



Mozambique

GDP: **\$16.4bn**Five-year economic growth rate: **10.1%**Population: **26.5m**Total clean energy investments, 2009-2014: **\$2.2m**Installed power capacity: **2.6GW**Renewable share: **2.2%**Total clean energy generation: **124.3GWh**Top energy authority: **Ministry of Energy**

OVERALL RANKING

2014

40

2015

41

OVERALL SCORE

2015

0.77

★Maputo

PARAMETER	RANKING	SCORE
I. Enabling Framework	43	0.84
II. Clean Energy Investment & Climate Financing	37	0.36
III. Low-Carbon Business & Clean Energy Value Chains	30	1.34
IV. Greenhouse Gas Management Activities	38	0.82

SCORE SUMMARY

Mozambique scored 0.77 in *Climatescope* 2015, placing it 41st on the list of countries overall, a decline of one place from its position in 2014. The country's highest score was on Low-Carbon Business & Clean Energy Value Chains Parameter III.

On Enabling Framework Parameter I, Mozambique lost one place to rank 43rd. Its score was supported by its relatively high diesel and kerosene prices.

The country gained five places to take 37th position on Clean Energy Investment and Climate Financing Parameter II. While there has been little investment to date, the sector has benefited from a modest volume of grants and loans.

On Parameter III, Mozambique was placed 30th, reflecting the presence of a small number of clean energy value chains and service providers, including a solar module assembly plant.

On Greenhouse Gas Management Activities Parameter IV, the country ranked 38th, scoring best on the Clean Development Mechanism risk indicator.

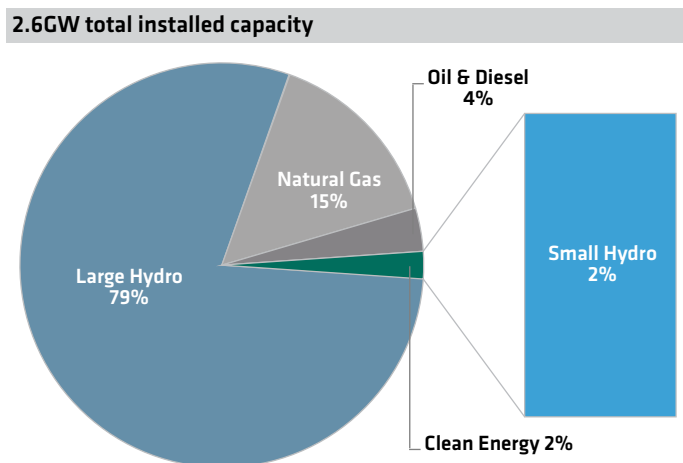
For further information, access www.global-climatescope.org/en/country/mozambique

OVERVIEW

Mozambique's power sector runs predominantly on hydro generation. However, large discoveries of coal reserves and offshore natural gas in the north of the country may change this mix in the future.

As of 2014, Mozambique's on-grid generating capacity was 2.2GW, with large hydro power making up 2GW. Electricidade de Moçambique (EDM), the country's state-owned vertically integrated utility, has 5% of its generation capacity and is responsible for transmission and distribution services. Hidroelétrica de Cahora Bassa's 2GW large hydro plant is responsible for the remaining generation and is a large exporter of electricity to surrounding countries.

INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)



Source: Bloomberg New Energy Finance, Electricidade de Moçambique, Gigawatt Mozambique

In 2011, a public-private partnership law was published, creating opportunities for private generators. There are currently a 110MW gas-fired plant, two coal-fired power plants amounting to 900MW and a 1.5GW large hydro project being developed by independent power producers (IPPs). Additionally, two other projects are being developed to supply coal mines. All IPPs must sell electricity to EDM under negotiated prices.

KEY POLICIES

Energy Target	100MW of onshore wind and 125MW of small hydro power by 2025, plus plans to use solar PV and establish a feed-in tariff.
Feed-in Tariff	A tariff for solar, wind, biomass and small hydro projects from 10kW to 10MW. Full implementation is still pending final regulatory modifications.
Biofuels	A mandate to blend 10% ethanol with gasoline and 3% biodiesel with diesel, rising further from 2015.
Debt/Equity Incentives	The national energy fund supports off-grid electrification, with a goal of providing solar power to 2.1m people in rural areas.
Tax Incentives	Investors in large infrastructure projects are eligible for a range of tax reductions and VAT and import duty exemptions.

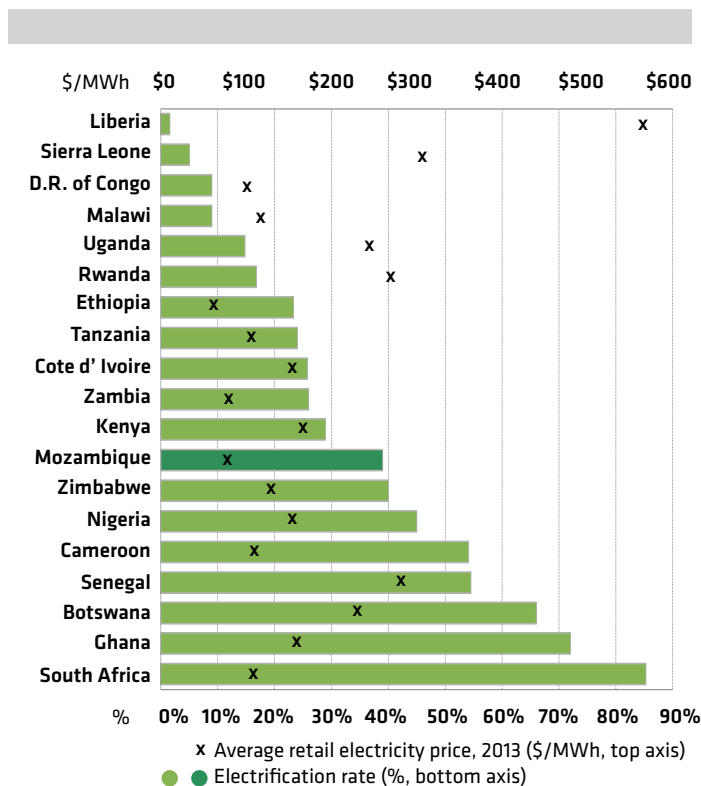
Source: Bloomberg New Energy Finance Policy Library

To date, clean energy has mainly been deployed to increase the country's electrification rate, which stands at 40%. Distributed solar systems have been fundamental to bring electricity to small villages, where transmission infrastructure has not arrived. The National Energy Fund (FUNAE) is a government agency dedicated to implementing off-grid projects. FUNAE holds tenders for the installation of systems across the country by private developers.

To foster the development of renewable energy technologies in the country, the Ministry of Energy in 2014 launched a feed-in tariff to provide price premiums to small-scale projects from 10kW to 10MW for biomass, small hydro, solar and wind. Premium rates varied from \$0.13-\$0.41/kWh. However, regulation to implement the feed-in tariff is still pending. On the utility-scale side, there are plans to develop a wind farm close to Inhambane.

Mozambique is one of the few countries in Sub-Saharan Africa to have a solar supply-chain facility. The module assembly plant near Maputo aims to produce components for the national market.

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



Source: Bloomberg New Energy Finance