2025 National Energy Conference Communique

Preamble:

The 4th Malawi National Energy Conference, held under the theme "Unlocking Finance for Energy Security," brought together a diverse group of stakeholders, including government leaders, development partners, private sector representatives, civil society, and academia. The conference aimed to address Malawi's significant energy access gap, with only 25.9% of the population having reliable electricity, and the ambitious goal of reaching 70% access by 2030 through both grid and off-grid solutions. Participants acknowledged Malawi's abundant renewable resources (e.g., Solar, hydro, wind, biomass) as a sustainable path to energy security and economic empowerment, emphasising the need for urgent and coordinated action amongst stakeholders to unlock necessary capital.

Key Resolutions:

A. Global and Emerging Energy Trends and Their Impact on Sub-Saharan Africa

Key Issues Identified:

1. There is a global increase in demand for modern, sustainable, and reliable energy, which is crucial for socio-economic development.
2. The Sub-Saharan African region is rich in available renewable energy resources, presenting a significant opportunity for sustainable development.
3. Currently, significant renewable energy funds are flowing to South Africa and Egypt, with other African countries, including Malawi, not yet fully tapping into these.
4. Lack of understanding of renewable energy risks among financial institutions impedes investment and capital flow for the sector.
5. Unreliable data hinders philanthropic and investment efforts.
6. Currency volatility and political risks deter investors.
7. The growth in carbon markets and increasing energy demand present significant financing opportunities for the sector.

Resolutions and Commitments:

1. Malawi needs to actively pursue and demonstrate its capability to access renewable energy funds flowing to other African countries like Egypt and South Africa through capacity building,

mentorship, technical assistance, partnerships, project showcases and strategic alignment of energy generation and consumption.

2. The Reserve Bank of Malawi should be at the forefront of discussions concerning capital flows in the energy sector, as energy is crucial for achieving Malawi 2063.
3. There is an opportunity to leverage carbon markets and increase energy demand for financing.
4. Catalytic philanthropic capital is available and can be accessed by the private sector for energy sector development in Malawi, requiring authentic supporting data for projects and investment readiness of the local companies.
5. Malawi should create a sustainable energy ecosystem to unlock finance and build investor confidence.

B. Pathways to Energy Security for Malawi and Investment Needs: A Mixed Basket

Key Issues Identified:

1. Malawi aims to increase electricity access from 25.9% to 70% by 2030 and clean cooking access to 75% by 2030.
2. The capital requirement to achieve the 2030 energy access goals is US$5.5 billion, with a current deficit of US$4.95 billion, having only secured US$505 million.
3. Financing challenges include forex risks, off-taker weakness, non-cost-reflective tariffs, lack of institutional capacity, and donor dependency.
4. High upfront costs, interest rates, limited forex availability, and tough loan conditions from local banks hinder investment.

Resolutions and Commitments:

1. The financing gap requires significant contributions from the private sector, climate financing, grants, local currency loans from local commercial banks, and carbon financing.
2. Private sector players should actively leverage committed funds, such as the US$30 billion committed by the World Bank during the Dar es Salaam Energy Declaration, by developing bankable projects.
3. Utilise diversified finance instruments, including grants, loans, equity, guarantees, and blended capital, which can reduce the cost of capital and offer elongated tenors.
4. Malawi should develop green bonds, ideally using local resources, for renewable energy sector development, targeting projects that attract foreign investors.
5. The EU has allocated €5 billion to the energy sector in Malawi, focusing on electricity infrastructure enhancement, the MOMA interconnection, and the Mpatamanga Hydro Power Plant.
6. The World Bank's ASCENT Project, valued at US$250.8 million, aims to connect 235,000 households, install 811,000 solar home systems, connect 1,000 schools and 280 health facilities, and deploy 150,000 clean cooking solutions.
7. Local Banks such as FDH ~~Bank~~ and NBS ~~Bank~~ are developing renewable energy solutions, including energy efficiency loans, green equipment finance, renewable energy loans, green

mortgages, sustainable agriculture, and carbon credit finance, with incentives like low interest rates and longer repayment periods.

C. Policy and Regulatory Frameworks for Energy Security

Key Issues Identified:

1. The current tariff regime for the power sector is not cost-reflective, negatively impacting ESCOM's financial health and rehabilitation budget.
2. A socio-economic factor led to the suspension of the domestic tariff increase in 2024.
3. Foreign investors with Power Purchase Agreements (PPAs) are requesting government guarantees for forex release.
4. There is a disparity in revenue sharing between solar companies and EGENCO, affecting ESCOM's financial sustainability.
5. Policy gaps persist, especially in the value addition of raw materials and local battery production.

Resolutions and Commitments:

1. The government will increase the tariff by 52% in October 2025 to make it cost-reflective, which is essential for attracting foreign investors and developing the power sector.
2. The government should implement a tariff subsidy to ensure ESCOM's financial sustainability in case of tariff suspensions.
3. The Ministry of Energy is institutionalising the Ngwee Ngwee Ngwe Fund to provide loans and result-based financing for off-grid and clean cooking solutions.
4. The Ministry of Energy is reviewing the National Energy Policy of 2018 and the outdated Renewable Energy Strategy of 2017.
5. The government is revising the Independent Power Producer (IPP) framework to benefit both the country and investors.
6. The government is aligning energy projects with Nationally Determined Contributions to unlock climate finance.
7. Guidelines for participating in the carbon market should be established.
8. MERA should protect individual consumers in the renewable energy market, requiring a dedicated platform for complaint reporting.
9. The government should promote distributed generation for self-consumption, selling excess power to the grid, and direct sales to users.
10. The Malawi Energy Regulatory Authority (MERA) should finalise development of an E-Mobility regulatory framework for charging infrastructure in collaboration with the Ministry of Energy.

D. Innovative Business and Financing Mechanisms

Key Issues Identified:

1. Lack of energy sector financing knowledge among Banks hinders the development of appropriate financial instruments.

2. Challenges in mini-grid deployment include high upfront costs, technical capacity gaps, regulatory issues, market demand uncertainty, and a lack of a compensation formula when the national grid reaches off-grid areas.
3. The major barrier for SME financing in the sector is bankability, whilst the banks' key issue is collateral.
4. There is fragmentation in energy project implementation among development partners.
5. Donor-led installations remain a key challenge in development partner interventions.

Resolutions and Commitments:

1. Deliberate efforts are needed for capacity building of financial institutions to develop financial instruments for the renewable energy sector.
2. The private sector should utilise blended capital, green bonds, and climate finance.
3. Commercial Banks should develop attractive loan products with less punitive interest rates, blended finance loans, concessionary loans, and credit guarantee loans, potentially tapping into Reserve Bank Guarantees.
4. SMEs are encouraged to develop clear and bankable business models.
5. Knowledge transfer is critical for understanding the bankability of renewable energy projects, and de-risking should be done early.
6. Banks should partner with institutions that can provide technical assistance to SMEs to ensure business bankability.
7. Promote consumer finance schemes and expand working capital access for energy enterprises.
8. Adopt and pilot Energy-as-a-Service (EaaS) business models, shifting from product sales to affordable energy service delivery.
9. The government should promote co-operatives to own distribution networks and transformers, purchasing power from ESCOM for resale.
10. The government will promote clean cooking by providing soft loans through the Ngwee Ngwee Ngwee Fund, which will be repaid through carbon credits.
11. The government should ensure that it is open enough with the donors when providing information for facilities to be electrified to avoid duplication of efforts and poor coordination among the donors.

Conclusion

Jointly, the Ministry of Energy and REIAMA are grateful for the support rendered by all sponsors, delegates, exhibitors, speakers and participating organisations for making the conference a success. The Ministry of Energy and REIAMA are urging all stakeholders to adopt and implement these recommendations. The Ministry of Energy and REIAMA will continue to collaborate with all partners to ensure the resolutions are carried out and to monitor their progress. This collective effort is essential, as energy is a key enabler for achieving Malawi's Vision 2063 goals.

SIGNED

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SECRETARY FOR ENERGY