



CONFERÊNCIA EMPRESARIAL



# RENOVÁVEIS EM MOÇAMBIQUE 2022



BUSINESS CONFERENCE



Renewables in Mozambique 2022



MAPUTO 6/7 DEZEMBRO • DECEMBER

## OVERVIEW OF ICS MARKET IN MOZAMBIQUE: CHALLENGES AND OPPORTUNITIES

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## MARKET EVOLUTION



People for developer



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AMIGA DO AMBIENTE



LIVANINGO



SOGEPAL



solarworks!  
POWER BY DESIGN



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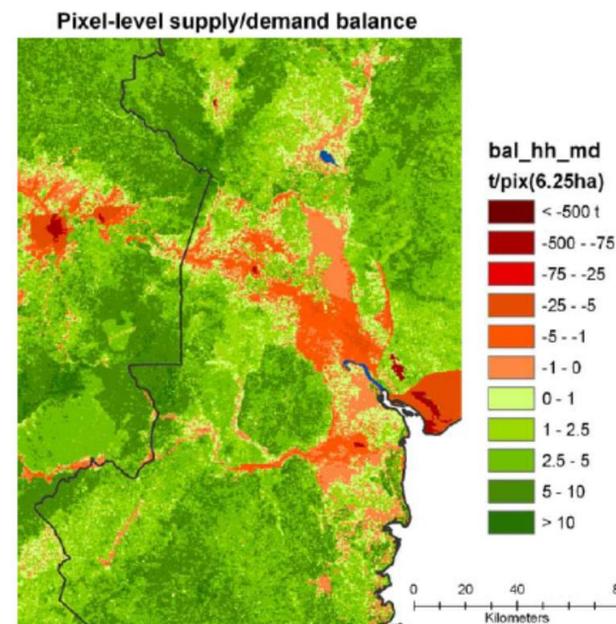
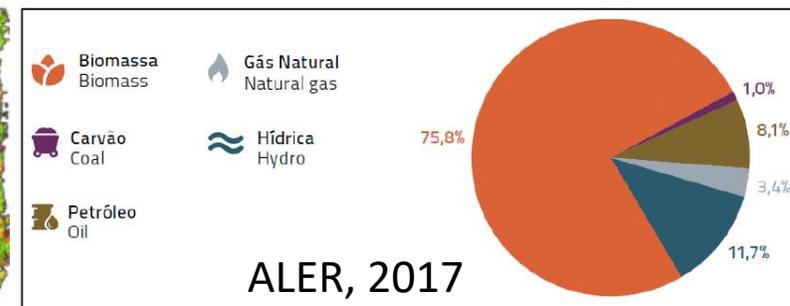
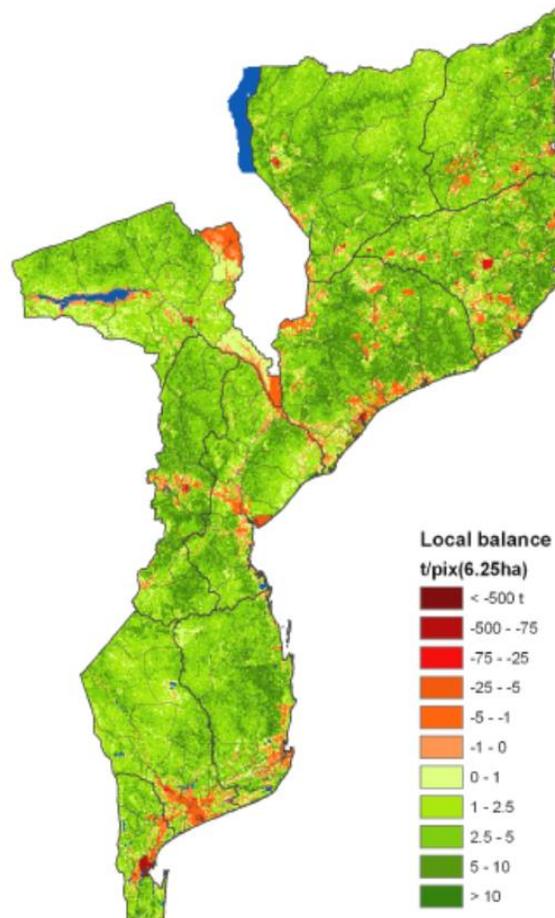
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## Biomass Energy Sector

- ❖ Firewood and charcoal are the main sources of energy for cooking, heating and illumination in Mozambican households.
- ❖ Over 75% of urban and Peri urban HH rely on charcoal (mainly) and firewood to satisfy their energy demands (Mainly for Cooking), while in rural areas (firewood is the main fuel), the % of HH is over 95%.
- ❖ Price of charcoal has been steadily increasing in recent years. An average charcoal bag in Maputo city, e.g costs approximately \$25.
- ❖ The deforestation contributes for the loss of ~300,000 Ha/Year.
- ❖ 13,000 deaths occur annually from indoor air pollution.



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## MARKET APPROACH

- Use Carbon Finance Market opportunity;
- Allow implementation of sustainable subsidies;
- Increase purchase power of the end users;
- Achieve HH in remote areas and offer clean cooking solutions;
- Potential to scale up the activities/business;



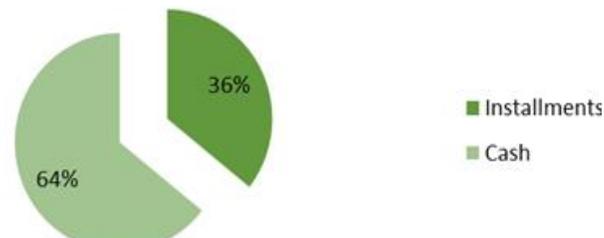


## DISTRIBUTION STRATEGY

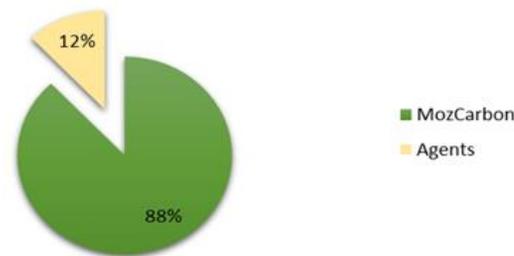
- Door to door sales using trained sales promoters
- Facilitates Monitoring
- Cash and Payment in instalments (initial payment c 30%)
- 3 - 12 installments;
- Credit department to follow repayment of instalments;
- **Small shops** in neighbourhoods where stoves are disseminated;



### Cash payments vs Installments Q3-2022



### Sales Distribution Q3-2022



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## CHALLENGES AND OPPORTUNITIES

Financial Challenges	Opportunity for support
<ul style="list-style-type: none"> <li>• Lack of funds for SME's and limited access to financing;</li> <li>• Miss-Match between the price of technologies vs ability to pay of the customers (mainly in Rural Areas);</li> <li>• High bank interest rates (25%+);</li> <li>• Insufficient local investors;</li> <li>• Fluctuations in exchange rates and currency depreciation risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Attracting private sector financing by sharing risk on investment through grants (CG);</li> <li>• Lower bank loan interest rate through providing a guarantee facility to commercial banks;</li> <li>• Attract foreign investment through matchmaking with local developers (Get Invest, BRILHO, etc).</li> </ul>
Import Challenges (Raw Material and end products)	Opportunity for support
<ul style="list-style-type: none"> <li>• High and inconsistent import duties (between 7.5 and 20%) and VAT (17%) which results in a higher price for end-user</li> <li>• Bureaucracy and unclear classification of the products;</li> <li>• No specific fiscal incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Coordinate with donors and other programmes to lower or remove import taxes and VAT for solar and ICS;</li> <li>• Matching grants to cover high cost of import duties and taxes;</li> <li>• Recently approved PAE (Plano de Aceleração Económico)</li> </ul>



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## CHALLENGES AND OPPORTUNITIES (CONT...)

### Market Knowledge Challenges

- Uncertainty over priority areas and technologies for development;
- Doubt over willingness to pay by households as only a few market studies have been done;
- Market research results are not easily accessible.

### Opportunity for support

- Use existent TA windows for market research;
- Conduct willingness to pay studies in strategic locations, such as priority areas and off-grid sites;

### Distribution Challenges

- Expensive and difficult last mile distribution;
- Poor infrastructure (Accessibility, Mobile Phone, etc);
- Reliable Sales Team (Cash and products stolen);
- Population Low density (mainly in Rural Areas);

### Opportunity for support

- Matching grants to cover high cost of last mile distribution (Redefine the Remote Plus);
- Specific Grant financing to support costs of developing and growing own distribution network;
- TA to improve the last mile distribution business process;

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## CHALLENGES AND OPPORTUNITIES (CONT...)

### End-User Related Challenges

- Lack of financing services for end-user
- Awareness about quality technologies and adequate use of them is low;
- Lack of awareness and reluctance towards Mobile Payment methods;
- Absence of capacity in the communities for installing, repairing, and conduct maintenance in systems.

### Opportunity for support

- Matching grants to cover cost of consumer education and awareness about quality solar products;
- Matching grant to support consumer education/awareness about PAYG and mobile payment platforms;
- TA for awareness raising strategy
- TA and grant support for marketing

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**Obrigado pela vossa atenção!**  
Thank you for your attention

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# MozCarbon

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