ENERGY SECTOR OVERVIEW

With a high population density, Malawi has one of the lowest per capita GDPs in the world. The country has the capacity to generate 439 megawatts (MW), though Malawi’s heavy reliance on large hydro is often constrained by drought and low water levels. Moving forward, there is high potential for solar and new hydro technologies to enter into the power market.

Malawi’s energy sector has gone through important sector reform efforts recently, including the unbundling of the national utility, the Electric Supply Company of Malawi (ESCOM) and the establishment of the Electricity Generation Company of Malawi (EGENCO). The restructuring of Malawi’s power market is underway, with strong investor interest and political will for Independent Power Producers (IPPs) to enter the market. Power Africa (PA) is supporting 100 MWs of new solar PV generation to come online by the end of 2019.

- **GENERATION CAPACITY**
  - **Installed Capacity:** 439 MW
    - Hydroelectric: 384 MW
    - Diesel: 55 MW
  - **Power Africa New MW to Date**
    - Reached Financial Close: 12 MW

- **CONNECTIONS**
  - **Current Access Rate:** 10.8%
    - Rural: 1% Urban: 46%
  - **Households without Power:** 3.2 million
    - Target: 30% Access Rate by 2030
  - **PA New Grid Connections:** 108,400
  - **PA New Off-Grid Connections:** 163,400

- **INVESTMENT AND ENABLING ENVIRONMENT**
  - **Biggest Issues and Bottlenecks**
    1. Non cost-reflective tariffs
    2. Access to finance
    3. Off-grid sector strategy
  - **Power Africa Interventions**
    1. IPP Transaction Advisory Support
    2. Regulatory Advisory Support

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“Just a quick note to say thanks for everything. Having a solar PPA being the first IPP PPA to be initialed in a country is a huge achievement. This would not have been achievable without Power Africa’s leadership, experience, intelligence, and pragmatism.”

- Tom Heitzman, CEO, JCM Capital

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**Malawi**

- Population: **18.6 million**
- GDP Growth: **2.5%**
- GDP/Cap (PPP): **$1,084**
- Ease of Doing Business: **133**
POWER AFRICA’S ENGAGEMENT IN MALAWI

Power Africa is actively engaged in the development of Malawi’s power sector. Power Africa’s partnership with the Government of Malawi is solidified by a Memorandum of Understanding (MOU), which guides the implementation of Power Africa support, including USAID-funded activities that complement the $350 million Millennium Challenge Corporation (MCC) Malawi Compact, as well as broader U.S. Government electrification efforts.

**MW GENERATION**

In March 2017, Power Africa’s Southern Africa Energy Program (SAEP), managed by USAID, initiated support to Malawi’s electricity sector. In collaboration with MCC and the resident Power Africa Energy Advisor, SAEP supports IPPs to develop generation projects. With Power Africa support, IPPs are expected to add 185 MWs to the grid by August 2019 - a 43 percent increase in Malawi’s installed generation capacity. Power Africa also supports energy sector Public Private Partnerships, including the 300 MW Mpatamanga hydro project expected to be commissioned in 2025. Building on MCC’s electricity policy reform activities, Power Africa assisted the Malawi Energy Regulatory Authority (MERA) to evaluate ESCOM’s tariff application before issuing a revised electricity tariff in September 2018. In August 2018, USTDA signed a grant agreement with Power Africa private sector partner, JCM Power, to fund a feasibility study to support JCM’s development of solar PV generation in Golomati.

**CONNECTIONS**

As part of the MCC Compact which ended in September 2018, EGENCO increased generation at the Nkula A hydropower plant by 12 MWs and more than doubled the throughput capacity of the network with the introduction of high-voltage substations, a new 400 KV transmission line, and upgrades to the distribution network. This allows for more efficient transfer of electricity throughout Malawi and the region by way of future interconnection with the Southern African Power Pool. In addition, Power Africa, through SAEP, recently launched the SHS Kickstarter program to increase access in underserved rural communities of Malawi.

**SUCCESS STORY**

In September 2018, the Government of Malawi launched the country’s first-ever competitive tender in the power sector by using the procurement framework developed with support from MCC. Twenty-one international companies submitted bids to develop 70 MW of new solar capacity. The achievement sets Malawi on a path to diversify its generation mix, bring down costs, and open its door for future rounds of private investment.

**ABOUT POWER AFRICA**

Power Africa is comprised of 12 U.S. Government Agencies, over 145 private companies, and 18 bilateral and multilateral development partners to support sub-Saharan governments by working together to increase the number of people with access to power. Power Africa’s goal is to achieve 30,000 MW of new generated power and 60 million new connections by 2030 to reach 300 million Africans.

**CONTACT US**

Post Contact  Coordinator, Power Africa  Country Desk Officer
Andrew Spahn  Andrew M. Herscowitz  Raul Flores
aspaehn@usaid.gov  powerafrica@usaid.gov  raflores@usaid.gov