

# Time Schedule and Financial Support

## Financial Support

The financial support limits for allowable expenditures (AE) at the time of proposal submission, in the form of a grant agreement, to winning applicants for surface studies and exploration drilling and testing programmes are as follows:

- ▶ **Infrastructure grants:** 20% of approved allowable costs for infrastructure required for eligible surface studies or eligible drilling programmes (e. g. access, water, power)
- ▶ **Surface studies grants:** 80% of approved allowable costs (excluding infrastructure costs)
- ▶ **Drilling grants:** 40% of approved allowed costs for the exploration drilling and testing programme (excluding infrastructure costs)
- ▶ **Continuation premium:** 30% of the developer's share of the approved allowance and expended costs for the drilling and testing programme in case of continuation of the project.

The disbursements will be based on actual costs up to the limits stated above.



Postal Stamp  
Djibouti 1979,  
Ardoukoba Volcano

## Time Schedule

The first application round has already been completed. There are plans to conduct further application rounds depending on available funding. Each application round will start in October.



Mount Nyiragongo's lava lake, Democratic Republic of the Congo

For more information and updates, as well as registration for the information workshop, please visit the GRMF webpage:

[www.grmf-eastafrica.org](http://www.grmf-eastafrica.org)

For general queries considering GRMF, please contact us via email:

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## Geothermal Risk Mitigation Facility (GRMF) for Eastern Africa

A catalyst for geothermal development



Aluto Langano Power Plant (8 MW), Ethiopia

## What is GRMF?

### Financiers and Objectives

The Geothermal Risk Mitigation Facility (GRMF) has been established by the African Union Commission (AUC), the German Federal Ministry for Economic Cooperation and Development (BMZ), and the EU-Africa Infrastructure Trust Fund (EU Africa ITF) in cooperation with the German government-owned development bank KfW. The objective of the GRMF is to facilitate and accelerate geothermal development in East African countries and is hosted and managed by the AUC. Over the next several years there will be a series of application rounds. More GRMF funds are being made available by BMZ, EU Africa ITF, and DFID.

The overall objective of GRMF is to encourage public and private sector development by providing partial grants for surface studies which lead to drilling and grants for reservoir confirmation drilling in order to mitigate the risk associated with geothermal resource exploration. As a result, the reduction in risks and costs of early stage geothermal development is expected to encourage further development of geothermal investment. The improved access to equity and other funding sources will thus play a catalytic role in establishing geothermal energy as a strategic option in power expansion planning for the participating countries of Eastern Africa.



Shield volcanoes at Erta Ale, Ethiopia

### GRMF Second Application Round 2013/2014

In the first application round, five projects have been awarded grants (Ethiopia: Dofan, Corbetti; Kenya: Bogoria-Silali, Longonot, Suswa).

## Eligibility

### GRMF Eligible Countries

In the first application round the GRMF targeted 5 pilot countries. GRMF funding has now been expanded to 11 countries:

- ▶ Burundi
- ▶ Comoros
- ▶ Djibouti
- ▶ DRC
- ▶ Eritrea
- ▶ Ethiopia
- ▶ Kenya
- ▶ Rwanda
- ▶ Tanzania
- ▶ Uganda and
- ▶ Zambia



### GRMF Eligible Activities

#### 1. Surface Studies

Surface studies to determine the optimal location for reservoir confirmation wells at geothermal prospects that have previously been extensively studied are eligible for funding. Surface studies are geophysical surveys (e.g. seismic, gravity, magnetic or magnetotelluric), including supplementary geological, hydrogeological and/or geochemical surveys, if necessary to site reservoir confirmation wells. Furthermore, infrastructure improvements that are subsequently required may also be eligible for grant funding.

#### 2. Exploration Drilling Programmes

Exploration drillings at geothermal prospects are eligible for funding once the optimal locations of reservoir confirmation wells have been determined. Such a programme may consist of up to two full-size reservoir confirmation wells or of up to three slim-hole wells, or a combination of two slim-hole and one full-size reservoir confirmation wells. In addition, grant support may be available to cover infrastructure upgrades.

## Application Procedure

### General Procedure

The GRMF will provide grants to developers by means of a competitive, transparent and rigorous two-stage application process.

### Prequalification Phase

The first stage of the application procedure is an open pre-qualification process, inviting potential applicants to submit their expressions of interest (EoIs) within a specified period.

Multiple EoIs for eligible activities related to different sites may be submitted. EoIs scoring above a certain threshold will successfully pass prequalification and will be shortlisted.

Short-listed applicants will be invited to participate in a mandatory pre-bidding workshop and to submit an application.

### Application Phase

At the second stage, applications from short-listed applicants will be accepted within a specified period. Applications that score above a certain threshold are eligible to enter into contract negotiations with the AUC.

The actual number of awards granted will be limited to funding available.

### Grant Agreement

In the case of successful negotiation, the grant agreement will be concluded between the AUC and the applicant with the concurrence of the Oversight Committee.

The grant agreement delineates requirements for follow-up monitoring and reporting on the projects supported as well as specifications for the disbursement of grants.