



The impact of financing business models on access to solar home systems and women's financial inclusion

Insights from FINCOOP Savings and Credit Cooperative in Malawi and MoneyMart Finance in Zimbabwe





AECF investee

Credit: AECF

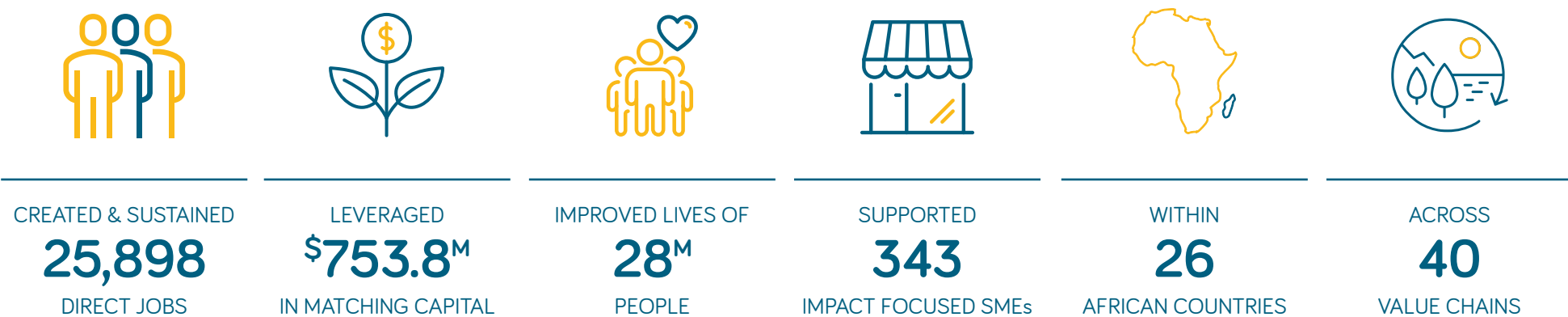
Who we are

The AECF (formerly the “Africa Enterprise Challenge Fund”) (www.aecfafrica.org), is a leading African-based development organisation that supports innovative commercial businesses in the agribusiness and renewable energy sectors with the aim of reducing rural poverty, promoting resilient communities and creating jobs.

The AECF has raised over US\$400 million to date and provides catalytic funding and technical advisory support to enterprises in 26 countries in sub-Saharan Africa by investing in businesses that struggle to meet traditional risk-return standards for commercial investors.

In just over a decade, we have supported 343 businesses, impacted more than 28 million lives, created close to 25,898 direct jobs, and leveraged over US \$753.8 million in matching funds.

In 2021, the AECF launched a new strategy with the objective to build resilience and sustainable incomes for rural and marginalised communities in Africa. Through catalytic funding, we help surface and commercialize new ideas, business models, companies and technologies designed to increase agricultural productivity, expand energy access, and alleviate poverty while also addressing the crosscutting themes of women, youth, climate change and fragility. AECF is committed to working in frontier markets, fragile contexts, and high-risk economies where few mainstream financing institutions dare to go.



Background

Energy poverty affects men and women differently, with gender inequalities playing a significant role on the capacity of women to access energy solutions. Financial inclusion is critical to achieve gender equality in the off-grid solar sector. Critically, women constitute more than 56% of all unbanked adults globally but their ability to access finance is hindered by pervasive social and cultural norms, discriminatory laws. However, gender is not the sole determinant of access to energy and finance. An individual's gender is just one of many identities such as disability, race, ethnicity, class, religion and sexuality. These overlapping identities can result in varying degrees of discrimination and oppression, determining an individual's or group's ability to access resources.

REACT HS1 R1 programme

Renewable Energy and Adaptation to Climate Technologies (REACT) Household Solar (HS) Programme is a component of the Foreign, Commonwealth and Development Office (FCDO)-funded Africa Clean Energy (ACE) Programme that is being implemented in collaboration with Tetra Tech International

Development and IFC Lighting Africa. REACT HS R1 seeks to address a critical component of the climate change challenge through clean energy access in target countries (Zambia, Zimbabwe, Malawi and Sierra Leone) that are confronted with increasing energy demand in the coming decades resulting from demographic, socio-economic and resource related factors.

The Programme aims to accelerate access to transformative solar home systems to the rural poor households in Sub-Saharan Africa by providing technical assistance and finance to solar home system businesses, through a market-based approach for private sector delivery of solar home system products and services.

Purpose of study and methodology

This study investigates how two of the funded organisations, FINCOOP Savings and Credit Cooperative in Malawi and MoneyMart Finance in Zimbabwe, are implementing innovative financing solutions for women. The purpose of this study is to generate knowledge and insights on the impact of different business models on access to affordable solar home systems and women's financial inclusion in Malawi and Zimbabwe.

Socio-economic impact of off-grid solar products on women's lives in Malawi and Zimbabwe:



ACCESS TO
EDUCATION



ACCESS TO
COMMUNICATION
SERVICES & INFORMATION



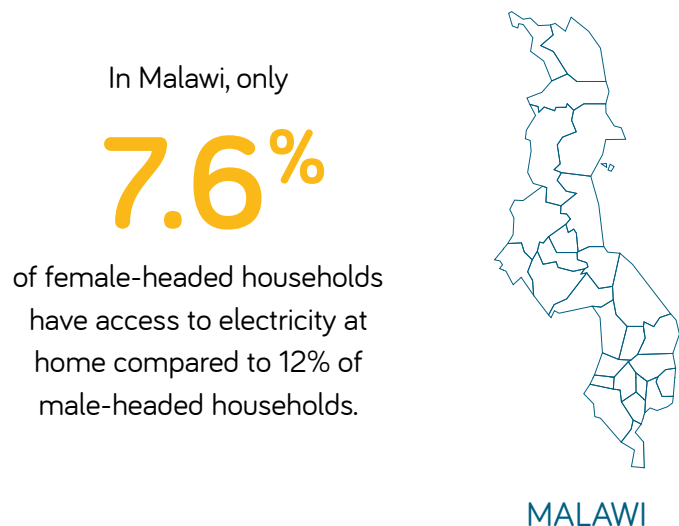
INCREASED
SECURITY



INCREASED
BUSINESS
OPPORTUNITIES

Gender gaps in Malawi and Zimbabwe

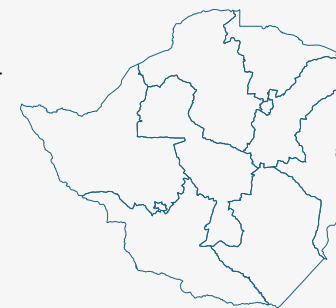
A situational analysis of the energy and financial sector reveals that both countries present barriers to women's access to finance and energy. Energy poverty affects men and women differently, with gender inequalities playing a significant role on the capacity of women to access energy solutions, and/or use them to improve their lives through value-added economic activities. The solar energy sector is in the early stages of development in both countries and is highly dependent on donor funding. With the exception of AECF's recipients and a couple of other initiatives, solar providers have not integrated gender inclusion as part of their strategies or business models.



In off-grid solar value chains, women are underrepresented as:
Consumers | Employees | Entrepreneurs | Leaders

ZIMBABWE

In off-grid solar value chains, women face the following challenges:



Limited decision-making power



Lack of control over finances



Limited access to smartphones



Limited mobility



Lack of documentation & collateral

FINCOOP SACCO

Background and business model

Established in 2004, FINCOOP is a financial cooperative that provides affordable financial services, serving micro, small and medium entrepreneurs, farmers and salaried employees. Its model is focused on savings and a key part of its market is financial services primarily to the unbanked. FINCOOP's product offering includes loans, savings accounts, and insurance as well as the Green Loan Programme.

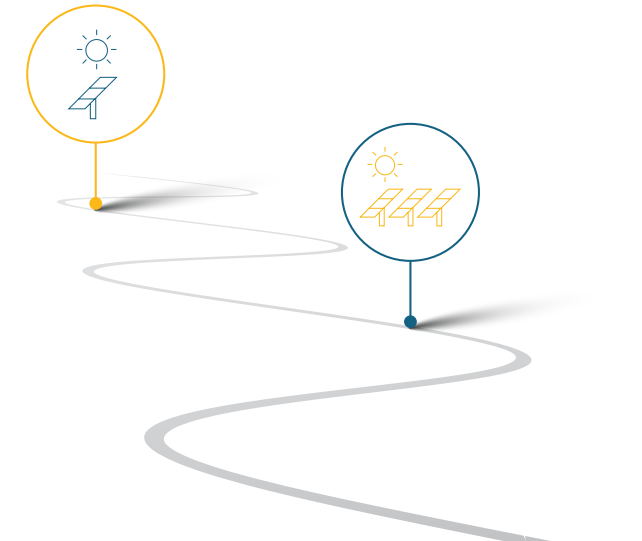
Green Loan Programme

FINCOOP's Green Loan Programme targets low income households across Malawi using multiple channels such as Village Savings and Loan Associations (VSLAs), civil services, and technology partners. FINCOOP has adapted its payment terms to fit women's needs, including the use of multiple payments methods (PAYG, cash, group loans) and offering longer repayment terms.

Key barriers for FINCOOP in reaching women include: generally lower income in comparison with men, lack of collateral, lack of financial literacy and confidence about paying back loans. Women, compared to men, also have limited awareness of solar energy technologies and tend to have lower confidence or trust in products. COVID has disrupted product supply in Malawi, especially with increased demands for household products. Travel restrictions have also made marketing these products more difficult, and online platforms have been adopted as primary marketing tools. However, women are still at a disadvantage when it comes to mobile phone and internet access.

Women customers receive:

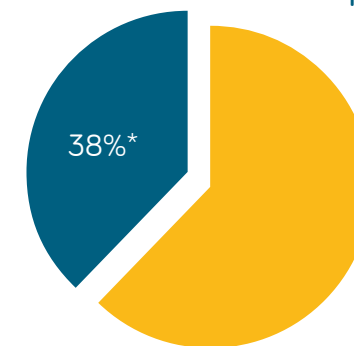
Business management training | Financial training | Training on renewable energy benefits



From 2018 to June 2020

+1212

Female-headed households were able to access solar products through FINCOOP



* 38% of the Green Loan Programme customer base are female-headed households

MoneyMart Finance

Background and business model

MoneyMart Finance (MMF) is a Micro-Finance Institution offering micro-loans to micro businesses in Zimbabwe, primarily to those operating in the informal economy. MMF aims to address the challenges informal MSMEs experience when attempting to access credit by providing affordable loans with appropriate repayment terms.

MoneyMart Finance Solar Loan Programme

MMF employs a multidimensional approach for women customers. MMF seeks to “bring banking to women” by visiting their homes to promote their financial offering to women who may not otherwise be aware of it. Additionally, the organisation attends local events with the intention of expanding their women customer base, including trainings in partnerships with NGOs, meetings run by churches and women's savings clubs and promoting their solar products through road shows in villages.

MMF has been affected by the macro-economic environment in Zimbabwe, particularly by the devaluation of the local currency and inconsistent government policies. COVID-19 related challenges exacerbated an already fragile economic environment and MMF has not reported sales in the first quarter of 2020. The off-grid solar sector has struggled with cash flow and meeting operational expenses, with supply chain and procurement challenges due to limited mobile and cross-border circulation. The longer-term impacts are unforeseeable, hence the need for agility and flexibility.

“With a customer base that is 70% women, MMF has a solid understanding of the needs of women customers and women-owned MSMEs.”

MMF
has reached



694
Female-headed
households



Nearly 50% of the solar
home system loan
programme's customers
are women

Findings

How can women's access to energy and finance be improved?

Participation

Inclusion of women at all stages of design of financial and energy services ensures that these meets their needs.

Address social & cultural norms

Inequality over access and control of assets remain pervasive barriers, which can be resolved by involving the employment of women to reach female customers and combining remote-based and in-person payments.

Cross-sectoral partnerships boost financial inclusion

Partnerships with Village and Savings Associations increase female customer base and provide a deeper understanding of women's needs and priorities.

Sex-disaggregated data collection

Companies that use sex-disaggregated data to inform their strategies have been able to increase their reach of women customers.

Remove barriers to access financial services

- Alternative collateral requirement
- Flexible payments
- Tap into group savings dynamics
- Apply proportional Know Your Customer requirements



A Malawian woman sits outside a rural grocery shop near Lilongwe.

Credit: Andrea Willmore / Shutterstock.com

Recommendations

Businesses, financial institutions and market actors

Building on the findings of this study and on the promising practices adopted by stakeholders across the world, some preliminary recommendations can be made for solar businesses, financial institutions and market actors working in the off-grid solar sector. These can be summarized in the following points:

Collect sex-disaggregated data and use it to design strategies to reach women.

01



02

Customize energy loans to meet women's special circumstances.

Employ women as sales agents and marketers to expand the customer base and reach more women.

03



04

Consider women's access to mobile phones and PAYG technologies in the selected context.

Build capacity of women to understand loan options and make informed decisions.

05



06

Tailor marketing and distribution strategies to reach women customers.

Foster partnerships between solar energy providers and MFIs, VSLAs, and cooperatives that serve women, including those from marginalised groups, and other organisations representing excluded populations.

07



Recommendations Donors

The AECF REACT HS R1 programme demonstrates best practices for integrating inclusivity as a core principle. The progress made by FINCOOP and MoneyMart indicates that the programme is well positioned to provide much needed support to stakeholders and advance gender equality in the off-grid solar sector. This study highlighted some opportunities for the REACT programme and donors moving forward:

01

Support the creation of partnerships between financial providers and technology providers to ensure that women customers have access to technical and financial assistance.

02

Support companies to implement strategies that reduce gender gaps with focus on transformative effects of energy services rather than sales volumes.

03

Offer bespoke technical assistance to all grantees, including capacity building to reach women customers and to adopt inclusive business strategies.

04

Conduct country-level gender & social inclusion assessments that highlight challenges and opportunities for integrating women at all levels of the value chain to inform the design of future funding windows.

05

Increase focus on women-owned and women-led businesses and design funding windows, setting milestones for reaching women enterprises, and promoting female leadership in the sector through tailored technical assistance.

06

Support industry associations and private companies in increasing consumer awareness and confidence in solar technologies.

07

Work with partners to advocate for a conducive regulatory environment for solar products and build the capacity of country governments with regards to standards and taxes.



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