

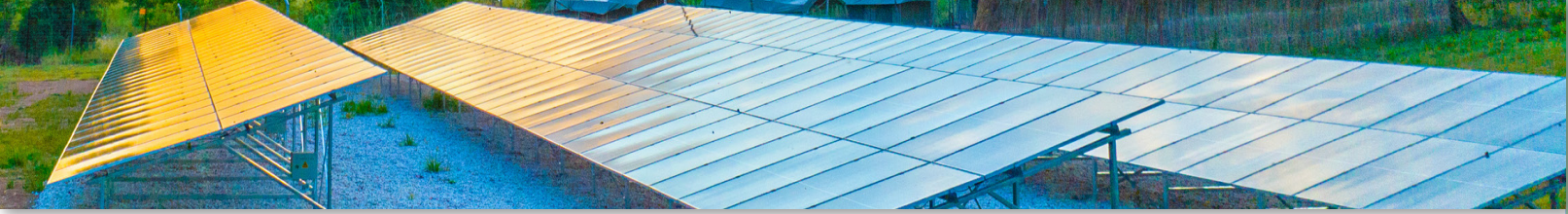
RURAL ELECTRIFICATION AUTHORITY



2023

**ANNUAL
REPORT**





GENERAL INFORMATION

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STRATEGIC PHILOSOPHY

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

VISION STATEMENT

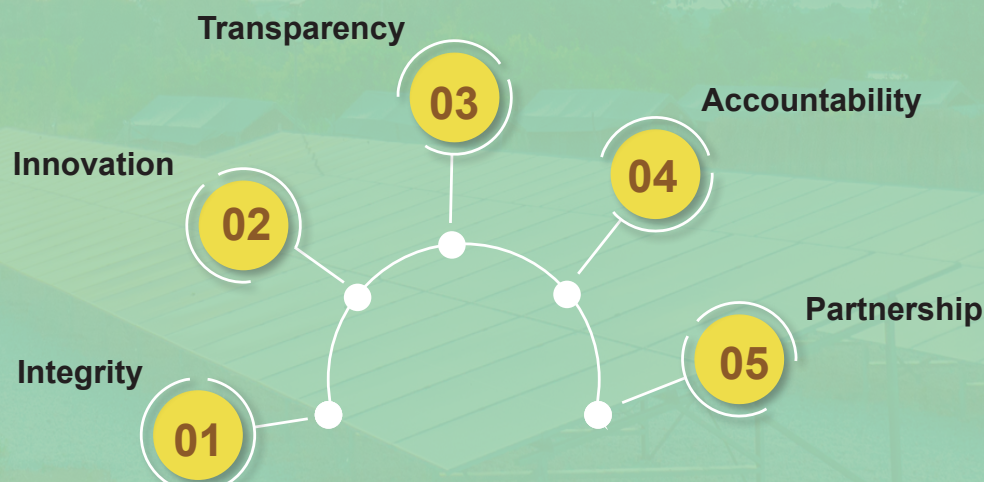
A beacon of excellence in providing access to electricity to all rural communities for improved livelihoods.

MISSION STATEMENT

To electrify rural communities in an equitable and sustainable manner for social-economic transformation.

CORE VALUES

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



REA has coined an acronym for the values as I²TAP.

2022 – 2026 STRATEGIC OBJECTIVES

REA's strategic objectives are:

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

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ACRONYMS

CP	Cooperating Partner
EDF	European Development Fund
EE	Energy Efficiency
EIA	Environmental Impact Assessment
ESAP	Electricity Services Access Project
GEP	Grid Extension Project
GIP	Grid Intensification Project
GRZ	Government of the Republic of Zambia
HT	High Tension
HSHS	High-Powered Solar Home System
IAEREP	Increased Access to Electricity and Renewable Energy Production
ICT	Information and Communication Technology
KMHPP	Kasanjiku Mini Hydro Power Plant
kWp	Kilo-Watt Peak
LV	Low Voltage
MoE	Ministry of Energy
MoU	Memorandum of Understanding
MP	Member of Parliament
NGOCC	Non-Governmental Gender Organizations' Coordinating Council
OG-RESS	Off-Grid Renewable Energy Smart Subsidy
PPP	Public-Private Partnership
REA	Rural Electrification Authority
REF	Rural Electrification Fund
REMP	Rural Electrification Master Plan
RGC	Rural Growth Centre
SHS	Solar Home System
SMG	Solar Mini Grid
WB	World Bank

GLOSSARY OF TERMS

Authority:	Refers to the Rural Electrification Authority.
Direct Beneficiaries:	Refer to individuals or groups who benefit directly from a rural electrification project, or who are the direct recipients of electricity from such a project.
Grid Densification	Refers to expansion of existing low voltage networks to connect clusters within 600 meters of existing distribution transformers.
Grid Intensification	Refers to 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.
High Tension Lines	Refers to electric lines that deliver electricity over long distances at a voltage of 11kV and above.
Kilo-Watt Peak	Refers to unit of measure for peak power output produced by a Solar System
Low Voltage Lines	Refers to 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)
Megawatt	Refers to unit of power equal to one million watts
Rural Electrification Fund	Refers to a fund created by the Rural Electrification Authority Act No. 5 of 2023.
Rural Growth Centre	Refers to a rural locality with a high concentration of residential. Settlements, and which is the centre of rural economic activities



Part of the High Voltage lines on the Chiefs in Itezhi-tezhi Grid Extension Project in Itezhi-tezhi district in Southern province

STATEMENT BY BOARD CHAIRPERSON

I am pleased to submit this Annual Report for the year ending 31 December 2023 on behalf of the Board of Directors of the Rural Electrification Authority (REA). This is in accordance with Part IV, Section 25 (1) of the Rural Electrification Authority Act No. 5 of 2023.

The Rural Electrification Authority was created with a mandate of providing electricity to the rural areas of Zambia. Government had set its target of reaching universal access to clean, affordable, reliable and sustainable electricity for everyone in the country by 2030. To achieve this the Authority was allocated, for the financial year 2023, with the highest ever Rural Electrification Fund (REF). With this REF, the Authority implemented the highest number of electrification projects ever undertaken in a single year. The Board played its role in ensuring that there was equitable distribution of electrification projects across the 10 provinces of the country. The Board further steered the Authority into increasing the number of off-grid electrification projects being undertaken. REA deployed biogas, solar mini-grids and High-Power Solar Home Systems not only to light up households, but to support health and education delivery systems, support agriculture and reduce cutting of trees for cooking.

During the year 2023, the REA Act No. 20 of 2003 was repealed and replaced with REA Act No. 5 of 2023. Notable changes in the new act were the increased number of Board members and the assignment to REA the responsibility to coordinate rural electrification activities in Zambia.

While we are proud of our achievements during the year 2023, the Authority also faced challenges that impacted negatively on its carrying out its mandate.

Fluctuations of the exchange rate risked the completion of most projects as the cost of imported materials increased significantly. The Authority also increased its interactions with the private sector and cooperating partners with a



view to invite funding for rural electrification. Notable among these was the interactions with constituencies through Members of Parliament and local authorities. The effort resulted in the signing of a number of MoUs for cooperation in electrifying their respective constituencies.

The Board recognises that there is still a lot of work to be done to meet the 2030 mandate. We are therefore committed to play our role in guiding the efforts to increase access to electricity especially for productive use. We will also shepherd the efforts to increase 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 Government of the Republic of Zambia, development partners for their continued support to REA. I would also like to thank Management and staff for their dedication towards implementation of electrification projects. I would also like to salute my fellow Board members and indeed those of previous Boards, whose invaluable efforts to build REA I cannot over-emphasise. Without all their contributions, we would not have been able to achieve the success we have had so far.

A handwritten signature in black ink, appearing to be 'B. Jaani', written over a light grey rectangular background.

Mr. Bruce Jaani
BOARD CHAIRPERSON

STATEMENT BY CHIEF EXECUTIVE OFFICER

I have the privilege and honour to report on the progress the Rural Electrification Authority made towards implementing the rural electrification mandate during the year 2023. In executing this mandate, the Authority was guided by the 2022 – 2026 REA Strategic Plan which identified the target rural electricity access rate by population of at least 18.4%. Given this ambitious target, the Rural Electrification Fund (REF) was allocated K743.6 million in the National Budget, which was equivalent to \$46 million at the prevailing exchange rate when the 2023 National Budget was announced.

For the year 2023, the Authority planned to implement a total of 103 rural electrification projects comprising 76 Grid Development Projects (GDPs) and 27 Off-grid Projects (OGPs) at a total cost of K844,235,116. These projects were distributed across the ten (10) provinces. Through these efforts, the Authority constructed 86.97km of HT lines, 133.38km of LV lines and two (2) solar mini grids. This directly benefited almost 3,275 rural households, 23 schools, 12 Rural Health Centres, as well as several Small and Medium Enterprises (SMEs). At the close of the year, the Authority had completed 13 GDPs and 6 OGP. The rest of the projects were at various stages of implementation since they had projects durations spanning over one year. Key among the projects was the biogas project which the Authority commenced piloting at 20 different schools in country (2 per province).

The Authority also implemented other electrification projects with financing or collaboration with development partners. The World Bank funded Electricity Service Access



Project (ESAP) achieved a subsidy connection rate of over 66,000, compared to the planned 38,000. The European Union (EU)'s Increased Access to Electricity and Renewable Energy Production (IAEREP) project's Transaction Advisory (TA) services came to an end in November 2023 with two contractors working on mini-grids demonstration projects entering the procurement phase of the projects. Activities under the Zambia Electric Cooperative Development Project included the formation of an Electric Cooperative in Ntatumbila, Nakonde District. The Cooperative held its General meeting and voted for its office bearers.

Towards the close of the year, Government announced the commencement of the 1000 Mini grids project, an initiative that is among priority developmental projects by the Republican Presidency. The Authority commenced engagements with the Presidential Delivery Unit (PDU) in the preparation of potential sites for mini-grids. To the extent, the Authority worked with the project Consultants (SE4ALL) in collecting data for the consolidation a Geographical Information System (GIS) database upon which the geospatial studies would be developed.

The Authority further commenced the process of updating the Rural Electrification Master

Plan (REMP) with a target completion month of September 2024.

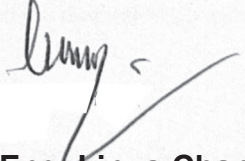
The activities carried out included determination of the Theory of Change, stakeholder consultations and data collection for the compilation of the Geographical Information System (GIS).

Working with the Ministry of Energy and the Zambia Statistical Agency (ZamStats), the Authority commenced the National Energy Access Survey (NEAS) for all the rural areas in Zambia. Data collection was completed by the turn of the year and report writing had commenced.

The Authority continued with its environmental stewardship initiatives. This included restocking

twice the trees cleared during construction of grid lines, compilation of Environmental and Social Impact Assessments (ESIA) for every project it implemented.

On the risk front, REA continued to be exposed to the risk of failure to achieve target rural electrification access and escalated electrification costs due to inadequate REF and global economic challenges respectively.



Eng. Linus 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 54 (1) of the Rural Electrification Act No. 5 of 2023, are to:

- (a) Promote the utilisation of available rural electrification technological options to enhance the contribution of electricity for the development of social and economic activities in rural areas;
- (b) Develop mechanisms for the procurement of grid extension networks, on-grid and off-grid systems, for rural electrification;
- (c) Recommend to the Government, programmes and interventions for the enhancement of access to electricity by rural populations;
- (d) Implement the rural electrification master plan in order to ensure the systematic electrification of rural areas;
- (e) Administer and manage the Fund;
- (f) Mobilise funds within and outside the Republic in support of rural electrification;
- (g) Procure the construction of rural electrification projects in accordance with the Public Procurement Act, 2020;
- (h) Design and offer developers or operators, on a competitive basis, smart subsidy for capital costs on projects that are designed to supply electricity for development of rural areas;
- (j) Finance project preparation studies for rural electrification projects in accordance with guidelines developed by the Authority;
- (k) Coordinate rural electrification with the private sector, non-governmental organisations and other institutions; and
- (l) Provide technical guidance and consultancy services to a State institution, rural community and any other organisation involved in rural electrification.

2.0 CORPORATE GOVERNANCE STRUCTURE

2.1 Board of Directors

The members of the Board of Directors continued to provide strategic oversight and direction to the Authority through the two (2) ordinary meetings and two (2) special meetings held during the period under review. In assisting the Board, the established Committees rigorously reviewed Management's quarterly reports including operational and strategic proposals. On 18 April 2023 the Rural Electrification Act No. 5 of 2023 was assented to by the Republican President.

The new Act changed the Board's composition and increased the membership from seven (7) to nine (9). Therefore, the members of the current Board and the Committees were allowed to continue to serve for a period of three (3) months from the date of assent. On 19 July 2023, the Board and the Committees were dissolved. As at 31 December 2023, the Board of the Authority was yet to be appointed. The membership of the Board of Directors as at 18 July 2023 was as shown below:



Mr. Bruce Jaani Board
Chairperson



Mrs. Mazuba Mwambazi
Member



Mr. Kayula Chimfwembe
Member



Mrs. Nancy Mwamba
Member



Mr. Mafayo Ziba
Member



Mr. Caesar Cheelo
Member



Eng. Linus Chanda Chief
Executive Officer

2.2 Board Committees

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

2.2.1 Technical Committee

As at 18 July 2023, the composition of the Technical Committee was as follows:

- i. Mr. Caesar Cheelo - Chairperson;
- ii. Mr. Mafayo Ziba - Vice-Chairperson;
- iii. Eng. Victor Chisenga - Member; and
- iv. Eng. Mutinta Esther Cholwe - Member.

During the period under review, the Technical Committee held two (2) quarterly meetings and one (1) special meeting.

2.2.2 Finance and Human Resource Committee

As at 18 July 2023, the following were the members of the Finance and Human Resource Committee:

- 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 two (2) ordinary meetings and one (1) special meeting.

2.2.3 Audit and Risk Committee

As of 18 July 2023, its membership was comprised of the following:

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

The Audit and Risk Committee held two (2) ordinary meetings and one (1) special Meeting.



REA Board members during tour of Kasanjiku mini hydro power station in Mwinilunga district North-Western province

2.4 Management Team

The Authority's Management Team is headed by a Chief Executive Officer (CEO) appointed as provided under section 14(1) of the Rural Electrification Act No. 5 of 2023.

The CEO oversees the daily operations of the Authority and is assisted by Directors and Managers who form part of the Senior Management Team. Below are the members of the Senior Management Team presiding over 287 members of staff.



Eng. Linus Chanda
Chief Executive Officer



Eng. Alex Mbumba
Director - Engineering
Services



Adrine Muchimba
Director Human Resources
and Administration



Joseph Ntanda
Director Finance



Jaqueline Musonda
Director Strategy and
Planning



Justin Mukosa
Manager - Corporate Affairs



Sylvester Mpande
Manager - Procurement



Nkomba Mulemba
Legal Counsel



Joseph Kenya
Manager - Audit and Risk

3.0 ANALYSIS OF THE AUTHORITY'S PERFORMANCE IN 2023

3.1 Overall Performance

This report provides a comprehensive account of the activities undertaken by the Authority under the 2023 Work Plan and Budget for the period 1 January 2023 to 31 December 2023. The activities were formulated using the six (6) Strategic Objectives (SO) from the 2022-2026 Strategic Plan. These objectives were:

- SO 1 : Improve rural electrification;
- SO 2 : Improve stakeholder collaboration;
- SO 3 : Improve financial capacity and management;
- SO 4 : Improve operational processes and procedures;
- SO 5 : Improve human capacity; and
- SO 6 : Improve administrative and logistical capacity;

During the period under review, the Authority undertook a total of four (4) strategic performance reviews to assess its performance towards achieving its objectives. The reviews

evaluated the performance of the Authority towards achieving the outputs for each strategy as aligned to each objective.

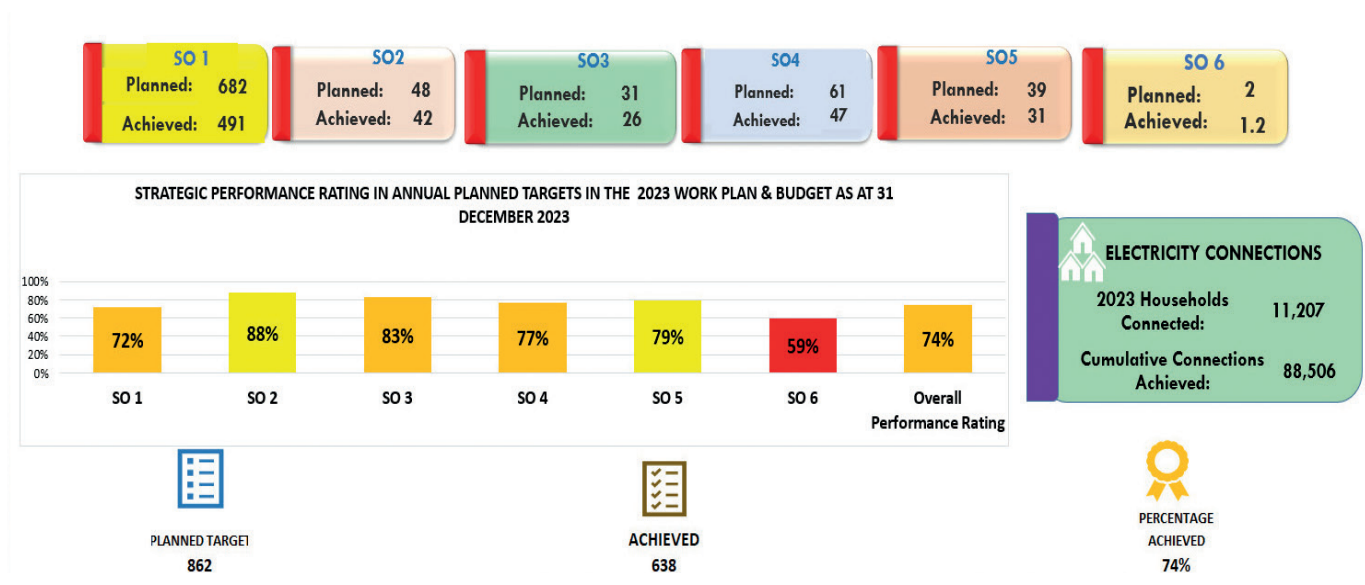
The Authority had planned to achieve 862 outputs out of which 638 were achieved representing a 74% overall performance.

Further, the Authority made significant strides in providing electricity access to remote areas that were previously without electricity. In the year 2023, over 11,000 households were connected to the national grid, bringing the cumulative number of connections achieved to 88,506.

The Authority continued to implement the Rural Electrification Master Plan (REMP) which was developed in 2008 with a target of 1217 Rural Growth Centres (RCGs). The number of RCGs connected as at 31 December 2023 was 534.

Figure 1 shows a dashboard for the summary performance of the Authority during the year.

Figure 1: REA dashboard for the Performance Review of the 2023 Work Plan and Budget



During the year 2023, the Authority received a total of K1,082,822,187, as Rural Electrification Fund (REF). 87% of the REF came from Government allocation, and 12% from other sources as shown in figure 2. The Authority had a total expenditure of K632,923,248 representing a burn rate of 58%. The remaining funds were committed to projects that were still under implementation as at the end of the year and were earmarked for completion in 2024.

During the year 2023, Government repealed and replaced the Rural Electrification Act No. 20 of 2003 with REA Act No.5 of 2023, which, among other things assigned the responsibility of coordination of rural electrification activities to REA.

The Authority also commenced the process of updating the REMP in order to bring it up to date with the prevailing demographic, social,

economic and environmental situation in the rural areas. These parameters have changed since 2008 when the REMP was implemented. Some of these changes include the creation of the 10th province, new districts and constituencies.

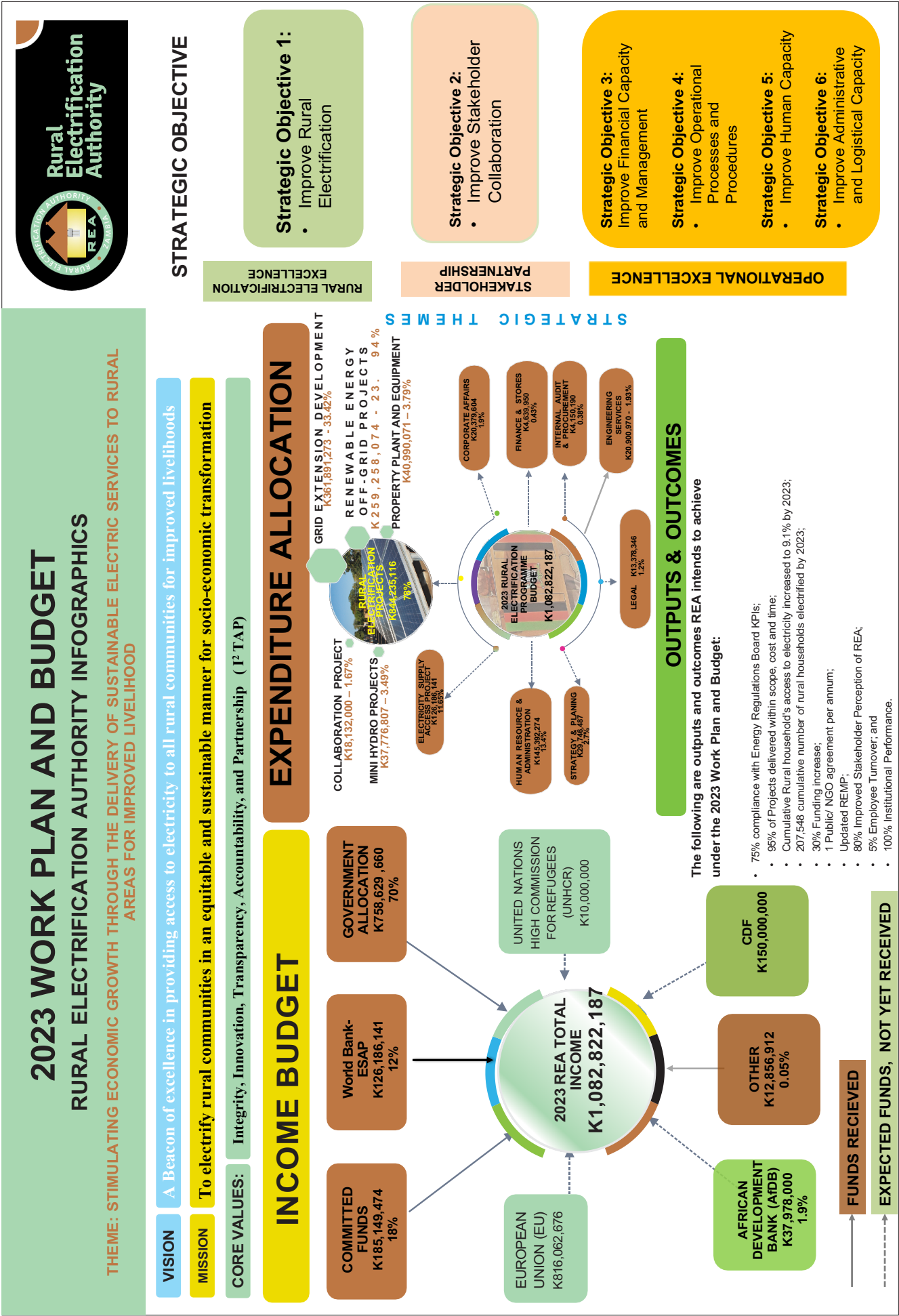
The Authority continued its decentralisation programme by opening of provincial offices in Mongu, Chipata and Mansa, over and above regional offices that were created in Solwezi, Kasama and Choma.

Working with NRECA International, the Authority implemented the Zambia Electric Cooperative Development Programme (ZECDDP), creating the first-ever Electric Cooperative in Zambia. The electric cooperative model serves as an innovative way of increasing access to electricity in rural areas through sustainable business models.



Construction of high voltage lines on the Chiefs in Itzhi- tezhi grid extension project in Southern province

Figure 2: Infographic on the 2023 Work Plan and Budget



FUNDS RECEIVED

EXPECTED FUNDS, NOT YET RECEIVED

3.2 Electrification Projects

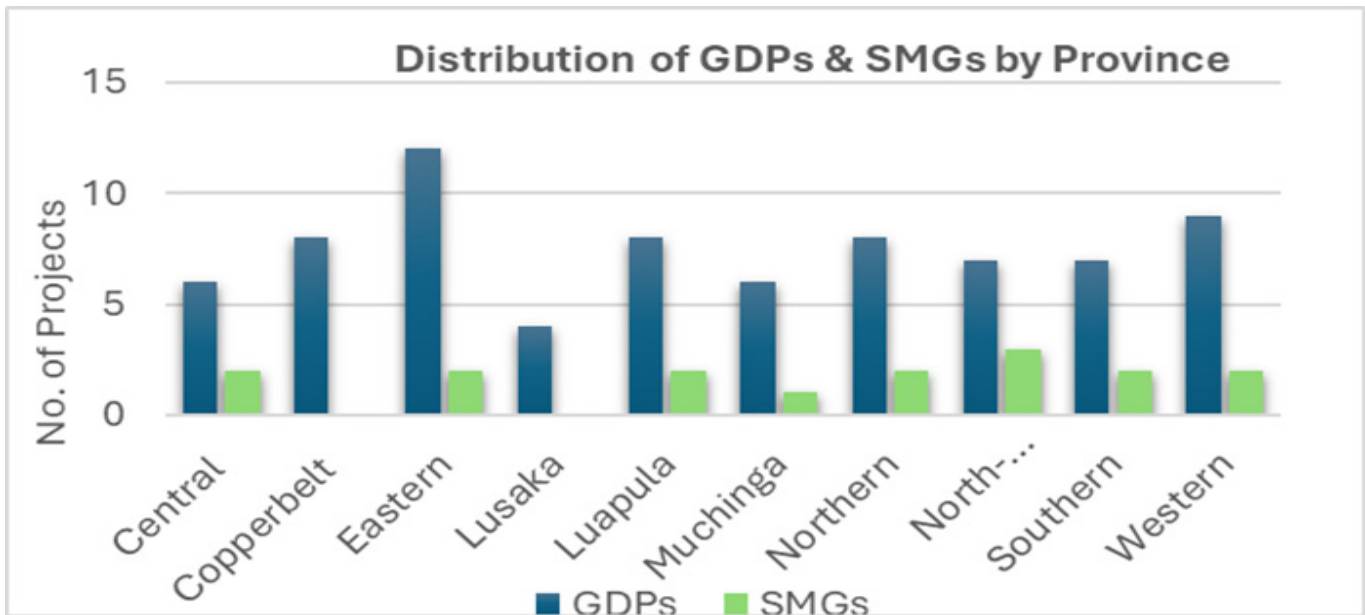
During the year 2023, the Authority planned to implement a total of 103 rural electrification projects at a total cost of K679,327,682. These projects comprised 76 Grid Development Projects (GDPs) and 27 Off-grid Renewable Energy Projects (OGPs) distributed across all the ten (10) provinces of Zambia.

3.2.1 Grid Development Projects

The Authority planned to implement a total

number of 76 Grid Development Projects (GDPs) across the country targeting public infrastructure, households, farm blocks, districts and communities. 17 of the GDPs were scheduled to be completed by the end of the year, while the remaining projects were scheduled to be completed in 2024. Figure 3 below highlights the distribution of GDPs and Solar Mini Grids (SMGs) across the ten provinces.

Figure 3: Distribution of Grid Development Projects and Solar Mini Grids by Province



Construction of high voltage lines on the Chiefs in Itezhi-tezhi grid extension project in Southern province

As at 31 December 2023, the Authority had completed a total of 13 out of the 17 GDPs which resulted in 2,982 connections comprising 18 schools, eight (8) Rural Health Centres, two (2) other public facilities, one (1) palace and 2,953 households.

The list of completed projects are tabulated in Table 1 below. The remaining projects were at various stages of implementation as indicated in Appendix 1.

Table 1: Completed Projects within 2023.

S/N	PROJECT NAME	DISTRICT	PROVINCE	TARGET CONNECTIONS
1	Zuze 2021 GIP	Petauke	Eastern	345
2	Ndewe-Simambumbu 2021 GIP	Petauke	Eastern	506
3	James 2021 GIP	Nyimba	Eastern	150
4	Matunga 2021 GIP	Katete	Eastern	160
5	Katengwa 2021 GIP	Namwala	Southern	60
6	Katongo-Chilolwa 2021 GIP	Nakonde	Muchinga	300
7	Mutenda-Muchinshi 2021 GIP	Chingola	Copperbelt	315
8	Kanongesha 2021 GIP	Mwinilunga	North-Western	378
9	Kathumba 2023 GEP	Sinda	Eastern	520
10	Banakaila 2023 GEP	Menze	Southern	60
11	Maguya 2023 GIP	Chipata	Eastern	100
12	Shimbizhi 2023 GIP	Mumbwa	Central	49
13	Mweeke 2023 GIP	Mongu	Western	39
	TOTAL			2,982



Transformers ready for delivery to labour-based project sites

3.2.2 Off-grid Projects

The Authority planned to implement 27 off-grid renewable energy projects (OGPs). These comprised:

- (a) 23 solar energy projects comprising 17 Solar Mini-Grids (SMG) Projects and six (6) Solar Home Systems (SHS) Projects. These projects aimed to reach 2,389 households, 16 schools, 110 Rural Health Centres and 79 Chief's Palaces.
- (b) One (1) bio gasification project which targeting 20 boarding schools in the ten (10) provinces (two per schools province);
- (c) Three (3) distribution network expansions planned for the off-grid network at Kasanjiku Mini Hydro Power Plant (KMHPP). This comprised 28km of 33kV distribution network expansion to provide electricity supply to Kanyamisovu, Tomilunga, Kashambila and Nkenyauli load centres. The project targeted two (2)

schools, two (2) Rural Health Centers (RHC) and 155 households bringing the cumulative total connections in the area to 904.

The Authority continued to implement the World Bank funded Off Grid Renewable Energy Supply Service (OG-RESS) project through five (5) different private developer contracts. Table 2 shows the status of OG-RESS as at 31 December 2023.

The Authority planned to develop more mini hydro power generating sites emanating from the feasibility studies carried out under the Increased Access to Electricity and Renewable Energy Production (IAEREP) project. During the year 2023, feasibility studies for five (5) potential sites were carried out. These sites included, 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 and Lunte districts.

Table 2: OG-RESS Status as of 31 December 2023

NO.	DEVELOPER	LOT DESCRIPTION	CONTRACT SUM (US\$)	STATUS AS 31 DECEMBER 2023
1	Contractor 1	Lot 4 - Solar Hybrid Systems	298,498.00	The Contractor had acquired the ZEMA Environmental Clearance and was scheduled to commence works in the first quarter of 2024.
2	Contractor 2	Lot 2 - Solar Mini Grids	500,000.00	Works were in progress; the Contractor was on site and had since completed procurement of power system equipment schedule to be delivered within the first quarter of 2024.
3	Contractor 3	Lot 2 - Solar Mini Grid	500,000.00	The Contractor had acquired the ZEMA Environmental Clearance and was scheduled to commence works in the first quarter of 2024.
4	Contractor 4	Lot 1 - Solar Home Systems	136,000.00	The Contractor had commenced deployment of systems and as of 31st December 2023, a total of 350 had been deployed (Target: 3,250 systems).
5	Contractor 5	Lot 2 - Solar Mini Grid	495,000.00	The Contract was not signed as the Contractor pulled out during the negotiation stage. The affected sites were to be considered for electrification under the REA capital budget subject to availability of funds.

As at 31 December 2023, the Authority had completed installations of solar systems targeting three agricultural sites and installation

of solar home systems for 103 NGOCC-identified beneficiaries. the status of the rest of the OGP's are as summarised in Table 3.

Table 3: Status of Off-grid renewable energy projects as at 31 December 2023

S/N	PROJECTS	PLANNED	COMPLETED	OVERALL STATUS	COMMENTS
1	Solar Mini Grids (SMG)	17	2	12%	The remaining were scheduled to be completed in Quarter 1 of 2024.
2	Solar for Health	1 (100 RHCs)	33	33%	The remaining were scheduled to be completed in Quarter 1 of 2024.
3	Solar for Chiefs	1 (79 Palaces)	8	10%	The remaining 71 SHSs had been delivered pending installation
4	Solar for Households	1 (200 Households)	200	50%	Delivery completed pending distribution
5	Solar for Agriculture	1 (3 Sites)	3	100%	Completed
6	NGOCC SHS	1 (103 units)	1 (103Units)	100%	Completed
7	Biogas	1 (20 Schools)	6 (Schools)	30%	The remaining were scheduled to be completed in Quarter 1 of 2024.
8	OG-RESS-ESAP	5	0	0%	Refer to Table 2 above for detailed status
9	IAEREP	5 (221 Sites)	0	0%	Refer to Table 6 under section 3.7.7 for detailed status

3.2.3 Partner Funded Electrification Projects

During the period under review, the Authority continued to collaborate with various cooperating and development partners to implement electrification project. In particular, the Authority worked with the World Bank (WB) and the European Union (EU) to implement the Electricity Services Access Project (ESAP) project and Increased Access to Electricity and Renewable Energy Production (IAEREP) project respectively.

a) Electricity Service Access Project (ESAP)

The Electricity Service Access Project (ESAP) which commenced in 2018, was aimed at increasing electricity access in targeted rural areas. It also provided assistance in creating an enabling environment for accelerated national electricity access in Zambia. The project had three (3) major components as outlined below.

i) On-Grid Electricity Access Expansion

This component was an Output-Based Aid (OBA) subsidy programme for targeted rural communities. In some cases it involved strengthening and extension of the distribution network so as to handle new last mile connections.

Under this component, the Authority implemented eight (8) out of the ten (10) grid extension and reinforcement projects. The completed projects were in Western, North-Western, Copperbelt, Luapula, Eastern, Northern and Southern provinces. Two projects in Muchinga and Central provinces were retendered and scheduled to be completed in 2024.

During the year under review, the Authority recorded 10,695 new subsidy connections bringing the cumulative total to 66,207. The highest cumulative number of connections of 12,366 were recorded in Eastern province, while the least number of 2,082 connections were on Copperbelt province. This difference in the number of connections was attributed to the fact that some areas did not have grid network in place and the population density difference.

Table 4 shows the summary of the last mile connections achieved under ESAP as of 31 December 2023.

Table 4: Distribution of subsidy connections among provinces as of 31 December 2023

NO.	PROVINCE	TARGETED NUMBER OF CONNECTIONS (T)	CONNECTIONS AT 31 DECEMBER 2023 (A)	VARIANCE (A-T)
1	Central	5,259	7,892	2,633
2	Copperbelt	1,016	2,082	1,066
3	Eastern	8,265	12,366	4,101
4	Luapula	3,663	9,200	5,537
5	Lusaka	632	2,975	2,343
6	Muchinga	5,941	8,902	2,961
7	Northern	4,180	4,033	(147)
8	North Western	4,489	3,460	(1,029)
9	Southern	3,529	11,320	7,791
10	Western	1,322	3,977	2,655
	TOTAL	38,296	66,207	27,911

ii) Off-grid Electricity Access Expansion

This component which was called Off-grid Rural Electrification Smart Subsidy (OG-RESS) was a pilot project which incentivised private operators to provide electricity to households, public facilities, and MSMEs in the selected rural localities. The target was to develop solar mini-grids or Solar Home Systems at an agreed electricity service level. The subsidy was aimed at covering the viability gap which was the difference between the cost of providing a connection and what consumers were willing to pay. The programme also included the operationalisation of the Credit line under the Development Bank of Zambia.

During the year under review, four (4) Solar Mini Grids were under implementation by selected service providers. 200 Solar Home Systems were also distributed in Central province.

iii) ESAP Implementation Support

This component financed Technical Assistance (TA) for GRZ to:

- ensure that the project reached its objective of enhancing and improving the enabling environment needed for a substantially scaled-up electrification effort; and
- support effective project implementation.

The major activities implemented included:

- Development of the Least Cost Geospatial Electrification Plan (LCGEP):
- Development of the National Electrification Strategy (NES)
- Capacity building of key implementing institutions.

The overall performance of ESAP from its implementation in 2018 is summarised in Table 5.

Table 5: Summary of Subsidy Connections as of 31 December 2023

NO.	KEY RESULT	TARGET	STATUS	COMMENT
1	People provided with new or improved electricity service	114,400.00	314,607	Above target
2	Number of Household Connections	22,000	56,994	Above target
3	Number of MSEs	1,000	9,311	Above target
4	No. Female Headed Households	4,400	16,878	Above target
5	Distribution lines constructed or rehabilitated under the project	550km	374.8km	In progress
6	Percentage of grievances registered related to delivery of Project benefits that are actually addressed	100	100%	Works in progress
7	Loan Facility operationalized (N/Y)	Loan Facility Operationalized	y	Operationalized
8	Subsidy Program (OGESSP) piloted (N/Y)	Subsidy Program (OGESSP) piloted	y	Implementation of 4 contracts in progress
	National Electrification Strategy Developed (NES) (N/Y)	National Electrification Strategy developed and publicly consulted	y	The NES finalisation is now under the Ministry of Energy
10	Number of people trained in sector policy and technical aspects	25	124	Above target
11	Geospatial Master Plan developed and publicly consulted (N/Y)	Geospatial Master Plan developed and publicly consulted	y	Report adopted by stakeholders in the energy sector

b) Increased Access to Electricity and Renewable Energy Production Project (IAEREP)

This project was procured by Government through a Financing Agreement with the European Union. The project was aimed at supporting Zambia's energy sector through increased access to clean, reliable and affordable energy and promotion of renewable energy production and energy efficiency.

The project targeted the development of 196 solar mini-grids across the country.

The project comprises two (2) Technical Assistance (TA) focusing on:

- (a) Enhancement of policy, legal and regulatory environment as well as capacity building for renewable energy and energy efficiency
- (b) Capacity building for renewable energy and energy efficiency-feasibility studies and demonstration projects.

The Authority had the responsibility to ensure that capacity was built for Renewable Energy and Energy Efficiency project through demonstration projects.

During the year under review, the Authority awarded three (3) grant contracts under renewable-energy powered mini-grid demonstration projects with the private sector.

The Authority identified Lunga in Luapula province, Chunga in Kafue national park, in Central province, and Chishi Island on lake Bangweulu in Luapula province as sites for the demonstration projects under the Public Private Partnership (PPP) model for solar PV mini grids.

During period under review, the following achievements were made:

- Construction and operation of 4 out of 196 Solar Mini Grids.
- Development of a monitoring and evaluation baseline survey for the grant contracts.
- Implementation of 20 capacity building programmes for the public and private sector.
- Development of five (5) feasibility study reports for solar mini grid sites.
- Development of five (5) feasibility study reports for hydro projects sites

With regards to the PPP model at Lunga, Chunga and Chishi, the Authority could not implement due to failure of pre-financing payment to implementing partners. The Authority decided to takeover electrification of these sites in subsequent years.

The implementation status for the four (4) grant beneficiaries is as presented in Table 6: below:

Table 6: Status for the Four (4) Grant Beneficiaries as of 31 December 2023

NO.	PRIVATE DEVELOPER	NO.OF SITES	STATUS AS 31ST DECEMBER 2023
1	Contractor 1	25	The grant contract had automatically terminated because pre financing payment was not made.
2	Contractor 2	132	The developer SMZ has implemented 4 mini grids. REA will request for the implementation plan for 132 project sites.
3	Contractor 3	60	The developer was undertaking planning and procurement in order to start the implementation in 2023. REA will request for the implementation plan for the 60 project sites.
4	Contractor 4	4	The developer was undertaking planning and procurement in order to start the implementation in 2023. REA will request for the implementation plan for 4 mini grid sites and 9 solar home system project sites.



Residents in the grass thatched houses have also benefited from the electrification programme

c) National Rural Electric Cooperative Association International

The Authority continued its collaboration with National Rural Electric Cooperative Association (NRECA) International of the United States of America, to jointly implement the Zambia Electric Cooperative Development (ZECDP). This was intended to provide electrification solutions to a minimum of five (5) selected rural areas using “Electric Cooperative” business model.

An Electric Cooperative refers to a private, nonprofit organisation owned by its members or customers whose principal purpose is to deliver electrical power to the residents living in its service area and operated as a business.

In 2023, the Authority and NRECA International jointly held a stakeholder sensitisation workshop on Electric Cooperatives. The first Electric Cooperative formed was located in the Muchinga Province. The formation of the second Electric Cooperative to be located in the Eastern Province was also initiated.

d) United Nations Development Programme

In 2023, the Authority continued with efforts to access funding from the UNDP under the

Africa Mini-grid Programme.

This programme aimed at supporting access to clean energy by increasing the financial viability, and promoting scaled-up commercial investment, in low-carbon mini-grids with a focus on cost-reduction levers and innovative business models. The total available funding under this programme was US\$14,963,947.00.

During the review period, the Authority and UNDP jointly held a validation workshop to develop the Project Document that will guide the implementation of this project, as well as undertake preliminary steps towards site identification of the development of the Solar mini grids.

e) United Nations High Commission for Refugees

The Authority signed a Memorandum of Understanding with the United Nations High Commission for Refugees (UNHCR) and the Ministry of Home Affairs and Internal Security (MHAIS). The objective of the MoU was for the parties to pool resources and collaborate in the electrification of unelectrified districts that were hosting refugees as well the electrification of the associated refugee settlements.



Beneficiaries of the rural electrification programme at Chinyanta rural health centre

During the review period, the Authority began the development of a grid extension project in Maheba Refugee Settlement and surrounding areas, in Kalumbila district of North-Western targeting 40,510 residents at a total cost K16,274,668.

f) Cities and Infrastructure for Growth Zambia

The Authority continued working with the Cities and Infrastructure for Growth Zambia (CiGZambia) in reviewing and updating of the REMP and development of capacity and tools for updating the REMP. Further, this collaboration facilitated for both a Theory of Change (ToC) workshop and a stakeholder consultation workshop on the REMP update.

g) Academia

As part of its strategy to promote Research and Development, the Authority established strategic partnerships with the University of Zambia. The partnership was aimed at bridging the gap between the academia and the industry by providing students with opportunities to resolve industry problems.

In the year under review, the Authority worked on renewable energy projects with the University of Zambia and conducted some studies on the optimisation of the Solar Hammermill in Kampekete Area. In addition, the Authority initiated the development of a Memorandum of Understanding (MoU) with Copperbelt University (CBU).

The MoUs with learning institutions are expected to serve as pillars for fostering long-term partnerships, facilitating joint research and innovation, and nurturing talent through academic-industry collaboration.

h) Zambia Statistics Agency

The Authority in conjunction with the Ministry of Energy (MoE) collaborated with the Zambia

Statistics Agency (ZamStats) to undertake a National Energy Access Survey (NEAS) to measure the level of “access to energy,” within the country.

During the period under review, the Authority completed data collection and field data cleanup. Data analysis and result dissemination was planned for first quarter of 2024.

i) Ministry of Local Government and Rural Development

The Authority continued its collaboration with Local Authorities in the implementation of Priority Rural Electrification Projects (PREPs). PREPs consist of areas identified in each constituency for electrifications using the K1 Million under the Constituency Development Fund (CDF).

As of 31 December 2023, a total of 74 Memoranda of Understanding (MoU) were signed under the CDF collaboration with Local Authorities. The signed MoUs represented 47 percent of the overall targeted 156 MoUs.

The Authority continued to engage key stakeholders on this project. In this regard the following engagements were held:

- i) A symposium with Members of Parliament was held from 11 -13 July 2023. This was to provide an update to the MP’s on the progress of the Project and also to obtain feedback.
- ii) An orientation workshop for Council Secretaries whose councils had existing MoU. Was held on 28 November 2023. The purpose of the workshop was to sensitise participants on the implementation of CDF projects.

As a way forward the Authority continued to institute measures to fast-track the process of submission of PREPs by Local Authorities and scoping of sites.

4.0 PERFORMANCE OF OPERATING MINI-GRIDS

The Authority continued to operate 11 off-grid networks comprising one (1) mini hydro and ten (10) solar mini grids (SMG). The performances of these networks are highlighted in the following sections.

4.1 Kasanjiku Mini-Hydroower Plant

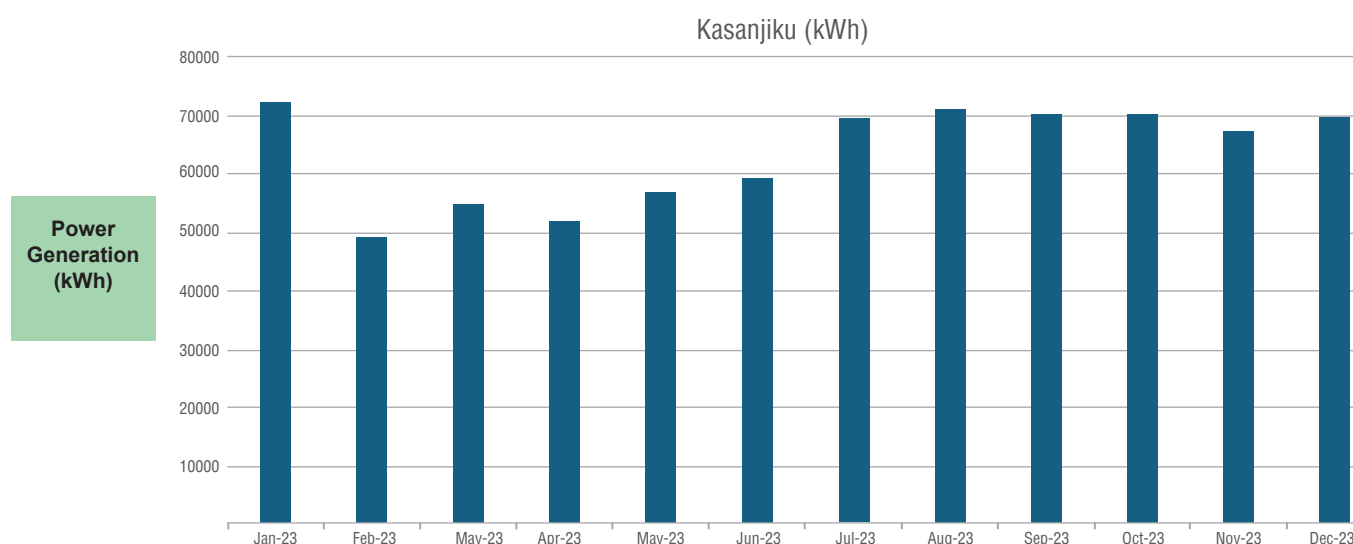
The 640kW Kasanjiku Mini Hydro Power Plant (KMHPP) operated satisfactorily during the year. Average power generation was

64,000kWh/month at an average availability of 99%.

The annual units generated were 761.6MWh with a maximum demand of 180kW on 15 September 2023 at 19 hours. The monthly energy generation (kWh) is shown in Figure 4.

Consumers of electricity from Kasanjiku Mini-hydro power plant continued to receive free electricity as the Authority was still installing the vending system for electricity tokens.

Figure 4: Performance of Kasanjiku Mini Hydro Power Station as at 31 December 2023



Kasanjiku mini hydro power station in Mwinilunga district, North-Western province

4.2 Solar mini grids

REA continued to operate ten (10) solar mini-grids with a combined capacity of 409 kWp and over 1000 beneficiaries.

The performance of these SMGs was as indicated in Table 7.

Table 7: Performance of Solar Mini Grids as at 31 December 2023

MINI- GRID	CAPACITY (kWp)	CONNECTIONS
Moyo	49.5	50
Chaba	49.5	250
Ngabwe - Mukatamwene	9.95	50
Ngabwe - Mumeno	19.85	60
Mpanta	60	200
Kampekete	5	70
Chibwika	32	180
Kabamba	40	43
Ngabwe District Council	32.2	50
Chunga	111	87
Total	409	1040



Solar panels at the Chunga solar mini grid project in the Kafue national park in Mumbwa district, Central province

5.0 Environmental Stewardship, Monitoring and Evaluation

5.1 Environmental and Social Impact Management

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

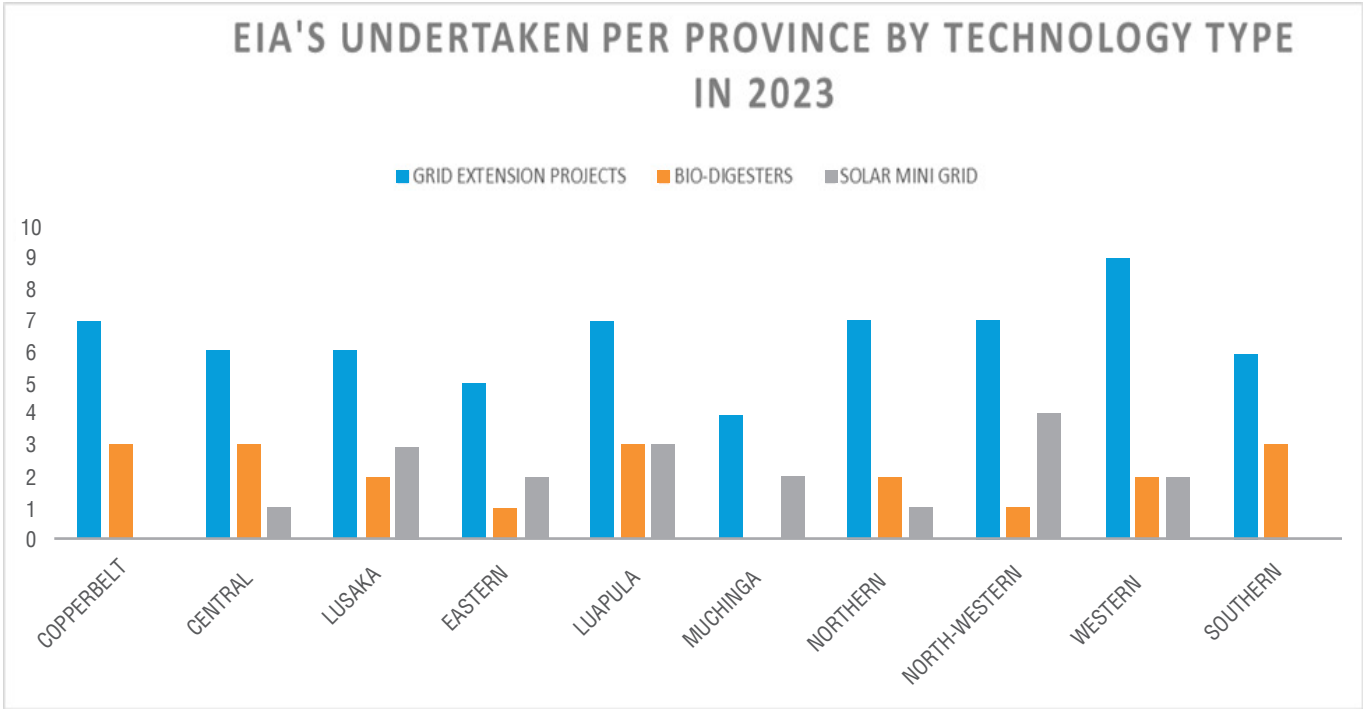
Table 7: Notable Environmental and Social Impacts and Associated Mitigation Measures

IMPACT	MITIGATION MEASURES
Air Pollution	<ul style="list-style-type: none"> i. Designated routes were established on site for motor traffic. ii. All the sand or soil heaps were removed to avoid nuisance dust arising from prevailing wind. ii. All earth materials were watered and/or covered with appropriate material to suppress dust emission. ii. All equipment and machinery were regularly serviced
Noise Pollution	<ul style="list-style-type: none"> i. All land preparation activities took place during the day
Soil Contamination	Regular servicing and maintenance of equipment and vehicles.
Occupational and Public health safety risks	<ul style="list-style-type: none"> 1. 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. ii. Ensured compliance to Occupational Safety and Health standards throughout the project. iii. All site workers underwent Safety, Health, Environment and Quality assurance inductions before starting work and after leave break. iv. All contractors provided their own trained Safety, Health and Environmental Officers on site. v. Personal protective clothing was supplied to each worker
Hazardous waste generation	<ul style="list-style-type: none"> i. 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.
Increased cases of HIV/AIDS sexually transmitted infections	<ul style="list-style-type: none"> i. 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. ii. Implemented a comprehensive HIV/AIDS and STI education campaign targeting all workers hired for the project, both local and international.
Loss of Vegetation	<ul style="list-style-type: none"> i. Clearing of vegetation was restricted to the way leave width and areas for access roads. Way leaves vegetation clearing guidelines were compiled with. Only areas needed for construction of structures were cleared

During the period under review, the Authority undertook 102 environmental impact assessments in nine (9) provinces for the new

projects under the 2023 Work Plan and Budget as outlined in figure 5.

Figure 5: Environmental Impact Assessments Undertaken Per Province by Technology Type in 2023



The Authority also undertook environmental monitoring activities to ensure

effective implementation of mitigation and enhancement measures in all its projects.



Tree planting exercise in Chifunabuli district in Luapula province

5.1.1 Afforestation for environmental sustainability

During project implementation, specifically way leave clearance, the Authority cuts down several trees in order to adhere to the Wayleave Code of Practice. This practice is undertaken in projects that involve construction of a distribution network.

As an environmentally compliant institution, the Authority embarked on tree planting exercises to compensate for the vegetation cleared during the creation of wayleave for its projects. However, due to lack of monitoring by the communities and partnering institutions as well as inadequate sustainability activities, a significant number of trees across the woodlots

planted by REA were lost.

In this regard, the Authority prioritized monitoring and sustainability as opposed to afforestation.

The Authority identified the need to develop an implementation plan for future projects and sustainability plan for the current woodlots. The plan aims to taking a hands-on approach to monitoring and sustainability, come up with innovative ways of getting stakeholders on board and put in place measures for a seamless handover of the woodlots. The Authority will continue undertaking the tree planting exercises annually for the subsequent years to come.



REA members of staff display a message of environmental harmony after tree planting exercise in Chifunabuli district in Luapula province

5.2 Project Monitoring & Evaluation

5.2.1. Project Monitoring

The Authority continued to monitor all projects under implementation. The project field visits were a routine activity to track the progress achieved as well as document challenges faced during the implementation of rural electrification projects for purposes of generating evidence for appropriate decision-making.

5.2.2. End of Project Evaluation

The Authority undertook end of project evaluations on 12 projects that were completed in 2023 namely Bulaimu, Kanongesha, Kantengwa, Kasanjiku Lot 2 (Tomu Ilunga Primary and Secondary Schools, and Rural Health Centre), Kasanjiku Lot 3 (Nkenyauli and Kashimbila Primary Schools), Kopa, Katongo-Chilolwa, James/Luembe Phase II, Ndewe-Simambumbu, Zuze and Matunga.

5.2.3. Project Planning and Appraisals

The Authority commenced updating the Rural Electrification Master Plan (REMP) to ensure it's alignment with Sustainable Developmental Goal (SDG) 7, which aims at attaining universal access to electricity in rural areas by 2030. The updated REMP will be a dynamic and evolving plan, responsive to realities on the ground which include redefined boundaries, established new districts and rise in socio-economic activities. During the period under review, the Authority conducted the following activities;

a) Stakeholder Consultation Workshop

The Authority conducted a stakeholder consultation workshop to enlist stakeholder input into the REMP update process.

b) Development of the Framework for Updating the REMP

The Authority developed a framework for updating the REMP. The framework aimed at highlighting the challenges and identifying the gaps in its implementation. In addition, the framework aimed at recommending how the identified gaps can be addressed during the development of the revised REMP.

c) Consolidation and Harmonisation of Geospatial Surveys

The Authority started consolidating and harmonising Rural Growth Centres (RGCs) with all geospatial surveys undertaken by NRECA International, surveys in the Least Cost Geospatial Electrification plan (LCGEP), studies on the 1000 mini-grid by Presidential Delivery Unit (PDU) under Sustainable Energy for All (SeforAll), ZamStats, Rural Health Centers from Ministry of Health (MoH) and Schools from the Ministry of Education (MoEd).

The Authority plans to develop a consolidated rural electrification GIS database. For the database to be developed, the Authority will undertake the ground truthing and proofing on the ZESCO Medium Voltage (MV) network and Points of Interest (Load centers) in 2024. Once the database is developed, it will help the Authority effectively coordinate the rural space and keep track of the electrification by all stakeholders in the space.

6.0 PUBLICITY AND STAKEHOLDER ENGAGEMENT



REA Community Project Committee members during a community sensitisation programme for Kamphambe grid development project in Katete district, Eastern province.

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 2023.

6.1 Publicity and Awareness Programmes

The Authority continued to actively inform the nation about its activities and progress being made through various publicity and awareness programmes. During the period under review, the Authority organised a National Media Awards ceremony and participated in two (2)

national exhibitions. Further, the Authority organised Eight (8) media facility visits for media coverage of selected rural electrification project sites in Eastern, Luapula, Southern, Northwestern, Western, Copperbelt and Northern provinces.

Furthermore, the Authority held two (2) press briefings to announce the commencement of the 2023 Work plan and budget and the announcement of the Electricity Services Access Project (ESAP) credit line. One press release was issued to announce the commencement of the electrification of Mitete district and Mebeha Refugee Settlement in Mitete and Kalumbila districts respectively. During the period under review, the Authority also organised the official commissioning of Mufubushi and Salamano Grid extension projects in Mpika and Kitwe districts, respectively. This was in addition to the flagging off event of all the 2023 projects by her Honour the Vice President of the Republic of Zambia, W.K. Mutale Nalumango M.P in Kabompo, Northwestern province.

The Authority developed the Communication Strategy for 2023 – 2026. The overall objective of the strategy is to assist the Authority to effectively communicate, engage, and manage its stakeholders. The strategy will respond to the strategic communication areas based on the principles, priorities, and objectives of the 2022-2026 institutional Strategic Plan. Prior to the completion of the Communication Strategy, the Authority conducted a national survey on levels of awareness about the rural electrification programme in Zambia.

The survey captured 841 respondents in 9 provinces drawn from surrounding rural centres in different districts around provincial capitals. The survey revealed that the levels of awareness by the respondents on rural electrification issues and activities stood at 54%.

To enhance visibility on the promotion of partnerships with local authorities in the Country, the Authority facilitated media engagement during ten (10) Memorandum of Understanding signing ceremonies held in various provinces across the country.



Flag Off event of all the 2023 projects by her Honour the Vice President of the Republic of Zambia, Mrs. W.K. Mutale Nalumango M.P in Kabompo district, Northwestern province.



Beneficiaries of the Solar for Agriculture project in Lumwana West in Mwinilunga district in North Western province

6.2 Community Sensitisation and Awareness Programme

The Authority attaches a premium on effective stakeholder management strategies including community profiling, community sensitisation and education awareness activities, Community re-sensitization and monitoring of community mobilisation activities as well as social inclusion activities. The objective of these engagements is to ensure project sustainability arising from stakeholder project ownership and buy-in. This ultimately delivers the much-needed project support manifested in connecting to electricity, provision of security for the installed infrastructure and engagement in productive uses of electricity in line with the government ambitions set out in the Rural Electrification Act No 5 of 2023.

During the year under review, the Authority conducted the following sensitisation and awareness activities.

- i) Sensitisation and education awareness in 66 grid development project and 17 off-

grid project areas for 2023 domiciled in various provinces of the country.

- ii) Re-sensitisation and monitoring of community mobilisation activities in 28 on-going project areas to ensure that there were no challenges affecting the successful implementation of these projects.
- iii) Community profiling and HIV sensitisation activities in 66 on-grid and 17 off-grid project areas to provide HIV/AIDS pandemic prevention and mitigation sensitisation information to communities.
- iv) Held Six provincial and 51 district stakeholder engagements.

Through these engagements, the Authority highlighted various cross-cutting issues including project schedules, monitoring and supervision, project opportunities, HIV/AIDS pandemic, project areas security, productivity, and social inclusion.

6.3 Affirmative action to Support Women-Led Contractors

Over the years, participation by women-led contractors in undertaking projects tendered by the Authority been insignificant. In 2023, the Authority awarded 5 percent of Grid Development Projects contracts to women-led construction companies to begin encouraging a positive narrative on women participation in rural development.

The Authority is determined to rewrite the history of women-led companies participating in construction projects. The Authority is taking affirmative action to support women-led companies in the construction industry where they have been underrepresented. These bold steps are aimed at leveling the playing field through deliberate approaches of empowering female contractors.

Part of the steps taken is awarding four (4) labour-based contracts under Grid Development to women-led companies.

As part of the actions to build capacity of contractors in preparation of responsive bids, the Authority undertook training workshops

in Southern, Copperbelt, and Northern Provinces. These actions are meant to enable the dismantling of systemic barriers and create a more inclusive environment for female contractors.

Some of affirmative strategies to be undertaken to encourage female contractors to participate include;

- (a) **Contract Set-Asides:** The Authority intends to establish set-aside programmes that reserve a certain percentage of contracts specifically for women-owned companies. This is to ensure that female contractors have access to opportunities and can compete on a more level playing field.
- (b) **Contractor Workshops:** Providing training opportunities in preparation of responsive bid documents tailored to female contractors to facilitate skills development and knowledge within the industry. The Authority is determined to give an opportunity to aspiring female contractors, offering guidance, support, and advice to help them navigate challenges and achieve their goals.



Beneficiaries of the Solar for Agriculture project in Lumwana West in Mwinilunga district in North Western province

7.0 INFORMATION COMMUNICATION TECHNOLOGY

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

7.1 Business Information System

The Authority completed the procurement process of a Business Information System. This activity aimed to improve the internal processes and attain seamless interfaces among systems such as Project Management, Financial Management, Stores and Human Resources Management. The following benefits shall accrue to the Authority once the BIS is fully implemented.

- i. Improved employee productivity and reduced errors
- ii. Improved collaboration across the institution;
- iii. increased efficiency in the delivery of rural electrification.

7.2 Digitisation of Payments on Mini-Grids

In 2023, the Authority completed the development of the REAPAY platform. This was part of the Authority's ambition of attaining full cashless mini-grids by enabling customers to purchase electricity services using their

mobile money. The platform has been integrated with Zamtel Mobile Money and will be launched in Kasanjiku in the first quarter of 2024. The platform will also be integrated with other mobile operators in the second quarter of 2024.

7.3 Primary Open-Source Platform for Energy and Climate Tracking

The Authority, with Technical Assistance from GIZ, released the first version of Prospect Data Platform. This initiative was aimed at enhancing remote monitoring of the operations of Mini-Grids. As of 31 December 2023, the platform was actively monitoring and collecting data from 11 operational mini-grids.

7.4 Control Objectives for Information and Related Technologies Framework

The Authority continued with the development of an Enterprise Governance system for Information and Technology (EGIT) based on the COBIT framework. 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. As of 31 December 2023, the development of the EGIT was at 80%.

8.0 HUMAN CAPITAL MANAGEMENT

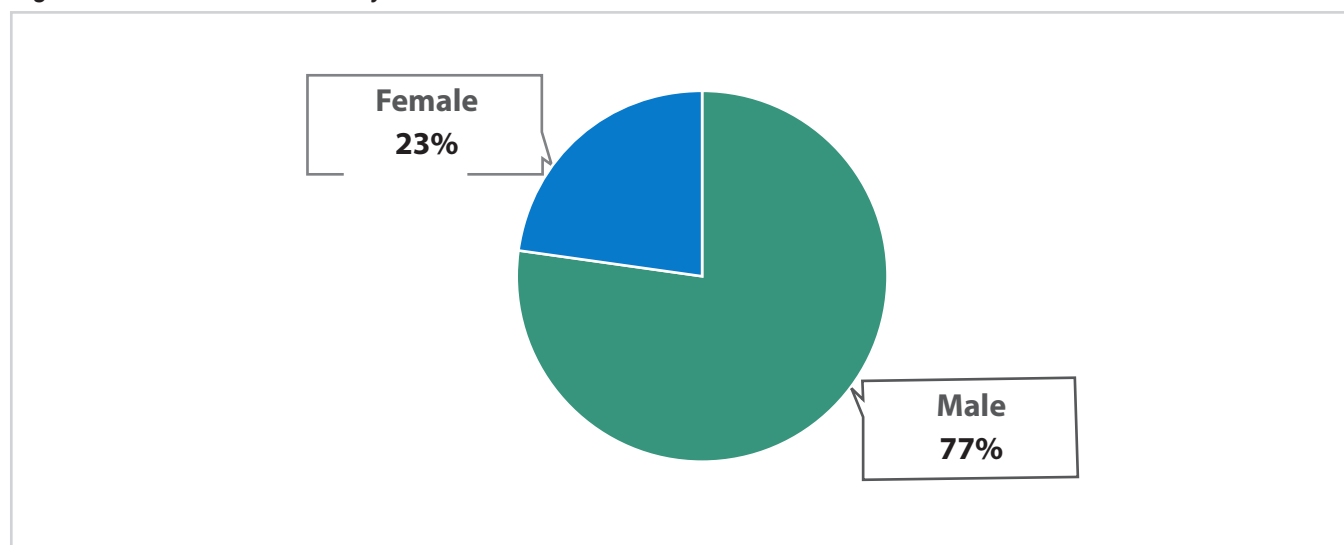
8.1 REA Staff Establishment

To execute its mandate, the Authority has an approved staff establishment of 287. However, during the year under review, the Authority did not fill the structure. As of 31 December 2023, actual staff complement was at 131. This was due to delayed recruitment arising from the various processes undertaken, among them job description, job evaluation and regrading and the harmonisation and rationalisation of conditions of service

8.2 Employees by Gender

During the period under review, the total number of employees i.e. 131 comprised of 23% female and 77% male. The gap between male and female employees remains high and this is a clear demonstration that gender balance continues to pose a challenge to the Authority. However, the Authority is committed to reducing the gap by 30% before end of the year 2026. Refer to Figure 6 below:

Figure 6: Distribution of Staff by Gender as of 31 December 2023



8.3 Recruitment

The Authority has maintained its efforts in meeting recruitment requirements in a timely and efficient fashion, identifying and attracting potential candidates from within and outside the Organisation for current and future employment needs. Following the successful finalisation of the exercise to develop job descriptions as facilitated by the Management Development Division (MDD) 10 recruitments were undertaken.

8.4 Capacity Building

To ensure that the Authority continues to implement activities efficiently and effectively towards achieving its mandate, the Authority continued to conduct various team activities. Among the key capacity building undertaken are the following:

Table 8: Staff capacity building activities undertaken as at 31 December 2023

NO.	NAME OF COURSE	NO.	OBJECTIVE OF TRAINING
1	Change Management	06	Organisational Change Management was aimed at enhancing the knowledge, attitudes, and skills necessary for effectively planning, implementing, evaluating, and institutionalising organisational change, thereby increasing its likelihood of success
2	Human Resource Management - Balanced Score Card	05	Human Resource Management-Balanced scorecard was aimed ensuring that trainees acquire the necessary skills to be able to develop an HR Balance Scorecard System to monitor how much value is being created in state owned enterprise and to help the enterprises to take a long-term view of the HR function.
3	Pre and full feasibility study guidelines for hydro Mini grids	06	Pre and full feasibility study guidelines for hydro Mini grids was aimed enhancing the knowledge and equipping engineers/hydrologist from the Rural Electrification Authority (REA) and other Public Institutions with skills necessary for effectively planning and implementing hydropower mini grid projects.
4	Leadership Development	10	To equip upcoming leaders with skills and knowledge inculcating ethics and integrity
5	Effective Planning and Scheduling		Enhanced understanding of project life cycle, scheduling and use of monitoring tools
6	Public Relations and Communication Skills	1	Provided an all-rounded approach to help communications professionals adapt to the everchanging needs of their stakeholders.
7	Renewable Energy and Sustainability	2	Provided a comprehensive overview of renewable energy to enable sustainable development
8	Project Design and Implementation	2	Provided participants with skills for project design, communication with stakeholder, project closure and debriefing
9	Organisational Culture and Assessment Tool.	133	Introduction of the Tool to all members of staff.
10	Financial Modelling, Financial Forecasting and Analysis	2	Create Effective financial models
11	Inventory costing methods for stock valuation	1	Identify and apply different inventory methods.
12	Advanced Project Planning and Implementation.	2	Identify key success areas and performance indicators

NO.	NAME OF COURSE	NO.	OBJECTIVE OF TRAINING
13	Managerial Finance	1	Understand the concept of time value for money and how to apply it to make financial decisions
14	Strategic Employee Welfare Matters	1	This type of training is designed to address various aspects of employee welfare, including physical, mental, and emotional well-being
15	Technical Risk Management	1	Consistently and constructively manage risk to deliver on organization's primary objectives.
16	Leadership and Management Audit Planning	1	Explore ways to engage in productive rather than toxic debate, and to make conflict a powerful force for creative, well-rounded solutions to problems.
17	File Planning and Retention	1	Relate records control to the management of records.
18	Strategic Recruitment and Selection	1	<ul style="list-style-type: none"> ● Plan and carry out a successful recruitment campaign by using job profiles to attract the right number and quality of job candidates. ● Use the data collected during the recruitment and assessment stages to create meaningful interview reports. ● Plan for and implement a competency-based interview ● Design exit interview guides and analyse results
19	Risk Management	2	<ul style="list-style-type: none"> ● Understand the place of risk in the context of the strategic actions of an organisation ● Understand the enterprise risk management process ● Undertake risk assessment and treatment ● Select appropriate risk indicators and monitor risks ● Give a risk-awareness culture in the organisation
20	Quantum Geographical Information Systems (QGIS) with support from NRECA International	2	To enhance the capacity of REA and MoE staff in geospatial electrification planning.

8.5 Strategic and Transformative Human Resource Activities

In the year 2023, the REA undertook various strategic and transformative human resources management activities which included the following:

(i) Development of Organisation Structure aligned to Strategic Objectives 2022 to 2026

The development of the organisation structure was to ensure that human

(ii) Job Description, Job Evaluation and Regrading Exercise

These processes are critical to the strategic utilisation of human capital as they facilitate to clarify, refine roles and responsibilities. The ultimate purpose being to provide a foundation for accurate performance evaluations.

(iii) Harmonisation and rationalisation of salaries and Conditions of Service

In its quest to remain an employer of choice and competitive, the Authority harmonised and rationalised its salaries and conditions of services. In the year 2023, REA was well positioned to align its conditions of service with industry standards. Therefore, this process was aimed at ensuring consistency and transparency in compensation structures.

(iv) Development of an Organisational Culture Assessment Instrument (OCAI)

In the pursuit of organisational excellence, REA proactively developed the Organisational Culture Assessment Instrument (OCAI). This is to ensure that there is Strategic Alignment of the organisation's culture with its overarching mission and values. The strength of REA culture directly impacts the overall health of the Authority. Culture is an integral part of success, so we must measure its progress and impact.

This initiative reflects the organisation's

commitment to cultivating a workplace environment that not only aligns with its core values but also propels its mission of sustainable electrification forward. resource allocation was optimised and thereby leading to improved performance. This not only strategically positioned the Authority to address challenges and seize opportunities, but also facilitated for the continued advancement of its mission of sustainable electrification in underserved areas.

8.6 Staff Wellness

In the year under review, the Authority promoted healthy living among staff members by organising several indoor and outdoor activities. Some indoor activities included health talks on various topics such as nutrition, and terminal diseases including Cancer and

HIV. Non-voluntary on-spot health checks were also organised with various health providers. These empowered employees with the required knowledge and assisted them in knowing their health statuses.

Outdoor activities included games such as football, physical exercises, and aerobics among others. These were aimed at promoting physical and mental health among employees.

These activities not only increased employee morale but promoted teamwork, work-life balance and contributed to reducing the stress levels in employees.

8.7 Integrity Committee

In 2023, the Authority continued implementing the integrity programme aimed at reducing the footprint of corruption and related malpractices in its operations. The Authority authorised the introduction of the Integrity Awards to recognise outstanding ethical behaviour among its employees. Further, the Authority trained its Managers and Supervisors in Ethical Leadership. These efforts were aimed at increasing awareness and promoting ethical behaviours across the institution.

8.8 Kaizen

In 2023, the Authority re-established the Kaizen committee to spearhead the promotion of the Kaizen Philosophy across its operations.

The Philosophy fosters a culture in employees that always review and challenges their work areas, processes and services provided to identify improvement opportunities. Kaizen principles acknowledges every employee as a change agent and that employees are better placed to carry out changes as they understand their areas of operations. It encourages employees to work in teams to methodically implement small changes that would eventually deliver impact in the organisation.

Working through this committee, the Authority continued conducting enhancements to its service delivery by promoting continuous improvements to process. The Authority

worked on record keeping and improved the filing systems in all departments.

It is envisaged that the adoption of Kaizen will in the long run promote teamwork among employees as they work to identify areas of improvement and implement the required changes, enact a sense of belonging for employees as they direct the changes that impact their operations, eliminate waste in the processes, standardisation of processes to sustain the changes as well as promote good housekeeping across REA.

8.9 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.



REA staff undertaking daily assignments

9.0 INTERNAL AUDIT AND RISK MANAGEMENT

9.1 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.

In accordance with the Board approved internal audit plan for 2023, the following audits were undertaken: Financial and Management Accounts audits, Project audits, Material Reconciliation 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 meetings of the Audit and Risk Committee, the audit reports were tabled and recommendations were implemented by Management.

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.

9.2 Risk Management

REA operates within an overall medium risk range. The Authority's lowest risk appetite relates to improving rural electrification and as a marginally higher risk appetite relating to improving financial capacity and research. 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.

In 2023, REA's risk profile was aligned to its risk appetite strategy, that is to operate within a medium risk range and overall, there was a downward trend in the number of high risks. This was achieved through the following strategies:

- i. The Authority undertook the Enterprise Risk Management training of officers under each department in line with ISO 31000 risk management principles in order to build capacity in risk management.
- ii. Updating of the departmental and corporate risk registers monthly.
- iii. Monthly departmental risk discussions in order to find root causes and solutions to mitigate the risks effectively.
- iv. Tracking of risk mitigation measures through monthly meetings between the risk officers and head of departments to fully mitigate the risks and reduce the number of risks materialising.

9.3 Strategic Risks faced by the Authority.

In 2023, the Authority faced the following strategic risks:

- i) Inadequate funding towards operational costs.

The Parliamentary allocation towards the operational budget for the Authority was K 15 million in 2023.

This was against the required K201 million for the same year. This represented a shortfall of 93% of the required resources towards the operational cost.

ii) Depreciation of the Zambian Kwacha.

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. The erosion of the purchasing power of the kwacha for goods and services resulted in increased costs of project implementation.

iii) Low electricity uptake on completed projects.

The Authority continued to experience low electricity uptake from beneficiaries on completed projects due to high ZESCO connection fees. This negatively affected the number of potential beneficiaries throughout the Country.



A beneficiary of the Mununshi grid intensification project in Mwense district in Luapula province

10.0 LEGAL SERVICES

During the period under review, the Authority reduced the number of pending legal disputes from five (5) to one (1) as at 31st December 2023 and continued to prepare contracts relating to works, goods, non-consulting and consulting services.

Among the key highlights in 2023 was the enactment of Act No. 5 of 2023 and the signing of seventy-four (74) MoUs with various

local authorities under the Constituency Development Fund.

The planned secretarial duties provided to the Board of Directors and Committees were only provided in the 1st and 2nd quarter of the year. The above was as result of the dissolution of the Board and Committees in the 2nd quarter of the period under review.



MoU signing ceremony with Chibombo Town Council

11.0 REA'S CHALLENGES

Despite the various successes recorded in the year under review, the Authority faced a number of challenges. Table 12 below highlights these challenges, their impact on operations and service delivery as well as suggested solutions.

Table 12: Challenges and Mitigations

NO.	CHALLENGES	IMPACT	MITIGATIONS
1	Inadequate Human Capital	The Authority lacked key staff compliment which constrained the Authority's ability to effectively and efficiently execute its mandate.	The Authority shall promote use of interns to mitigate staff shortage and will continue to lobby for funding to actualise the full organisation structure.
2	Low participation by female owned construction companies	Low female representation	The Authority has provided affirmative action towards female constructors.
3	Poor flow of materials to project sites	The flow of project materials to project sites was delayed due to lengthy procurement processes and lack of capacity by suppliers.	The Authority shall ensure that the procurement process starts early with strict vetting of suppliers. The Authority will consider implementation of framework contracts with a minimum period of three (3) years.
4	Delay in the procurement of goods and services due to the changes in the Public Procurement Law	The amendment of the Zambia Public Procurement Law saw the introduction of undertaking the price reasonableness for the purchase of goods and services which added a layer of bureaucracy in the procurement process.	The Authority shall consider timely initiation of the procurement process so as to allow for the undertaking of the price reasonableness analysis without any delays on the procurement of goods and services
5	Lack of private sector participation in rural electrification space	The lack of private sector participation in rural electrification space due to the non-financial viability of renewable energy projects has continued to hinder REA's effort to promote private sector participation in rural areas.	The Authority shall consider more engagement of the private sector in the rural space.
6	Low-income levels in rural areas	The low-income levels in rural areas led to the continued low levels of access to electricity as people living in rural areas across the country were unable to afford the cost internal wiring of both private and public facilities leading to failure to into the existing electricity infrastructure.	There was need to consider incentivising low income households in rural areas to encourage electricity uptake and wiring of houses.
7	Inadequate funding for the assignment to update the REMP;	The inadequate funding of REMP would led to delayed project packages and coordination of the rural space.	There was need to mobilise resources for the update of the REMP;

NO.	CHALLENGES	IMPACT	MITIGATIONS
8	The fluctuating exchange rate	It negatively impacted on the procurement of imported components like cables, conductor and line gear	The Authority has continued to encourage its contractors to hedge their contract sums to mitigate the impact currency fluctuations on their profitability
9	long lead time procuring poles	Delayed impacting on the implementing of projects on time	Authority has engaged Zambia Forestry and Forest Industries Corporation PLC (ZAFFICO) to increase its production to meet the high demand of poles coming from increased rural electrification projects.
10	Eleven (11) projects were re-tendered after the initial tender did not result in any responsive bidders	Prolonged the procurement of the projects	The Authority was scheduled to hold workshops in 2024 to highlight key elements of evaluation criteria and other procurement guidelines to prospective contractors.
11	matching its existing staff complement to the high number of projects	Inability to meet the demand of work load hence affecting timely project delivery.	The Authority executed a phased Implementation Plan for staff compliment aligned to its 2022-2026 Strategic Plan which supported the new strategic direction of REA.
12	Failure by some contractors implement projects on schedule	Delayed Completion of Projects	The Authority increased its project supervision and continued to build capacity among its contractors to improve the overall effectiveness of project execution.
13	Lead time for project procurement, as the majority of projects were only procured during the latter half of the year due to prolonged procurement procedures.	Delayed implementation of projects within annual workplan.	The Authority maintained efforts to collaborate with stakeholders to reassess procurement guidelines with the aim of expediting project procurement.
14	Inadequate funding for the assignment to update the REMP;	The inadequate funding of REMP would led to delayed project packages and coordination of the rural space.	There was need to mobilise resources for the update of the REMP;

12.0 FINANCE

12.1 Institutional Budget

The Rural Electrification Act No.5 of 2023 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 2023, the main contributor to the REF was the Government of the Republic of Zambia (GRZ). The 2023 budget had two components namely, Capital Budget amounting to K1,055,424,244 and Operational Budget amounting to K27,397,943 respectively.

The 2023 institutional total budget was K1,082,822,187 made up of Capital and Operations Budget. The budget was financed by the GRZ and sources such as Cooperating Partners amongst others. The funds from GRZ represented 87.21% of the budget while the remaining 12.79% were funds from other sources.

The appropriation by Parliament was classified as appropriation by Parliament-REF and appropriation by Parliament-REA towards Capital and Operation expenditure, respectively.

12.1.1 Income

A total sum of K844,235,116 against a total budget of K1,055,424,244 was allocated towards capital expenditure during the year 2023. This entailed that 79.99% of the total budget was allocated towards Capital expenditure while the remaining 20.01% was allocated towards Operational costs.

Further, the 2023 Capital Budget was made up of K743,578,629 being 2023 GRZ allocation, K185,149,474 being funds carried forward from 2022, K126,186,141 from World Bank and K510,000 interest from staff loans. Table 9 below illustrates the allocation of the 2023 Capital Budget.

Table 9: Summary of Sources of Funds for 2023 Capital Budget

No.	SOURCE	AMOUNT (ZMW)
1	Appropriation by Parliament in 2023	743,578,629
2	Committed Fund	185,149,474
3	Government Loan (World Bank) ESAP	126,186,141
4	Interest from Staff Loans	510,000
	Total Income	1,055,424,244

The Authority received full funding for the operations budget, K15,114,031 was allocation from GRZ while K2,437,000 were funds carried forward from 2022. K9,600,912 was interest

from fixed deposit investments, and K246,000 was interest from staff loans as shown in Table 11 below:

Table 10: Summary of Sources of Funds for 2023 Operations Budget

No.	SOURCE	AMOUNT (ZMW)
1	Appropriation by Parliament in 2023	15,114,031
2	Interest from Fixed Deposit Investment	9,600,912
3	Funds carried forward from 2022	2,437,000
4	Interest from Staff Loans	246,000
	Total Income	27,397,943



REA officers carrying out routine check at the Chunga Solar mini grid plant in Mumbwa district, Central province

During the year under review, the Authority received full funding for the Operations Budget while the Capital Budget was funded at 60% representing K 447,629,678.

12.1.2 Budget Allocation

During the year under review, The Authority allocated K844 million towards capital expenditure (Projects) from the total Budget of K1,082 million as follows:

- i. Grid Extension development accounted for 33.42%;
- ii. World Bank-ESAP project accounted for 11.65%;

- iii. Mini hydro development accounted for 3.49%;
- iv. Solar projects development accounted for 23.94%
- v. Property, Plant & Equipment for 3.79%
- vi. Collaboration & Counter funding projects for 1.67%; and
- vii. Other project management related activities accounted for 22.04%.

The overall budget absorption rate for the Authority was 58% percent.

Table 11: Summary of Budget Allocations for 2023

SUMMARY OF BUDGET ALLOCATIONS AND EXPENDITURE FOR 2023				
No.	DETAILS	BUDGET ALLOCATION (ZMW)	ACTUAL (ZMW)	BUDGET ABSORPTION
1	Grid Extension Development	361,891,273	169,653,803	47%
2	Solar Projects	259,258,074	122,503,115	47%
3	World Bank-ESAP Project	126,186,141	126,184,785	100%
4	Mini Hydro Projects	37,776,807	26,589,284	70%
5	Collaboration and Counter Funding Projects	18,132,000	4,353,743	24%
6	Property Plant and Equipment	40,990,821	6,742,687	16%
7	Other Project Management Activities	238,587,071	176,895,831	74%
	Total	1,082,822,187	632,923,248	58%

Financial Statements for the year for the year ended 31st December 2023



RURAL ELECTRIFICATION AUTHORITY
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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RURAL ELECTRIFICATION AUTHORITY

BOARD MEMBERS, MANAGEMENT AND ADVISORS

Board Members

Eng. Likonge Brenda Makai	-	Chairperson (Resigned on 28 th February 2023)
Mr. Bruce Jaani	-	Acting-Chairperson (Appointed on 1 st March 2023)
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
Mr. Alex Mbumba	-	Director - Engineering Services
Mr. Joseph Ntanda	-	Director - Finance
Ms. Adrine Muchimba	-	Director - Human Resources and Administration
Mrs. Jacqueline Musonda	-	Director - Strategy & Planning
Mr. Nkomba Mulemba	-	Legal Counsel
Mr. Sylvester Mphande	-	Manager - Procurement
Mr. Justin Mukosa	-	Manager - Corporate Affairs
Mr. Joseph Kenya	-	Manager - Audit & Risk

RURAL ELECTRIFICATION AUTHORITY

BOARD MEMBERS, MANAGEMENT AND ADVISORS (CONTINUED)

Legal Advisors

Mosha and Company

Bankers

Zambia National Commercial Bank Plc

Bank of Zambia

Citi Bank Zambia Limited

ABSA Bank Zambia PLC

Auditors

The Auditor General

Office of the Auditor General

Stand No. 7951

Haile Selassie Avenue, Longacres

P.O. Box 50071

Lusaka, Zambia

Registered Office and Principal Place of Business

Plot No. LN15087/2

Great North Road

Lusaka, Zambia

RURAL ELECTRIFICATION AUTHORITY

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 31 December 2023.

Principal activities

The Rural Electrification Authority (REA) was established by an Act of Parliament No. 20 of 2003, now repealed Act No. 5 of 2023. 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. 5 of 2023, 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 K4,174,907 for the year ended 31 December 2023 (2022: surplus of income over expenditure of K3,723,678).

The Rural Electrification Fund recorded a surplus of income over expenditure of K664,823,074 for the year ended 31 December 2023 (2022: surplus of income over expenditure of K263,376,320).

RURAL ELECTRIFICATION AUTHORITY**REPORT OF THE DIRECTORS (CONTINUED)****Directors**

The Directors who held office during the year were:

Eng. Likonge Brenda Makai	-	Chairperson (Resigned on 28 th February 2023)
Mr. Bruce Jaani	-	Acting-Chairperson (Appointed on 1 st March 2023)
Ms. Nancy Mwamba	-	Member
Mrs. Mazuba Mwambazi	-	Member
Mr. Kayula Chimfwembe	-	Member
Mr. Caeser Cheelo	-	Member
Mr. Mafayo Ziba	-	Member
Mr. Linus K. Chanda	-	Chief Executive Officer & Board Secretary

Directors' expenses

The Directors' expenses for the year were K1,598,867 (2022: K2,551,794).

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)	261,150,648	203,138,691
Motor vehicles	8,735,638	2,920,609
Office equipment	7,294,332	1,113,710
Furniture and fittings	920,365	268,323
Land & buildings	0	158,070
	<u>278,100,983</u>	<u>207,619,403</u>

During the period, the Authority implemented capital project works amounting to K261,150,648 (2022 K203,138,691)

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 and the Directors have put in place health and safety measures as directed by the Ministry of Health to avoid the spread of any disease outbreak.

Donations

There were no donations made during the year. (2022: Nil)

Employees

The average number of employees during the year was 131 (2022: less than 125). The total remuneration paid to the employees during the year was K83,439,797 (2022: K81,282,582).

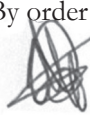
RURAL ELECTRIFICATION AUTHORITY**REPORT OF THE DIRECTORS (CONTINUED)****Authorisation of financial statements**

The financial statements for the year ended 31 December 2023 have been approved by the Board of Directors.

Auditors

The Auditor General is our auditor as stipulated under Section 20(1) of Act No. 5 of 2023 which authorizes the Auditor General to audit and certify the Financial Statement for the Authority.

By order of the Board



SECRETARY

Lusaka, Zambia

Date: 30 April 2024

RURAL ELECTRIFICATION AUTHORITY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 24 of the Rural Electrification Act No. 5 of 2023 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 (IPSAS), 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 IPSAS and the Rural Electrification Act No. 5 of 2023. 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

- the financial statements give a true and fair view of the financial position of the Rural Electrification Authority as of 31 December 2023, and of its financial performance and its cash flows for the year then ended;
- 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
- the financial statements are drawn up in accordance with IPSAS and the Rural Electrification Act No. 5 of 2023.

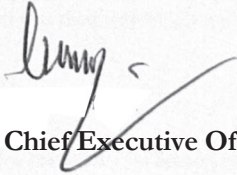
This statement is made in accordance with a resolution of the Directors.

Signed on behalf of the Board at Lusaka on

30 April 2024



Board Chairperson



Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

HAILE SELASSIE AVENUE, LONGACRES
P.O BOX 50071
LUSAKA, ZAMBIA

E-mail: auditorg@ago.gov.zm

Website: www.ago.gov.zm

Telephone: +260252611/252771

To the Board - Rural Electrification Authority

Report on the Audit of the Financial Statements

Opinion on Financial Statements

I have audited the financial statements of the Rural Electrification Authority, which comprise the Statement of Financial Position as at 31st December 2023, and the Statement of Financial Performance, Statement of Financial Position, 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 as set out on pages 16 to 38.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Rural Electrification Authority, as at 31st December 2023 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

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Rural Electrification Authority in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters of the audit are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSASs), 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 Rural Electrification 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Rural Electrification Authority's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the 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 Rural Electrification Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide those charged with governance a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Dr. Ron M. Mwambwa – FCMA, FZICA, CGMA, CFE

ACTING AUDITOR GENERAL

DATE: 13/04/2024

RURAL ELECTRIFICATION AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023			2022		
		Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K	Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K
Revenue from non-exchange transactions							
International donor funding	5	79,366,041	-	79,366,041	107,995,840	-	107,995,840
Government grants	6	<u>758,692,660</u>	<u>15,114,031</u>	<u>743,578,629</u>	<u>306,144,024</u>	<u>15,144,024</u>	<u>291,000,000</u>
		<u>838,058,701</u>	<u>15,114,031</u>	<u>822,944,670</u>	<u>414,139,864</u>	<u>15,144,024</u>	<u>398,995,840</u>
Revenue from exchange transactions							
Finance income	7	11,956,166	11,525,944	430,222	9,548,516	9,145,306	403,210
Other income	8	<u>11,089,710</u>	<u>2,719,717</u>	<u>8,369,993</u>	<u>4,555,604</u>	<u>2,166,197</u>	<u>2,389,407</u>
		<u>23,045,876</u>	<u>14,245,661</u>	<u>8,800,215</u>	<u>14,104,120</u>	<u>11,311,503</u>	<u>2,792,617</u>
Total revenue		<u>861,104,577</u>	<u>29,359,692</u>	<u>831,744,885</u>	<u>428,243,984</u>	<u>26,455,527</u>	<u>401,788,457</u>
Expenses							
Employee costs	9	83,439,797	12,142,512	71,297,285	81,282,582	11,990,972	69,291,610
Administration expenses	10	30,361,667	3,990,941	26,370,726	28,976,837	3,731,002	25,245,835
Project studies and consultancy	11	50,710,274	100,995	50,609,279	34,789,402	62,267	34,727,135
Depreciation expense	13	9,525,515	8,936,052	589,463	8,935,406	6,944,778	1,990,628
Rental expense	21	7,088,787	-	7,088,787	4,469,025	-	4,469,025
Exhibition and publicity		2,799,359	-	2,799,359	2,686,704	-	2,686,704
Travel, transport, and subsistence		<u>4,395</u>	<u>4,395</u>	-	<u>4,030</u>	<u>2,830</u>	<u>1,200</u>
Total expenses		<u>183,929,794</u>	<u>25,174,895</u>	<u>158,754,899</u>	<u>161,143,986</u>	<u>22,731,849</u>	<u>138,412,137</u>
Surplus/(deficit) for the year		<u>677,174,783</u>	<u>4,184,797</u>	<u>672,989,986</u>	<u>267,099,998</u>	<u>3,723,678</u>	<u>263,376,320</u>

RURAL ELECTRIFICATION AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

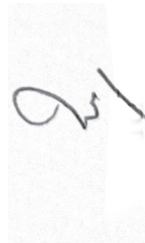
	Notes	2023			2022		
		Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K	Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K
Assets							
Non-current assets							
Property and equipment	13	35,289,173	2,183,783	33,105,390	27,864,355	7,321,644	20,542,711
Capital work in progress	14	1,420,418,928	-	1,420,418,928	1,159,268,280	-	1,159,268,280
Investments	15	18,901,585	2,085,958	16,815,627	18,901,585	2,085,958	16,815,627
Total non-current assets		<u>1,474,609,686</u>	<u>4,269,741</u>	<u>1,470,339,945</u>	<u>1,206,034,220</u>	<u>9,407,602</u>	<u>1,196,626,618</u>
Current assets							
Receivables	16	387,533,274	13,383,275	374,149,999	38,885,404	12,121,558	26,763,846
Inventory	17	105,353,732	-	105,353,732	42,228,278	-	42,228,278
Cash and cash equivalents	18	361,836,826	17,086,054	344,750,772	347,494,804	3,745,803	343,749,001
Total current assets		<u>854,723,834</u>	<u>30,469,329</u>	<u>824,254,505</u>	<u>428,608,486</u>	<u>15,867,361</u>	<u>412,741,125</u>
Total assets		<u>2,329,333,518</u>	<u>34,739,070</u>	<u>2,294,594,448</u>	<u>1,634,642,706</u>	<u>25,274,963</u>	<u>1,609,367,743</u>

RURAL ELECTRIFICATION AUTHORITY

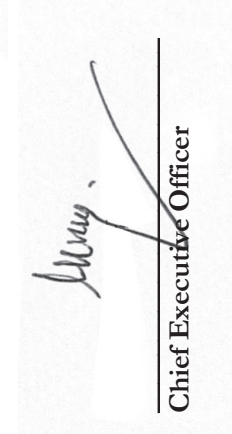
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONTINUED)

		2023			2022		
	Notes	Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K	Consolidated K	Rural Electrification Authority K	Rural Electrification Fund K
Funds and liabilities							
Funds and reserves							
General fund		(10,175,476)	(10,175,476)	-	(14,360,273)	(14,360,273)	-
Rural electrification fund		<u>2,276,920,343</u>	<u>-</u>	<u>2,276,920,343</u>	<u>1,603,930,357</u>	<u>-</u>	<u>1,603,930,359</u>
Total funds		<u>2,266,744,867</u>	<u>(10,175,476)</u>	<u>2,276,920,343</u>	<u>1,589,570,084</u>	<u>(14,360,273)</u>	<u>1,603,930,359</u>
Non-current liabilities							
Capital grants	19	<u>85,243</u>	<u>85,243</u>	<u>-</u>	<u>1,171,182</u>	<u>1,171,182</u>	<u>-</u>
Total non-current liabilities		<u>85,243</u>	<u>85,243</u>	<u>-</u>	<u>1,171,182</u>	<u>1,171,182</u>	<u>-</u>
Current liabilities							
Capital grants	19	<u>0</u>	<u>0</u>	<u>-</u>	<u>1,076,076</u>	<u>1,076,076</u>	<u>-</u>
Payables	20	<u>62,503,409</u>	<u>44,829,304</u>	<u>17,674,105</u>	<u>42,825,364</u>	<u>37,387,978</u>	<u>5,437,385</u>
Total current liabilities		<u>62,503,409</u>	<u>44,829,304</u>	<u>17,674,105</u>	<u>43,901,440</u>	<u>38,464,054</u>	<u>5,437,385</u>
Total liabilities		<u>62,588,652</u>	<u>44,914,547</u>	<u>17,674,105</u>	<u>45,072,622</u>	<u>39,635,236</u>	<u>5,437,385</u>
Total funds and liabilities		<u>2,329,333,518</u>	<u>34,739,070</u>	<u>2,294,594,448</u>	<u>1,634,642,706</u>	<u>25,274,963</u>	<u>1,609,367,743</u>

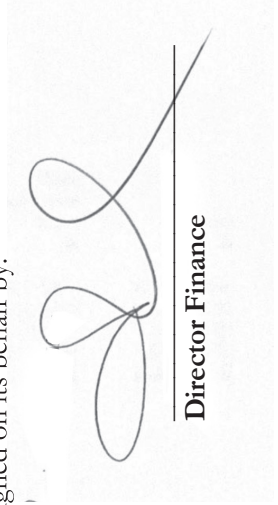
The financial statements on pages 10 to 38 were approved by the Board of Directors on 20 April 2024 and were signed on its behalf by:



Board Chairperson



Chief Executive Officer



Director Finance

RURAL ELECTRIFICATION AUTHORITY

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Rural Electrification Authority K	Rural Electrification Fund K	Total K
Balance at 1 January 2022	(18,083,951)	1,340,554,037	1,322,470,086
Surplus for the year	<u>3,723,678</u>	<u>263,376,320</u>	<u>267,099,998</u>
Balance at 31 December 2022	(14,360,273)	1,603,930,357	1,589,570,084
Surplus for the year	<u>4,184,797</u>	<u>672,989,986</u>	<u>677,174,783</u>
Balance at 31 December 2023	<u>(10,175,476)</u>	<u>2,276,920,343</u>	<u>2,266,744,867</u>

RURAL ELECTRIFICATION AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 K	2022 K
Cash flows from operating activities			
Surplus/(deficit) for the year			
- Rural Electrification Authority		4,184,797	3,723,678
Surplus for the year			
- Rural Electrification Fund		672,989,986	263,376,320
Adjusted for:			
Amortisation of capital grants	19	(2,162,015)	(2,157,035)
Depreciation expense	13	9,525,515	8,935,406
Finance income	7	(11,956,166)	(9,548,516)
Operating cash flows before working capital movements		<u>672,582,117</u>	<u>264,329,853</u>
Movement in operating funds			
Increase in receivables		(348,647,870)	138,546,918
(Increase)/decrease in inventory		(63,125,454)	(3,025,162)
(Decrease)/increase in payables		<u>19,678,045</u>	<u>11,539,480</u>
Net cash generated from operating activities		<u>280,486,838</u>	<u>411,391,089</u>
Cash flows from investing activities			
Investments purchased	15	-	(13,497,070)
Interest received	7	11,956,166	9,548,516
Acquisition of plant and equipment	13	(16,950,334)	(4,480,712)
Additions to capital work in progress	14	<u>(261,150,648)</u>	<u>(203,138,691)</u>
Net cash used in investing activities		<u>(266,144,816)</u>	<u>(211,567,957)</u>
Cash flow from financing activities			
Capital grants received	19	-	<u>99,990</u>
Net cash generated from financing activities		-	<u>99,990</u>
Net increase in cash and cash equivalents		14,342,022	199,923,122
Cash and cash equivalents at beginning of year		<u>347,494,804</u>	<u>147,571,682</u>
Cash and cash equivalents at end of year	18	<u>361,836,826</u>	<u>347,494,804</u>

RURAL ELECTRIFICATION AUTHORITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Budget K	Actual K	Performance Difference K
Revenue			
International donor funding	126,186,141	79,366,041	(46,820,100)
Government grants	758,692,660	758,692,660	-
Committed Funds	185,678,474	185,678,474	-
Finance income	10,356,912	11,956,165	1,599,253
Other income	<u>1,908,000</u>	<u>3,163,605</u>	<u>1,255,605</u>
Total income	<u>1,082,822,187</u>	<u>1,038,856,946</u>	<u>(43,965,242)</u>
Expenses			
Employee costs	122,319,451	83,439,797	38,879,654
Administration expenses	124,629,926	40,137,880	84,489,046
Project studies and consultancy	824,405,770	456,027,992	324,952,740
Rental expense	7,680,440	7,088,787	591,653
Exhibition and publicity	3,629,600	2,799,359	830,241
Travel, transport and subsistence	<u>160,000</u>	<u>4,395</u>	<u>155,605</u>
Total expenses	<u>1,082,822,187</u>	<u>632,923,248</u>	<u>449,898,939</u>
Surplus for the year	<u>-</u>	<u>405,933,697</u>	<u>405,933,697</u>

RURAL ELECTRIFICATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

1. General Information

Establishment

The Rural Electrification Authority (“the Authority”) was established by the Rural Electrification Act No. 20 of 2003, now repealed Act No. 5 of 2023 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 2.

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.

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

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.

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.

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 items.

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.

RURAL ELECTRIFICATION AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023****3. Summary of significant accounting policies (continued)****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.

RURAL ELECTRIFICATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

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 measurable 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 2023

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 2023

5. International donor funding	2023	2022
	K	K
Rural Electrification Fund		
Received from the World Bank (ESAP)	<u>79,366,041</u>	<u>107,995,840</u>

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. Government Grants	2023	2022
	K	K
Rural Electrification Fund	743,578,629	291,000,000
Rural Electrification Authority	<u>15,114,031</u>	<u>15,144,024</u>
	<u>758,692,660</u>	<u>306,144,024</u>
Unconditional grants		
Rural Electrification Authority	<u>15,114,031</u>	<u>15,144,024</u>
Conditional grants		
Rural Electrification Fund	<u>743,578,629</u>	<u>291,000,000</u>
Consolidated	<u>758,692,660</u>	<u>306,144,024</u>

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.

7. Finance income	2023	2022
	K	K
Rural Electrification Authority		
Interest on short term investments	11,458,049	9,133,416
Interest on staff loans	<u>67,895</u>	<u>11,891</u>
	<u>11,525,944</u>	<u>9,145,306</u>
Rural Electrification Fund		
Interest on staff loans	<u>430,222</u>	<u>403,210</u>
	<u>430,222</u>	<u>403,210</u>
Consolidated	<u>11,956,166</u>	<u>9,548,516</u>

RURAL ELECTRIFICATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

8. Other income

	2023	2022
	K	K
Rural Electrification Authority		
Capital grant-amortised (note 19)	2,162,015	1,617,776
Other income received	-	289,821
Income from sale of assets	<u>557,702</u>	<u>258,600</u>
	<u>2,719,717</u>	<u>2,166,197</u>
Rural Electrification Fund		
Net exchange gains	7,926,105	1,475,764
Capital grant-amortized (note 19)	-	539,259
Other income received	370,832	47,666
Liquidated Damages	<u>73,056</u>	<u>326,718</u>
	<u>8,369,993</u>	<u>2,389,407</u>
Consolidated	<u>11,089,710</u>	<u>4,555,604</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

	2023	2022
	K	K
Rural Electrification Authority		
Salaries and wages	8,146,956	7,309,376
Gratuity	1,779,590	1,580,189
Accrued leave pay	671,883	488,172
Medical scheme expenses	95,779	294,027
Staff welfare and benefits	<u>1,448,304</u>	<u>2,319,209</u>
	<u>12,142,512</u>	<u>11,990,972</u>
Rural Electrification Fund		
Salaries and wages	48,113,558	47,686,869
Gratuity	12,320,149	11,916,297
Accrued leave pay	3,984,141	3,765,340
Medical Scheme expenses	610,798	3,014,278
Staff welfare and benefits	<u>6,268,639</u>	<u>2,908,826</u>
	<u>71,297,285</u>	<u>69,291,610</u>
Consolidated	<u>83,439,797</u>	<u>81,282,582</u>

RURAL ELECTRIFICATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

	2023	2022
	K	K
10. Administration expenses		
Rural Electrification Authority		
Fuel, lubricants, and oils	1,851,978	1,407,748
Net exchange loss	67,905	-
Communication	105,720	80,773
Training, workshops, and seminars	-	3,000
Cleaning and materials	679,695	627,442
Security charges	20,865	-
Board of Directors allowances	2,000	176,480
Bank charges	20,575	18,047
Office refreshments	368,521	512,868
Legal fee expenses	1,745	-
Board meeting expenses	720	51,433
Staff subscriptions	423,365	166,748
Electricity and water	137,441	85,040
Stationery, printing and publications	54,079	197,966
Maintenance of equipment and buildings	106,618	46,867
Computer software and consumables	16,747	13,996
Rental expense	12,932	-
Motor vehicle repairs	4,781	6,497
Software and licences	-	85,410
Other admin costs	<u>115,254</u>	<u>250,687</u>
	<u>3,990,941</u>	<u>3,731,002</u>

RURAL ELECTRIFICATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

10.	Administration expenses (continued)	2023	2022
		K	K
	Rural Electrification Fund		
	Audit expenses	1,679,096	2,085,963
	Motor vehicle repairs	2,982,633	2,436,118
	Legal fees	2,801,037	7,697,176
	Communication	1,353,364	1,231,500
	Motor vehicle insurance	1,636,827	589,988
	Training, workshops, and seminars	726,651	909,880
	Fuel, lubricants, and oils	448,711	405,393
	Procurement management	3,920,733	1,235,345
	Other administrative costs	1,002,660	1,005,248
	Computer software and consumables	1,299,940	547,657
	Board of Directors facility visit expenses	1,198,192	2,122,440
	Stationery, printing, and publications	1,163,734	1,045,773
	Software and licenses	1,372,348	1,457,721
	Bank charges	157,817	102,653
	Maintenance of equipment and buildings	1,602,641	136,766
	Staff subscriptions	459,632	895,255
	Security charges	1,171,295	874,309
	Cleaning materials	443,112	2,600
	General insurance	181,228	141,205
	Board training	397,955	201,441
	Office refreshments	329,341	77,793
	Electricity and Water	<u>41,779</u>	<u>42,611</u>
	Subtotal	<u>26,370,726</u>	<u>25,245,835</u>
	Consolidated	<u>30,361,667</u>	<u>28,976,837</u>
	Below is the detailed breakdown for the audit fees:	2023	2022
		K	K
	External audit costs	523,383	1,094,583
	Auditor General costs	-	487,743
	Risk Management	590,675	316,451
	Audit of REA projects	<u>565,038</u>	<u>187,186</u>
	Consolidated	<u>1,679,096</u>	<u>2,085,963</u>
11.	Project studies and consultancy		
	Rural Electrification Fund	50,609,279	34,727,135
	Rural Electrification Authority	<u>100,995</u>	<u>62,267</u>
	Consolidated	<u>50,710,274</u>	<u>34,789,402</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 2023

13. Property and equipment

	Land K	Motor Vehicles K	Office equipment K	Furniture and fittings K	Office machinery K	Total K
Cost						
At 1 January 2022	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
Additions	-	8,735,638	7,294,331	920,365	-	16,950,334
Disposals	-	-	-	-	-	-
At 31 December 2023	5,817,268	58,531,065	19,842,691	3,151,524	408,622	87,751,171
Depreciation						
At 1 January 2022	-	25,295,768	6,826,727	1,483,674	394,908	34,100,077
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
Charge for the year	-	6,628,288	2,684,695	205,868	6,664	9,525,515
Disposals	-	-	-	-	-	-
At 31 December 2023	-	38,830,369	11,322,239	1,900,767	408,622	52,461,998
Carrying amount						
At 31 December 2023	5,817,268	19,700,696	8,520,452	1,250,757	-	35,289,173
At 31 December 2022	5,817,268	17,593,346	3,910,816	536,260	6,664	27,864,355

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 2023

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 circles, 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.

	2023	2022
	K	K
Work in progress		
At beginning of year	1,159,268,280	956,129,589
Additions during the year	261,150,648	203,138,691
	-	-
Total capital work in progress	<u>1,420,418,928</u>	<u>1,159,268,280</u>

	2023	2022
	K	K
15. Investments		
Rural Electrification Authority	2,085,958	2,085,958
Gratuity Investment Fund	<u>16,815,627</u>	<u>16,815,625</u>
	<u>18,901,585</u>	<u>18,901,585</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.

16. Receivables

	2023	2022
	K	K
Rural Electrification Authority		
Staff loans and advances	12,541,234	11,631,953
Due from the Government (note 23 (c))	-	-
Other receivables	117,851	90,589
Staff imprest account	<u>724,190</u>	<u>399,016</u>
	<u>13,383,275</u>	<u>12,121,558</u>

RURAL ELECTRIFICATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

16. Receivables (continued)

	2023	2022
Rural Electrification Fund	K	K
Due from the Government (note 23 (c))	293,948,951	-
Contractor receivables	<u>80,201,048</u>	<u>26,763,846</u>
	<u>374,149,999</u>	<u>26,763,846</u>
Consolidated	<u>387,533,274</u>	<u>38,885,404</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

	2023	2022
Rural Electrification Fund	K	K
Grid extension and solar energy equipment and spares	<u>105,353,732</u>	<u>42,228,278</u>

There were no write-downs of inventories recognised as an expense during the year 2023 (2022: K nil).

18. Cash and cash equivalents

	2023	2022
	K	K
Rural Electrification Authority		
Bank and cash balances	<u>17,086,054</u>	<u>3,745,803</u>
	<u>17,086,054</u>	<u>3,745,803</u>
Rural Electrification Fund		
Bank and cash balances	<u>268,750,772</u>	<u>267,749,001</u>
	<u>268,750,772</u>	<u>267,749,001</u>
<i>Short-term investments classified as cash equivalents:</i>		
Atlas Mara (Finance Bank Zambia Plc)	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>344,750,772</u>	<u>343,749,001</u>
Consolidated	<u>361,836,826</u>	<u>347,494,804</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 2023

	2023	2022
	K	K
19. Capital grants		
At beginning of the year	2,247,258	4,304,303
Additions during the year	-	99,990
Grant amortisation for the year	<u>(2,162,015)</u>	<u>(2,157,035)</u>
At end of the year	<u>85,243</u>	<u>2,247,258</u>
Maturity analysis:		
Current	-	1,076,076
Non-current	<u>85,243</u>	<u>1,171,182</u>
	<u>85,243</u>	<u>2,247,258</u>
20. Payables		
Rural Electrification Authority		
Other payables	502,095	1,336,689
Gratuity provisions (note (a))	14,921,812	10,376,744
Leave pay provisions (note (b))	1,945,180	1,963,787
Ministry of Higher Education payable	90,404	69,073
Amount payable to the government ((Note 23 (d))	<u>-</u>	<u>4,157</u>
	<u>17,459,491</u>	<u>13,750,450</u>
Supplier payables	<u>27,369,813</u>	<u>23,637,528</u>
Consolidated	<u>44,829,304</u>	<u>37,387,978</u>
Rural Electrification Fund		
Contractor payables	<u>17,674,105</u>	<u>5,437,386</u>
Consolidated	<u>62,503,409</u>	<u>42,825,364</u>
a) Gratuity provision		
At beginning of the year	10,376,744	8,226,666
Charge during the year	14,099,739	13,496,485
Payment during the year	<u>(9,554,671)</u>	<u>(11,436,407)</u>
Balance at the year end	<u>14,921,812</u>	<u>10,376,744</u>
b) Leave pay provision		
At beginning of the year	1,963,787	1,197,510
Charge during the year	4,656,025	4,235,512
Payments during the year	<u>(4,674,632)</u>	<u>(3,487,235)</u>
Balance at the year end	<u>1,945,180</u>	<u>1,963,787</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 2023

21. **Operating lease arrangements**

Rural Electrification Authority had an operating lease with Paul M. Investments Limited involving the occupancy of plot 5033 on Longolongo road Lusaka which ended in July 2023. There after the Authority relocated to new office premises at Plot No. Lusak/In15087/2, Great North Road after entering into an operating lease with Lusaka North Trade and Investment Center. 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 2023 amounting to K7,088,787 (2022: K4,469,025).

22. **Financial Instruments**

Categories of financial instruments	2023 K	2022 K
Financial assets		
- Cash and cash equivalents	353,660,025	347,494,804
- Receivables	<u>387,533,274</u>	<u>38,885,404</u>
	<u>741,193,299</u>	<u>386,380,208</u>
Financial liabilities		
- Payables	<u>62,503,409</u>	<u>42,825,364</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

Loans, 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 2023

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.

	2023		2022	
	Carrying Amount K	Fair value K	Carrying amount K	Fair value K
Financial assets				
Loans and receivables:				
- receivables	<u>387,533,274</u>	<u>387,533,274</u>	<u>38,885,404</u>	<u>38,885,404</u>
Financial liabilities				
Financial liabilities held at Amortised cost:				
- payables	<u>62,503,409</u>	<u>62,503,409</u>	<u>42,825,364</u>	<u>42,825,364</u>

RURAL ELECTRIFICATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

22. Financial Instruments (continued)

Categories of financial instruments (continued)

<u>Fair value hierarchy as at 31 December 2023</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>
Financial assets				
Loans and receivables:				
- receivables	<u>-</u>	<u>387,533,274</u>	<u>-</u>	<u>387,533,274</u>
Financial liabilities				
Financial liabilities held at amortised cost:				
- payables	<u>-</u>	<u>62,503,409</u>	<u>-</u>	<u>62,503,409</u>

<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>
Financial assets				
Loans and receivables:				
- receivables	<u>-</u>	<u>38,885,404</u>	<u>-</u>	<u>38,885,404</u>
Financial liabilities				
Financial liabilities held at amortised cost:				
- payables	<u>-</u>	<u>42,825,364</u>	<u>-</u>	<u>42,825,364</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:

	2023	2022
	K	K
Cash and cash equivalents	361,836,826	347,494,804
Receivables	<u>387,533,274</u>	<u>38,885,404</u>
Maximum exposure to credit risk	<u>749,370,100</u>	<u>325,004,004</u>

RURAL ELECTRIFICATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

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 2023

	1 - 3 Months K	3 months to 1 year K	1 – 5 years K	Total K
Liabilities				
Payables	<u>446,838</u>	<u>17,512,633</u>	<u>44,543,938</u>	<u>62,503,409</u>
Assets				
Bank and cash equivalents	489,942	361,346,884	-	361,836,826
Receivables	<u>2,907,215</u>	<u>384,626,059</u>	-	<u>387,533,274</u>
Total	<u>3,397,157</u>	<u>745,972,943</u>	-	<u>749,370,100</u>

At 31 December 2022

	1 - 3 Months K	3 months to 1 year K	1 – 5 years K	Total K
Liabilities				
Payables	<u>1,336,689</u>	<u>12,703,581</u>	<u>28,785,094</u>	<u>42,825,364</u>
Assets				
Bank 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>
Total	<u>347,984,908</u>	<u>26,763,346</u>	<u>11,631,954</u>	<u>386,380,208</u>

RURAL ELECTRIFICATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

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 2023, 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 **K15,930** higher/lower (2022: K73,788).

At 31 December 2023, 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	2023	2022
	K	K
United States Dollar (USD)	<u>2,497,345</u>	<u>475,896</u>
Financial liabilities		
United States Dollar (USD)	<u>68,903</u>	<u>486,309</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	2023	2022
		K	K
	Rural Electrification Fund	743,578,629	291,000,000
	Rural Electrification Authority	<u>15,114,031</u>	<u>15,144,024</u>
		<u>758,692,660</u>	<u>306,144,024</u>
(b)	Directors expenses		
	Board allowances	1,200,192	2,298,920
	Board Meeting refreshments	<u>398,675</u>	<u>252,874</u>
		<u>1,598,867</u>	<u>2,551,794</u>
(c)	Amounts due from related parties		
	Grants receivable from the Government		
	Rural Electrification Fund	293,948,951	-
	Rural Electrification Authority	<u>-</u>	<u>-</u>
		<u>293,948,951</u>	<u>-</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 2023

23. Related party transactions (continued)

	2023 K	2022 K
(d) Amounts due to related parties		
Amounts payable to the Government	<u>-</u>	<u>4,157</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.

24. Capital commitments

	2023 K	2022 K
Opening balance	149,097,675	117,373,723
Approved and/or contracted by the Directors during the year	<u>581,272,575</u>	<u>234,862,638</u>
Subtotal	730,370,250	352,236,366
Less amount written off	-	-
Less: Contracts executed during the year (payments)	<u>(261,150,648)</u>	<u>(203,138,691)</u>
	<u>469,219,602</u>	<u>149,097,675</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:

	2023 K	2022 K
Not later than one year	<u>581,272,575</u>	<u>234,862,638</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.

27. 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

APPENDIX I – DETAILED OPERATING STATEMENT

	Rural Electrification Authority		Rural Electrification Fund	
	2023	2022	2023	2022
	K	K	K	K
Grant income				
Government appropriations	15,114,031	15,144,024	743,578,629	291,000,000
International donor funding	-	-	79,366,041	107,995,840
	<u>15,114,031</u>	<u>15,144,024</u>	<u>822,944,670</u>	<u>398,995,840</u>
Other income				
Finance income	11,525,944	9,145,306	430,222	403,210
Foreign exchange gains	9,888	-	8,166,913	-
Other income	2,719,717	2,166,197	443,889	2,389,407
	<u>14,255,549</u>	<u>11,311,503</u>	<u>9,041,024</u>	<u>2,792,617</u>
Gross income	<u>29,369,580</u>	<u>26,455,527</u>	<u>831,985,694</u>	<u>401,788,457</u>
Staff and related costs				
Salaries and wages	8,146,956	7,309,376	48,113,558	47,686,869
Gratuity	1,779,590	1,580,189	12,320,149	11,916,297
Accrued leave pay	671,883	488,172	3,984,141	3,765,340
Medical scheme expenses	95,779	294,027	610,798	3,014,278
Staff welfare and benefits	1,448,304	2,319,209	6,268,639	2,908,826
Total staff costs	<u>12,142,512</u>	<u>11,990,972</u>	<u>71,297,285</u>	<u>69,291,610</u>

RURAL ELECTRIFICATION AUTHORITY

APPENDIX I – DETAILED OPERATING STATEMENT (CONTINUED)

	Rural Electrification Authority		Rural Electrification Fund	
	2023	2022	2023	2022
	K	K	K	K
Administrative and other expenses				
Rental expenses	12,932	-	7,088,787	4,469,025
Fuel, lubricants and oils	1,851,978	1,407,748	448,711	405,393
Audit fees	-	-	1,679,096	2,085,963
Communications	105,720	80,773	1,353,364	1,232,500
Training, workshops and seminars	-	3,000	726,651	909,880
Board of Directors Allowances/Facility Visit	2,000	176,480	1,198,192	2,122,440
Other administrative costs	115,254	250,687	2,820,715	1,736,441
Maintenance of equipment and buildings	106,618	46,867	1,602,641	136,766
Stationery, printing and publications	54,079	197,966	1,163,734	920,773
Travel, transport and subsistence	4,395	2,830	-	1,200
Carried forward	2,252,976	2,166,351	18,081,891	14,020,381

RURAL ELECTRIFICATION AUTHORITY

APPENDIX I – DETAILED OPERATING STATEMENT (CONTINUED)

	Rural Electrification Authority		Rural Electrification Fund	
	2023	2022	2023	2022
	K	K	K	K
Administrative expenses brought forward	2,252,976	2,166,351	18,081,891	14,020,381
Cleaning and materials	679,695	627,442	443,112	2,600
Security charges	20,865	-	1,171,295	874,309
General insurance	-	-	-	-
Bank charges	20,575	18,047	157,817	102,653
Motor vehicle repairs	4,781	6,497	2,982,633	2,436,118
Office refreshments	368,521	512,868	329,341	77,793
Board meeting expenses	720	51,433	397,955	201,441
Legal fees expense	1,745	-	2,801,037	7,697,176
Staff Subscriptions	423,365	166,748	459,632	895,255
Exhibition and publicity	-	-	2,799,359	2,686,704
Electricity and water	137,441	85,040	41,779	42,611
Impairment costs	-	-	-	-
Computer software and consumables	16,747	13,996	1,299,940	547,657
Consultancy fees	-	-	-	125,000
Committee allowances	-	-	-	-
Software and licenses	-	85,410	1,372,348	1,457,721
Procurement management	-	-	3,920,733	1,235,345
Foreign exchange losses	77,793	-	240,808	-
Total administrative and other expenses	4,005,224	3,733,832	36,499,680	32,402,764
Project expenses	100,995	62,267	50,609,279	34,727,135
Depreciation	8,936,052	6,944,778	589,463	1,990,628
Surplus/(deficit) for the year	4,184,797	3,723,678	672,989,987	263,376,320

RURAL ELECTRIFICATION AUTHORITY

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
SUBTOTAL GRID				ZMW21,747,673.60	

PROJECT NAME	DISTRICT	PROVINCE	TECHNOLOGY	COST	STATUS
Mwenzon 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 Luembe	Chiengi Nyimba Nchelenge & Mwense & Mansa	Luapula Eastern	Grid Grid	ZMW 4,500,815.30 ZMW 4,272,151.99	Completed Completed
Mutono Chiseta Mbaso		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

APPENDIX I I – ANALYSIS OF RURAL ELECTRIFICATION PROJECTS

Nangwenya	Rufunsa	Lusaka	Grid	ZMW2,624,477.78	Completed
Dundumwenzi	Kalomo	Southern	Grid	ZMW7,213,840.48	Completed
Hanjaalika	Mazabuka	Southern	Grid	ZMW 1,327,777.53	Completed
Manyaaana	Mazabuka	Southern	Grid	ZMW 690,172.07	Completed
Sakania	Ndola	Copperbelt	Grid	ZMW 876,376.58	Completed
Firwila 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
SUBTOTAL (GEP) GRID				ZMW96,728,851.08	

RURAL ELECTRIFICATION AUTHORITY

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
SUBTOTAL (GEP) GRID				ZMW6,130,420.44	

RURAL ELECTRIFICATION AUTHORITY

APPENDIX II – 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	Northern	Solar Mini Grid	USD\$242,193.79	completed
SUBTOTAL (PROJECTS)				USD\$9,474,251.45	
Lunga Solar Mini Grid 300kWp	Lunga	Luapula	Solar	ZMW5,011,756.42	In progress

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	Completed
Shingene - Northern Resettlement	Kalumbila	North-Western	Grid	ZMW 10,142,375.45	In progress
Matunga	Katete	Eastern	Grid	ZMW 1,041,323.69	Completed
Ndewe-Simambumbu	Petauke	Eastern	Grid	ZMW 2,070,810.82	Completed

PROJECT NAME	DISTRICT	PROVINCE	TECHNOLOGY	COST	STATUS
Kopa	Kanchibiya	Muchinga	Grid	ZMW 1,822,191.80	Completed
Mufubushi	Mpika	Muchinga	Grid	ZMW 1,144,422.71	Completed
Kanongesha	Mwinilunga	North-Western	Grid	ZMW 2,105,082.02	Completed
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
Bulaimu	Nakonde	Muchinga	Grid	ZMW 1,696,230.18	Completed
Chipepo	Gweembe	Southern	Grid	ZMW 7,518,736.53	In progress
Kantengwa	Namwala	Southern	Grid	ZMW 5,580,201.41	Completed
James	Nyimba	Eastern	Grid	ZMW 1,026,304.98	Completed
Zuze	Petauke	Eastern	Grid	ZMW 7,851,093.66	Completed
Kampeketete	Chongwe	Lusaka	Solar	ZMW 1,878,845.61	Completed
SUBTOTAL (GEP) GRID				ZMW74,780,398.82	

APPENDICES

APPENDIX III: LIST OF ALL PROJECTS UNDER THE 2023 WPB

S/N	PROJECT NAME	DISTRICT	PROVINCE	CONTRACTOR	CONTRACT SUM (ZMW)	TARGETED CONNECTIONS	STATUS
1	Mutenda Muchinshi	Chingola	Copperbelt	Contractor 1	6,695,416	315	100%
2	Zuze	Petauke	Eastern	Contractor 2	7,851,094	345	100%
3	Kanyama	Mwinilunga	North-Western	Contractor 3	8,686,316	210	68%
4	Shinengene	Kalumbila	North-Western	Contractor 4	10,145,375	524	59%
5	Chipepo	Gweembe	Southern	Contractor 5	7,518,737	446	83%
6	Kantengwa	Namwala	Southern	Contractor 6	6,873,309	60	100%
7	Luembe Phase II (James)	Nyimba	Eastern	Contractor 7	1,026,305	150	100%
8	Matunga	Katete	Eastern	Contractor 8	1,041,324	170	100%
9	Ndewe- Simambumbu	Petauke	Eastern	Contractor 9	2,070,811	506	100%
10	Katongo-Chilolwa	Nakonde	Muchinga	Contractor 10	1,782,754	300	100%
11	Kanongesha	Mwinilunga	North-Western	Contractor 11	2,105,082	378	100%
12	Keezwa GEP	Mumbwa	Central	Contractor 12	15,537,512	205	40%
13	Kambilombilo GEP	Lufwanyama	Copperbelt	Contractor 13	14,332,278	224	77%
14	Mutaba GEP	Masaiti	Copperbelt	Contractor 14	11,230,255	111	36%
15	Shingwa-Nkumbo GEP	Mpongwe	Copperbelt	Contractor 15	5,353,767	80	31%
16	Kathumba GEP	Sinda	Eastern	Contractor 16	15,334,934	520	100%
17	Kamphambe GEP	Katete	Eastern	Contractor 17	4,439,666	225	21%
18	Chief Kambombo GEP	Chama	Eastern	Contractor 18	13,413,266	430	15%
19	Mbozi GEP	Vubwi	Eastern	Contractor 19	7,036,862	270	36%
20	Matanda GEP	Mansa	Luapula	Contractor 20	13,247,787	815	27%
21	Kamwenge Farm Block GEP	Samfya	Luapula	Contractor 21	2,772,512	1	77%
22	Kapete GEP	Chongwe	Lusaka	Contractor 22	5,229,431	234	97%
23	Mulopa GEP	Shiwangandu	Muchinga	Contractor 23	9,805,195	120	7%
24	Katongo Kapala GEP	Mpika	Muchinga	Contractor 24	6,880,000	60	Tender was under Evaluation
25	Masamba Lyanda GEP	Senga Hills	Northern	Contractor 25	14,636,761	514	96%
26	Matipa GEP	Chilubi	Northern	Contractor 26	13,502,388	824	36%
27	Nsama- Phase I District GEP	Nsama	Northern	Contractor 27	17,213,187	257	18%
28	Pambashe - Phase I GEP	Kawambwa	Northern	Contractor 28	17,567,060	668	15%
29	Samuteba GEP	Mwinilunga	North-Western	Contractor 29	5,557,609	150	83%
30	Mwininyilamba GEP	Ikelenge	North-Western	Contractor 30	4,442,906	180	8%
31	Chinyingi GEP	Zambezi	North-Western	Contractor 31	16,430,660	250	24%
32	Maheba Phase I GEP	Kalumbila	North-Western	Contractor 32	9,974,668	98	8%
33	Chiefs in Itezhi Tezhi B GEP	Itezhi-tezhi	Southern	Contractor 33	8,103,644	70	32%
34	Banakaila GEP	Monze	Southern	Contractor 34	5,379,288	60	100%
35	Chiyobola/Chisuwo GEP	Monze	Southern	Contractor 35	12,091,923	70	28%

APPENDIX III CONT'D: LIST OF ALL PROJECTS UNDER THE 2023 WPB

S/N	PROJECT NAME	DISTRICT	PROVINCE	CONTRACTOR	CONTRACT SUM (ZMW)	TARGETED CONNECTIONS	STATUS
36	Simaubi Phase I GEP	Namwala	Southern	Contractor 36	14,288,598	350	9%
37	Siakasipa GEP	Kazungula	Southern	Contractor 37	6,516,912	179	41%
38	Nyawa RGC GEP	Kazungula	Southern	Contractor 38	23,424,901	418	97%
39	Mitete GEP	Mitete	Western	Contractor 39	36,021,776	60	12%
40	Mbanyutu GEP	Luampa	Western	Contractor 40	9,795,946	305	14%
41	Changilo GIP	Mkushi/Kapiri Mposhi	Central	Contractor 41	2,532,658	190	Site Handed over
42	Kandole GIP	Lufwanyama	Copperbelt	Contractor 42	5,213,912	374	Site Handed over
43	Mfulabunga GIP	Mpongwe	Copperbelt	Contractor 43	2,823,032	77	Site Handed over
44	Mkanda GIP	Chipangali	Eastern	Contractor 44	2,429,799	170	30%
45	Matonje GIP	Petauke	Eastern	Contractor 45	6,503,841	455	Site Handed over
46	Chieftainess Kawaza GIP	Sinda	Eastern	Contractor 46	5,519,483	355	Site Handed over
47	Kamulaseni GIP	Chipata	Eastern	Contractor 47	5,598,311	80	16%
48	Chikontha GIP	Nyimba	Eastern	Contractor 48	4,260,867	150	Contract was pending AG's approval
49	Shabo GIP	Nchelenge	Luapula	Contractor 49	4,293,823	501	35%
50	Mano/Chinwenshiba GIP	Samfya	Luapula	Contractor 50	5,320,474	150	36%
51	Kasanse GIP	Samfya	Luapula	Contractor 51	4,939,150	251	36%
52	Chieftainess Kanyembo GIP	Nchelenge	Luapula	Contractor 52	3,546,989	250	Contract was pending AG's approval
53	Mufwaya GIP	Kawambwa	Luapula	Contractor 53	2,548,886	131	Site Handed Over
54	Mutwe Walupwa GIP	Kanchibiya	Muchinga	Contractor 54	5,504,594	172	27%
55	Mutachi village GIP	Nakonde	Muchinga	Contractor 55	5,276,575	400	32%
56	Chilubula GIP	Kasama	Northern	Contractor 56	2,403,815	100	31%
57	Menga GIP	Luwingu	Northern	Contractor 57	5,189,773	152	27%
58	Isandulula GIP	Luwingu	Northern	Contractor 58	2,888,273	110	27%
59	Watopa GIP	Kabompo	North-Western	Contractor 59	5,359,796	250	9%
60	Kalundwana/Nakato GIP	Mongu	Western	Contractor 60	6,011,967	180	9%
61	Ikwichi/Makapaela GIP	Limulunga	Western	Contractor 61	5,267,127	20	20%
62	Shimano GIP	Nkeyema	Western	Contractor 62	4,187,072	175	Site Handed Over
63	Nambala GIP	Mumbwa	Central	Contractor 63	701,935	150	66%
64	Chilumba GIP]	Kapiri Mposhi	Central	Contractor 64	667,145	60	89%
65	Kamabaya GIP	Mpongwe	Copperbelt	Contractor 65	547,051	15	95%
66	Chieftainess Mwasemphangwe GIP	Lumezi	Eastern	Contractor 66	813,369	55	Site Handed Over

APPENDIX III CONT'D: LIST OF ALL PROJECTS UNDER THE 2023 WPB

S/N	PROJECT NAME	DISTRICT	PROVINCE	CONTRACTOR	CONTRACT SUM (ZMW)	TARGETED CONNECTIONS	STATUS
67	Chief Bunda Bunda GIP-	Chongwe	Lusaka	Contractor 67	472,736	10	Site Handed Over
68	Mukungule GIP	Shiwangandu	Muchinga	Contractor 68	342,911	40	Site Handed Over
69	Musaka GIP	Mushindamo	North- Western	Contractor 69	682,834	100	Site Handed Over
70	Lutende GIP -	Mongu	Western	Contractor 70	741,697	45	95%
71	Mweeke GIP	Mongu	Western	Contractor 71	230,898	39	100%
72	Tapo GIP	Limulunga	Western	Contractor 72	660,470	40	Site Handed Over
73	Shimbizhi GIP	Mumbwa	Central	Contractor 73	699,501	49	100%
74	Nsobe-Chalubemba GIP	Masaiti	Copperbelt	Contractor 74	622,664	20	95%
75	Maguya GIP	Chipata	Eastern	Contractor 75	911,409	100	100%
76	Janeiro	Luangwa	Lusaka	Contractor 76	495,575	84	Contractor Pending AG's Approval
77	Kasanjiku Distribution Network Phase II - Lot 1	Mwinilunga	North- Western	Contractor 77	6,993,720	40	100%
78	Kasanjiku Distribution Network Phase II - Lot 2	Mwinilunga	North- Western	Contractor 78	7,865,184	110	100%
79	Kasanjiku Distribution Network Phase II - Lot 3	Mwinilunga	North- Western	Contractor 79	8,021,846	60	70%
80	Ngabwe District Council SMG	Ngabwe	Lusaka	Contractor 80	1,500,000	30	100%
81	Chunga SMG	Mumbwa	Central	Contractor 81	6,475,426	100	100%
82	Chieftainess Mwanza SMG	Lundazi	Eastern	Contractor 82	6,266,514	194	Site Handed Over
83	Chief Chama SMG	Kawambwa	Luapula	Contractor 83	13,285,670	400	Site Handed Over
84	Nkandanzovu SMG	Samfya	Luapula	Contractor 84	3,637,145	200	Site Handed Over
85	Chief Lundu SMG	Chama	Muchinga	Contractor 85	13,403,207	250	Pending Contract Clearance
86	Chilubi Hospital Phase I SMG	Chilubi	Northern	Contractor 86	9,837,450	75	Pending Contract Approval
87	Chilubi Boarding School SMG	Chilubi	Northern	Contractor 87	14,269,692	90	Pending Contract Clearance
88	Ninge Secondary School SMG	Samfya	Luapula				
89	Chief Mpidi	Zambezi	North-Western	Contractor 88	6,840,261	100	Site Handed Over
90	Chief Moyo	Pemba	Southern	Contractor 89	2,554,319	35	Site Handed Over
91	100kWp Natukoma SMG	Shangombo	Western	Contractor 90	9,689,128	250	Pending Contract Approval

APPENDIX III CONT'D: LIST OF ALL PROJECTS UNDER THE 2023 WPB

S/N	PROJECT NAME	DISTRICT	PROVINCE	CONTRACTOR	CONTRACT SUM (ZMW)	TARGETED CONNECTIONS	STATUS
92	Chibwika SMP	Mwinilunga	North-Western	Contractor 91	4,804,245	0	Pending Site Handover
93	Kelongwa SMP	Kasempa	North-Western			60	
94	Luumba SMP	Zimba	Southern			60	
95	Macuu SMP	Limulunga	Western			60	
96	Chiweza SMP	Lumezi	Eastern	Contractor 92	1,420,000	60	Pending Contract Clearance
97	NGOCC SHS	Kalomo	Southern	Contractor 93	960,000	103	100%
98	Smart Read Board	Various	Various	Contractor 94	4,580,000	0	Contractor Pending AG's Approval
99	Solar for Chiefs SHS	Various	All	Contractor 95	22,291,000	79	10%
100	Solar for Health SHS	Various	All	Contractor 96	21,673,194	100	33%
101	Solar for Household SHS	Senenga	Western	Contractor 97	1,500,000	200	50%
102	Solar for Agriculture SHS	Chinsali	Muchinga	Contractor 98	1,500,000	3	100%
103	Biogas	Various	All	Contractor 99	6,064,248	20	30%

APPENDIX IV: LIST OF BIOGAS PROJECTS UNDER THE 2023 WPB

NO.	NAME OF SCHOOL	DISTRICT	PROVINCE	COMPLETION STATUS(%)
1	St. Paul's Secondary School	Kapiri	Central	95
2	Chipembi Girts Secondary School	Chisamba	Central	90
3	Ibenga Girts Secondary School	Masaiti	Copperbelt	80
4	Fatima Grils Secondary School	Ndola	Copperbelt	80
5	St. Margaret's Girls Secondary School	Chipata	Eastern	75
6	Petauke Boarding Secondary School	Petauke	Eastern	50
7	Mable Shaw's Girls Secondary School	Mberishi	Luapula	0
8	St. Clement's Secondary School	Mansa	Luapula	0
9	Kasisi Girts Secondary School	Chongwe	Lusaka	90
10	Mukamambo II Girls Secondary School	Chongwe	Lusaka	20
11	Keneth Kaunda Provincial Stem Secondary School	Chinsali	Muchinga	0
12	Muyombe Boarding Secondary School	Mafinga	Muchinga	0
13	Mungwi Boys Provincial Stem Secondary School	Mungwi	Northern	0
14	Mporokoso Boarding Secondary School	Mporokoso	Northern	0
15	Kanyama Boarding Secondary School	Mwinilunga	North-Western	10
16	Mwinilunga Boarding Secondary School	Mwinilunga	North-Western	0
17	St. Canisius Secondary School	Monze	Southern	0
18	Njase Girts Secondary School	Choma	Southern	90
19	Sefula Secondary School	Mongu	Western	0
20	Kambule Secondary School	Mongu	Western	0

APPENDIX V: LIST OF SOLAR FOR HEALTH PROJECT BENEFICIARIES UNDER THE 2023 WPB

No.	RHC Name	District	Province	No.	RHC Name	District	Province
1	Chilwa	Ngabwe	Central	51	Kapilya	Lavushimanda	Muchinga
2	Gibson	Chitambo	Central	52	Chungu	Chinsali	Muchinga
3	Mboshya	Luano	Central	53	Chanka	Nakonde	Muchinga
4	Chipundu	Chitambo	Central	54	Mweniwisi	Mafinga	Muchinga
5	Chisomo	Serenje	Central	55	Nachisitu	Mafinga	Muchinga
6	Kaundula	Luano	Central	56	Kalela	Chinsali	Muchinga
7	Chaposha	Kapiri Mposhi	Central	57	Fundamali	Mpulungu	Northern
8	Kapepe	Mumbwa	Central	58	Shimumbi	Luwingu	Northern
9	Yoram Mwanje	Chitambo	Central	59	Mwingilila	Luwingu	Northern
10	Muchindushi	Mpongwe	Copperbelt	60	Mulekatembo	Isoka	Muchinga
11	Luswishi	Mpongwe	Copperbelt	61	Mwamba	Mbala	Northern
12	Inthanda	Mpongwe	Copperbelt	62	Uningi	Mbala	Northern
13	Kasamba	Mpongwe	Copperbelt	63	Ngulula	Luwingu	Northern
14	Mukumbo	Lufwanyama	Copperbelt	64	Isofu	Mbala	Northern
15	Katonto	Masaiti	Copperbelt	65	Katilungu	Mungwi	Northern
16	Kamifungo	Masaiti	Copperbelt	66	Nguvu	Chavuma	North-Western
17	Chinondo	Masaiti	Copperbelt	67	Muzeya	Ikelenge	North-Western
18	Kanyebele	Chama	Eastern	68	Lihuka	Chavuma	North-Western
19	Mpondo	Chama	Eastern	69	Sakayi	Zambezi	North-Western
20	Chingozi	Chama	Eastern	70	Kayenge	Zambezi	North-Western
21	Chitungulu	Lumezi	Eastern	71	Matondo	Zambezi	North-Western
22	Chifunda	Chama	Eastern	72	Musonweji	Mufumbwe	North-Western
23	Madziatuwa	Chipangali	Eastern	73	Nyawanda	Zambezi	North-Western
24	Malama	Mambwe	Eastern	74	Chinyama Litapi	Zambezi	North-Western
25	Njoka	Lumezi	Eastern	75	Kayombo	Kabompo	North-Western
26	Mwape	Nyimba	Eastern	76	Kanyulunga	Zambezi	North-Western
27	Manota	Vubwi	Eastern	77	Kucheka	Zambezi	North-Western
28	Sasu	Petauke	Eastern	78	Mukunashi	Kasempa	North-Western
29	Lukwizizi	Lundazi	Eastern	79	Mapatizya	Zimba	Southern
30	Shitambuli	Milenge	Luapula	80	Hanzala	Mazabuka	Southern
31	Milambo	Milenge	Luapula	81	Chaamwe	Gwembe	Southern
32	Chibende	Milenge	Luapula	82	Nansenga	Itezhi-Tezhi	Southern
33	Mulumbi	Milenge	Luapula	83	Chitongo	Mazabuka	Southern
34	Kasanga	Chembe	Luapula	84	Siampondo	Sinazongwe	Southern
35	Chipete	Chembe	Luapula	85	Singwamba	Kazungula	Southern
36	Mwami	Chembe	Luapula	86	Muchila	Namwala	Southern
37	Chimfuntu	Chipili	Luapula	87	Ibbwemunyama	Chirundu	Southern
38	Sokontwe	Milenge	Luapula	88	Kalelezhi	Gwembe	Southern
39	Mumanse	Milenge	Luapula	89	Winda	Kaoma	Western
40	Milulu	Mansa	Luapula	90	West-Five	Lukulu	Western
41	Chikanzaya	Chirundu	Lusaka	91	Imusho	Sesheke	Western
42	Nyamphande	Rufunsa	Lusaka	92	Kaunga Mashi	Sioma	Western
43	Hachipilika	Chirundu	Lusaka	93	Sinjembela	Sioma	Western
44	Jamba	Chirundu	Lusaka	94	Dongwe	Lukulu	Western
45	Lukwipa	Rufunsa	Lusaka	95	Sitoya	Limulunga	Western
46	Chisakila	Kafue	Lusaka	96	Kasompa	Mulobezi	Western
47	Mayembe	Nakonde	Muchinga	97	Kalundu	Mwandi	Western
48	Mbati	Kanchibiye	Muchinga	98	Keyana	Shangombo	Western
49	Mukalizi	Nakonde	Muchinga	99	Mata	Senanga	Western
50	Mapoma	Kanchibiye	Muchinga	100	Lueti	Sikongo	Western

APPENDIX VI: LIST OF SOLAR FOR CHIEFS PROJECT BENEFICIARIES UNDER THE 2023 WPB

No.	Name	District	Province	No.	Name	District	Province
1	Snr. Chief Mboroma	Luano	Central	37	HRH Chief Chewe- Bemba	Chinsali	Muchinga
2	Chief Chitambo	Chitambo	Central	38	Chief Chinyama Litapi	Zambezi West	North Western
3	Chief Mbosha	Luano	Central	39	Chief Mwininyilamba	Ikelenge	North Western
4	Chief Mulungwe	Luano	Central	40	Chief Kucheka	Zambezi	North Western
5	Chief Chisomo	Serenje	Central	41	Chief Kalilele (Snr)	Mushindamo	North Western
6	Chief Muchinda	Serenje	Central	42	Chief Mulonga	Mushindamo	North Western
7	Chief Chibuluma	Mumbwa	Central	43	Chief Ingwe	Kasempa	North Western
8	Chieftainess Kabulwebulwe	Mumbwa	Central	44	Chief Chikola	Mushindamo	North Western
9	Chief Chembe	Luano	Central	45	Chief Ishindi (Snr)	Zambezi	North Western
10	Chief Kaundula	Luano	Central	46	Chieftainess Nyakulenga	Zambezi East	North Western
11	Chief Nkambo	Masaiti	Copperbelt	47	Chief Shibwalaya Kapila	Lunte	Northern
12	Chief Mukutuma	Lufwanyama	Copperbelt	48	Chief Matipa	Chilubi	Northern
13	Chief Kapichila	Lundazi	Eastern	49	HRH Chief Chinakila Lungu	Mpulungu	Northern
14	Chief Chikwa	Chama	Eastern	50	Chief Mukungule	Mpika	Northern
15	Chief Munukwa	Chipangali	Eastern	51	Chief Munkonge	Kasama	Northern
16	Chief Mulilo	Chama	Eastern	52	HRH Senior Chief Shimumbi	Luwingu	Northern
17	Chief Tembwe	Chama	Eastern	53	HRH Senior Chief Nsama	Nsama	Northern
18	Chief Chifunda	Chama	Eastern	54	HRH Chief Tungati - Bemba	Luwingu	Northern
19	Chieftainess Mwape	Nyimba	Eastern	55	HRH Chief Mukupa katandula	Kaputa	Northern
20	Chief Mulungwe	Chifunabuli	Luapula	56	HRH Chief Katuta	Lupososhi	Northern
21	Chief Chama	Kawambwa	Luapula	57	HRH Chief Chimbola	Mungwi	Northern
22	HRH Chief Nshimba	Nchelenge	Luapula	58	HRH Chief Makasa	Mungwi	Northern
23	Snr Chief Mununga	Chiengi	Luapula	59	Chief Chilyabufu	Itezhi Tezhi	Southern
24	Chief Sokontwe	Milenge	Luapula	60	Chief Nyawa	Kazungula	Southern
25	HRH Chief Mbulu	Chifunabuli	Luapula	61	Chief Shezongo	Itezhi-tezhi	Southern
26	HRH Chief Bwalya Mponda	Lunga	Luapula	62	Chief Mapanza	Choma	Southern
27	HRH Chief Nsamba	Lunga	Luapula	63	Chief Muchila	Choma	Southern
28	HRH Chief Mulakwa	Samfya	Luapula	64	Chief Naluama	Chikakanta	Southern
29	HRH Chief Katuta Kampemba	Mwense	Luapula	65	Chief Ufwenuka	Monze	Southern
30	Chief Chipepo	Chirundu	Lusaka	66	Chieftainess Mwenda	Chikakanta	Southern
31	Chief Katyetye	Isoka	Muchinga	67	Chief Hamusonde	Monze	Southern
32	HRH Chief Mwenechifungwe- Fungwe	Mafinga	Muchinga	68	Chief Kahare	Nkeyema	Western
33	HRH Chief Mweniwisi	Mafinga	Muchinga	69	Snr Chief Litunga La Mboela	Nalolo	Western
34	HRH Chief Chiundaponde	Lavmanda	Muchinga	70	Chief Lukama	Sioma	Western
35	HRH Chief Muyombe	Mafinga	Muchinga	71	Chief Mutondo Nkoya	Kaoma	Western
36	HRH Chief Kabinga	Kanchibiya	Muchinga				



