

OPPORTUNITIES AND TRENDS BRIEF

March 2021

Mozambique: a reasonable stand-alone solar market that requires more government support and consumer financing

20.7m¹

Unelectrified population

31.9m²



Total population



38

people/Km²
Population density³

44
out of
100⁴



RISE Score (Framework for Stand-Alone Systems)

2030



Government target for universal electrification

138
out of
190⁵



Ease of Doing Business Rank



10

Donor programmes supporting Stand-Alone Solar (SAS).

51
out of
100⁶

PAYG Market Attractiveness Index (Score)



- » The growth of the Mozambican economy has **declined over the last 1.5 years**, with the GDP growth rate dropping from **2.3% in 2019, to 1.3% in 2020**.
- » Besides the **Covid-19 pandemic**, the country has been **affected by three cyclones** that caused flooding, destruction of property and loss of life, and internal conflict in Cabo Delgado and Sofala provinces.
- » Sales of SHS more than doubled to **46,802 units in 2020** compared to **21,252 units sold in 2019**.
- » **68% of the population** is aware of SAS and **20% can afford without financial assistance**. Provinces with highest monthly expenditure are Nampula, Cabo Delgado and Manica – accounting for 62% of the addressable market size. Additionally, a price drop of USD 2.50 for the monthly instalments could double the households that can afford SHS.
- » The Route-to-Market Analysis Tool is an interactive geospatial map available for SAS companies and that can be used to identify viable SHS markets.
- » Productive **use of renewable energy is growing in Mozambique**, as public awareness and market support increase but comprehensive data is lacking.

The government is in the process of developing an off-grid regulation



A new regulation for the off-grid energy sector is currently being drafted with the support of the BRILHO programme



The National Electrification Strategy (2018-2030) recognizes the role of SHS in electrifying rural populations.

There is limited financing for SAS



Only one bank (BCI) is providing funding specifically for the off-grid solar sector. BCI has collaborated with KFW in establishing a credit line in 2018 and currently is supported by UNIDO under its TSE4ALL program.



Energising Development (EnDev) created a payment assistance service called COVID-PAY (Relief Scheme for Companies Vulnerable to Increased Default PAYments) to provide financial support to the customers and the pay-as-you-go (PAYG) companies during the pandemic.



EnDev has an additional support scheme called COVID-PLUS which seeks to continue to support companies and households in a post-pandemic world, as opposed to the immediate-relief purpose of COVID-PAY.

Prices of SAS went up due to supply chain interruptions in the wake of the pandemic, and

- ❖ SAS companies have reported prices going up due to interruptions in the supply chain and goods taking longer to enter the country.
- ❖ Due to the prevalence of low-quality solar products, people have a mixed perception of solar.
- ❖ There are no tax incentives for SAS.

The use of mobile money is growing and other trends we noted

- ❖ Use of mobile money is growing. The number of adults having a mobile money account increased from **3% in 2014 to 29% in 2019**.
- ❖ The only consumer financing available is through the four main SAS companies offering PAYG.
- ❖ Associação Moçambicana de Energias Renováveis (Mozambican Renewable Energy Association - AMER) organised four online webinars during the pandemic.

In conclusion

Mozambique is **economically strained due to cyclones, internal conflict and the Covid-19 pandemic**. There is a reasonable market for SAS though clarity on what areas are demarcated for mini-grids could be useful for companies. The affordability constraints may be addressed through piloting other consumer financing models and demand-side subsidies for those who cannot afford, for the universal access target to be met.^{7,8}

References

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3. World Bank (2018) Population data
4. ESMAP (2019) Regulatory Indicators for Sustainable Energy
5. World Bank (2018) Population data
6. Lighting Global (2019) Pay-As-You-Go Market Attractiveness Index Report
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8. ACE TAF (2020)