



# USAID SOUTHERN AFRICA ENERGY PROGRAM MALAWI COUNTRY PROFILE

Helping Southern Africa increase power generation and access while promoting investment in the energy sector for a brighter, more sustainable future

In response to significant demand for electricity, the Southern Africa Energy Program (SAEP), a Power Africa initiative, is working with the Government of Malawi and the private sector in restructuring the nation's power market to enable the use of untapped energy capacity. In addition, the program is supporting the government, the regulator, and utilities in Malawi to create an enabling environment for public and private sector investment in the power industry.

## REGIONAL HARMONIZATION

To increase access to reliable and affordable energy supply, SAEP is strengthening the capacity of Malawi's public utilities to engage in the Southern African Power Pool (SAPP). An example of this is the training program SAEP developed for Electricity Supply Corporation of Malawi (ESCOM) staff to operate and manage the Malawi–Mozambique interconnection scheduled for commissioning in 2020, which will be the first time Malawi will be interconnected with SAPP. The team's efforts are coordinated with other cooperating partners and regional institutions, including the World Bank. These efforts will enable Malawi to participate in cross-border trade of electricity.

## RENEWABLE ENERGY

Off-grid electricity access is a key focus of Malawi's newly approved National Energy Policy for 2018. One of the most flexible, easy to deploy off-grid electrification solutions is solar home systems (SHS). Basic SHS provide households with sufficient electricity for lighting, mobile charging, and radio use. SAEP is implementing activities that are aimed at accelerating the rate of new connections through SHS. These activities primarily involve working closely with private sector SHS companies to enable them to optimize and scale up their operations and reach. SAEP also provides direct transaction support to Malawi's utilities ESCOM and the Electricity Generation Company and to investors and developers with the aim of increasing electricity from renewable sources in the energy supply mix to 16 percent by 2025.

## PROJECT DEVELOPMENT

The Government of Malawi has outlined various electricity generation projects to increase the current national energy capacity. One of these is the Mpatamanga hydropower plant to be constructed on the Shire River. SAEP has been supporting the government by negotiating with the project co-developer, the International Finance Corporation (IFC), and in structuring and finalizing agreements. In April 2019, the Government of Malawi and the IFC signed a Joint Development Agreement to develop the 258 MW hydropower plant, which will add up to 258 MW of new generation to the country's current installed generation capacity of 439 MW.

## IMPROVED REGULATION

Malawi's energy sector has recently undergone several reforms, including the partial unbundling of the national utility, ESCOM. Ensuring that this new structure functions as intended, is an integral function of Malawi's energy regulator. SAEP supports the Malawi Energy Regulatory Authority (MERA) to oversee the country's restructured electricity market through targeted technical assistance and training. By balancing the needs of investors, consumers, and other stakeholders, MERA can ensure a more level playing field for private sector players wishing to enter the market. SAEP has supported MERA in developing tariff review guidelines and in the evaluation of ESCOM's 2018 tariff application. At the heart of SAEP assistance is to help to build MERA's capacity and empower the regulator to follow international best practices.



SAEP guided the Government of Malawi through negotiations and agreements to develop the Mpatamanga Hydropower Project. Photo: SAEP



In January 2019, SAEP launched the SHS Kick-Start Program to facilitate the development of an SHS market in Malawi through grant funding and technical assistance to SHS providers. Photo: SAEP

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