

## OPPORTUNITIES AND TRENDS BRIEF

March 2021

**Zimbabwe: a modest stand-alone market that is affected by a difficult macro-economic environment**

**7m<sup>1</sup>**  
Unelectrified  
population

**14.6m<sup>2</sup>**  
 Total  
population

 **37**  
people/Km<sup>2</sup>  
Population  
density<sup>3</sup>

**69**  
out of  
**100**<sup>4</sup>



RISE Score (Framework for  
Stand-Alone Systems)

**2040**



Government  
target for universal  
electrification

**140**  
out of  
**190**<sup>5</sup>



Ease of Doing  
Business Rank



**7**

Donor programmes  
supporting  
Stand-Alone Solar  
(SAS).

**71**  
out of  
**100**<sup>6</sup>

PAYG Market  
Attractiveness  
Index (Score)



- » In Zimbabwe, the Covid-19 pandemic is unfolding against a backdrop of a difficult macro-economic environment (economic sanctions, weak governance; antiquated infrastructure; self-imposed political isolation) and extreme weather events.
- » While the pandemic has presented difficulties for solar companies and consumers, it has also presented opportunities for investments in stand-alone solar (SAS) systems for health clinics, schools and productive use. A previous market study **identified 5,300 institutions** (including schools and clinics) and **10,000 other facilities** such as water pumps as unelectrified<sup>7</sup>, and therefore potentially served by SAS.
- » Persistent power outages in **2019** and the **first quarter of 2020 led to an upsurge in solar supply** targeting both affluent and low-income markets, and increased uptake of SAS systems.
- » There is increased awareness of SAS due to campaigns by development organizations.

## To boost the SAS sector the government has taken steps;

- » The **Renewable Energy Policy, 2019** proposes establishment of a Renewable Energy Fund (REF).
- » The **Bureau of Standards developed** pico and solar home system (SHS) quality standards and a net metering regulation.
- » **Amended the tax code to exempt solar panels and batteries.** However, customs codes are not yet aligned to the regulations resulting in confusion and eventually solar appliances and other balance of system parts attracting duty.
- » The National Renewable Energy Policy (**NREP**), **2019 provides for SAS technologies, standards and financing**, though it does not give specific targets. It **also outlines the establishment of a Green Energy Fund** to be administered by the REF.
- » Launching the Distributed Renewable Energy Task Force to discuss and monitor interventions in the off-grid space.

## The country's economic isolation has been compounded by the pandemic, and...



The stand-alone solar (SAS) market in Zimbabwe remains small, affected by ongoing economic isolation and the COVID-19 pandemic that have strained both consumer ability to pay and solar supply.



There are reports of increased customer defaults for pay-as-you-go, scaled back customer support services and limited stocks and sales. Companies are facing cash flow challenges due to customer defaults and ballooning overheads in terms of unpaid bills and salaries, but none has reported layoffs.



Size of the SAS market is not known though the World Bank is currently undertaking the Household Survey: The Global Multi-Tier Measurement of Access to Energy Survey Zimbabwe.



The continued influx of poor-quality solar products has resulted in negative perceptions and reduced consumer confidence.



Generally, macro-economic challenges, changing monetary and currency policies, volatile exchange rates and hyperinflation in Zimbabwe have hampered commercial investment in the SAS sector. Nevertheless, there are three commercial banks financing companies and four microfinance institutions offering consumer financing for SAS.

## Establishment of an energy task force and other trends we noted

- ❖ In December 2020, the Africa Clean Energy Technical Assistance Facility (ACE TAF) supported the establishment of the Distributed Renewable Energy Task Force (DRETF) and Technical Working Groups that will promote improved coordination of the renewable energy sector.
- ❖ ACE TAF is also supporting the harmonization of the exemption regulations with custom codes to eliminate confusion at the ports of entry.
- ❖ Formal and informal remittances are a major source of income, especially for rural households in Zimbabwe. According to the Reserve Bank of Zimbabwe, diaspora remittances by July 31, 2020 were at **USD 466 million**, a **33% increase** over the prior year.
- ❖ The Gender Desk at Ministry of Petroleum and Energy Development has partnered with the Gender and Energy Network in Zimbabwe (GENEZ), which plays an active role in promoting SAS and lobbying for policies in favour of women.
- ❖ In Zimbabwe, the SAS sector has mainly been donor-driven. These donors typically focus on social interventions such as on water and health, and rarely have dedicated allocations for SAS.

## In conclusion

The Zimbabwe government has taken some steps to attract investments for the SAS sector even though currently there are no funding facilities directly targeted for the sector. Development partners and impact investors could consider innovative ways of supporting SAS, while companies can explore ways of leveraging remittances for electricity access.

## References

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