u>
	<u>69,291,610</u>	<u>53,472,757</u>
<b>Consolidated</b>	<u>81,282,582</u>	<u>68,360,582</u>

# RURAL ELECTRIFICATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

	2022 K	2021 K
10. <b>Administration expenses</b>		
<b>Rural Electrification Authority</b>		
Fuel, lubricants, and oils	1,407,748	772,006
Audit expenses	-	-
Communication	80,773	58,967
Training, workshops, and seminars	3,000	-
Cleaning and materials	627,442	467,906
Board of Directors allowances	176,480	-
Bank charges	18,047	8,646
Office refreshments	512,868	513,541
Board meeting expenses	51,433	-
Staff subscriptions	166,748	44,693
Electricity and water	85,040	32,349
Stationery, printing and publications	197,966	99,333
Maintenance of equipment and buildings	46,867	45,315
Computer software and consumables	13,996	2,530
Impairment costs	-	-
Motor vehicle repairs	6,497	100
Software and licences	85,410	-
Other admin costs	250,687	8,850
	<u>3,731,002</u>	<u>2,054,236</u>

# RURAL ELECTRIFICATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

10.	<b>Administration expenses (continued)</b>	<b>2022</b>	<b>2021</b>
		<b>K</b>	<b>K</b>
	<b>Rural Electrification Fund</b>		
	Net exchange losses	-	6,833,337
	Audit expenses	2,085,963	976,741
	Motor vehicle repairs	2,436,118	1,650,641
	Legal fees	7,697,176	1,099,665
	Communication	1,232,500	738,544
	Motor vehicle insurance	589,988	457,946
	Training, workshops, and seminars	909,880	1,054,283
	Fuel, lubricants, and oils	405,393	717,382
	Procurement management	1,235,345	2,477,536
	Other administrative costs	1,005,248	821,685
	Computer software and consumables	547,657	756,578
	Board of Directors facility visit expenses	2,122,440	2,779,570
	Stationery, printing, and publications	1,045,773	656,148
	Software and licenses	1,457,721	1,008,370
	Bank charges	102,653	144,258
	Maintenance of equipment and buildings	136,766	123,344
	Staff subscriptions	895,255	656,148
	Security charges	874,309	593,596
	Cleaning materials	2,600	78,490
	General insurance	141,205	79,580
	Board training	201,441	230,189
	Office refreshments	77,793	65,993
	Electricity and Water	<u>42,611</u>	<u>27,610</u>
	Subtotal	<u>25,245,835</u>	<u>24,027,634</u>
	<b>Consolidated</b>	<u>28,976,837</u>	<u>26,081,870</u>
	Below is the detailed breakdown for the audit fees:	<b>2022</b>	<b>2021</b>
		<b>K</b>	<b>K</b>
	External audit costs	1,094,583	662,682
	Auditor General costs	487,743	9,874
	Risk Management	316,451	-
	Audit of REA projects	<u>187,186</u>	<u>304,185</u>
	<b>Consolidated</b>	<u>2,085,963</u>	<u>976,741</u>
11.	<b>Project studies and consultancy</b>		
	Rural Electrification Fund	34,727,135	27,119,223
	Rural Electrification Authority	<u>62,267</u>	<u>535</u>
	<b>Consolidated</b>	<u>34,789,402</u>	<u>27,119,758</u>

Project expenses are expenses that are directly associated with project implementation and monitoring. Activities that give rise to project expenses include monitoring and evaluation, project commissioning, compensation to displaced people, environmental clearing fees and rental of project offices.

## 12. Income tax

The Authority is exempt from income tax under Section 15 of the Zambia Income Tax Act.

# RURAL ELECTRIFICATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

### 13. Property and equipment

	Land K	Motor Vehicles K	Office equipment K	Furniture and fittings K	Office machinery K	Total K
<b>Cost</b>						
At 1 January 2021	5,659,198	25,706,184	6,563,131	1,769,265	408,622	40,106,400
Additions	-	21,408,634	4,871,519	173,571	-	26,453,725
Disposals	-	(240,000)	-	-	-	(240,000)
At 31 December 2021	5,659,198	46,874,818	11,434,650	1,942,836	408,622	66,320,125
Additions	158,070	2,920,609	1,113,710	288,323	-	4,480,712
Disposals	-	-	-	-	-	-
At 31 December 2022	5,817,268	49,795,427	12,548,360	2,231,159	408,622	70,800,837
<b>Depreciation</b>						
At 1 January 2021	-	19,017,772	5,668,656	1,289,141	388,410	26,363,979
Charge for the year	-	6,517,996	1,158,071	194,533	6,498	7,877,098
Disposals	-	(240,000)	-	-	-	(240,000)
At 31 December 2021	-	25,295,768	6,826,727	1,483,674	394,908	34,001,077
Charge for the year	-	6,906,313	1,810,817	211,225	7,050	8,935,406
Disposals	-	-	-	-	-	-
At 31 December 2022	-	32,202,081	8,637,544	1,694,899	401,958	42,936,483
<b>Carrying amount</b>						
At 31 December 2022	5,817,268	17,593,346	3,910,816	536,260	6,664	27,864,355
At 31 December 2021	5,659,198	21,579,050	4,607,923	459,162	13,714	32,319,048

The Directors reviewed the estimated useful lives of property and equipment at the end of the reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The Directors believe a residual value of zero is appropriate as a result of the fact that property and equipment is not held for trading and is normally scrapped. The Directors consider that the fair value of property and equipment is at least equal to their carrying values as reflected in the statement of financial position.



## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 14. Capital work in progress

##### Rural Electrification Fund

Capital work in progress represents projects being undertaken by the Rural Electrification Authority in its quest to provide electricity to the rural populace. At the end of the project cycles, the completed projects are transferred to ZESCO, for operations and maintenance at no consideration. This is because ZESCO and REA are agencies of the Government of the Republic of Zambia.

	2022	2021
Work in progress	K	K
At beginning of year	956,129,589	754,085,947
Additions during the year	203,138,691	202,043,642
Transfers of Grid Projects to ZESCO	-	-
<b>At end of year</b>	<b><u>1,159,268,280</u></b>	<b><u>956,129,589</u></b>

15. Investments	2022	2021
	K	K
<b>Rural Electrification Authority</b>	2,085,958	-
 <b>Gratuity Investment Fund</b>	 <u>16,815,627</u>	 <u>5,404,516</u>
	<u>18,901,585</u>	<u>5,404,516</u>

Rural Electrification Authority completed the process of competitive selection of the Fund Manager for the Gratuity Investment Fund and Africa Life Assurance was selected and funds were deposited into the investment account.

#### 16. Receivables

Rural Electrification Authority	2022	2021
	K	K
Staff loans and advances	11,631,953	4,345,020
Other receivables	90,589	76,689
Staff imprest account	<u>399,016</u>	<u>158,009</u>
	<u>12,121,558</u>	<u>4,579,718</u>

# RURAL ELECTRIFICATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

### 16. Receivables (continued)

	2022	2021
Rural Electrification Fund	K	K
Due from the Government (note 23 (c))	-	101,199,557
Contractor receivables	<u>26,763,846</u>	<u>71,653,047</u>
	<u>26,763,846</u>	<u>172,852,604</u>
<b>Consolidated</b>	<u>38,885,404</u>	<u>177,432,322</u>

Staff receivables bear interest at 5% over the period of the loan.

Contractor receivables refer to advance payments made to contractors before the commencement of the rural electrification projects. These amounts are recoverable in full from the contractor.

### 17. Inventory

	2022	2021
Rural Electrification Fund	K	K
Grid extension and solar energy equipment and spares	<u>42,228,278</u>	<u>39,203,116</u>

There were no write-downs of inventories recognised as an expense during the year 2022 (2021: K nil).

### 18. Cash and cash equivalents

	2022	2021
	K	K
<b>Rural Electrification Authority</b>		
Bank and cash balances	<u>3,745,803</u>	<u>3,911,519</u>
	<u>3,745,803</u>	<u>3,911,519</u>
<b>Rural Electrification Fund</b>		
Bank and cash balances	<u>267,749,001</u>	<u>67,660,163</u>
	<u>267,749,001</u>	<u>67,660,163</u>
<i>Short-term investments classified as cash equivalents:</i>		
Atlas Mara	48,000,000	48,000,000
Access Bank Zambia Limited	<u>28,000,000</u>	<u>28,000,000</u>
	<u>76,000,000</u>	<u>76,000,000</u>
Total cash and cash equivalents	<u>343,749,001</u>	<u>143,660,163</u>
<b>Consolidated</b>	<u>347,494,804</u>	<u>147,571,682</u>

Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Authority and earn interest at the respective short-term deposit rate. The fixed deposit accounts are for 28 days and renewable accordingly. These investments were done after due approval was obtained from the Secretary to the Treasury in line with the Public Finance Regulations.

# RURAL ELECTRIFICATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

	2022 K	2021 K
19. <b>Capital grants</b>		
At beginning of the year	4,304,303	4,414,335
Additions during the year	99,990	2,022,006
Grant amortisation for the year	<u>(2,157,035)</u>	<u>(2,132,038)</u>
At end of the year	<u>2,247,258</u>	<u>4,304,303</u>
<b>Maturity analysis:</b>		
Current	1,076,076	1,076,076
Non-current	<u>1,171,182</u>	<u>3,228,227</u>
	<u>2,247,258</u>	<u>4,304,303</u>
20. <b>Payables</b>		
<b>Rural Electrification Authority</b>		
Other payables	1,336,689	788,874
Gratuity provision (note (a))	10,376,744	8,226,666
Leave pay provision (note (b))	1,963,787	1,197,510
Ministry of Higher Education payable	69,073	39,760
Amount payable to the government ((Note 23 (d))	<u>4,157</u>	<u>293,977</u>
	<u>13,750,450</u>	<u>10,546,787</u>
Supplier payables	<u>23,637,528</u>	<u>18,089,584</u>
<b>Consolidated</b>	<u>37,387,978</u>	<u>28,636,371</u>
<b>Rural Electrification Fund</b>		
Contractor payables	<u>5,437,385</u>	<u>2,649,513</u>
<b>Consolidated</b>	<u>42,825,363</u>	<u>31,285,884</u>
a) <b>Gratuity provision</b>		
At beginning of the year	8,226,666	9,264,699
Charge during the year	13,496,485	11,177,303
Payments during the year	<u>(11,346,407)</u>	<u>(12,215,336)</u>
Balance at the year end	<u>10,376,744</u>	<u>8,226,666</u>
b) <b>Leave pay provision</b>		
At beginning of the year	1,197,510	1,344,413
Charge during the year	4,235,512	3,471,992
Payments during the year	<u>(3,487,235)</u>	<u>(3,618,895)</u>
Balance at the year end	<u>1,963,787</u>	<u>1,197,510</u>

Provision for gratuity is made in full at all times, for the purposes of prudence, for the gratuities payable to employees from the date of commencement of employee's contract through the expiry of the contracts.

The Authority controls liquidity risk through monitoring of rolling forecasts of cash and cash equivalents on the basis of expected cash flow. In addition, the Authority's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet liabilities.

The Directors consider that the carrying amount of payables approximates their fair value.

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 21. Operating lease arrangements

Rural Electrification Authority has an operating lease with Paul M. Investments Limited. The lease involves the occupancy of plot 5033 on Longolongo road Lusaka. The operating lease relates to all those premises erected upon the said plot with lease term of 1 year and the rented warehouse, with an option to renew the lease agreement. The operating lease contract contains market review clauses in the event that the Authority exercises its option to renew. The Authority does not have an option to purchase the leased property at the expiry of the lease period.

Rural Electrification Authority incurred rent during the year ended 31 December 2022 amounting to K4,469,025 (2021: K4,700,968).

#### 22. Financial Instruments

Categories of financial instruments	2022 K	2021 K
Financial assets		
- Cash and cash equivalents	347,494,804	147,571,682
- Receivables	<u>38,885,404</u>	<u>177,432,322</u>
	<u>386,380,208</u>	<u>325,004,004</u>
Financial liabilities		
- Payables	<u>42,825,363</u>	<u>31,285,884</u>

#### Financial risk management objectives

The ultimate responsibility for managing risks rests with the Board of Directors. The key financial risks for the Authority are liquidity risk and foreign exchange rate risk. The Board has in place a risk management framework for the Authority's short term, medium term and long term funding requirements. The Authority manages the risk by continuously monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities.

#### Market risk

The Authority's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below) and interest rates (see below). The Authority does not enter into contracts to manage its exposure to interest rate and foreign currency risk to hedge the exchange rate risk arising on the borrowings from foreign entities.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

#### Liquidity risk profile

Contractor receivables, advances and other receivables, cash and cash equivalents are classified as loans and receivables whilst all liabilities are classified as other liabilities in line with International Public Service Accounting Standards (IPSAS) N0. 30.

The Authority's Board of Directors reviews the capital structure of the Authority regularly. As part of the review, it considers the cost of capital and the risks associated with each class of capital.

The Authority manages capital to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and net asset balances. The capital structure of the Authority consists of the net debt (borrowing offset by cash and bank balances) and equity (comprising of General Fund, Rural Electrification Fund and surplus). The Authority is not subject to any externally imposed capital requirement.

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 22. Financial Instruments (continued)

##### Fair value measurements

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

##### Fair value hierarchy

The Authority uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Securities Exchange).

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Authority considers relevant and observable market prices in its valuations where possible.

##### *Fair value of the Authority's financial assets and financial liabilities that are measured at fair value on a recurring basis*

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period.

##### *Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)*

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

	2022		2021	
	Carrying Amount K	Fair value K	Carrying amount K	Fair value K
<b>Financial assets</b>				
Loans and receivables:				
- receivables	<u>38,885,404</u>	<u>38,885,404</u>	<u>177,432,322</u>	<u>177,432,322</u>
<b>Financial liabilities</b>				
Financial liabilities held at Amortised cost:				
- payables	<u>42,825,363</u>	<u>42,825,363</u>	<u>31,285,884</u>	<u>31,285,884</u>



# RURAL ELECTRIFICATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

### 22. Financial Instruments (continued)

#### Categories of financial instruments (continued)

<u>Fair value hierarchy as at 31 December 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>K</u>	<u>K</u>	<u>K</u>	<u>K</u>
<b>Financial assets</b>				
<b>Loans and receivables:</b>				
- receivables	<u>=====</u>	<u>=====</u>	<u>38,885,404</u>	<u>38,885,404</u>
<b>Financial liabilities</b>				
<b>Financial liabilities held at amortised cost:</b>				
- payables	<u>=====</u>	<u>=====</u>	<u>42,825,363</u>	<u>42,825,363</u>

<u>Fair value hierarchy as at 31 December 2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>K</u>	<u>K</u>	<u>K</u>	<u>K</u>
<b>Financial assets</b>				
<b>Loans and receivables:</b>				
- receivables	<u>=====</u>	<u>=====</u>	<u>177,432,322</u>	<u>177,432,322</u>
<b>Financial liabilities</b>				
<b>Financial liabilities held at amortised cost:</b>				
- payables	<u>=====</u>	<u>=====</u>	<u>31,285,884</u>	<u>31,285,884</u>

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. Due to the short-term maturity dates these amounts have not been discounted as the Directors are of the view that carrying or fair value approximates the fair value.

#### Credit risk

Credit risk is the risk of financial loss to the Authority if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the Authority's investments, receivables, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December 2021 was:

	<b>2022</b>	<b>2021</b>
	<b>K</b>	<b>K</b>
Cash and cash equivalents	347,494,804	147,571,682
Receivables	<u>38,885,404</u>	<u>177,432,322</u>
Maximum exposure to credit risk	<u>386,380,208</u>	<u>325,004,004</u>

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 22. Financial Instruments (Continued)

##### Liquidity risk

Liquidity risk is the risk of the Authority not being able to meet its obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation.

The Authority ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

##### At 31 December 2022

	1 - 3 Months K	3 months to 1 year K	1 – 5 years K	Total K
<b>Liabilities</b>				
Payables	<u>1,336,689</u>	<u>12,703,581</u>	<u>29,074,913</u>	<u>43,115,183</u>
<b>Assets</b>				
Cash and cash equivalents	347,494,804	-	-	347,494,804
Receivables	<u>490,104</u>	<u>26,763,346</u>	<u>11,631,954</u>	<u>38,885,404</u>
<b>Total</b>	<u>347,984,908</u>	<u>26,763,346</u>	<u>11,631,954</u>	<u>386,380,208</u>

##### At 31 December 2021

	1 - 3 Months K	3 months to 1 year K	1 – 5 years K	Total K
<b>Liabilities</b>				
Payables	788,874	9,757,913	20,739,097	31,285,884
<b>Assets</b>				
Cash and cash equivalents	147,571,682	-	-	147,571,682
Receivables	<u>101,434,255</u>	<u>71,653,047</u>	<u>4,345,020</u>	<u>177,432,322</u>
<b>Total</b>	<u>249,005,937</u>	<u>71,653,047</u>	<u>4,345,020</u>	<u>325,004,004</u>

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

#### 22. Financial Instruments (Continued)

##### Capital management

The primary objective of managing the Authority's capital is to ensure that there is sufficient cash available to support the Authority's funding requirements, including capital expenditure, to ensure that the Authority remains financially sound.

##### Currency risk

The Authority is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the Dollar denominated contractor receivables and payables balances.

At 31 December 2022, if the Kwacha had strengthened/weakened by 5% against the US dollar with all other variables held constant, increase in net assets for the year would have been K73,788 higher/lower (2021: K341,667).

At 31 December 2022, if the Kwacha had strengthened/weakened by 5% against the dollar with all other variables held constant, increase in the Authority's financial instruments denominated in foreign currency for the year would have been as follows:

Financial assets	2022 K	2021 K
United States Dollar (USD)	<u>475,896</u>	<u>2,763,921</u>
<b>Financial liabilities</b>		
United States Dollar (USD)	<u>486,309</u>	<u>544,052</u>

#### 23. Related party transactions

The Rural Electrification Authority is a statutory body which was created by an Act of Parliament and is controlled by the Government. There are other entities that are related to the Authority through common directorships.

The Authority has balances with and had transacted with the following related parties during the year:

(a)	Grants from the Government	2022 K	2021 K
	Rural Electrification Fund	291,000,000	307,199,557
	Rural Electrification Authority	<u>15,144,024</u>	<u>13,168,722</u>
		<u>306,144,024</u>	<u>320,368,279</u>
(b)	<b>Directors expenses</b>		
	Board allowances	784,250	1,278,615
	Committee allowances	607,085	741,380
	Board facility visit	907,585	529,886
	Board Meeting refreshments	<u>252,874</u>	<u>229,689</u>
		<u>2,551,794</u>	<u>2,779,570</u>
(c)	<b>Amounts due from related parties</b>		
	Grants receivable from the Government		
	Rural Electrification Fund	-	101,199,557
	Rural Electrification Authority	<u>-</u>	<u>-</u>
		<u>-</u>	<u>101,199,557</u>

Grants receivable from the Government represent grant income allocated to the Authority but had not yet been received as at year end.

**RURAL ELECTRIFICATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**23. Related party transactions (continued)**

	<b>2022</b>	<b>2021</b>
	<b>K</b>	<b>K</b>
(d) <b>Amounts due to related parties</b>		
Amounts payable to the Government	<u>4,157</u>	<u>293,977</u>

Funds payable to the Government represent other income that is to be remitted to the Government by the Authority. This is income that is generated by the Authority that is not included as a revenue stream as per Rural Electrification Act No. 20 of 2003.

<b>24. Capital commitments</b>	<b>2022</b>	<b>2021</b>
	<b>K</b>	<b>K</b>
Opening balance	117,373,728	160,585,034
Approved and/or contracted by the Directors during the year	<u>234,862,638</u>	<u>158,832,336</u>
Subtotal	352,236,366	319,417,370
Less amount written off	-	-
Less: Contracts executed during the year (payments)	<u>(203,138,691)</u>	<u>(202,043,642)</u>
	<u>149,097,675</u>	<u>117,373,728</u>

**Other commitments**

The Authority has entered into cancellable contracts for the payments to which the Authority is committed during next financial year as shown below:

	<b>2022</b>	<b>2021</b>
	<b>K</b>	<b>K</b>
Not later than one year	<u>234,862,638</u>	<u>158,832,336</u>

**25. Contingent liabilities**

There was a legal case involving the Authority and its former employees which was running at the end of the financial year under review. The outcome of this matter may affect the financial statements as there could be a potential contingent liability created.

**26. Overall assessment of impact of Covid -19 on preparation and presentation of the financial statements**

Coming out of the devastation of the COVID-19 pandemic, the economy entered the year with renewed hope of recovery, with increased number of vaccinations for both adults and children at a rate witnessed in developed countries. The past three years have a common theme; the increasing volatility of the global economy and the subsequent challenges this has posed for the investment environment. The vaccination progress has resulted in market recovery and significant headway in the reopening of the economy. Furthermore, experts have assessed that vaccinations are key to achieving herd immunity and may be key to returning to normal. In light of the inequality in the vaccination roll out, it is likely that we may see uneven growth with developed markets recording a strong recovery while the emerging and frontier markets may trail behind. The negative effects of the COVID-19 pandemic are expected to continue in 2023.

The Board has carefully considered the Authority's unique circumstances and has assessed the financial impact of Covid-19 on financial reporting as low.

## RURAL ELECTRIFICATION AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

27. **Climate Change**

The Authority recognises Climate Risk as an Integrated Risk Type. Climate Risk is defined as the potential for the financial loss and non-financial detriments arising from climate and society' response to it. The Authority aims to measure and manage financial and non-financial risks from climate change, and reduce emissions related to its own activities in alignment with Paris Agreement. Climate Changes impacts almost all sectors within the economy. However, the Authority notes that there are certain sectors that are more vulnerable to climate risks under different Transition Risk and Physical Risk scenarios. The Authority plans to move quickly in developing identified methodologies and engage with its various stakeholders and integrate Climate Risk into its mainstream risk management activities and assessments. The Company will seek to adapt its approach as the impact from Climate Risk becomes cleaner and the tools and methodologies to gather reliable data mature.

28. **Events after the reporting date**

There has not arisen since the end of the financial period, any item, transaction or event of a material and unusual nature likely in the opinion of the directors of the entity to affect substantially the operations of the entity, the results of those operations or the state of affairs of the entity.



## RURAL ELECTRIFICATION AUTHORITY – 31 DECEMBER 2022

### APPENDIX I – DETAILED OPERATING STATEMENT

	Rural Electrification Authority		Rural Electrification Fund	
	2022	2021	2022	2021
	K	K	K	K
<b>Grant income</b>				
Government appropriations	15,144,024	13,168,722	291,000,000	307,199,557
International donor funding	-	-	107,995,840	113,270,635
	<u>15,144,024</u>	<u>13,168,722</u>	<u>398,995,840</u>	<u>420,470,192</u>
<b>Other income</b>				
Finance income	9,145,306	9,949,969	403,210	289,406
Foreign exchange gains	-	-	-	-
Other income	<u>2,166,197</u>	<u>2,172,038</u>	<u>2,389,407</u>	<u>1,065,209</u>
	<u>11,311,503</u>	<u>12,122,007</u>	<u>2,792,618</u>	<u>1,354,615</u>
<b>Gross income</b>	<u>26,455,527</u>	<u>25,290,729</u>	<u>401,788,458</u>	<u>421,824,807</u>
<b>Staff and related costs</b>				
Salaries and wages	7,309,376	7,815,631	47,686,869	35,975,806
Gratuity	1,580,189	1,965,850	11,916,297	9,211,453
Accrued leave pay	488,172	593,847	3,765,340	2,878,145
Medical scheme expenses	294,027	274,392	3,014,278	2,919,978
Staff welfare and benefits	<u>2,319,209</u>	<u>4,238,107</u>	<u>2,908,826</u>	<u>2,487,374</u>
<b>Total staff costs</b>	<u>11,990,972</u>	<u>14,887,827</u>	<u>69,291,610</u>	<u>53,472,756</u>

# RURAL ELECTRIFICATION AUTHORITY – 31 DECEMBER 2022

## APPENDIX I – DETAILED OPERATING STATEMENT (CONTINUED)

	Rural Electrification Authority		Rural Electrification Fund	
	2022	2021	2022	2021
	K	K	K	K
<b>Administrative and other expenses</b>				
Rental expenses	-	-	4,469,025	4,700,968
Fuel, lubricants and oils	1,407,748	772,006	405,393	717,382
Audit fees	-	-	2,085,963	976,741
Communications	80,773	58,967	1,232,500	738,544
Training, workshops and seminars	3,000	-	909,880	1,054,283
Board of Directors allowances/facility visit	176,480	-	2,122,440	2,779,570
Other administrative costs	250,687	8,850	1,736,441	1,435,195
Maintenance of equipment and buildings	46,867	45,315	136,766	123,344
Stationery, printing and publications	197,966	99,333	920,773	408,284
Travel, transport and subsistence	<u>2,830</u>	<u>6,696</u>	<u>1,200</u>	<u>24,850</u>
<b>Carried forward</b>	<b>2,166,350</b>	<b>991,167</b>	<b>14,020,381</b>	<b>12,959,161</b>

# RURAL ELECTRIFICATION AUTHORITY – 31 DECEMBER 2022

## APPENDIX I – DETAILED OPERATING STATEMENT (CONTINUED)

	Rural Electrification Authority		Rural Electrification Fund	
	2022	2021	2022	2021
	K	K	K	K
<b>Administrative expenses brought forward</b>	<b>2,166,350</b>	<b>991,167</b>	<b>14,020,381</b>	<b>12,959,161</b>
Cleaning and materials	627,442	467,906	2,600	78,490
Security charges	-	-	874,309	593,596
Bank charges	18,047	8,646	102,653	144,258
Motor vehicle repairs	6,497	100	2,436,118	1,650,641
Office refreshments	512,868	513,541	77,793	65,993
Board meeting expenses	51,433	-	201,441	229,689
Legal fees expense	-	-	7,697,176	1,099,665
Staff Subscriptions	166,748	44,693	895,255	656,148
Exhibition and publicity	-	-	2,686,704	1,283,833
Electricity and water	85,040	32,349	42,611	27,610
Impairment costs	-	-	-	30,413
Computer software and consumables	13,996	2,530	547,657	756,578
Consultancy fees	-	-	125,000	141,968
Software and licenses	85,410	-	1,457,721	1,008,370
Procurement management	-	-	1,235,345	2,477,536
Foreign exchange losses	-	-	-	6,833,337
<b>Total administrative and other expenses</b>	<b>3,733,833</b>	<b>2,060,932</b>	<b>32,402,640</b>	<b>30,037,286</b>
Project expenses	62,267	535	34,727,135	27,119,223
Depreciation	6,944,778	5,658,513	1,990,628	2,218,585
Surplus for the year	3,723,678	2,682,922	263,376,322	308,976,957

## RURAL ELECTRIFICATION AUTHORITY – 31 DECEMBER 2022

### APPENDIX I I– ANALYSIS OF RURAL ELECTRIFICATION PROJECTS

PROJECT NAME	DISTRICT	PROVINCE	TECHNOLOGY	COST	STATUS
Kasanjiku Phase - Lot 2	Mwinilunga	North Western	Grid	ZMW6,282,425.70	Completed
Kasanjiku Phase - Lot 3	Mwinilunga	North Western	Grid	ZMW6,285,482.23	Completed
Salamano	Kitwe/Mufulira	Copperbelt	Grid	ZMW736,740.00	Completed
Muchinshi/Mutenda	Chingola	Copperbelt	Grid	ZMW6,285,482.23	Completed
Mufubushi	Mpika	Muchinga	Grid	ZMW1,144,422.71	Completed
Ming'omba	Chililabombwe	Copperbelt	Grid	ZMW1,013,120.78	Completed
<b>SUBTOTAL GRID</b>				<b>ZMW21,747,673.60</b>	

## APPENDIX I I – ANALYSIS OF RURAL ELECTRIFICATION PROJECTS

PROJECT NAME	DISTRICT	PROVINCE	TECHNOLOGY	COST	STATUS
Mwenzo Nawaitwika	Nakonde	Muchinga	Grid	ZMW 871,731.30	Completed
Shemu	Nakonde	Muchinga	Grid	ZMW 1,841,106.59	Completed
Musanya	Chinsali	Muchinga	Grid	ZMW 2,708,542.23	Completed
Nangweshi	Sioma	Western	Grid	ZMW 3,570,920.82	Completed
Sandwe	Petauke	Eastern	Grid	ZMW 5,563,465.91	Completed
Jembo	Pemba	Southern	Grid	ZMW 3,350,474.29	Completed
Miponda-Shikamushile	Samfya	Luapula	Grid	ZMW 3,523,448.59	Completed
Lambwe Chomba	Chiengi	Luapula	Grid	ZMW 4,500,815.30	Completed
Lumbe	Nyimba	Eastern	Grid	ZMW 4,272,151.99	Completed
Mutono Chiseta Mbaso	Nchelenge & Mwense & Mansa	Luapula	Grid	ZMW 6,956,895.88	Completed
Kalungu Sansamwenjee	Isoka	Muchinga	Grid	ZMW 7,253,434.12	Completed
Lupososhi	Luwingu & Lupososhi	Northern	Grid	ZMW 7,390,774.62	Completed
Luano Phase I	Luano	Central	Grid	ZMW 5,496,175.15	Completed
Luswishi Farm Block	Lufwanyama	Copperbelt	Grid	ZMW 9,019,854.61	Completed
Lwela-Milambo	Milengi & Chembe	Luapula	Grid	ZMW 7,229,971.67	Completed
Makunka	Livingstone	Southern	Grid	ZMW 1,864,035.67	Completed



## RURAL ELECTRIFICATION AUTHORITY – 31 DECEMBER 2022

### APPENDIX I I – ANALYSIS OF RURAL ELECTRIFICATION PROJECTS

PROJECT NAME	DISTRICT	PROVINCE	TECHNOLOGY	COST	STATUS
Nangenya	Rufunsa	Lusaka	Grid	ZMW/2,624,477.78	Completed
Dundumwenzi	Kalomo	Southern	Grid	ZMW/7,213,840.48	Completed
Hanjaalika	Mazabuka	Southern	Grid	ZMW/ 1,327,777.53	Completed
Manyana	Mazabuka	Southern	Grid	ZMW/ 690,172.07	Completed
Sakania	Ndola	Copperbelt	Grid	ZMW/ 876,376.58	Completed
Fiwila Mission	Mkushi	Central	Grid	ZMW/ 922,897.62	Completed
Ukwimi	Petauke	Eastern	Grid	ZMW/ 1,492,920.00	Completed
Kaingu-Iyanda	Itezhi Tezhi	Central	Grid	ZMW/ 4,769,473.64	Completed
Chitambo	Chitambo	Central	Grid	ZMW/ 1,397,116.64	Completed
<b>SUBTOTAL (GEP) GRID</b>				<b>ZMW/96,728,851.08</b>	

APPENDIX I I– ANALYSIS OF RURAL ELECTRIFICATION PROJECTS

PROJECT NAME	DISTRICT	PROVINCE	TECHNOLOGY	COST	STATUS
Nkeyema Zonal Hospital	Nkeyema	Western	Grid	ZMW 598,798.54	Completed
Lupani	Chibombo	Southern	Grid	ZMW 187, 303.87	Completed
Chisuta	Mazabuka	Southern	Grid	ZMW 705, 563.11	Completed
Shakeemba	Shibuyunji	Central	Grid	ZMW 562,426.91	Completed
Lufubu	Lupososhi	Northern	Grid	ZMW 1,749,933.56	Completed
Shamilimo Munyati	Shibuyunji	Central	Grid	ZMW 2,326,394.45	Completed
<b>SUBTOTAL (GEP) GRID</b>				<b>ZMW6,130,420.44</b>	

## RURAL ELECTRIFICATION AUTHORITY – 31 DECEMBER 2022

### APPENDIX I I– ANALYSIS OF RURAL ELECTRIFICATION PROJECTS

PROJECT NAME	DISTRICT	PROVINCE	TECHNOLOGY	COST	STATUS
Kasanjiku Mini Hydro Project (0.64MW)	Mwinilunga	North-Western	Mini Hydro	USD\$ 8,698,932.85	Completed
Moyo Solar Mini Grid	Pemba	Southern	Solar Mini Grid	USD\$244,182.73	Completed
Ngabwe Solar Mini Grid	Ngabwe	Central	Solar Mini Grid	USD\$288,942.08	Completed
Chilubi Mainland Solar Mini Grid	Chilubi	Northen	Solar Mini Grid	USD\$242,193.79	completed
<b>SUBTOTAL ( PROJECTS)</b>				<b>USD\$9,474,251.45</b>	
<b>Lunga Solar Mini Grid 300kWp</b>	<b>Lunga</b>	<b>Luapula</b>	<b>Solar</b>	<b>ZMW5,011,756.42</b>	<b>In progress</b>

## APPENDIX I I– ANALYSIS OF RURAL ELECTRIFICATION PROJECTS

PROJECT NAME	DISTRICT	PROVINCE	TECHNOLOGY	COST	STATUS
Kaputi	Chisamba	Central	Grid	ZMW4,346,866.08	Completed
Keembe	Chibombo	Central	Grid	ZMW1,971,342.97	Completed
Mpanta	Samfya	Luapula	Grid	ZMW5,772,492.11	In progress
Salamano	Mufulira	Copperbelt	Grid	ZMW 775,516.05	Completed
Muchinshi/Mutenda	Chingola	Copperbelt	Grid	ZMW 6,695,416.09	In progress
Shinengene - Northern Resettlement	Kalumbila	North-Western	Grid	ZMW 10,142,375.45	In progress
Matunga	Katete	Eastern	Grid	ZMW 1,041,323.69	In progress
Ndewe-Simambumbu	Petauke	Eastern	Grid	ZMW 2,070,810.82	In progress
Kopa	Kanchibiya	Muchinga	Grid	ZMW 1,822,191.80	In progress
Mufubushi	Mpika	Muchinga	Grid	ZMW 1,144,422.71	Completed
Kanongesha	Mwinilunga	North-Western	Grid	ZMW 2,105,082.02	In progress
Kanyama	Mwinilunga	North-Western	Grid	ZMW 8,686,315.51	In progress
Ming'omba	Kasumbalesa	Copperbelt	Grid	ZMW 872,077.35	Completed
Katongo-Chilolwa	Nakonde	Muchinga	Grid	ZMW 1,782,753.80	In progress
Bulamu	Nakonde	Muchinga	Grid	ZMW 1,696,230.18	Completed
Chipeco	Gweembe	Southern	Grid	ZMW 7,518,736.53	In progress
Kantengwa	Namwala	Southern	Grid	ZMW 5,580,201.41	In progress
James	Nyimba	Eastern	Grid	ZMW 1,026,304.98	In progress
Zuze	Petauke	Eastern	Grid	ZMW 7,851,093.66	In progress
Kampekete	Chongwe	Lusaka	Solar	ZMW 1,878,845.61	Completed
<b>SUBTOTAL (GEP) GRID</b>				<b>ZMW74,780,398.82</b>	



