MOZAMBIQUE
SCALING UP PRO-POOR RENEWABLE ENERGY IN MOZAMBIQUE

OVERVIEW

<table>
<thead>
<tr>
<th>Country / Global implementation</th>
<th>Mozambique Least Developed Country (LDC)</th>
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</thead>
<tbody>
<tr>
<td>Thematic area</td>
<td>Energy</td>
</tr>
<tr>
<td>Project start date</td>
<td>Q1 2017</td>
</tr>
<tr>
<td>Funding source</td>
<td>Core</td>
</tr>
<tr>
<td>2017 budget</td>
<td>USD 834,466</td>
</tr>
<tr>
<td>% of budget disbursed</td>
<td>64%</td>
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RELEVANT SDGs

1.2. By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

2.3. By 2030, increase substantially the share of renewable energy in the global energy mix.

17.3. Mobilize additional financial resources for developing countries from multiple sources.

CONTEXT

Mozambique’s strong economic performance of annual 7.2% economic growth over the past decade has not been equitable, with 39% of the total population living in rural poverty. Only 27% of the total population and 5% of the rural population have access to electricity hindering education, health and development in rural areas. The Government of Mozambique’s (GOM) Green Economy Action Plan seeks to scale up the development of off-grid renewable energy to increase access to rural people and improve their livelihood and income generation in sectors such as agriculture, fisheries and tourism and small business.

OVERALL OBJECTIVE

- Assess the inclusive green growth potential of Mozambique.
- Support Mozambique achieve its NDC goals through improved energy access for rural communities. This is being done through improved implementation of off-grid renewable energy solutions, for example in productive use.
- Assist in the design and adoption of a financing instrument aimed at scaling up pro-poor renewable energy.

HIGHLIGHTS

- The Green Growth Potential Assessment in Mozambique has led to the identification and prioritization of the country’s opportunities for green growth.
### OUTCOME 1

**STATUS**: ON TRACK

The Government of Mozambique (GoM) has a better policy environment and institutional design in place to improve investment in pro-poor renewable energy in rural area.

The target for this outcome is for Mozambique to adopt and pilot policy recommendations to scale up renewable energy for rural development. This outcome is dependent on the completion of outputs 1.1 and 1.2, which will be completed in 2018.

### OUTPUT 1.1

**STATUS**: DELAYED

Undertake an assessment of the green growth potential of Mozambique.

An assessment of Mozambique’s green growth potential has been conducted using the GGPA diagnostic tool. The GGPA process consisted of: (i) a preliminary assessment based on the data analysis and literature review which identified several area of green growth interventions including improving agricultural productivity, use of renewable energy for improving rural livelihoods, deforestation and poverty reduction; (ii) validation of the preliminary assessment and consultation with stakeholders (areas identified included agricultural productivity, natural resource depletion, renewable energy, good governance and education enablers); and (iii) expert interviews, sector analysis and development of recommendations. The final report has been delayed to enable full analysis of the obstacles and opportunities regarding the identified green growth priorities, and development of appropriate recommendations.

### OUTPUT 1.2

**STATUS**: ON TRACK

Recommendations for policy and regulatory framework aimed at scaling up renewable energy for productive use in rural areas developed and submitted to government.

GGGI has conducted a market assessment of key productive uses in off-grid rural areas, focusing on solar-powered irrigation solutions and solar-powered mills as two major high-potential areas in terms of market size and viability of business models. In order to further support this output, an off-grid policy barrier assessment is in progress, which will assess the barriers to private sector participation in the off-grid power sector. This output is on track with its intended timeline for completion by the end of 2018.

### OUTPUT 1.1

**STATUS**: ON TRACK

Identify/ design a financing instrument aimed at scaling up renewable energy use in rural areas with a goal of receiving funding for such.

Building on the work in Output 1.2, investment concepts notes have been prepared for solar-powered irrigation solutions and solar-powered mills, for project/program financing discussions with development donors. In 2018 this will be further developed into project/program pipeline with a tailored financing solution to ensure bankability.

### OUTPUT 1.3

**STATUS**: ON TRACK

Capacity development program focused on bankable project proposal formulation and institutional setup of a national financing vehicle delivered.

Under the capacity development program in 2017, GGGI focused on providing the foundations of green growth principles, and sharing experiences in national financing vehicles from other countries. A workshop on Green Growth Concepts and Approaches was held in February 2017. Experiences from Ethiopia’s Climate Resilient Green Economy (CRGE) Fund and Rwanda’s Green Fund (FONERWA) were shared by a member of GGGI’s Rwanda team during a World Bank-organized workshop. Experiences from South Korea were shared during a seminar at the Eduardo Mondlane University. Furthermore, key government stakeholders were supported to attend Global Green Growth Week 2017.

### OUTCOME 2

**STATUS**: ON TRACK

The Government of Mozambique has a clear business case and financial mechanisms developed to improve investment in pro-poor renewable energy in rural areas.

This outcome is on track with its intended timeline for completion by the end of 2018.

### OUTCOME 3

**STATUS**: ON TRACK

Improved knowledge or skills on design of bankable projects and climate finance landscape.

This outcome has been partially achieved and is on track for completion in 2018.
PARTNERS

LOCAL
- Ministry of Land, Environment and Rural Development (MITADER)
- Ministry of Economy and Finance (MEF)
- Ministry of Energy and Mineral Resources (MIREME)
- Ministry of Agriculture and Food Security (MASA)
- FUNAE (National Energy Fund)

INTERNATIONAL
- UNIDO
- UN Women
- DFID
- GIZ

LESSONS LEARNED
- Working in an environment where the country faces fiscal and macroeconomic challenges, as well as high levels of risk poses its own challenges in mobilizing investment capital from the public and private sector.