

SOUTHERN AFRICA

Mozambique

GDP: **\$15.3bn**

Five-year economic growth rate: **10%**

Population: **25.8m**

Total clean energy investments, 2006-2013: **\$48.7m**

Installed power capacity: **2.5GW**

Renewable share: **2.5%**

Total clean energy generation: **121.9GWh**

Top energy authority: **Ministry of Energy**

OVERALL RANKING
2014

40

OVERALL SCORE
2014

0.79

★Maputo

PARAMETER	RANKING	SCORE
I. Enabling Framework	42	0.84
II. Clean Energy Investment & Climate Financing	42	0.31
III. Low-Carbon Business & Clean Energy Value Chains	29	1.56
IV. Greenhouse Gas Management Activities	37	0.82

SUMMARY

Mozambique is ranked 40th out of 55 countries in *Climatescope* 2014, with a score of 0.79. It performed best in the area of Low-Carbon Business and Clean Energy Value Chains Parameter III, and achieved high scores for its clean energy and energy access policies, both of which are components of Enabling Framework Parameter I.

In 2013, the country saw just \$2m of investment in renewable energy (other than large hydro). This was a small fraction of the \$50m committed since 2006, more than 95% of which was directed at biofuel production.

The 2.1GW Cahora Bassa large hydro plant represents more than 85% of Mozambique's total power capacity. However,

the discovery of fossil fuel deposits will broaden the mix as a 110MW gas-fired power plant and two coal-fired projects amounting to 900MW are being developed by independent power producers.

In 2011, the government introduced a renewable energy strategy, which set targets for 100MW of onshore wind and 125MW of small hydro power by 2025, as well as a renewable energy resource mapping program. It also aims to introduce feed-in tariffs and other renewable energy funding mechanisms. The off-grid sector has grown since the introduction of a rural electrification fund in 1997.

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

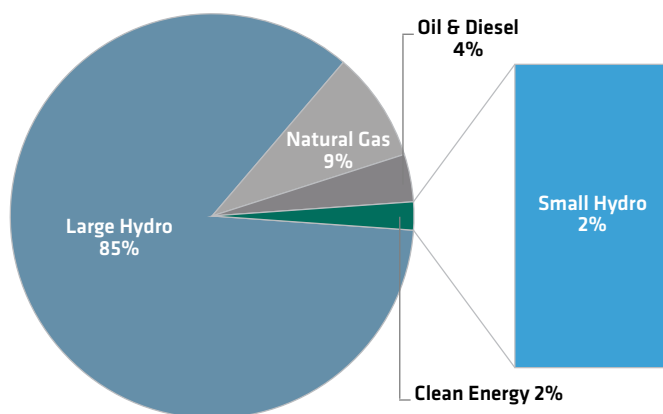
PARAMETERS AT A GLANCE

Mozambique ranked 42nd on Enabling Framework Parameter I. Its low score reflects, among other things, the low volume of installed clean energy capacity and heavily subsidized electricity prices.

It also reflects state control of the power sector. It would appear to be liberalized, with various generation and transmission companies, but this is not the case. The largest power producer Hidroelectrica de Cahora Bassa is majority-owned by the government, as is Electricidade de Moçambique.

INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

2.5GW total installed capacity



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

There is no legislation catering specifically to the development of renewable power generation but biofuels are seen as an important sector – a national biofuel strategy was introduced in 2009 and a blending mandate in 2011. However, investment has not been forthcoming; the one small plant commissioned has not produced much fuel.

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.
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

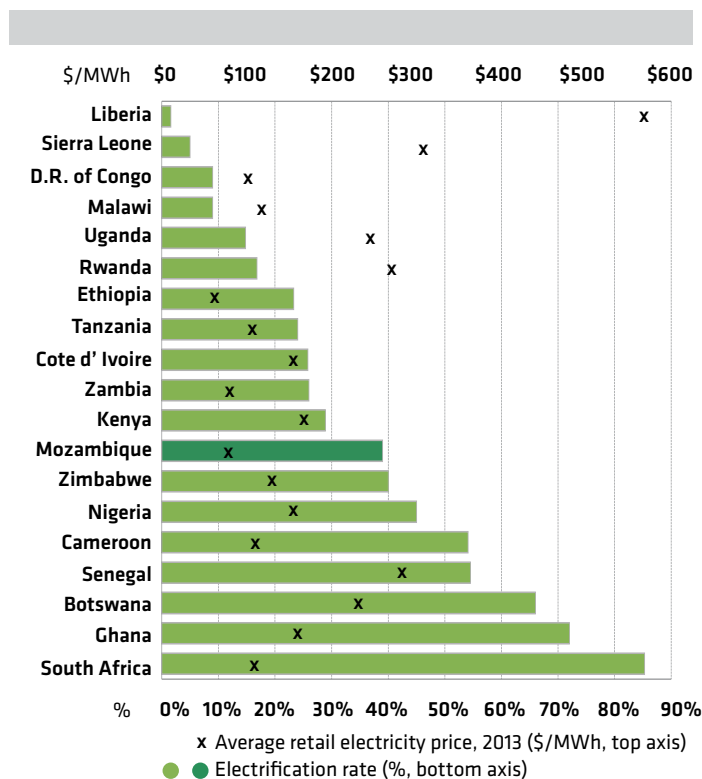
While Mozambique’s clean energy and energy access policies are the strongest elements of its Enabling Framework score, they could be better. Small power producers are able to get 25-year concessions, but they still face the challenge of having to negotiate tariffs through a framework that does not yet exist.

The country also ranked 42nd for Clean Energy Investment and Climate Financing Parameter II. The \$50m invested since 2006 was in the form of asset financing (\$19m) and a biofuel plant acquisition in 2007 (\$30m).

It achieved its highest ranking (29th) for the Low-Carbon Business and Clean Energy Value Chains Parameter III thanks to its off-grid value chains, which are considerably more developed than its on-grid value chains. The country has companies operating in solar, small hydro, wind and energy-efficient cooking stoves.

Mozambique’s score in Parameter IV was low (it ranked 37th), largely due to the failure of one of its two registered CDM projects.

ELECTRIFICATION RATES (%) VS AVERAGE RETAIL ELECTRICITY PRICES, 2013 (\$/MWh)



Source: Bloomberg New Energy Finance