

# »» GET FIT Programme

## Energy Sector Working Group

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Bank aus Verantwortung

**KFW**

## »» Agenda

- 1 GET FIT Uganda – Results and Approach
- 2 Potential GET FiT Programme in Mozambique

## »» GET FiT Uganda

### Results Achieved 2012 - 2016

- Total of 21 projects (hydro, biomass, solar) approved with additional on-grid energy capacity of up to 170 MW
- Energy production increase of 20% (800 GWh p.a.)
- Access to energy for > 200.000 households (1.2 million people) also in rural areas
- USD 500 million in private investments leveraged with limited amount of grant funding (leverage factor of 4.5)
- Transparent and efficient legal and regulatory framework for RE IPPs is in place
- Experience gained by public sector to manage IPP transactions
- Compliance with IFC Social and Environmental Performance Standards
- Uganda is SSA country with second highest number of IPPs in Africa after South Africa

»» GET FIT Programme Uganda - Stimulating private investments into RE  
Focus on 3 support elements to initialize a sustainable renewable energy sector development



- Top-up of RE feed-in tariff
- Grants/ concessional financing for grid integration
- Political risk insurance products
- Commercial risk insurance
- FiT implementation guidelines
- Standardized contract documents (PPAs, grid connection)
- Competitive procurement process




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# MARKET STUDY: SUMMARY RESULTS FOR DUE DILIGENCE AREAS



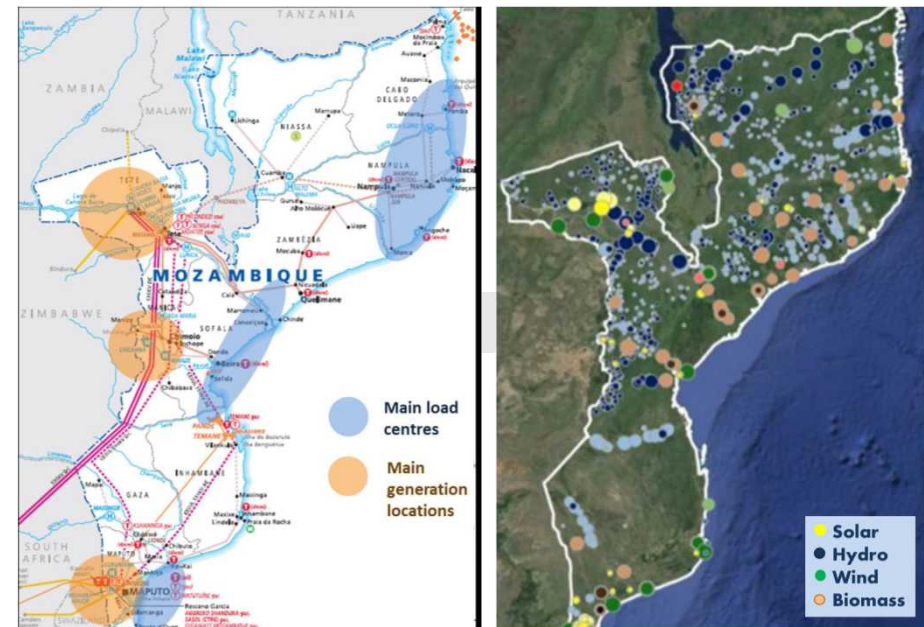
An assessment of readiness, political will and economic justification for GET FiT;  
*not* an overall score for “GET FiT Appropriateness”

Country		RE potential and power market situation	Legal/ regulatory/ policy framework	IPP pipeline	Financial landscape	Implementation considerations
<b>Southern Africa</b>						
Malawi 	Readiness	●	●	●	●	●
	Outlook	➡	➡	➡	➡	
Mozambique 	Readiness	●	●	●	●	●
	Outlook	?	?	➡	➡	
Namibia 	Readiness	●	●	●	●	●
	Outlook	➡	➡	?	➡	

# SECTOR CONTEXT & RATIONALE



- Power sector dynamics and challenges
  - Strong demand growth
  - long distances from production to load areas
  - transmission constraints
- Abundant and well mapped renewable energy resources
  - Dispersed generation opportunities gaining attention
  - Improve supply security
  - Stabilize systems
- Regulatory momentum:
  - Renewable energy policy and strategy
  - REFIT programme
  - Cost-plus based REFITs (cost-reflective??)



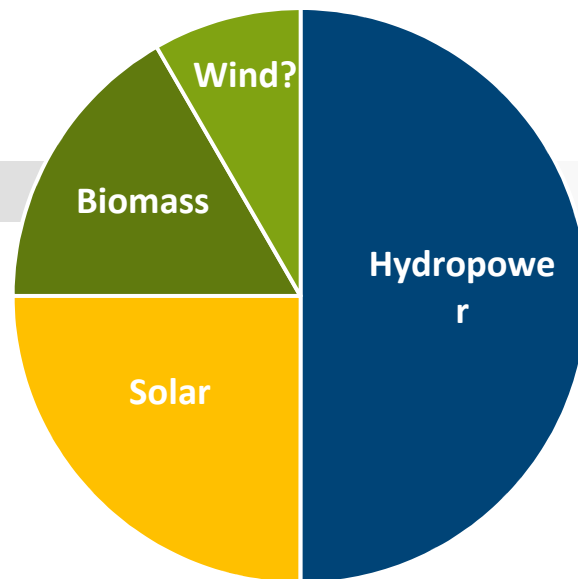
# KEY BARRIERS TO A SUCCESSFUL RE IPP FRAMEWORK



- Perception of 'reasonable price' and the value of dispersed (RE) power production
- Political and off-taker risk – attract investors and financiers
- Weak RE IPP track-record and experience in key institutions
- REFIT framework new, incomplete and untested
- Institutional constraints
  - No real independent regulator; regulatory powers remain with the Ministry of Mineral Resources and Energy
  - Human resources
  - Efficiency and transparency in bureaucratic and formal processes and procedures



# GET FIT MOZAMBIQUE INDICATIVE TOOLBOX



- Programmatic risk mitigation
  - Political risk insurance products
  - Commercial risk insurance products to mitigate e.g. off-taker risks; forex risk
- Bridging the viability gap
  - REFITs vs. investors' requirements
  - REFITs vs. alternative power sources - EDM incremental cost
- Technical knowledge base strengthening
- Support to financial and developer community
- Ensure effective REFIT implementation
  - MIREME as host institution
  - Complete set of standardized transactional documentation (IA, PPA, GCA)
  - Efficient procurement (REFIT/Auction)

## »» Feasibility Study

### Plans and Approach

- Funding for FS available from UK Gov. (DECC)
- FS to be tendered in **3 packages**:
  - Legal expertise: Review of regulatory framework
  - Financial expertise: programme design, risk mitigation requirements, calculation of tariff support
  - Technical expertise: Grid integration, identification of project pipeline
- Recruitment of full-time **GET FiT Coordinator** based in Maputo:
  - Coordinate implementation of FS
  - Coordination among key stakeholders
  - Develop communication platform for developers and financiers
- Timeline:



## »» German Financial Cooperation in Mozambique Project Portfolio in Energy Sector

Objective: Cost-Efficient and Environmentally-Friendly Energy Supply

### Energy Generation: Hydropower



#### **Rehabilitation of Mavuzi (52 MW) und Chicamba (38 MW) HPPs**

Loan € 18 m (signed in 2013)  
Status: Works ongoing, commissioning Nov. 2016

#### **New Tsate HPP (50 MW)**

Total costs up to € 210 m  
Financiers: KfW, Sida, EIB  
Status: Feasibility Study completed, ESIA 2016 – 2017, financial close 2019

### Transmission Systems



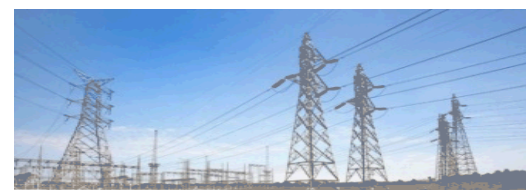
#### **EDM Power Network Modernisation Programme**

Loan € 47 m + grant € 5,8 Mio. (signed in 2015)  
Status: Detailed Design to begin 2016

#### **EDM Short-Term Investment Programme (STIP)**

Grant € 9 m (to be signed in 2016), co-financing with EIB & Norad  
Status: Procurement of Detailed Design ongoing

### Regional Projects



#### **Mozambique – Malawi Interconnector**

Grant € 30 m (to be signed in 2016)  
Status: FS ongoing

»» Get in touch – we would be happy to advise you



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