The Role of the Geothermal Risk Mitigation Facility (GRMF) in Geothermal Development in Eastern African Countries

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The geothermal resources of the East Africa Rift System (EARS) have a potential to generate over 15,000 MWe. However, this resource is currently used to a limited extent in the EARS countries. Geothermal energy is a clean, renewable, environment-friendly and indigenous resource that can improve the energy-generation mix, but its development is facing many challenges.

The main challenges for development of geothermal resources in EARS are, among others: (i) Inadequate policy and regulatory framework to attract investment; (ii) Large upfront cost of geothermal resource exploration and development; (iii) Risks in resource "exploration" and "power development".

The existence of various geothermal support programmes in the region has drawn the attention of the various actors to the need for harmonization and coordination of these programmes for geothermal energy exploration and development in the EARS. The AU Commission has been requested to play this role, by the EARS Ministers responsible for energy in the Addis Ababa Declaration on Geothermal Energy (June 2009).

The Geothermal Risk Mitigation Facility (GRMF) was established on 15th December, 2011, by the African Union Commission (AUC) with financial support from the German Federal Ministry for Economic Cooperation and Development (BMZ) and the EU-Africa Infrastructure Trust Fund via KfW Entwicklungsbank (KfW) for Eastern Africa Rift System countries with total amount of 50 million EUR.

The GRMF is a grant program designed to share cost for geothermal surface exploration work, exploratory drilling program as well as grants for infrastructure costs and a continuation premium. The objective of the facility is to encourage public and private sector investors to accelerate the development of geothermal resources of the Eastern African countries for power generation by providing grants for surface exploration and drilling.

The result of GRMF 1st application round launched in October 2012 which targeted five countries namely Kenya, Ethiopia Rwanda, Tanzania and Uganda awarded grant to four drilling programme and one surface study with a total amount of 22 Million USD with expectation to increase to reach 31 Million USD if all applicants apply for continuation premium set by GRMF.

Based on the great interest in the first application round, the GRMF programme, which originally targeted 5 countries, was extended to include eleven countries in Eastern Africa mainly Burundi, Eritrea, Ethiopia, Comoros, Democratic Republic of Congo, Djibouti, Kenya, Rwanda, Tanzania, Uganda and Zambia in the second application round.

The paper will analysis and discuss the role of GRMF in developing Geothermal in Eastern African Countries, expected outcome, proposed improvement and cost benefit analysis.

References: ??????