GET FiT ZAMBIA

Annual Update

Year in review

2021

Multiconsult

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Message from the Ministry of Energy

Zambia's goal of becoming "A Prosperous Middle-Income Nation by the Year 2030", as outlined in the Vision 2030 plan, can be achieved by sustaining high rates of economic growth. There is a link between electricity consumption and economic growth, meaning to attain high rates of economic growth, there is need for increase in electricity consumption and, therefore, the need to increase electricity generation and supply. In Zambia, low rainfall resulting from climatic changes has affected electricity generation, highlighting the need to diversify our electricity generation portfolio.

The need for a diversified portfolio presents an opportunity for the introduction of renewable energy technologies as well as the participation of more private sector players in the sector. The implementation of Programmes like GET FiT Zambia is therefore valuable as it is designed to enable the entry of low-cost diversified energy sources onto the grid. The power that can be provided by the 120 MWac from the six awarded GET FiT projects can contribute in a meaningful way to alleviating the power deficits that are still experienced from time to time.

Beyond helping to alleviate power deficits, GET FiT Zambia aims to have a greater impact in the Energy Sector. Once these projects are completed, they will provide power at a very favourable tariff, in fact far below the average cost of power from our current generation facilities. These low prices are result of the successful GET FiT Zambia Solar PV tender, which achieved the lowest price outcome ever achieved in a solar auction in Sub-Saharan Africa until that date. Thus, these projects have the potential to make clean and affordable energy available to the country as well as to improve the economic situation of the sector. Additionally, GET FiT Zambia will leave behind a stronger, economically sound and climate-friendly energy sector in the long term.

The delay in implementation of the programme's Solar PV projects therefore has not gone unnoticed. The successful bidders of the projects have been making efforts to progress toward realising their projects. Meanwhile, the developers that were pre-qualified developers for the Small Hydro tender have been waiting for the launch of the request for proposal.

In the early stages of GET FiT Zambia implementation, both the Secretariat and the Ministry devoted their efforts mainly to the procurement programmes at the core of the Programme. In 2021, however, more attention had been directed toward reaping the opportunities to create lasting positive impacts on the sector, represented by the Programme's Technical Assistance Facility and the Grid Facility, which are other essential components of the GET FiT Zambia toolbox.

In conclusion, the successful implementation will not only ensure the scaling up of low-cost renewable energy, but it can also be a catalyst for unlocking private sector participation in the energy sector. This can further contribute to scaling up renewable energy projects to meet demand, not only in Zambia but also the region and thereby ensuring that Zambia plays its role in contributing towards global achievement of carbon neutral targets.

Hon. Peter Chibwe Kapala, MP
Minister of Energy

Acknowledgements from the Permanent Secretary

The Ministry of Energy wishes to express its deep appreciation to our partners who continue to support the GET FiT Zambia Programme. Sincere thanks to the German Government, through KfW, German Development Bank who is providing financial support in form of technical assistance, viability gap funding (VGF) and the Grid Facility, designed to ensure Zambia promotes private sector participation and diversifies its energy mix through the implementation of low-cost renewable energy projects. We also thank the British Government, through the Department for Business, Energy, and Industrial Strategy (BEIS) for the technical assistance provided towards the feasibility study for a potential 5 MW Microgeneration Programme.

On behalf of the Ministry, I wish to express a special word of thanks to the following line Ministries, Government Organisations, departments, and institutions for their support:

- The Ministry of Finance and National Planning, Ministry of Justice, Zambia Environmental Management Agency (ZEMA), Water Resource Management Agency (WARMA), Energy Regulation Board (ERB), the Citizens Economic Empowerment Commission (CEEC), the Rural Electrification Authority (REA), National Heritage Conservation Commission (NHCC).

- The Department of Energy, Department of Planning and Information, the Procurement and Supplies Unit and the Office for Promoting Private Power Investment (OPPPI) for your diligent work and the support you are providing to the GET FiT Zambia Secretariat.

- The ZESCO Managing Director, Directorates, Managers, and Working Group team members, for the support you are providing to ensure the 120 MW solar PV projects achieve financial close and that the Small Hydro Programme and Microgeneration programmes also achieve successful implementation.

The ultimate success of the programme will depend on the commitment and invaluable contributions from all stakeholders.

We look forward to continued support and contribution as we work towards the successful implementation of all initiatives under the GET FiT Zambia programme.

Francesca Chisangano Zyambo
Permanent Secretary
Ministry of Energy

Contributing to a **climate-friendly development path** and *sustainable growth* in **Zambia**

Impact Statement

About GET FiT Zambia

GET FiT Zambia is the implementation Programme for the Government of Zambia's REFiT Strategy that aims to facilitate private sector investment in small- and medium-scale Renewable Energy (RE) Independent Power Projects (IPPs) in Zambia.

The implementation is supported by KfW, the German Development Bank, on behalf of the German Government. The Ministry of Energy is the Project Executing Agency (PEA) responsible for the Programme. The GET FiT Secretariat (led by Multiconsult) was appointed in 2018 to work with the Department of Energy (DoE) to implement the Programme.

The Programme is motivated by acknowledging the wide range of positive, sustainable effects that the development of RE projects can have for economic and social development and the strong potential for such projects in Zambia. The realisation of up to 205 MW of renewable energy capacity is at the heart of the Zambian REFiT strategy. Additionally, GET FiT Zambia aims to boost institutional capacity and improve the investment framework for private sector participation in the Zambian power sector. A key feature is to ensure transparency in regulatory and commercial processes and strengthen power grid operations as a basis for integrating even more renewable energy in the future.

GET FiT Zambia is the second roll-out of the GET FiT concept, successfully piloted in Uganda, where it achieved approximately 160 MW of installed renewable energy capacity via 17 projects. GET FiT Uganda established a track record for private sector participation and helped transform the Ugandan energy regulator into a role model in Africa. GET FiT Zambia has been designed based on various lessons learned and on-the-ground experience in Uganda – while considering the country-specific circumstances and barriers to private sector involvement.

GET FiT Zambia is implemented by the Ministry of Energy (Department of Energy), in collaboration with KfW, the German Development Bank

The objectives of GET FiT Zambia are:

- Procurement of up to 205 MW of renewable energy capacity, as GET FiT Zambia has become the official implementation programme for the Zambian Renewable Energy Feed-in-Tariff (REFiT) strategy
- Contribution to diversify Zambia's power mix (both in terms of technology and geography) while ensuring cost-effective, environmentally, and socially sustainable projects to maximise value for Zambian end users
- Introduction of standardised legal documentation for Independent Power Producers (IPPs) and framework that will enable successful integration of the procured renewable energy into the national grid
- Promotion of competition and private sector participation in the Zambian power sector

Zambian context and priorities

GET FiT contribution

Diversified generation mix

Zambia is today heavily dependent on large hydro.

Installed RE capacity and IPP framework

Solar and small run-of-river. Tested framework to benefit country for years to come.

Low cost generation expansion

Need for low-cost source of diversified energy generation while mitigating impacts of climate change.

Solar and hydro a part of least-cost mix

Low prices for solar PV through reverse action and fair prices for small hydro through REFiT.

Decentralised power system

Large and sparsely populated country. Dispersed generation will benefit system expansion.

Geographically dispersed portfolio

Up to 15 projects to be implemented throughout the country supporting the energy system of the future.

Consistent long-term planning

Repeated power shortages highlighting the need for sector investment and planning.

Gradual improvement and long-term benefits

Implementation over several years to allow for consolidation of results.

Risk mitigation

A need to diversify current and planned new energy sources.

A small portfolio with large potential

Complementing the large hydropower in the power system. Small-scale IPP programmes can be rapidly scaled up or down.

The GET FiT Toolbox

GET FiT Zambia's tools are tailored towards current barriers in the Zambian power sector.

Barriers	GET FiT Tools	
Lack of credibility amongst investors that procurement efforts will result in execution	PROCUREMENT & TRANSACTIONS	**PROCUREMENT & TRANSACTION** The GET FiT Programme is tasked with the procurement of new renewable generation capacity. The Solar PV Tender successfully concluded in April 2019 with award of a total of 120 MWac, while the tender for small hydropower projects has been on hold since 2020.
Individual small projects unable to attract appropria-te financing and assosiated DD	DEBT & RISK MITIGATION FACILITY	**DEBT & RISK MITIGATION FACILITY** The Risk Mitigation Facility will be implemented in close collaboration with African Trade Insurance (ATI) as an option for developers and financiers. It combines ATI's existing Termination Guarantee insurance with a new short-term liquidity product (Regional Liquidity Support Facility) which was jointly developed by ATI and KfW.
High cost of capital for renewable transition and new REFiTs yet untested	VIABILITY GAP FUNDING	**VIABILITY GAP FUNDING** GET FiT offers performance-based tariff support for a limited portfolio of qualifying REFiT projects. In effect, Viability Gap Funding facilitates the entry of early movers from the private sector into the nascent renewable energy market in Zambia. GET FiT Zambia has not applied Viability Gap Funding toward solar PV projects.
Capacity constraints for integration and operation of decentralised intermittent RE	GRID FACILITY	**GRID FACILITY** The Grid Integration Component of the GET FiT Program consists of two different elements. GET FiT has provided advisory support to ZESCO regarding grid integration of solar PV into Zambia's national grid. GET FiT will also provide financing for grid integration for select technologies, such as hydro.
Skills gaps and capacity constraints in becoming credible counterpart to investors	TECHNICAL ASSISTANCE	**TECHNICAL ASSISTANCE** GET FiT is providing capacity building programmes for key sector stakeholders as part of the Technical Assistance facility. Particular focus points of these programmes are project support for the small hydro portfolio, as well as grid integration of renewable energy into the Zambian grid.

GET FiT Zambia – Reflections of the Year in Review

Following the success of the GET FiT Uganda Programme, GET FiT Zambia was launched in 2018.

By the time of the launch of the 100 MW Solar PV tender, GET FiT Uganda had made significant progress and had started to have a tangible impact on the energy sector and the country. Despite the success in enabling valuable RE capacity to the Ugandan power system, it is acknowledged that GET FiT Uganda was by no means perfect: it had faced a few challenges during the first five years of implementation. The key "Lessons Learned" from the implementation were analysed and published in a series of 'Lessons Learned' articles, all available at getfit-uganda.org/downloads/. These lessons from GET FiT Uganda were carefully considered in the design and implementation of the GET FiT Zambia solar tender, which targeted 100 MW of on-grid Solar PV. Their value was demonstrated when the tender achieved the lowest price of any Solar PV auction in Sub-Saharan Africa outside South Africa at the time.

Unfortunately, sector bankability weakened in the period following the award. A challenging macroeconomic situation was hard hit by the outbreak of COVID-19 pandemic and further worsened through 2020 and 2021. This has resulted in the need for debt restructuring and a debt relief package from the International Monetary Fund (IMF) and the World Bank. Lenders' commitment to financing the Solar PV projects has therefore not yet been possible, and Zambia has thus not been able to realise the benefits from these low-cost energy projects. Although, in hindsight, the timing of the tender launch may appear unfortunate, the information available at the time and the urgency of the matter made the timing appear ideal, and the outcome of the tender shows that the market actors shared the same optimistic outlook at the time. Specifically, the lack of energy caused by the 2015-2016 drought had only years earlier led to purchasing of expensive emergency power to cope with several hours of load shedding. Through the outcome of the 100 MW tender, GET FiT, with the contribution of key Zambian stakeholders, has demonstrated that it is possible for Zambia, through a competitive, well designed and efficiently implemented bidding process, to procure low-cost energy. Therefore, with the impact of climate change and extreme weather predicted to occur more frequently in coming years and shortages of power being experienced in the region, it is a shared view from our partners that the Programme objectives remain relevant.

The year 2021 undoubtedly presented its own set of challenges, but also the opportunity to learn and adapt. The Programme proved its flexibility to optimise resources by focusing on technical assistance during the period of low activity related to the Solar PV and Small Hydro procurement. Notable efforts and updates include:

- The development of a short-term grid development plan to enable future integration of renewable energy projects, with a specific focus on areas with a high concentration of potential small hydro projects. The working group comprised the Ministry of Energy, ZESCO, Rural Electrification Authority (REA) and the GET FiT Secretariat. The study was undertaken by the consultancy firm CESI SpA, which was appointed following the outcome of a tender undertaken by the GET FiT Secretariat (supported by the Ministry of Energy and ZESCO).

- Technical support and advisory to the Energy Regulation Board (ERB) and Ministry of Energy in developing the Open Access Market Regulations.

- The opportunity was also used to investigate other bankable off-take scenarios as an alternative to ZESCO as off-taker. Given progress already made on the Solar PV tender and based on feedback obtained from lenders, the other options considered were not found viable. Consideration may, however, be given to this option in the future as the open access market evolves and becomes more established.

At the end of 2021, the renewed commitment by the Government of Zambia to address the country's macro-economic challenges and ambitions to restore the financial sustainability of the energy sector is noted and welcomed from a GET FiT perspective. If these intentions materialise, it will set a strong foundation for successfully implementing the Programme objectives in 2022.

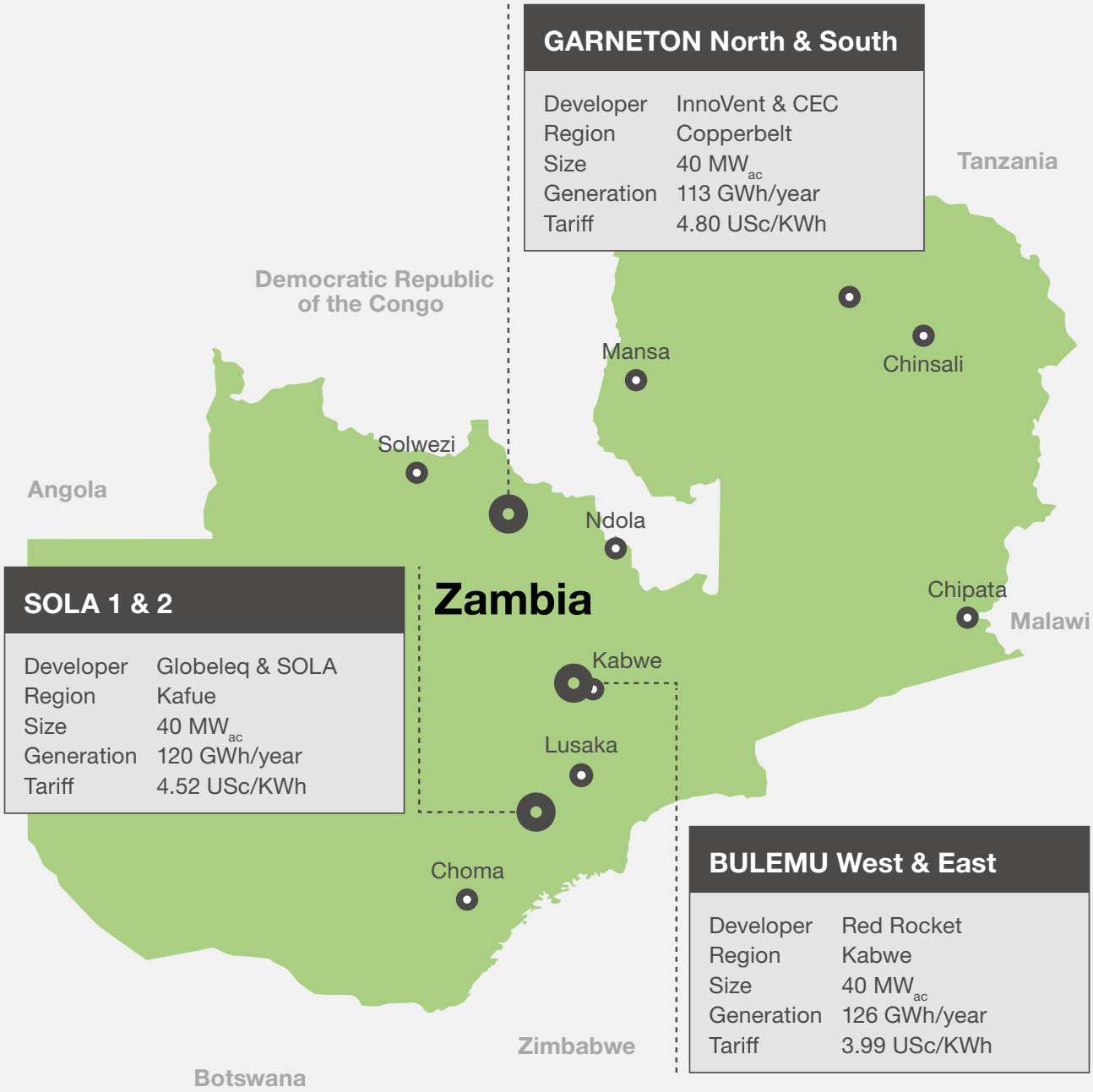
Solar PV

The Solar PV tender was initiated at the outset of the GET FiT Zambia Programme and has been an essential part of the Programme ever since.

As highlighted in the GET FiT Zambia Annual Update for 2020, the ambition for 2021 was to ensure progress in the development of the six Solar PV projects awarded under the Solar PV tender. The prices of the power to be provided from these projects were considered so favourable that it was agreed to go beyond the targeted 100 MW. The awards were thus given to three developers of projects which together would provide 120 MW of generation capacity to the Zambian grid. While the causes of the delay that was announced in 2020 have continued, the successful bidders of the six projects remained committed to the Programme and continued their efforts to advance the projects through 2021.

Realising the projects remains of strategic significance as it presents several different benefits. Once successfully implemented, the Solar PV projects will be able to feed power into the grid at an average tariff of 4.41 USc/kWh, which is much lower than the average tariff in Zambia today. Further benefits include the addition of 120 MW of climate-friendly power to the grid, and in light of the negative impacts of the load shedding on the economy, this is expected to provide a welcome relief to businesses. Maintaining ZESCO as the targeted off-taker of the power, despite the persisting bankability challenges, is intended to ensure that the low-cost projects can provide benefits for the whole population. This is also expected to have a positive impact on ZESCO's financial sustainability as it can help avoid ZESCO purchasing expensive power in times of energy shortage and provide the opportunity to sell power at a higher price in the Southern African Power Pool (SAPP) in case of excess energy in Zambia.

Given the value that the Solar PV projects could represent for the energy sector and the country, the Secretariat, together with the key Zambian stakeholders and KfW, has directed strong efforts toward the mitigation of risks and challenges causing the delays and enabling progress toward financial close. GET FiT Zambia also continued to work closely with the successful bidders, lenders, and other stakeholders to explore options that could improve bankability and ensure the projects are back on track for successful implementation.


GARNETON North & South
Developer InnoVent & CEC
Region Copperbelt
Size 40 MW$_{ac}$
Generation 113 GWh/year
Tariff 4.80 USc/KWh
Tanzania
Democratic Republic of the Congo
Mansa
Chinsali
Solwezi
Angola
Ndola
Zambia
Chipata
Malawi
Kabwe
Lusaka
Choma
SOLA 1 & 2
Developer Globeleq & SOLA
Region Kafue
Size 40 MW$_{ac}$
Generation 120 GWh/year
Tariff 4.52 USc/KWh
BULEMU West & East
Developer Red Rocket
Region Kabwe
Size 40 MW$_{ac}$
Generation 126 GWh/year
Tariff 3.99 USc/KWh
Zimbabwe
Botswana

Small Hydropower

A Small Hydro tender was planned in 2020 to follow up on the Solar PV tender success and to add 50 MW of hydro capacity to the portfolio. This was unfortunately postponed due to the outbreak of the COVID-19 pandemic.

GET FiT Zambia has pre-qualified 30 developers of small hydropower projects, who were all eligible to apply for feasibility study rights (FSRs). A total of forty-four (44) FSRs were granted by the Ministry of Energy to 20 of these pre-qualified developers in 2020 and early 2021. The sites, with capacities that vary between 1 to 20 MW, are shown in the map below. The pre-qualified developers who hold feasibility study rights will be invited to participate in the GET FiT Zambia Small Hydropower tender. A moratorium has been issued until mid Q3 2022 with the hope that a clear pathway can be found for the continuation of the Small Hydro Programme.

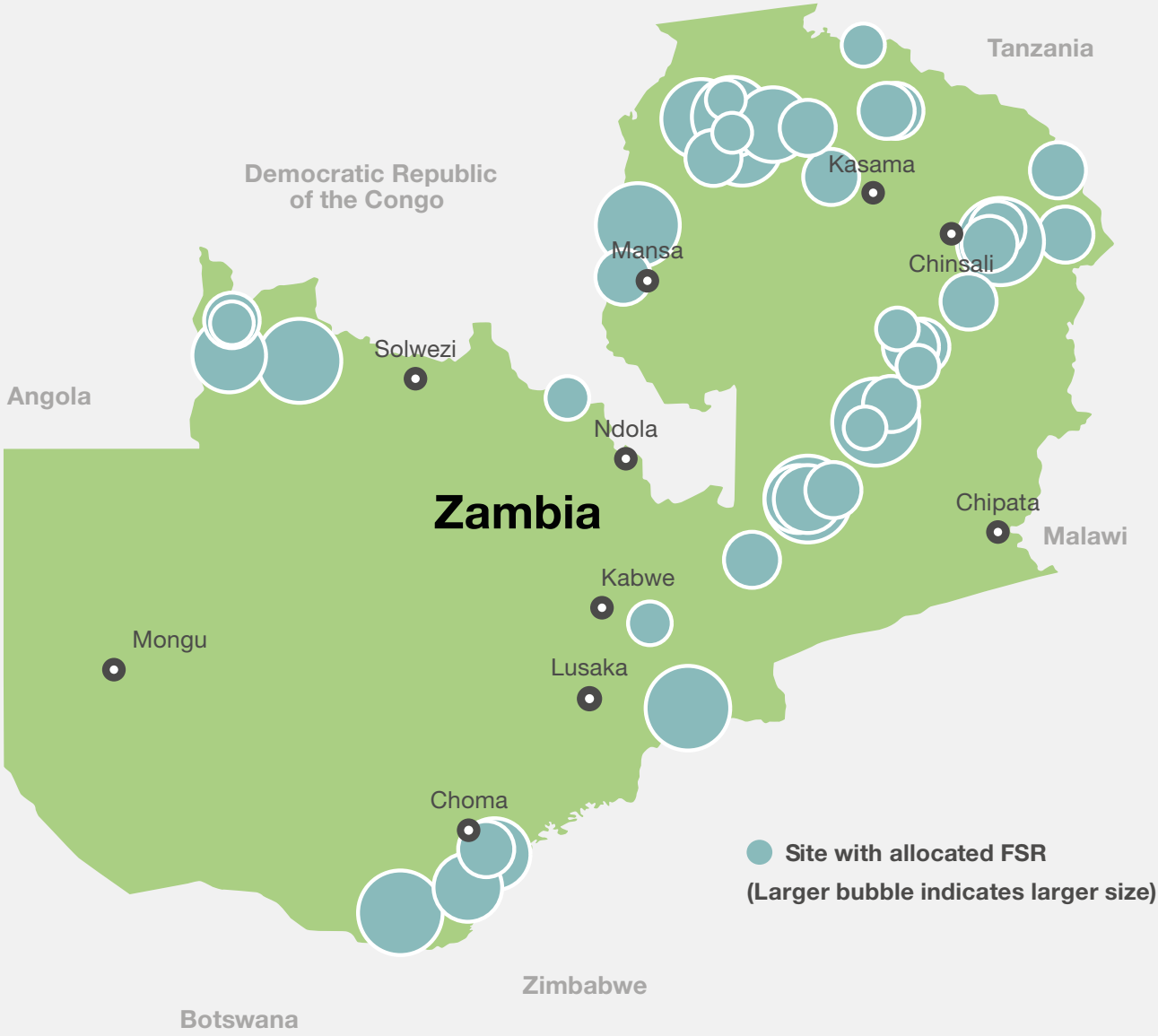
The first round of the request for proposal (RfP), which targeted the procurement of up to 50 MW, was postponed in 2020, triggered by the outbreak of the COVID-19 pandemic. Given the decision by lenders to suspend the funding of all on-grid projects, including the Solar PV project in Zambia, successful progress of the 120 MW Solar PV projects was considered necessary to pave the way for the continuation of the Small Hydropower tender.

Given the prevailing situation as described for the Solar PV Programme and, taking into account the cost to further develop projects to a level of maturity allowing for participation in the GET FiT Zambia Small Hydropower tender, it was decided that it was prudent to hold back the launch of the RfP; at least until such time as lenders are able to resume funding of on-grid projects in Zambia.

It is the position of GET FiT Zambia that although the tariff for the small hydropower will be higher than the tariffs achieved under the Solar PV tender, the small hydropower projects can offer other significant benefits to the country. Not only will they contribute toward geographical diversification, but they are also likely to provide a range of other social and economic benefits. These include increased infrastructure development, such as roads and the extension of the grid, in addition to the power plant. The aim of the tender has also been to exploit the electrification opportunities in the surrounding areas.

Further, trade-offs will also need to be considered in the context of the sector reforms underway in Zambia, including the Cost of Service Study (CoSS), the development of an Integrated Resource Plan (IRP) and the open access market rules and regulations. While the sector reform may present opportunities, it can also be expected to change the framework for private sector investments in Zambia, particularly small hydropower. Therefore, a key objective of the tender design will be to formulate a robust and innovative approach using the GET FiT tools such as the Viability Gap Funding (VGF) and the Grid Facility to ensure that projects can contribute to and assist the Zambian Government in offering increased access to affordable electricity.

Map of Zambia showing locations of potential hydropower plants with current Feasibility Study Rights



A Potential “Microgeneration” Window

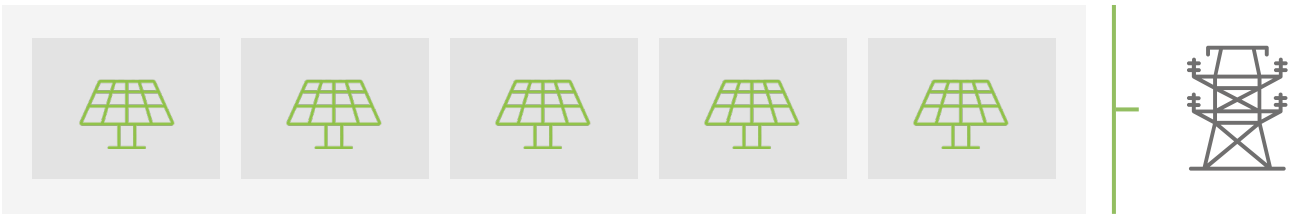
2021 saw the continuation of the investigation of the feasibility of a 5 MW Microgeneration window.

The Microgeneration window envisions a tender that would target up to five 1 MW grid-connected solar PV installations on a single parcel of land and a single grid connection point. The goal is to design a tender that would pave the way for local developers to build upon existing experience through the investment, ownership, and operation of renewable energy projects in Zambia.

The REFiT strategy allowed for an allocation of 5 MW to be reserved for microgeneration projects as part of a response to concerns voiced by the Zambian private sector regarding the ability of local developers to meet the stringent selection criteria set for competitive procurement Programmes such as the GET FiT Zambia Solar PV tender and the Scaling Solar Programme implemented by IFC. In 2021, KfW, with financing from the United Kingdom Department for Business, Energy and Industrial Strategy (BEIS), commissioned a feasibility study to investigate the viability of a competitive tender for five (5) solar plants with 1 MW installed capacity each, as an investment concept to targeting Zambian companies. The feasibility assessment focused on what would be required to ensure that small scale projects are viable and on how the tender should be innovatively designed to ensure competition and an optimal tariff outcome.

The feasibility assessment commenced with investigations of potential sites that would be viable for developing the five Solar PV projects totalling 5 MW installed capacity. The site investigations included assessing the land suitability, potential environmental impacts, land ownership/leasing issues, and grid connection and operations. Possible financing arrangements and lender requirements are still under consideration. The site assessment concluded with the selection of a site in Mongu, in the Western Province of Zambia, situated within the industrial yard owned by the Citizens Economic Empowerment Commission (CEEC).

With the first stage of the Microgeneration Concept Feasibility Study completed in 2021, the eventual decision to move to the final design, mobilise finance and implement this innovative tender will be made in 2022. This decision will be subject to careful consideration of whether favourable conditions are in place to ensure success and will, not least, depend on the status of the overall GET FiT Zambia Programme.



Schematic presentation of the microgeneration site with five solar PV installations: 1 MW solar installations in a 5 MW park

Creating Lasting Impact Through Technical Assistance

GET FiT aims to create a lasting, positive impact by enabling a favourable framework for investments in renewable energy development. This includes establishing capacity to ensure that the energy sector develops along a climate-friendly path and contributes toward a sustainable energy future.

GET FiT is more than a renewable energy procurement Programme, and the GET FiT Technical Assistance Facility (the TA Facility), managed by the GET FiT Secretariat, is specifically put in place to provide technical assistance to this end.

In close collaboration with the Ministry of Energy and other main stakeholders, GET FiT actively identifies opportunities and synergies with other activities in Zambia to contribute to improved framework and investment conditions. In light of the prevailing energy sector challenges, this sector-wide value proposition has been a key focus area for GET FiT in 2021.

Among a variety of capacity building and technical assistance (TA) activities identified by the Programme, particular focus has been on two key TA activities: support in relation to market design and regulations for an open access regime; and the development of a short to medium term grid development plan.

TECHNICAL ASSISTANCE

- Grid studies for integration of renewables (completed)
- Integrated Capacity Building by Programme Implementation Consultant (ongoing)
- Legal advisory related to the GET FiT Solar PV Portfolio (ongoing)
- Open access market rules and regulations and transmission and distribution pricing methodology (ongoing)
- GIS Implementation (planned)

Technical Assistance activities provided through GET FiT Zambia

Open Access Market

The Electricity Act No. 11 of 2019 made provision for "open access" to the transmission and distribution networks, with the objective of facilitating power trading between generating companies and end-use customers. Energy Regulation Board (ERB) was tasked with the development of the associated open access rules and regulations and also to consider that a Transmission Pricing Methodology would be necessary to enable the open access market regime. Through the GET FiT TA Facility, technical assistance was provided to the Energy Regulation Board. The assignment aims to recommend a market design, rules and regulations and the other stakeholders to consider the appropriate market structure, develop the market design and associated market rules and regulations, as well as transmission and distribution pricing regulations.

The first phase of this support was completed in 2021, overseen by a Technical Committee and a Steering Committee. The development process included extensive stakeholder consultations related to the proposed market structure and the transmission and distribution pricing methodology. The final phase 1 reports outlined the agreed market design, and the pricing methodology was approved by the Technical Committee in December 2021. The process will continue in 2022 with the drafting of the rules and regulations to enable the implementation of the new market design and regime.

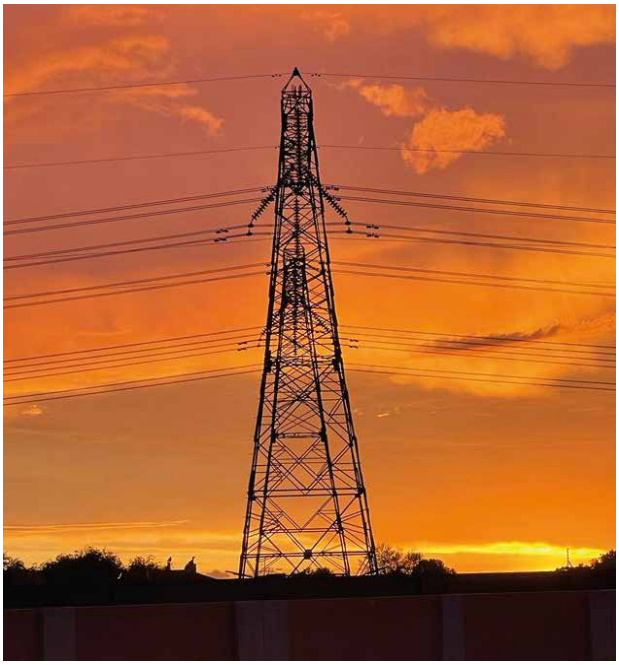
Once implemented, it is expected that the open access market will contribute to the attractiveness of the Zambian market for a variety of market actors and aims to increase the efficiency of the energy sector at large. The open market is beneficial for both the power consumer as well as the power developer, as consumers get the power at a better tariff and developers get a client directly.

Short-term Grid Development Plan

The successful realisation of the benefits from new renewable energy generation relies on integrating the projects into the grid to enable the distribution of power to users. Thus, transparent and efficient grid planning is an essential condition for an increased share of renewable energy provided by IPPs supplying power to the grid. The assignment to develop a short-term grid development plan for Zambia was awarded to the consultancy CESI SpA and implemented in 2021.

The focus of the study was to identify constraints and opportunities for technically feasible integration of future renewable energy projects. Particular attention was given to the North and North-western regions, where there is high potential for clusters of small hydro projects but where limitations of the grid infrastructure could represent a constraint to their development. The study also considered the electrification potential in these areas.

The final report was submitted and presented to all stakeholders in December 2021. The aim is to provide a sustainable plan that contributes to favourable conditions for developing renewable energy in Zambia.



Other GET FiT Initiatives

GET FiT Uganda

FiT Programme. It is designed to leverage private investments into renewable energy generation projects in Uganda. The Programme has facilitated a portfolio of 17 small-scale renewable energy (RE) projects, promoted by private developers and with a total installed capacity of 158 MW and a planned yield of 765 GWh of clean energy production per year. GET FiT Uganda has been developed by the Government of Uganda and the Electricity Regulatory Authority (ERA) in close cooperation with the KfW Development Bank. GET FiT is being supported by the Governments of Norway, the United Kingdom, Germany, and the EU.

With the last three power plants reaching commercial operation in 2021, GET FiT Uganda has proven its unique ability to attract private sector investments. The Programme has leveraged over USD 455 million in private investments. Furthermore, with a high level of construction activities, job creation from the portfolio is substantial – amounting to over 12,500 jobs (full-time equivalent). The sector improvement throughout the Programme implementation period is being recognised internationally, and ERA has been ranked "number 1" in the Africa Electricity Regulatory Index for four consecutive years[1].

For more information on GET FiT Uganda, please visit the website **www.getfit-uganda.org**.

GET FiT Uganda project portfolio

[1] https://africa-energy-portal.org/reports/electricity-regulatory-index-eri-africa-2021-edition

GET FiT Mozambique

Mozambique is generously endowed with renewable energy resources – with about 18 GW in hydropower potential and favourable conditions for electricity production from solar, wind and biomass. However, the country is still suffering from electricity access rates of 40 %. Hydropower is the main source of electricity, with the majority coming from the IPP Cahora Bassa. Electricidade de Moçambique (EDM), the national utility, operates smaller hydro, gas and solar plants, and several projects by both EDM and IPPs are in process. The Government and EDM recognise the need to work with the private sector and alleviate challenges related to the under-capacity of energy infrastructure and weak security of supply to facilitate the investments that are required for Mozambique to achieve its ambitions of ensuring access to affordable and sustainable energy to its population and at the same time build its position as a powerhouse in the Southern African Region. The third roll-out of the GET FiT concept in Mozambique aims at improving the framework conditions for private investments in renewable energy – in support of a climate-friendly development, lower greenhouse gas emissions and poverty reduction.

The Programme is implemented over an initial four-year period and is expected to launch in 2022. At the core of the Programme is the procurement of generation capacity by IPPs, with the first round targeting a reverse auction of up to 30 MW of Solar PV with storage.

As in Zambia and Uganda, the Programme's toolbox includes several instruments to support the development of the energy sector in Mozambique:

1. **Viability Gap Funding -** Supplementation of the feed-in tariffs to a cost-covering level

2. **Grid Integration Facility -** Financing of grid connection costs for subsidised power generation plants from private developers (IPPs)

3. **Risk Mitigation Facility -** Risk Coverage Guarantee Facility for IPPs

4. **Capacity Development Facility -** Capacity building at the partner institutions through technical support and supervision of the IPPs.

The Government of Mozambique and KfW signed the Financial Agreement for the Programme in 2019. The German Government has provided a EUR 25 million grant for its implementation. The Ministério dos Recursos Minerais e Energia (MIREME) is the Programme Implementing Unit.

In 2021, MIRIME procured the Implementation Consultant, paving the way for the launch of GET FiT Mozambique in mid-2022.

For further information about the Programme, please visit the website **https://www.getfit-moz.org**.

GET FiT
MOZAMBIQUE

Outlook

By the end of 2021 and into the first quarter of 2022, Zambia presented a much-improved landscape for progress to be made towards successful implementation of the Programme.

GET FiT Zambia remains well aligned with the Government of Zambia's objectives of ensuring and creating a competitive, transparent framework for infrastructure development. With the 205 MW GET FiT Programme being established with this as its platform, it is well-positioned to contribute towards increased power production. This creates a positive impact not only with regard to increased affordable energy for Zambia's population but also contributing towards other objectives, such as facilitating growth in the mining sector and positioning Zambia as a power export hub in the region. After the commissioning of the initial targeted 150 MW, it is estimated that the Programme will offset 500,000 tons of GHG emissions every year.

The activities undertaken by GET FiT over the last few years, whilst implementation has been delayed, have helped to set an important foundation for ensuring smooth implementation once favourable conditions that will attract financing are in place. Specifically, an improved economic landscape, with successful debt restructuring and the establishment of an IMF debt relief package, will be a prerequisite to ensure that project lenders can recommit to funding projects in Zambia.

The Secretariat, in collaboration with the main Programme stakeholders, will therefore focus on the following activities for 2022 and beyond:

1. Continue the engagement with various stakeholders and prepare the groundwork for enabling the Solar PV projects to be ready to advance to financial close.

2. Establish an appropriate foundation and approach (taking into account the outcomes of the sector reform) that will inform the way forward on the SHP tender design once financial close for the Solar PV projects is achieved.

3. Extend technical assistance and advisory to the Energy Regulation Board and Ministry of Energy with support in the development of the Open Access Market Regulations.

4. Utilise the opportunity created by the new regulations to investigate how the GET FiT Zambia procurement framework can be used and/or adapted for use under the legislative framework to ensure efficient and transparent procurement of future renewable energy projects.

5. Continue to collaborate with other TA Programmes to manage cross-impacts and ensure alignment with the respective outputs and the recommended market rules and regulations. The identified TA includes the development of the Integrated Resource Plan (IRP) undertaken by CIG Zambia and funded by UK-AID and the Multi-year tariff framework (MYTF), undertaken by the EU through the Increased Access to Electricity and Renewable Energy Production (IAEREP) Programme.

6. Continue to extend support to strengthen the institutional capacity of the Ministry of Energy, in particular with the development of a digitalised framework for issuing Feasibility Study Rights in line with the legislative requirements.

The GET FiT Zambia Secretariat will continue to closely monitor global and national developments in the energy sector and the economy, as we remain acutely aware of their importance in ensuring that the Solar PV projects can be realised at beneficial tariff levels. This is also expected to pave a clear pathway for the continuation and the eventual launch of the first round of the SHP tender.

With renewed commitment expressed by the Ministry of Energy and ZESCO towards the Programme and the renewed optimism in the country following a peaceful election, the outlook for successful implementation of GET FiT Zambia is now considered positive. Our message at the end of 2021… We continue to aim for success, so stay tuned!

The People at Work for GET FiT Zambia

The programme is mainly carried forward by the GET FiT Zambia Secretariat in Lusaka and the Zambian governmental institutions Department of Energy (DoE) and Office for Promoting Private Power Investment (OPPPI). The picture to the left shows representatives from the GET FiT Secretariat and the DoE. From left to right, back to front Agnelli Kafuwe (DoE), Dailesi Njobvu (GET FiT Secretariat), Judith Raphael (GET FiT Secretariat), Brian Siakweenda (DoE), Isaac Soko (DoE) and Allan Chivunda (DoE). Other representatives who are not in the picture include David Wamulume (DoE), Shuko Zyambo (OPPPI), Misheck Mubuyaeta (OPPPI) and David Phiri (OPPPI).

KfW, in close cooperation with the Zambian Ministry of Energy, is responsible for the implementation of GET FiT Zambia, supported by Multiconsult as Programme Implementation Consultant:

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GET FiT Zambia
Annual Update 2021

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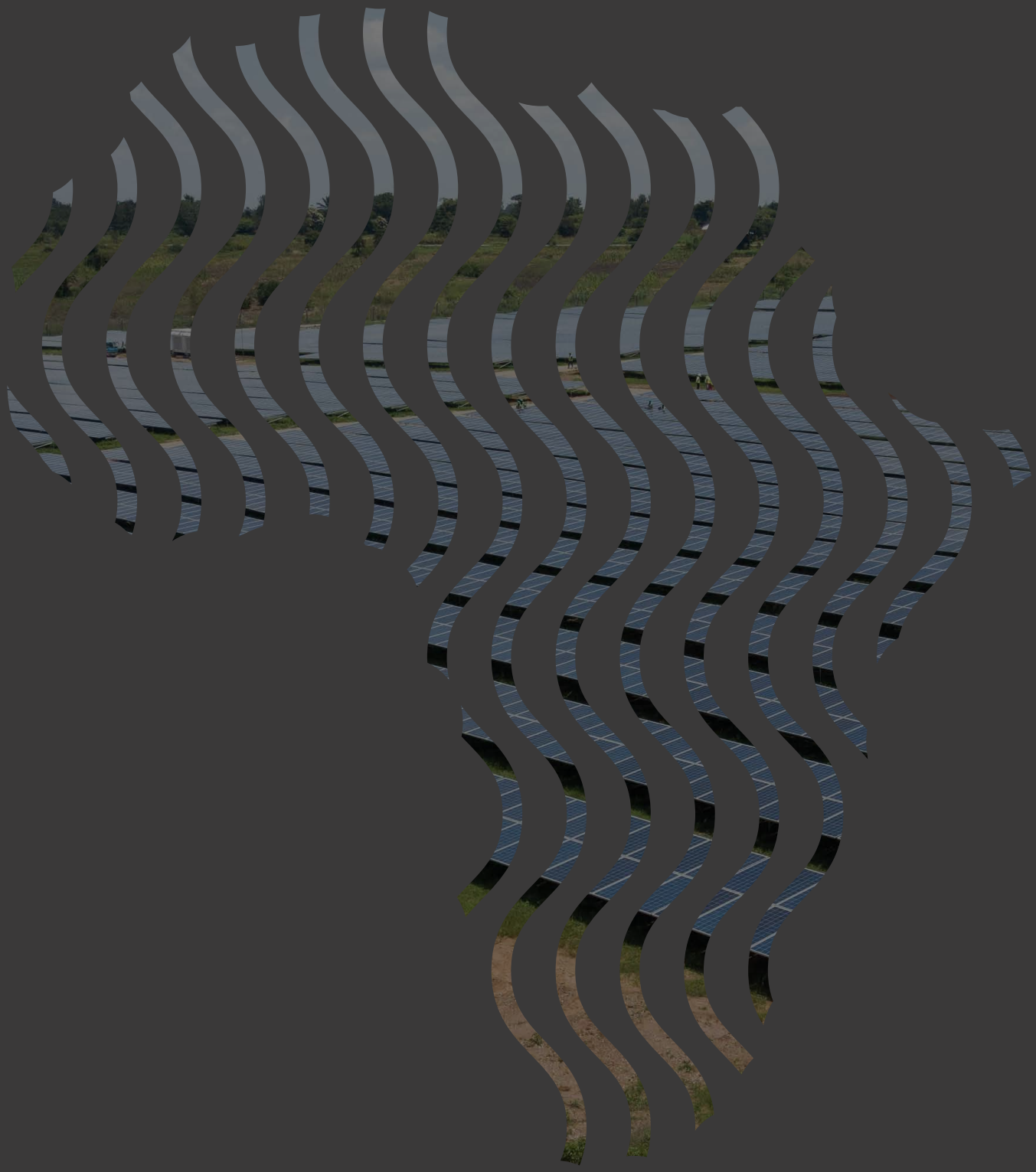

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