

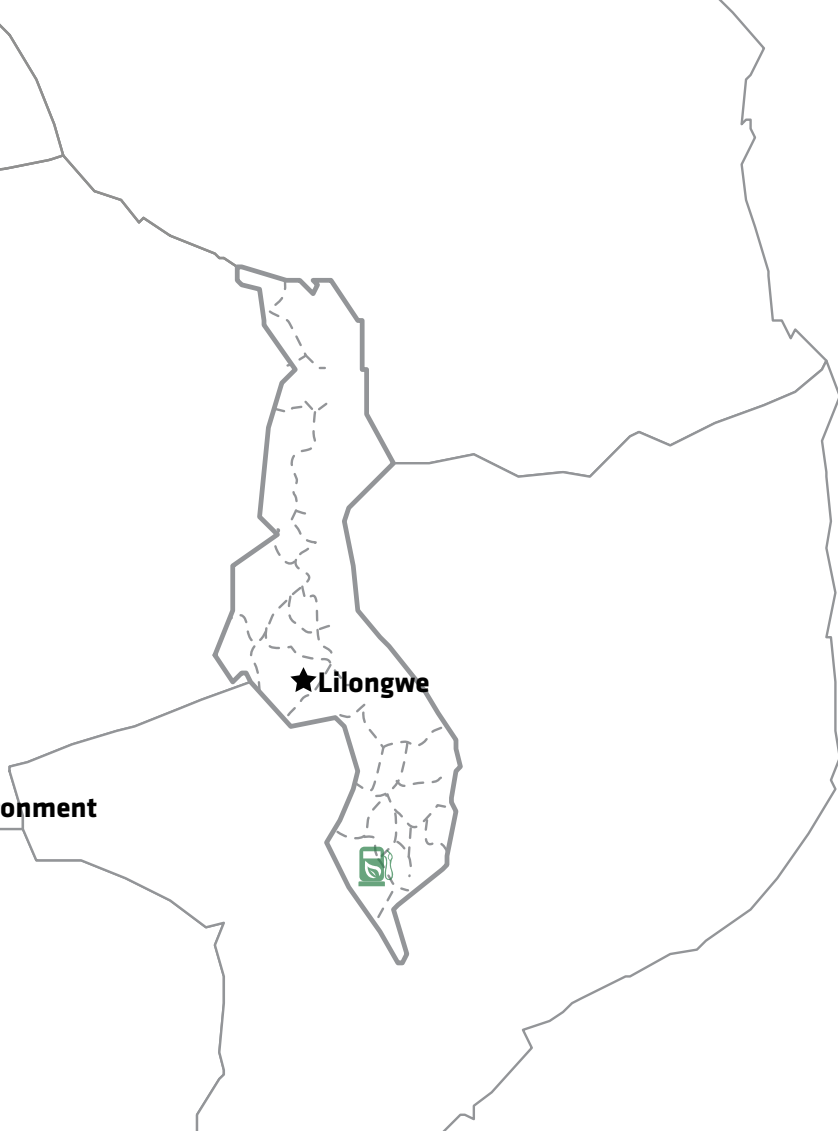
SOUTHERN AFRICA



Malawi

GDP: **\$4.3bn**
 Five-year economic growth rate: **-4.6%**
 Population: **16.8m**
 Total clean energy investments, 2009-2014: **\$0.0m**
 Installed power capacity: **372.0MW**
 Renewable share: **23.6%**
 Total clean energy generation: **519.8GWh**
 Top energy authority:
Ministry of Natural Resources, Energy and Environment

OVERALL RANKING	OVERALL SCORE
2014	2015
34	1.01
33	



PARAMETER	RANKING	SCORE
I. Enabling Framework	22	1.29
II. Clean Energy Investment & Climate Financing	53	0.11
III. Low-Carbon Business & Clean Energy Value Chains	28	1.44
IV. Greenhouse Gas Management Activities	18	1.60

SCORE SUMMARY

Malawi scored 1.01 in *Climatescope* 2015, placing it 33rd on the list of countries overall, up one place on 2014. Its best performance was on Greenhouse Gas Management Activities Parameter IV.

The country was ranked 22nd on Enabling Framework Parameter I, which was a slight improvement on 2014. This largely reflected the country's relatively robust framework for distributed energy and the presence of energy access policies.

On Clean Energy Investment and Climate Financing Parameter II, the country was placed near the bottom of the list in 53rd place, reflecting the absence of investment in the sector.

Malawi was ranked 28th on Low-Carbon Business & Clean Energy Value Chains Parameter III, with a number of service providers present related to the distributed energy sectors.

On Parameter IV, the country climbed 10 places to 18th thanks to a better performance on the Clean Development Mechanism risk indicator.

For further information, access www.global-climatescope.org/en/country/malawi

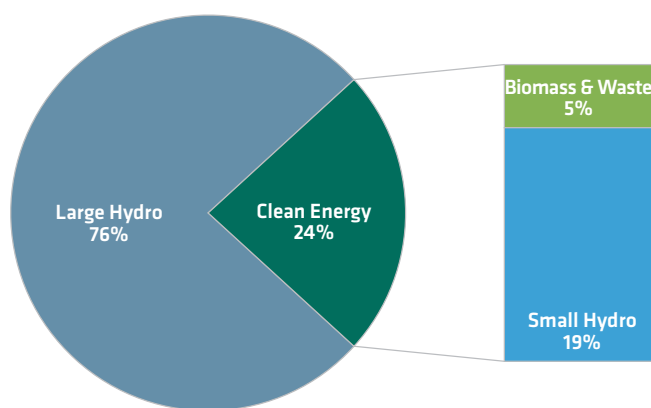
OVERVIEW

Malawi's electricity generation mix consists predominantly of large hydro power plants, mainly on the Shire River that flows from Lake Malawi. With an electrification rate of at most 9% and increasing power demand, the country is struggling to reform its power market and incentivise the build-out of new capacity.

Malawi's Ministry of Natural Resources, Energy and Environment oversees its electricity sector along with the Malawi Energy Regularity Authority (MERA). The Electricity Supply Corporation of Malawi (ESCOM) is a vertically integrated government utility and responsible for all generation, transmission, distribution and retail within the country.

INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)

372.0MW total installed capacity



Source: Bloomberg New Energy Finance, Electricity Supply Corporation of Malawi, Sucoma, Dwasco

In September 2012, MERA finalised a feed-in tariff, but to date it has not been made available to developers. Clean energy project developers and manufacturers can qualify for general tax incentives that were set up to support foreign investment. A biofuels blending mandate has been in place since the 1980s.

KEY POLICIES

Energy target	7% of total energy consumption from solar and wind by 2020 and 10% by 2050, based on 2003 National Energy Policy.
Feed-in Tariff	Drawn up by the regulator in 2012 but the 20-year fixed tariffs have yet to be implemented.
Biofuels	A mandate to blend 10% ethanol with gasoline since 2004, often not met due to short supply.
Debt/Equity Incentives	The Rural Electrification Fund has provided grants for grid extension and mini grids since 2004.
Tax Incentives	Investors are eligible for a range of tax reductions and import duty exemptions.

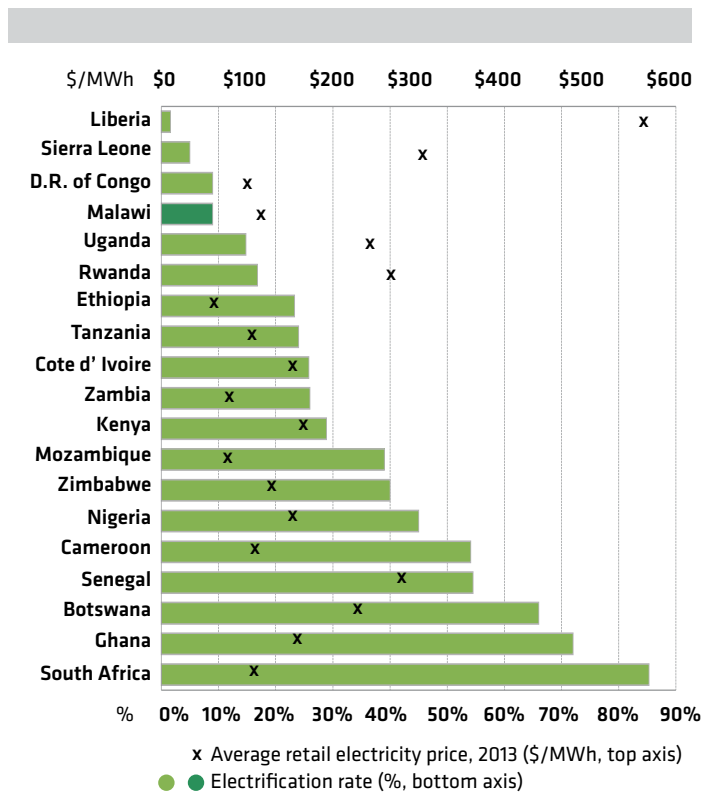
Source: Bloomberg New Energy Finance Policy Library

Large hydro power plants make up 282MW of the 372MW of installed capacity. Small hydro contributes 68MW, with the remainder composed of biomass, diesel and a single 0.83MW PV plant. The two biomass plants are captive and owned by a sugar cane producer, while the PV plant – financed through a grant from Japan – is used to power Lilongwe's airport.

The government is conducting feasibility studies for new large hydro power plants with a total capacity of 310MW. To attract foreign investment in the power sector, the country has started opening up the electricity market with a standardised power purchase agreement to allow independent power producers to operate. It is early days, however: only two IPPs are developing projects: HE Power, for a 41MW hydro project, and IntraEnergy for a 120MW coal plant.

The existing Rural Electrification Programme under the energy ministry uses revenues from a 1% electricity tax for a fund to extend the main grid to trade centres. Malawi has few public schemes to help develop off-grid solutions despite having an energy access target of 30% by 2020.

ELECTRIFICATION RATES (%) VS AVERAGE RETAIL ELECTRICITY PRICES, 2014 (\$/MWh)



Source: Bloomberg New Energy Finance