

07 August 2020

COVID-19: Energy Access Industry Barometer - Results and observations



General information

- **Objective:** The COVID-19 crisis is evolving rapidly, and insights from energy access companies are essential to understand the impact of it. The results of the Barometer will give investors, governments, and donors the information they need to develop effective response and recovery strategies.
- **Participation period:** 29.06 – 21.07.2020
- **Available languages:** english, french, spanish
- **Coverage:** most global and inclusive survey yet, targeting multiple off-grid segments

- **Undertaken by:**



Coverage of the survey

Latin America & the Caribbean

Bolivia	16
Chile	1
Colombia	1
Guatemala	2
Haiti	1

West Africa

Benin	27
Burkina Faso	9
Cape Verde	3
Cameroon	3
Ghana	2
Guinea	9
Ivory Coast	4
Liberia	12
Nigeria	9
Senegal	21
Sierra Leone	8
Togo	11

East Africa

Congo, DR	3
Ethiopia	209
Kenya	50
Madagascar	4
Malawi	6
Mozambique	6
Rwanda	7
South Africa	1
Tanzania	24
Uganda	30
Zambia	4
Zimbabwe	3

Asia & Asia-Pacific

Afghanistan	1
Bangladesh	53
Burma	2
Cambodia	5
China	5
Hong Kong	2
India	13
Indonesia	2
Nepal	4
Malaysia	1
Pakistan	1
Papua New Guinea	4
Philippines	2
Vietnam	29
Yemen	3

613 respondents distributed over **44 countries**

Market segments: Clean cooking, Mini-grids, Household solar and appliances

Respondents: Micro to multinational companies, representing the whole supply chain

Executive Summary

Main Messages

1. The energy access sector is in crisis

*Progress towards **SDG7** and related SDGs at severe risk*

2. Many businesses fear for their survival, large number of jobs at risk

Livelihoods are endangered, economic and social crisis coincide

3. Access to finance is key – sector needs special vehicles

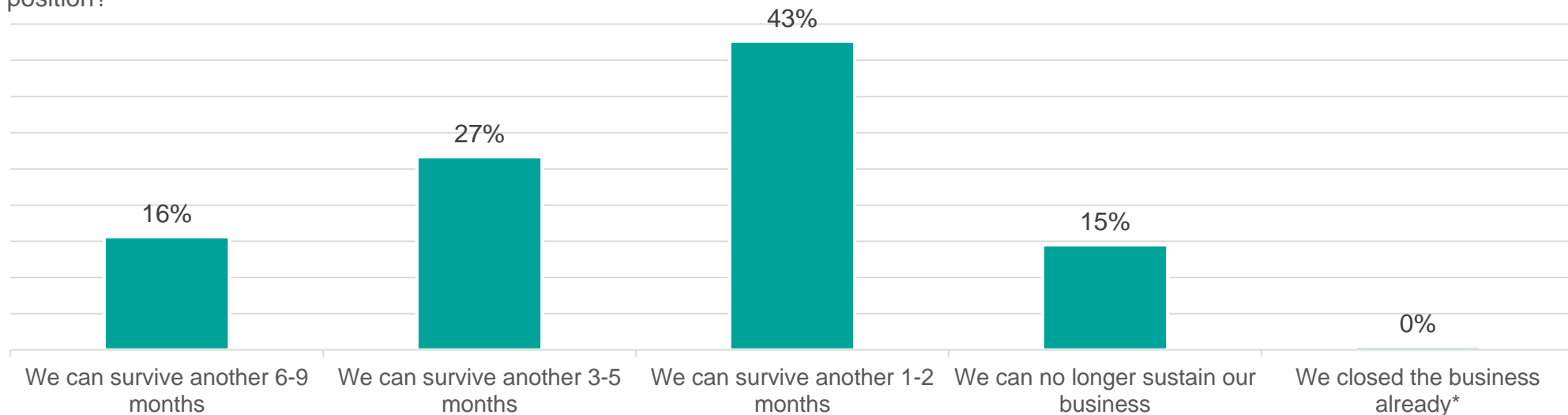
*Particularly **short-term grant relief** - also new long-term **equity/debt & concessional loans***

Executive Summary

The energy access sector is in crisis

- **Over half** of the companies facing challenges in next two months
- **85%** of the companies struggling **with survival for more than 5 months**
- **Timely and fast support** will be essential to **prevent exodus of companies**

Looking at the overall financial impact of COVID-19 on your business, which of the following best describes your position?

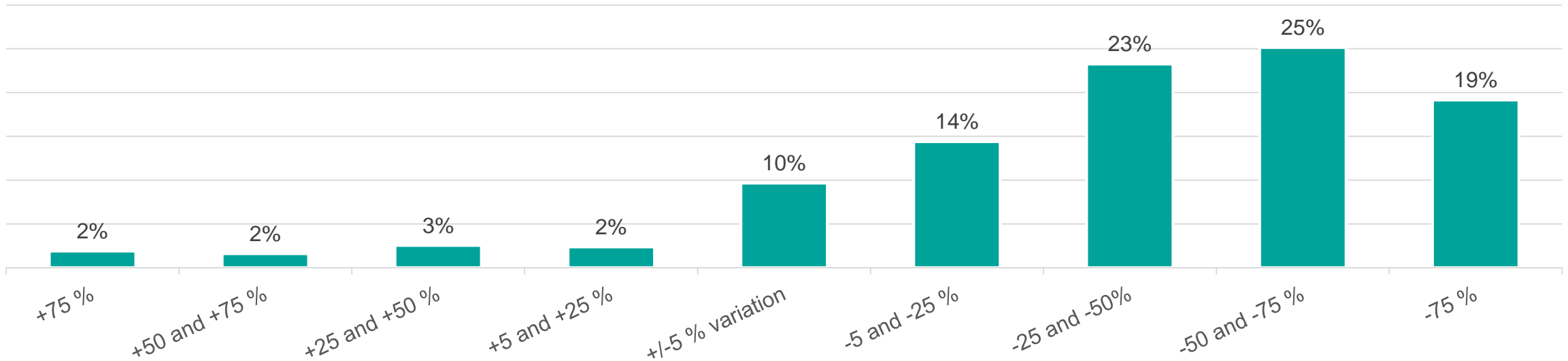


Executive Summary

The energy access sector is in crisis

- **Sales volumes** are **substantially down**
- A number of **underlying factors**: no **demand** generation, shift in **consumer spending**, **logistical restrictions**, etc.

How does your sales volume in the last quarter compare to the same quarter in 2019?

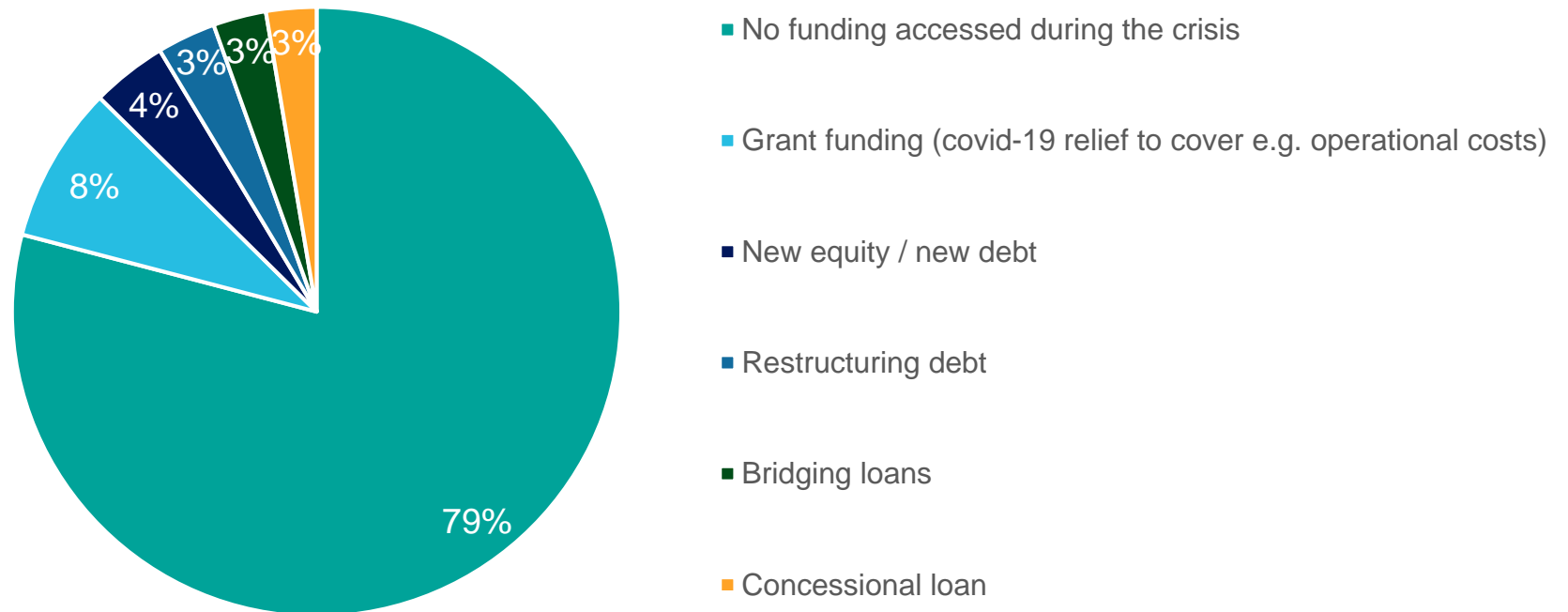


Executive Summary

Current level of support is low

- Most companies have been **unable to access financial relief**

Have you been able to access any funding and/or other financial relief during the crisis?

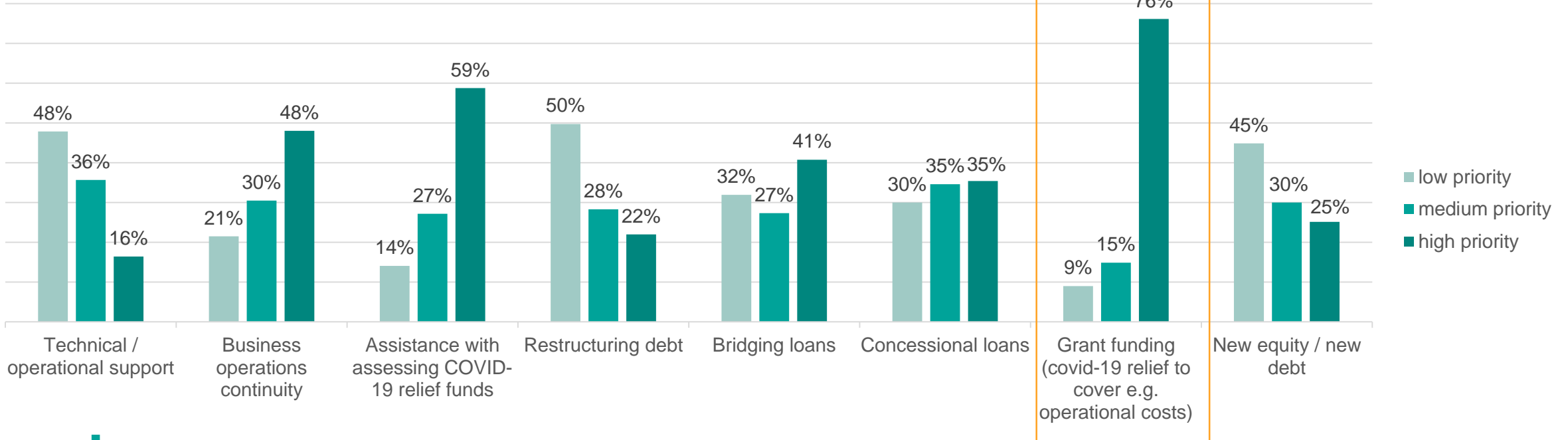


Executive Summary

What the sector needs

- Clear indication that **grants are required**
- Interestingly, also **support with accessing COVID-19 relief funds** is required
- **Business operations continuity** is as well deemed essential

What kind of support does your company need over the next 3 months?

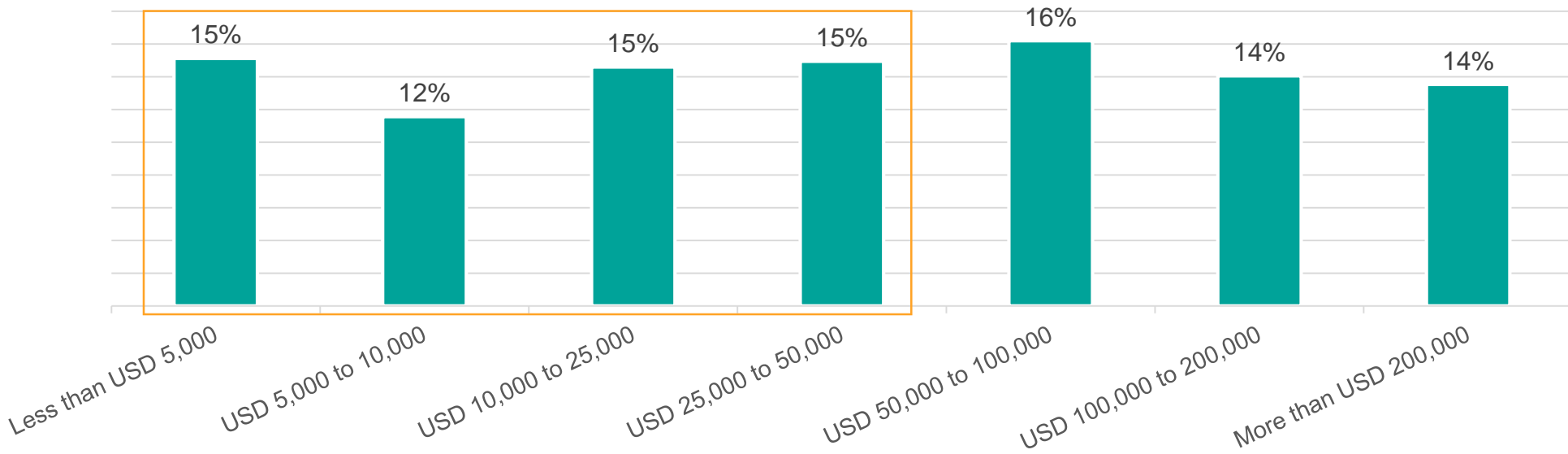


Executive Summary

What the sector needs

- **Over half of the companies** would need **less than 50,000 USD** to survive the next 6 months
- Close to a third would only need **10,000 USD** – that is **2 mio. USD to save 200 companies**
- **Grant instruments** are needed to complement the concessional loan relief funds in the pipeline

Grant funding: What is your overall short-term (6 months) funding requirement?



Executive Summary

Major take-aways from the analysis

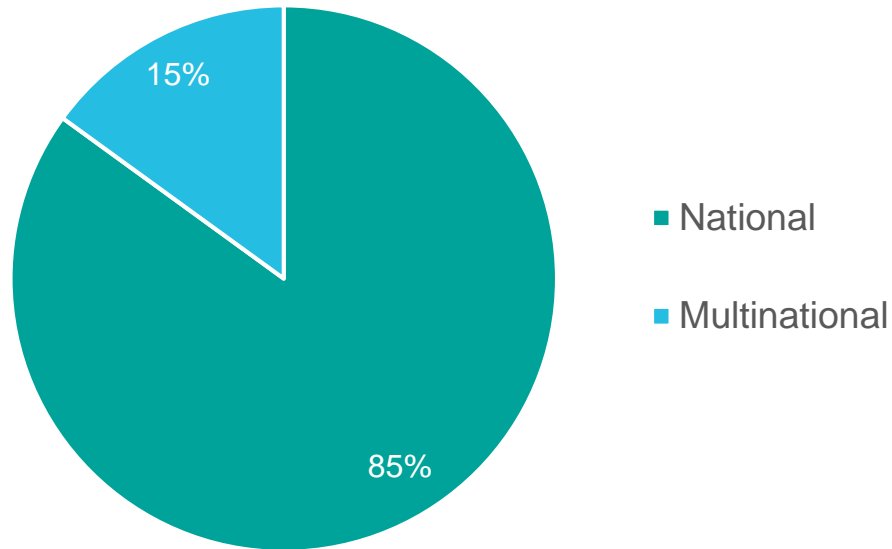
- Smaller companies are more severely affected
- Distributors seem to be overly affected
- The situation seems to have a strong impact in East Africa in particular
- Overall, it seems that access to finance (in different forms) is the key bottleneck
- Grants are ranked as priority across all segments – few are available
- Many companies did not seek for TA – indication that cash-flow is more important or out of reach
- Some bigger market players are sending very positive signals in other fora
- Survey fatigue was often reported – many surveys, lack of action on the ground

Business information

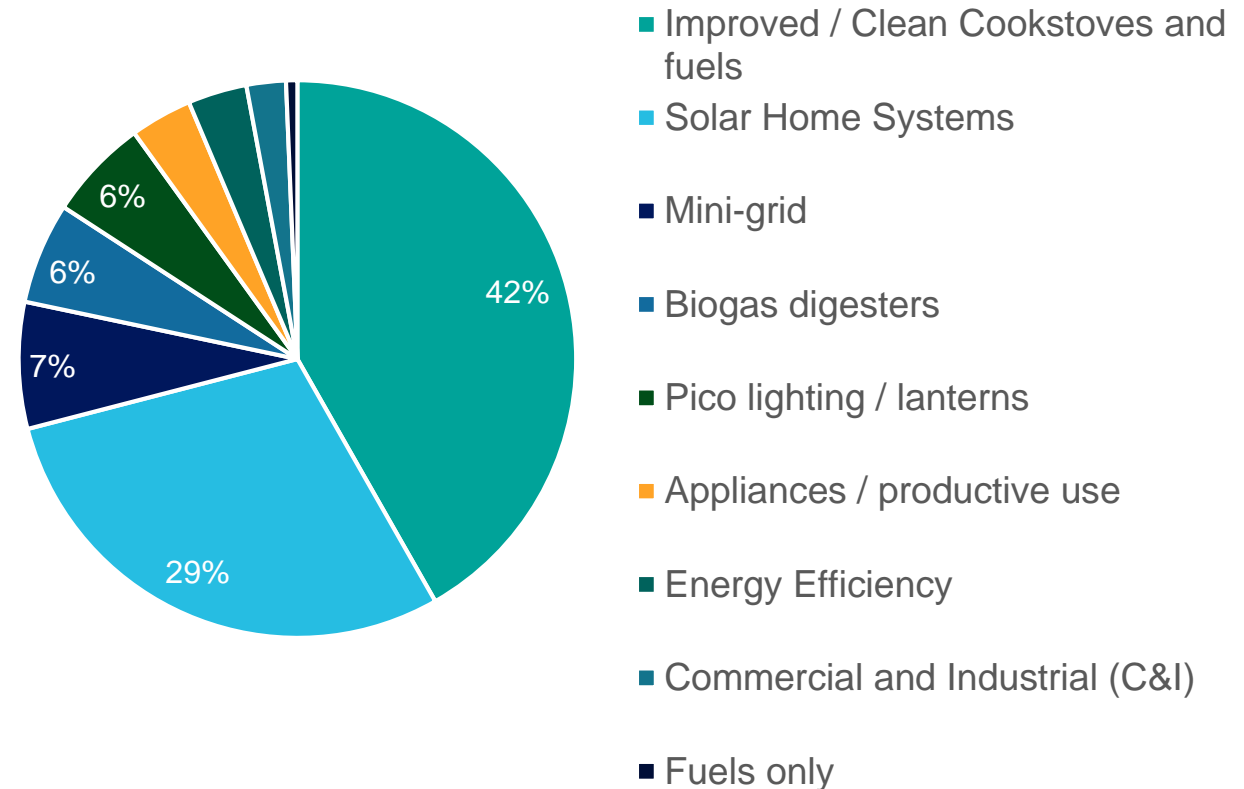
Who participated?

Business information

National companies are very present in the sector

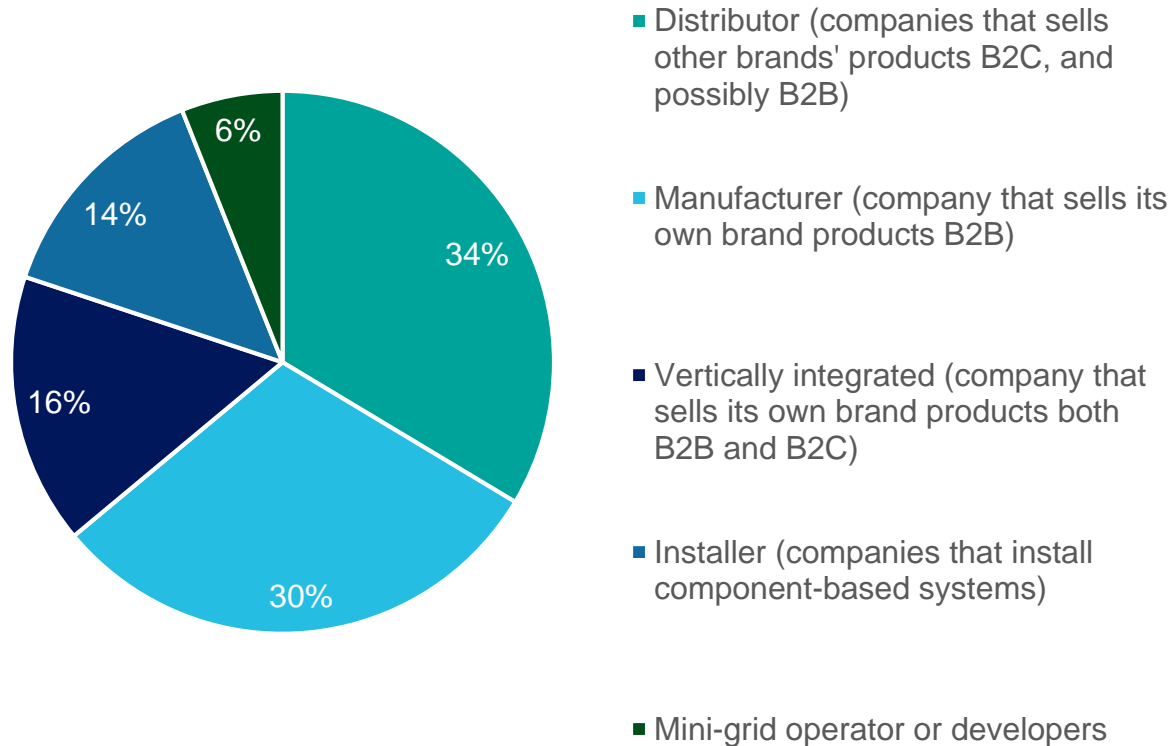


Clear focus on Cookstoves and Solar Home Systems

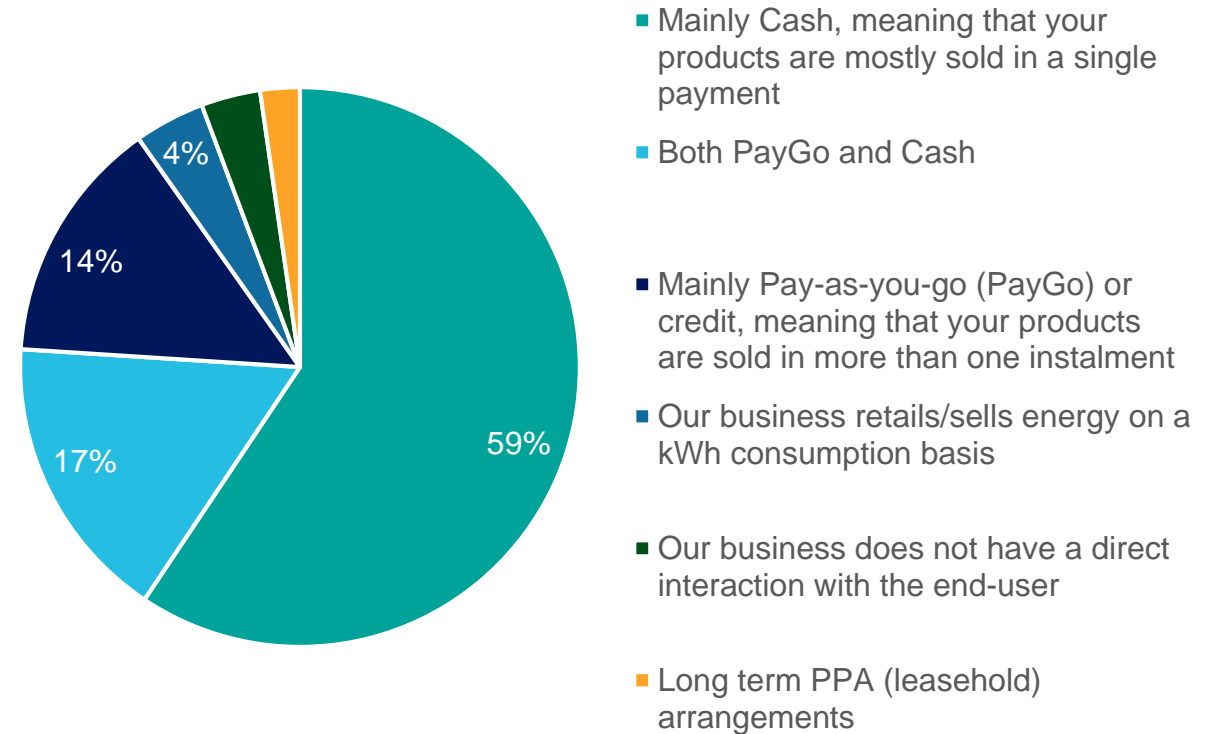


Business information

Company types

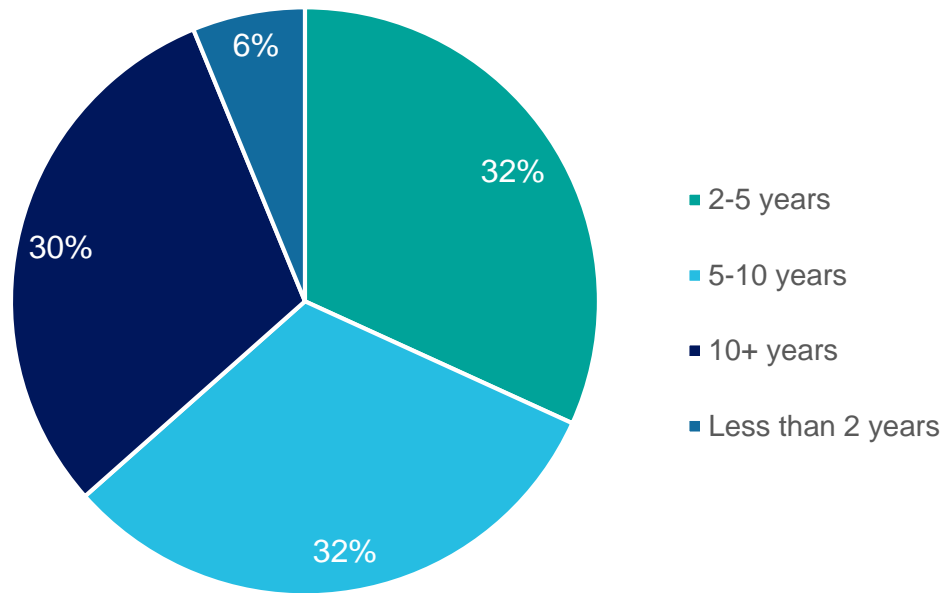


Field of operations

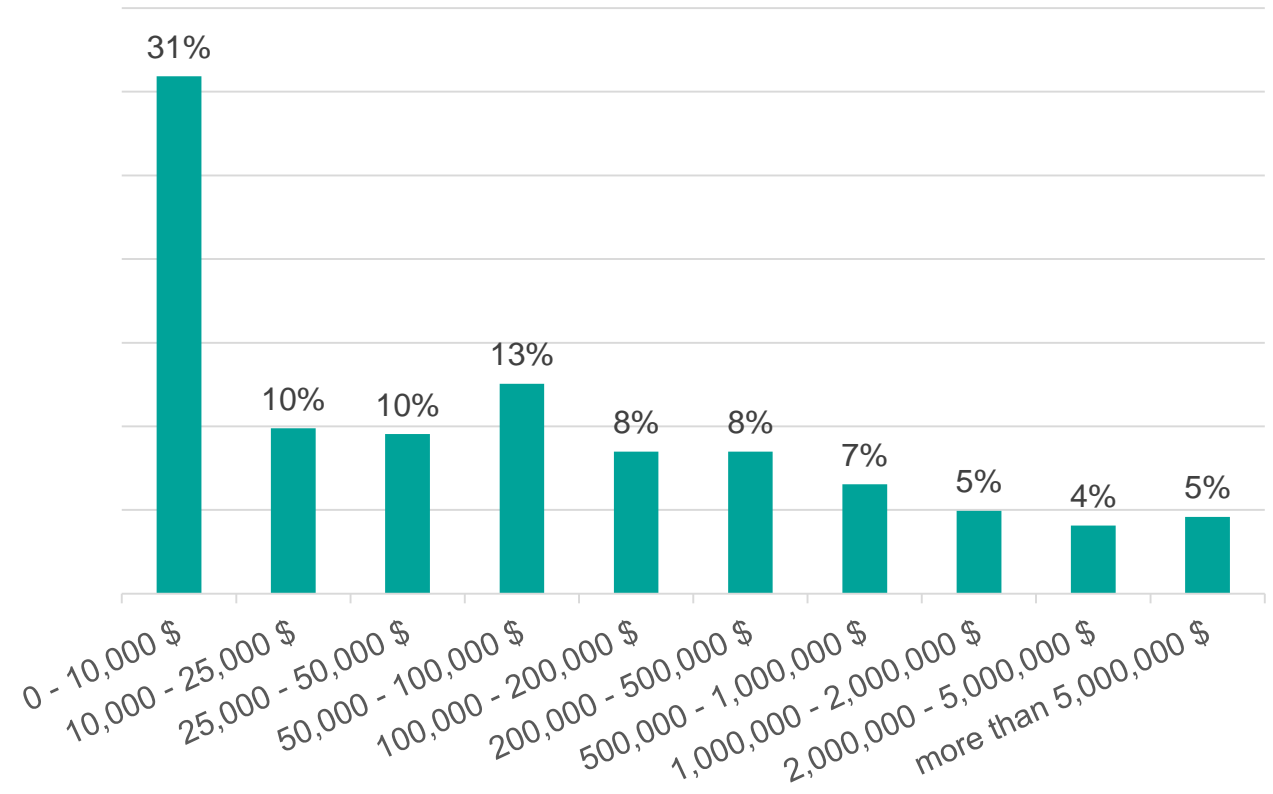


Business information

Nascent market with few long-term players



Small scale businesses with low turnover in 2019 dominate the picture



Business information

Serving a variety of needs, the sector itself is diverse



More than **80%** of the respondents are only operating in one country



More than **70%** can be assigned to the market segments of **Improved / Clean Cookstoves and fuels** or **Solar Home Systems**



About **40%** of the companies are in **operation less than 5 years**



31% have an annual turnover of **less than 10,000 USD**

Impact of COVID-19

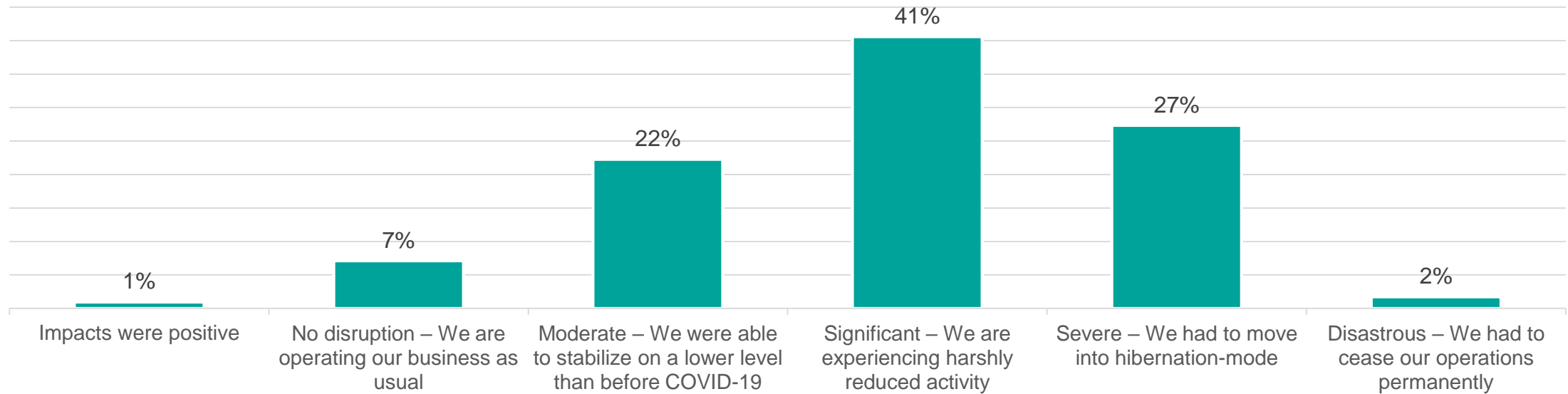
**To what extent are companies
affected by the pandemic?**

Impact of COVID-19

Strong disruption of the market continues

- **70%** of the responding companies are experiencing at least a **significant disruption**
- **Almost 30%** had to **cease their operations** (hibernation or permanent closure of business)

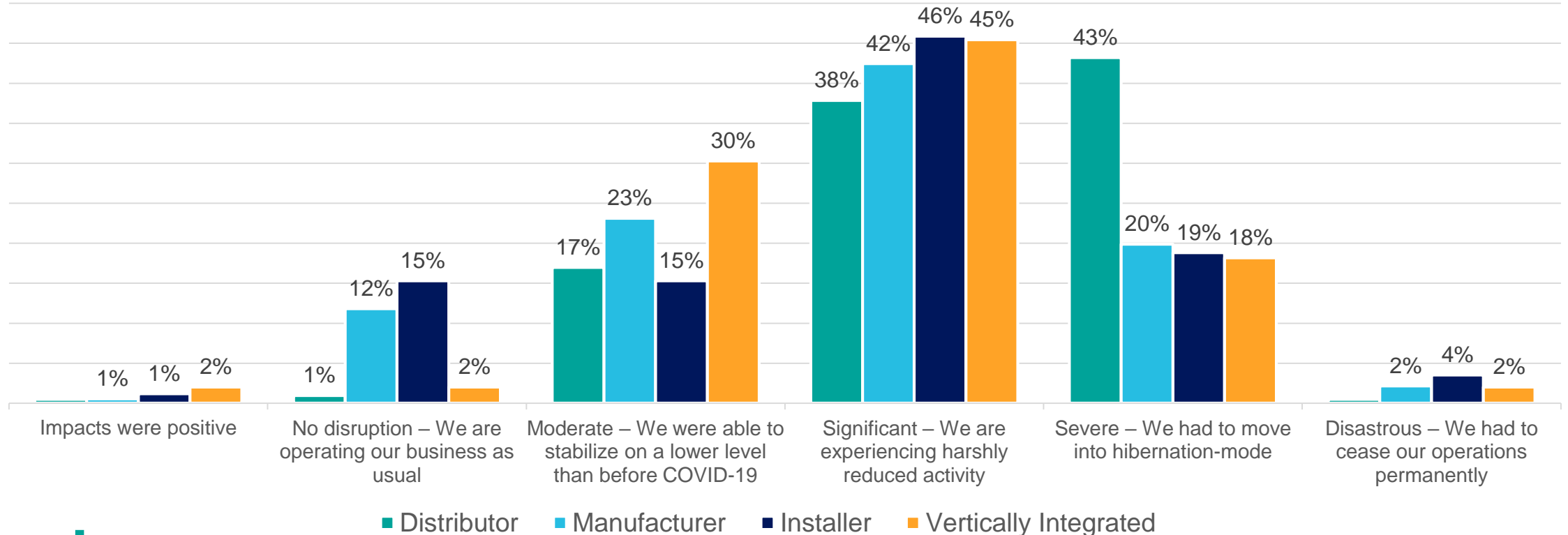
How is the disruption evolving for your company?



Analysis by company type

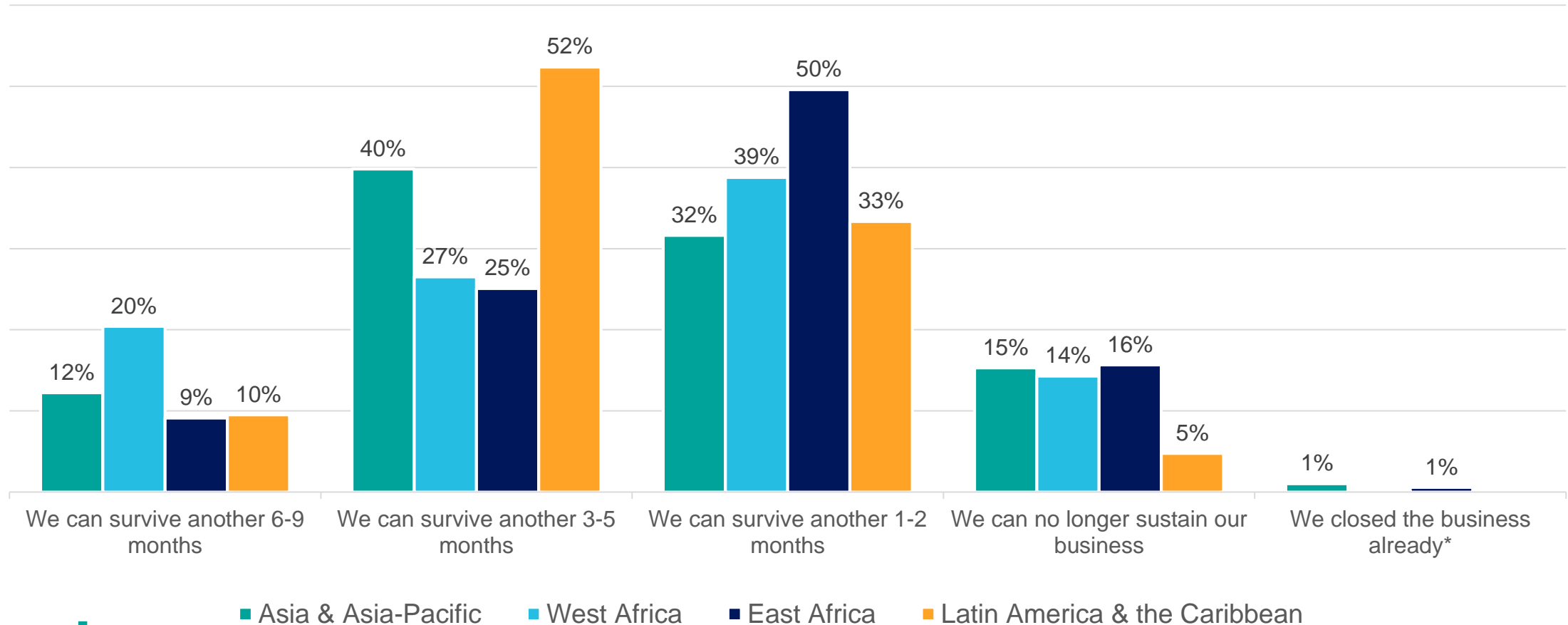
Impact of COVID-19 on business activities

➤ Distributors are severely affected



Analysis by region

Overall financial impact by COVID-19 – East Africa affected

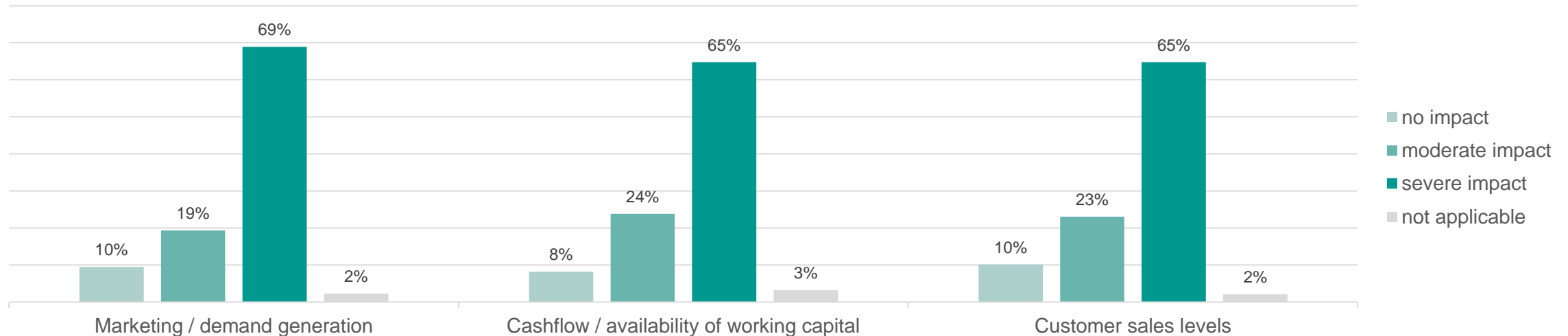


Impact of COVID-19

Lack of demand and cashflow endangers businesses

➤ The top three factors currently affecting businesses are

- 1) Low demand generation
- 2) Cashflow problem
- 3) Low customer sales levels

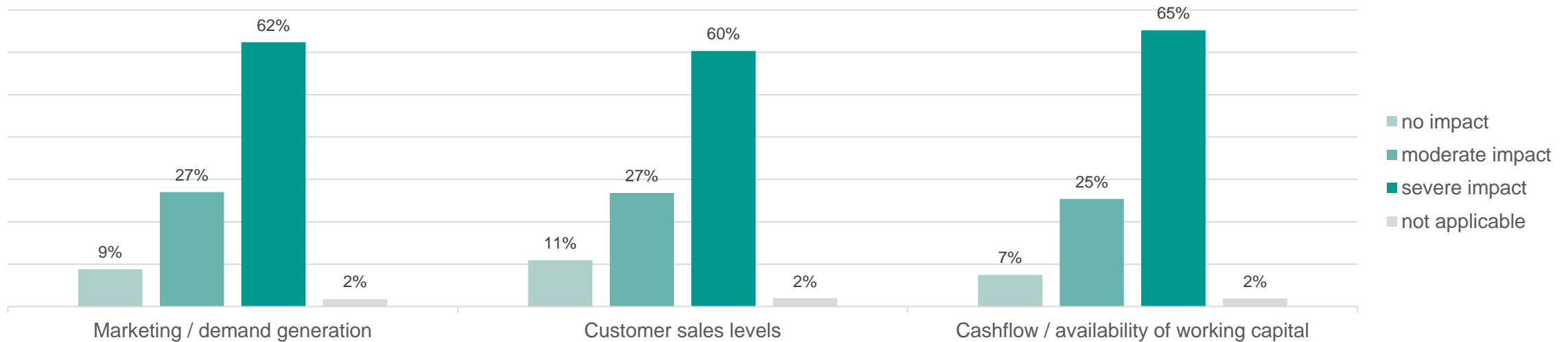


Impact of COVID-19

Lack of demand and cashflow endangers businesses

➤ The top three factors affecting businesses in the next three months are

- 1) Cashflow problems
- 2) Low demand generation
- 3) Customer sales levels

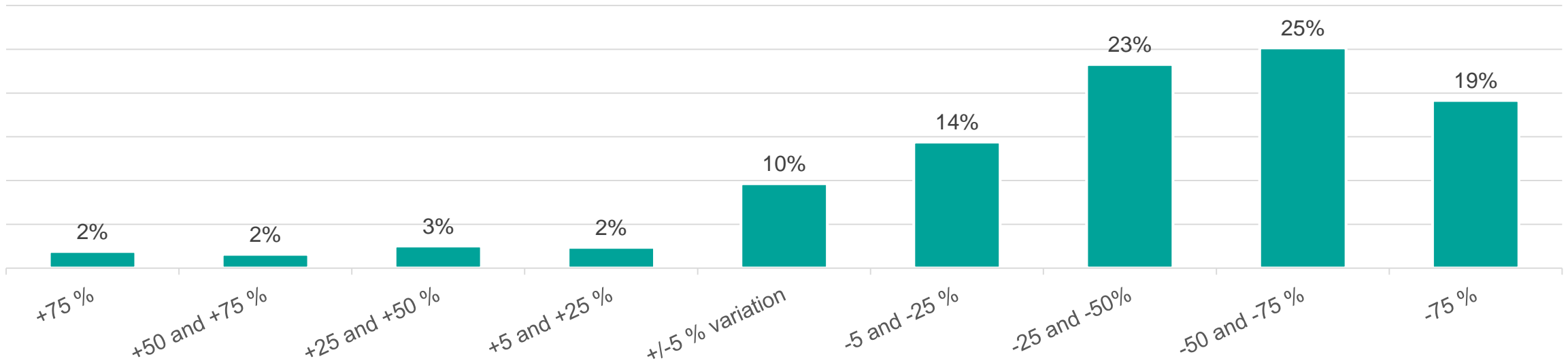


Impact of COVID-19

Sales volumes in last quarter are in free fall

- **80%** of the companies report a **lower sales volume** (compared to the same period a year before)
- Almost **50%** indicated a **decrease** in sales volumes of **at least 50%**

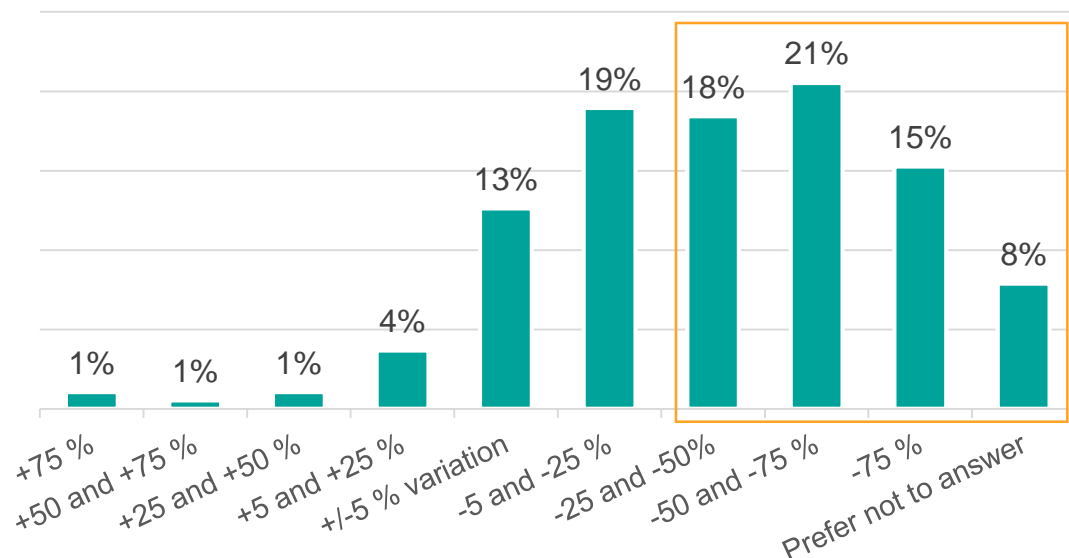
How does your sales volume in the last quarter compare to the same quarter in 2019?



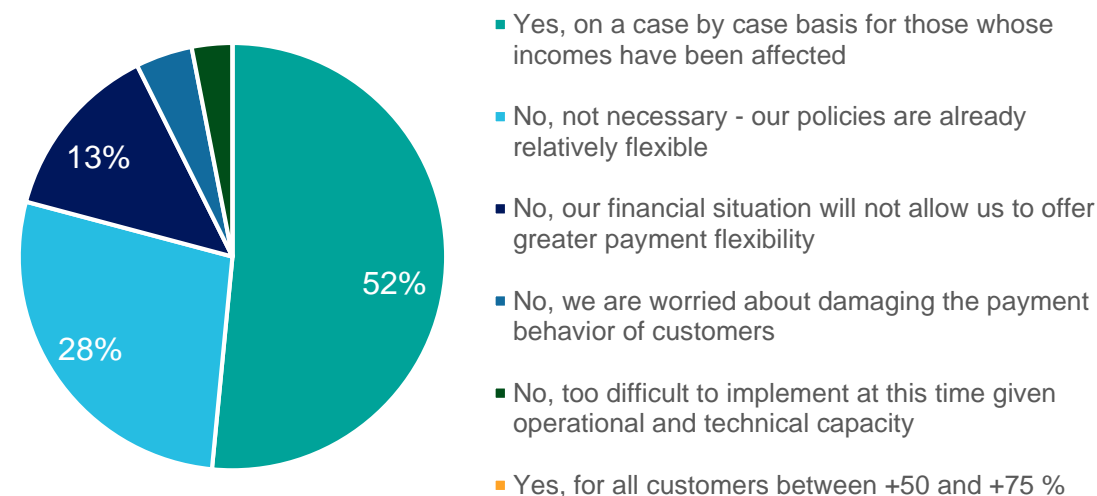
Impact of COVID-19

Sector-zoom Pay-Go / Mini-grid: Collection rates drop

- **More than 60%** of Pay-Go / credit and Mini-grid operators indicated for the period of March until May (2020) a **collection rate decrease of at least 25%** (compared to the same period last year)



Have you offered greater payment flexibility for your customers?

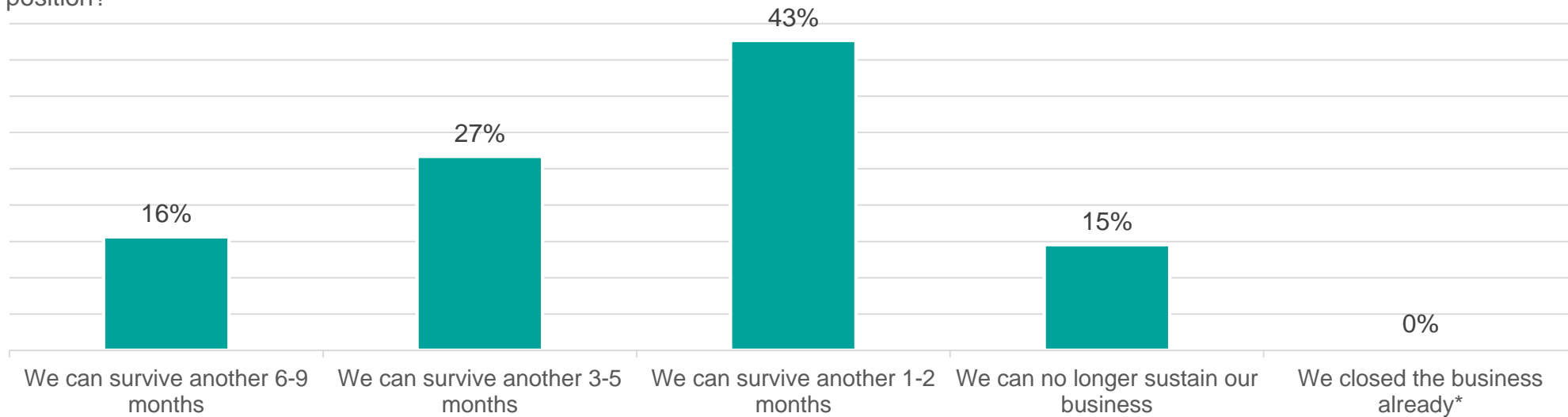


Impact of COVID-19

The sector is in a severe crisis, we need to act fast

- **Over 50%** will have to **close their business in two months**
- **85%** of the companies will **not survive more than 5 months** under the current conditions

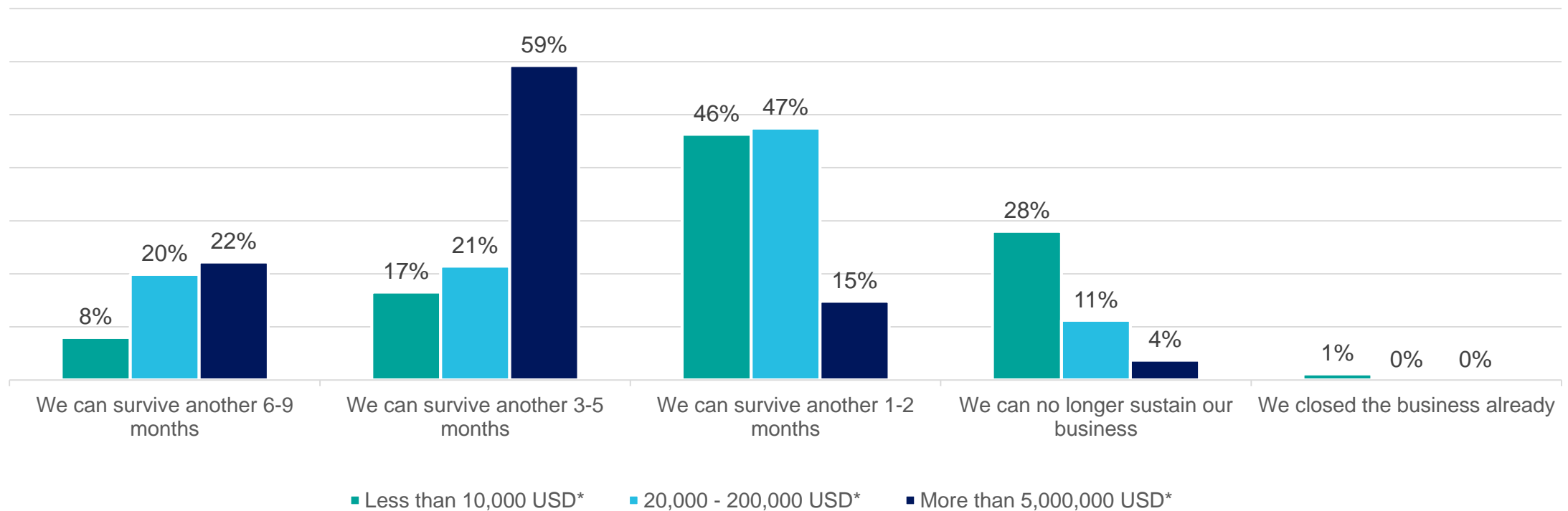
Looking at the overall financial impact of COVID-19 on your business, which of the following best describes your position?



Impact of COVID-19

The sector is in a severe crisis, we need to act fast

➤ **Smaller companies** are more **exposed** – but even **big ones** are **struggling**

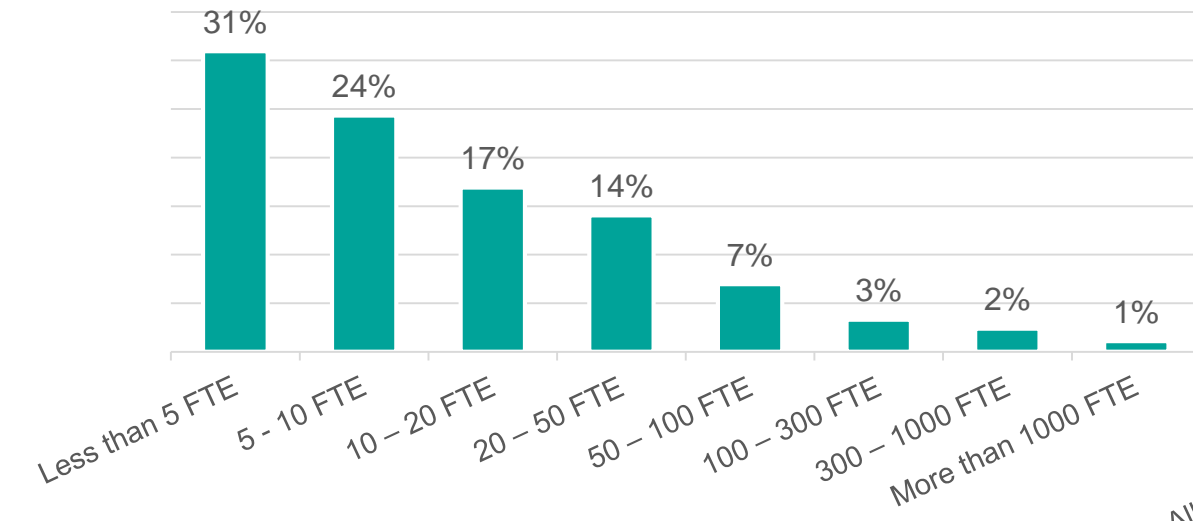


Impact of COVID-19

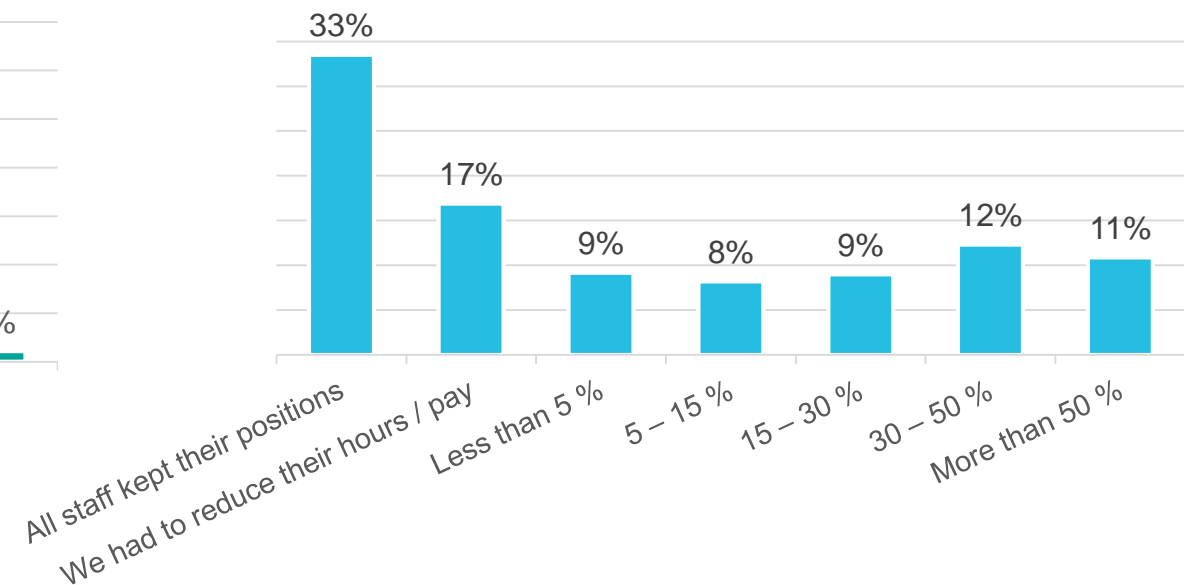
Income for livelihoods is significantly affected

- Compared to February **more than 65%** of the respondents had to **reduce hours and pay** of their staff or **dismiss people**
- Amongst them, **35%** indicated a percentage of **at least 30% of already dismissed staff**

How many Full Time Equivalents (FTE) do you employ at the end of February 2019?



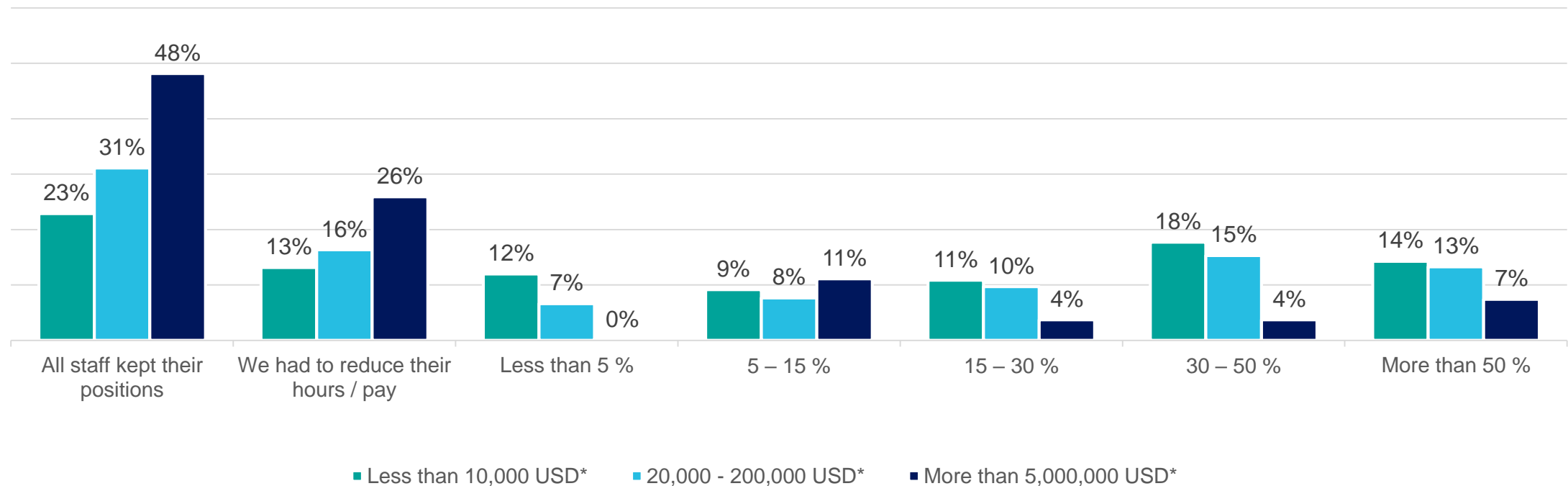
Compared to the situation in February, what percentage of your staff have you had to lay off?



Impact of COVID-19

Income for livelihoods is significantly affected

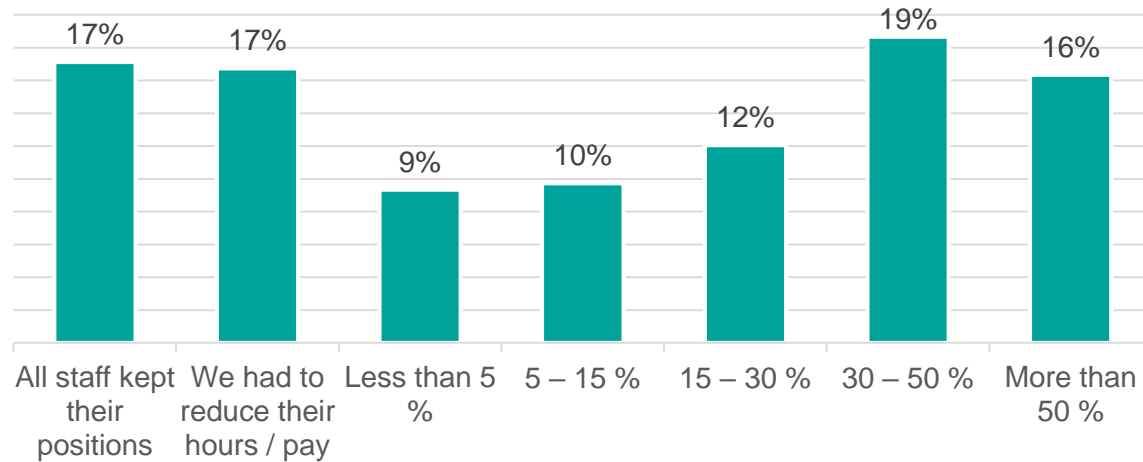
➤ **Smaller companies** with much **higher staff layoff**



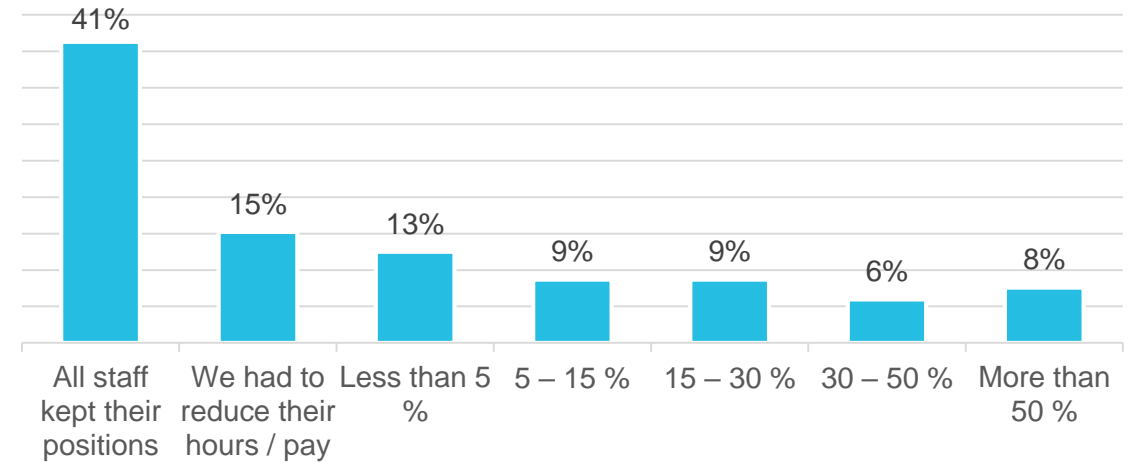
Analysis by market segment

Staff situation more dire for Clean Cookstoves

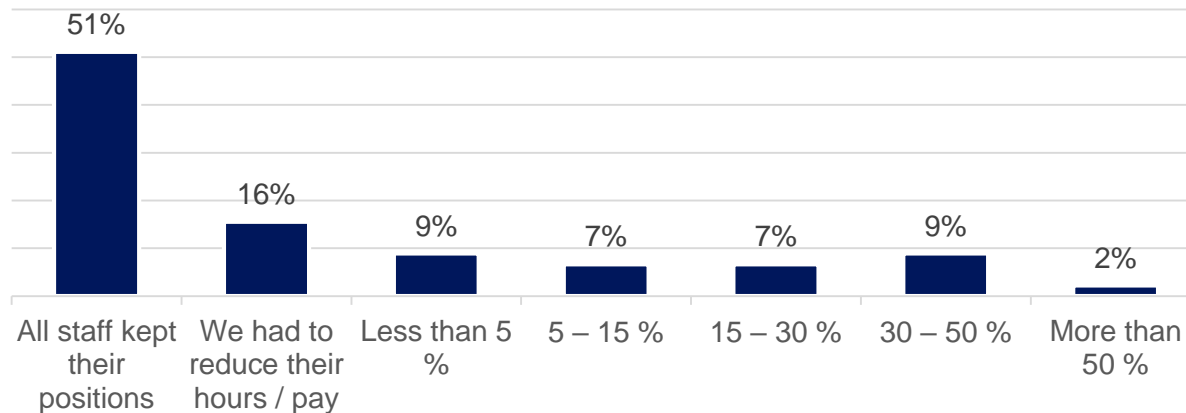
Improved / Clean cookstoves and fuels



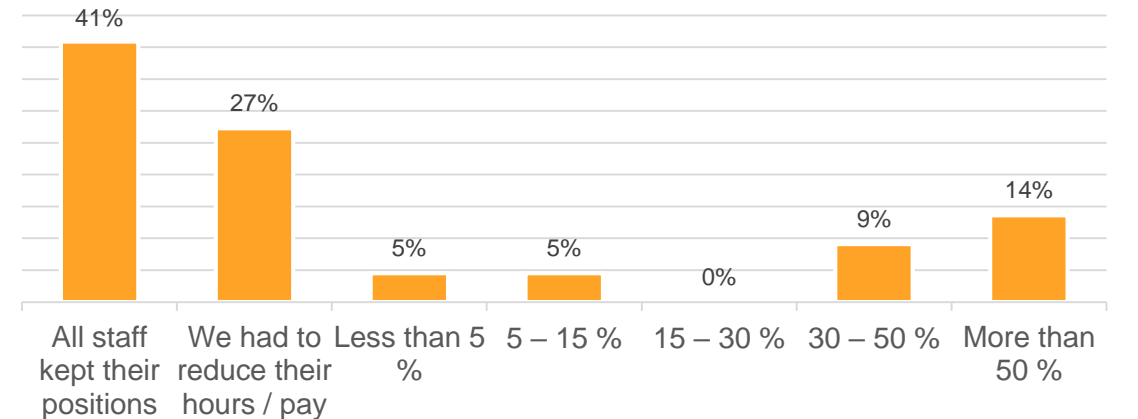
Solar Home Systems



Mini-Grid



Appliances / Productive use



Financial and operational needs

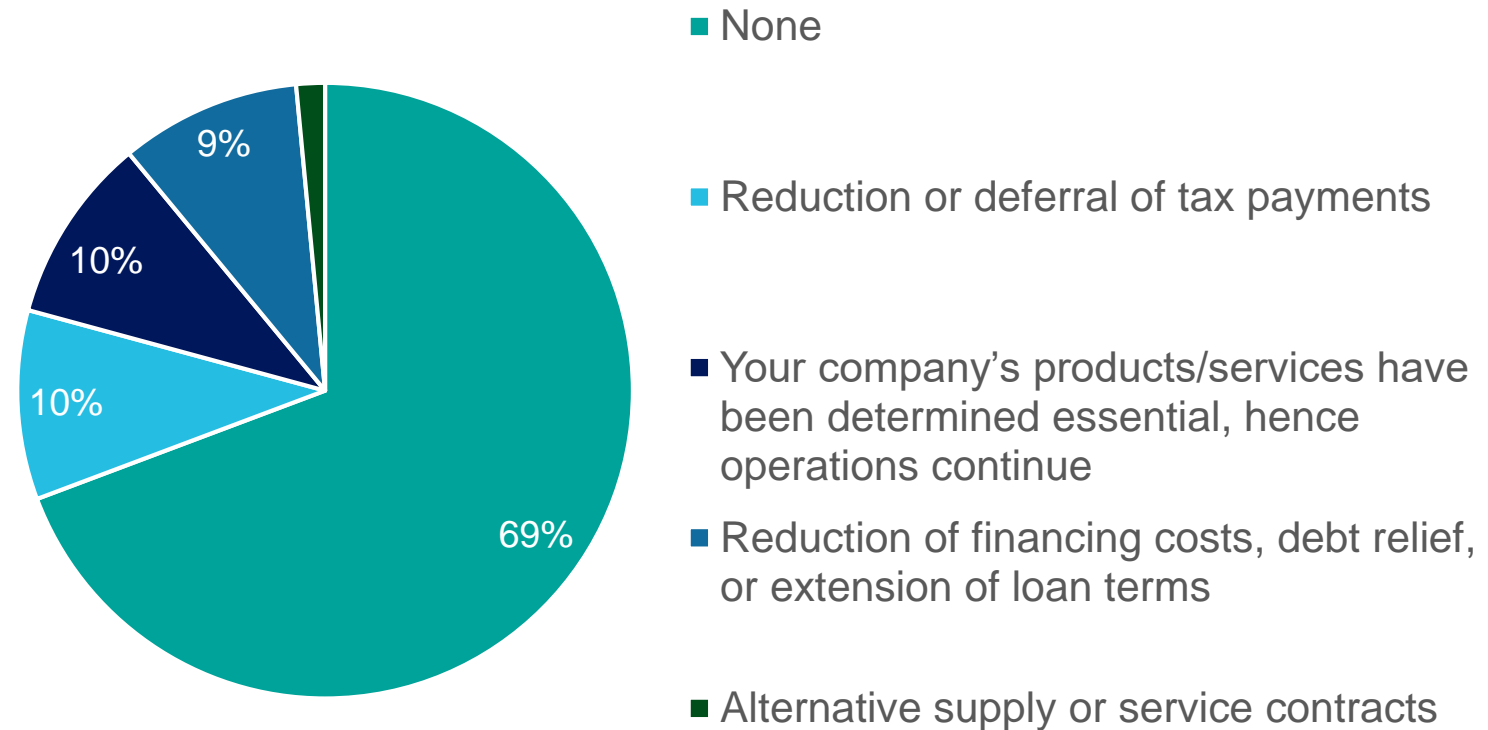
**What is needed to navigate the
energy access industry through
this crisis?**

Financial and operational needs

Low level of existing support

- **Only about 30%** of the companies have so far **received assistance** from central / state / provincial / local government authorities.

Have you already received any of the following types of assistance from central/state/provincial/local government authorities in your country?

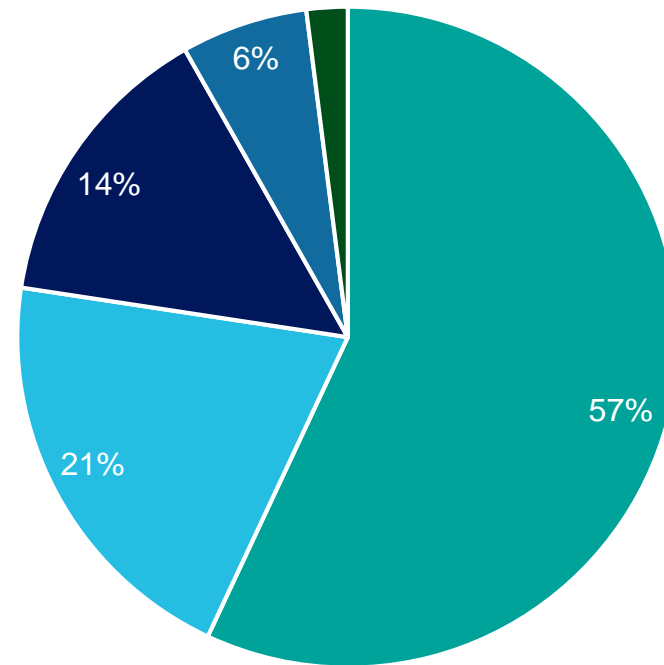


Financial and operational needs

Low expectation for future support

- **More than 50%** of the respondents are **not expecting to get any assistance** in the upcoming months

Are you expecting to receive any of the following types of assistance from central / state / provincial / local government authorities in your country?

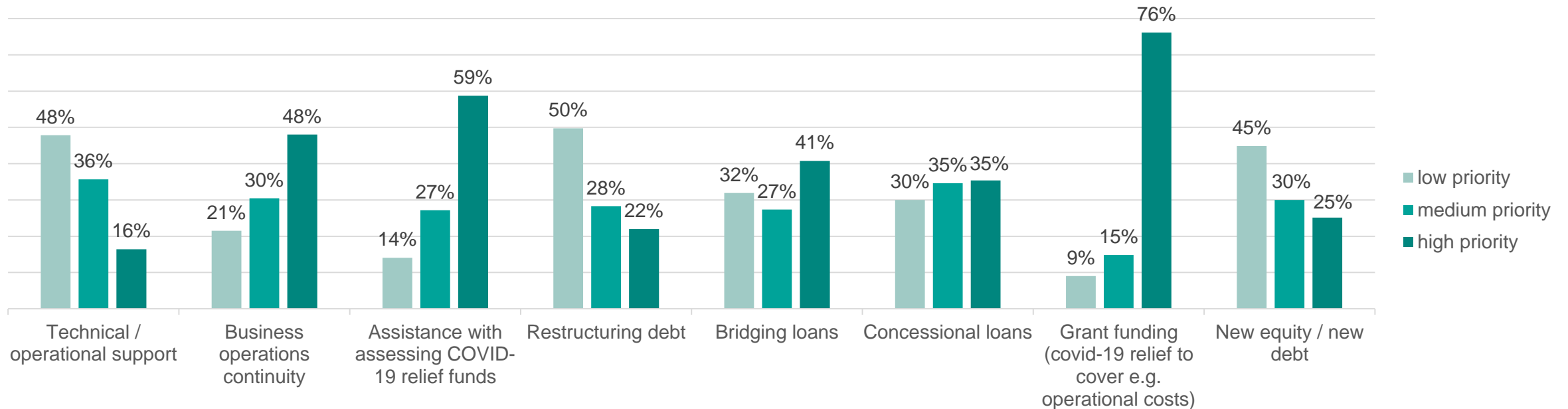


- None
- Reduction or deferral of tax payments
- Reduction of financing costs, debt relief, or extension of loan terms
- Alternative supply or service contracts
- Your company's products/services have been determined essential, hence operations continue

Financial and operational needs

Companies need grants

- **Grant funding** has the **highest priority** with regards to financial needs of the energy access industry
- On the operational side **Assistance with assessing COVID-19 relief funds** and **Business operations continuity** are the most important areas where support is needed

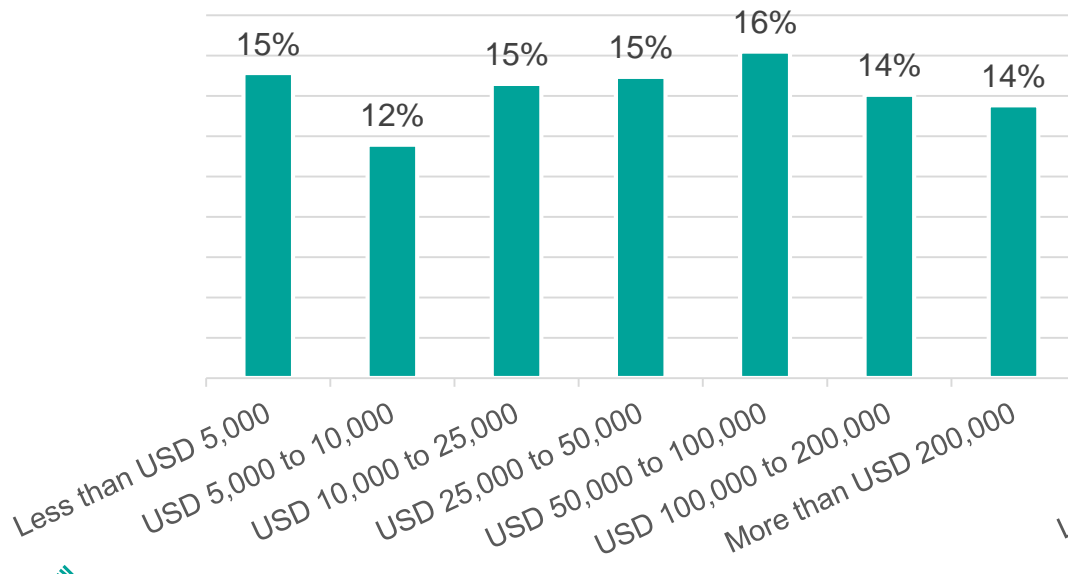


Financial and operational needs

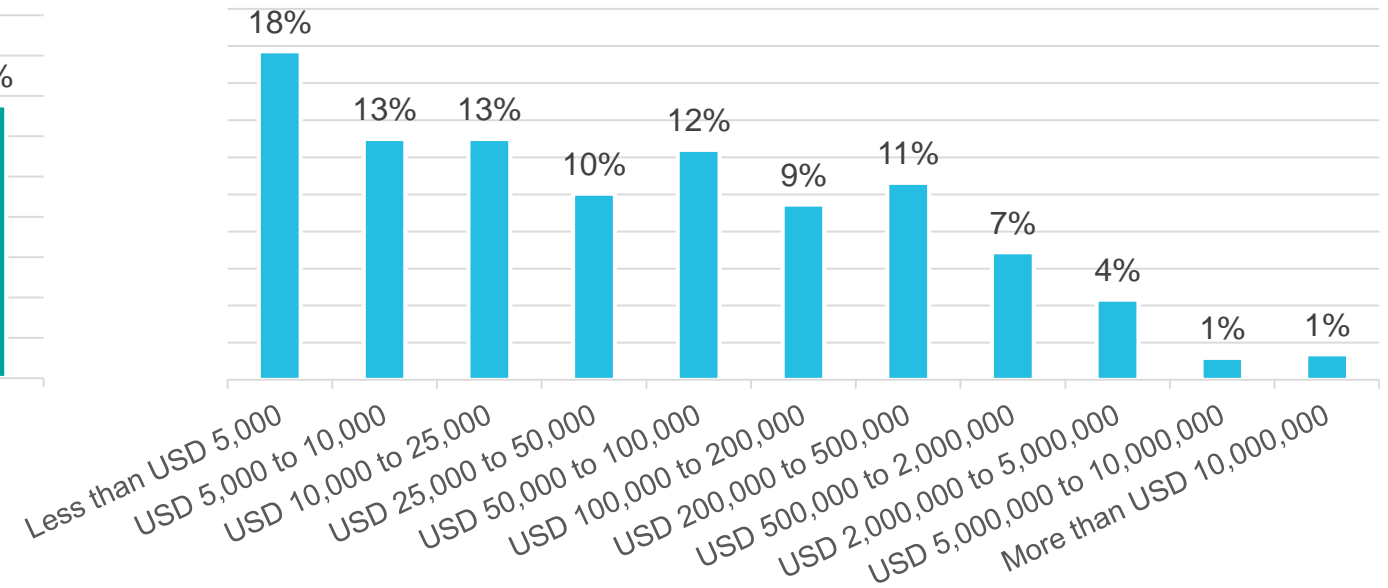
Small amounts would help the sector tremendously

- **Half of the companies: less than 50,000 USD** to survive the next 6 months (grants / loans)
- Close to **a third would** only need 10,000 USD – that is **2 mio. USD to save 200 companies**
- **Grant instruments** are needed to complement the concessional loan relief funds in the pipeline

Grant funding: What is your overall short-term (6 months) funding requirement?



Bridging loans / concessional loans: What is your overall short-term (6 months) funding requirement?

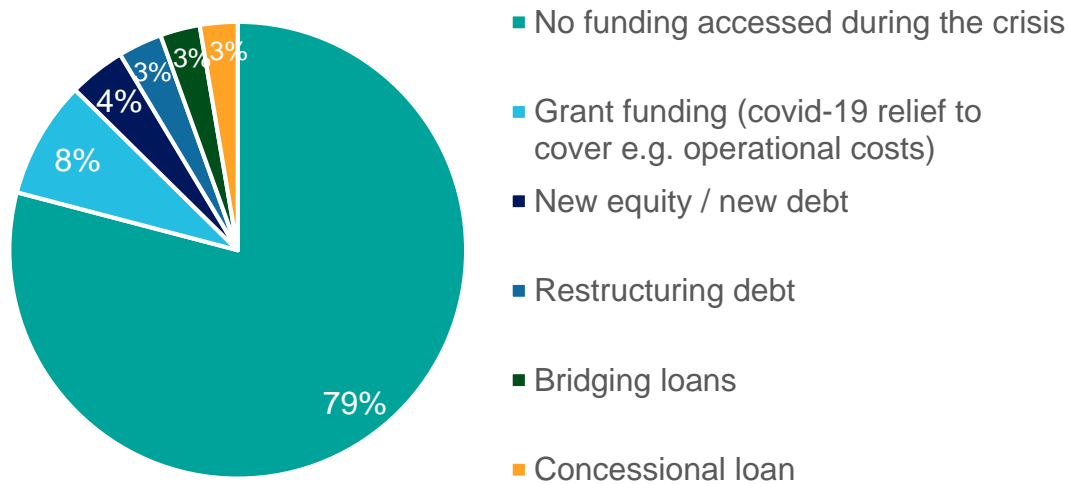


Financial and operational needs

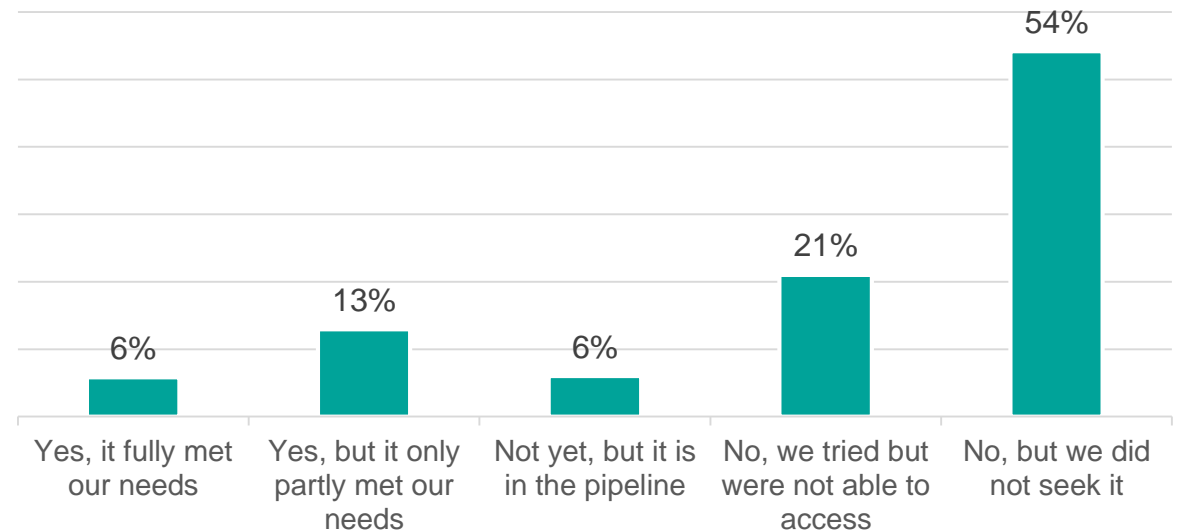
Funds are limited, and TA is less important

- **More than 75% of the companies did not receive any funding** during the crisis
- **Less than 20% received Technical Assistance**

Have you been able to access any funding and/or other financial relief during the crisis?



Have you been able to access Technical Assistance?

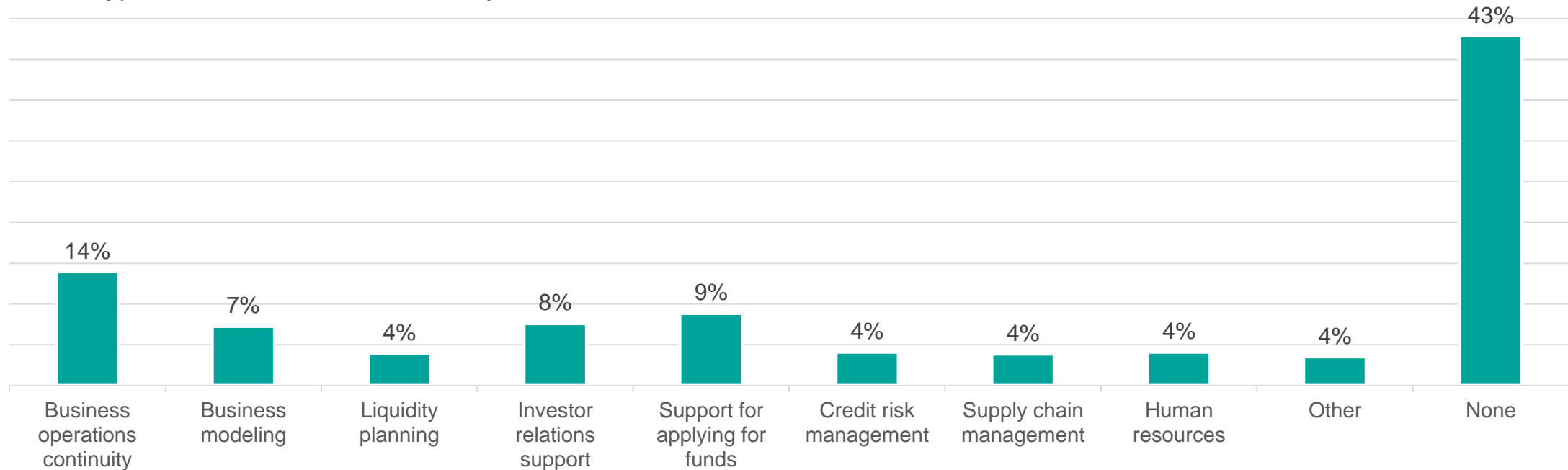


Financial and operational needs

The diverse TA instruments reflect the diverse sector

- Companies have been receiving a **range of TA related support**
- Overall, it seems that **access to finance** is ranked higher in terms of **priority**

Which type of Technical Assistance did you access?



Financial and operational needs

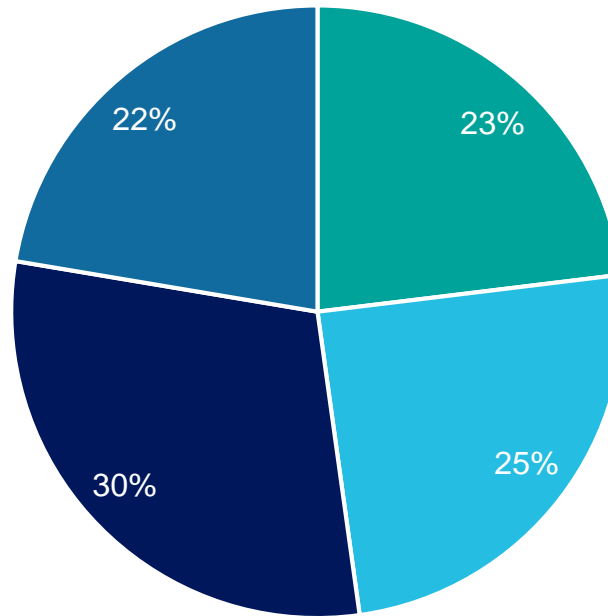
What has offered hope during the crisis

Technology and business model resilience.

The COVID pandemic and crisis has been a strong driver of creativity and innovation within the sector and many companies have shown their agility and inventiveness

Customer satisfaction and impact.

Despite the hardships, many customers continue to prioritize investments and payments in energy access



Industry solidarity.

Many stakeholders have shown commitment and flexibility to ride the storm together

Increased standing.

Energy access has gained a higher profile with governments and other stakeholders (i.e. recognized as an essential service)

Conclusions

Main Messages

1. The energy access sector is in crisis

*Progress towards **SDG7** and related SDGs at severe risk*

2. Many businesses fear for their survival, large number of jobs at risk

Livelihoods are endangered, economic and social crisis coincide

3. Access to finance is key – sector needs special vehicles

*Particularly **short-term grant relief** - also new long-term **equity/debt & concessional loans***

Conclusions

Major take-aways from the analysis

- Smaller companies are more severely affected
- Distributors seem to be overly affected
- The situation seems to have a strong impact in East Africa in particular
- Overall, it seems that access to finance (in different forms) is the key bottleneck
- Grants are ranked as priority across all segments – few are available
- Many companies did not seek for TA – indication that cash-flow is more important or out of reach
- Some bigger market players are sending very positive signals in other fora
- Survey fatigue was often reported – many surveys, lack of action on the ground

Thank you for your attention!



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Questions?
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philipp.waigel@giz.de

ANNEX

Additional analysis by

A) Company size

B) Company type

C) Market segments

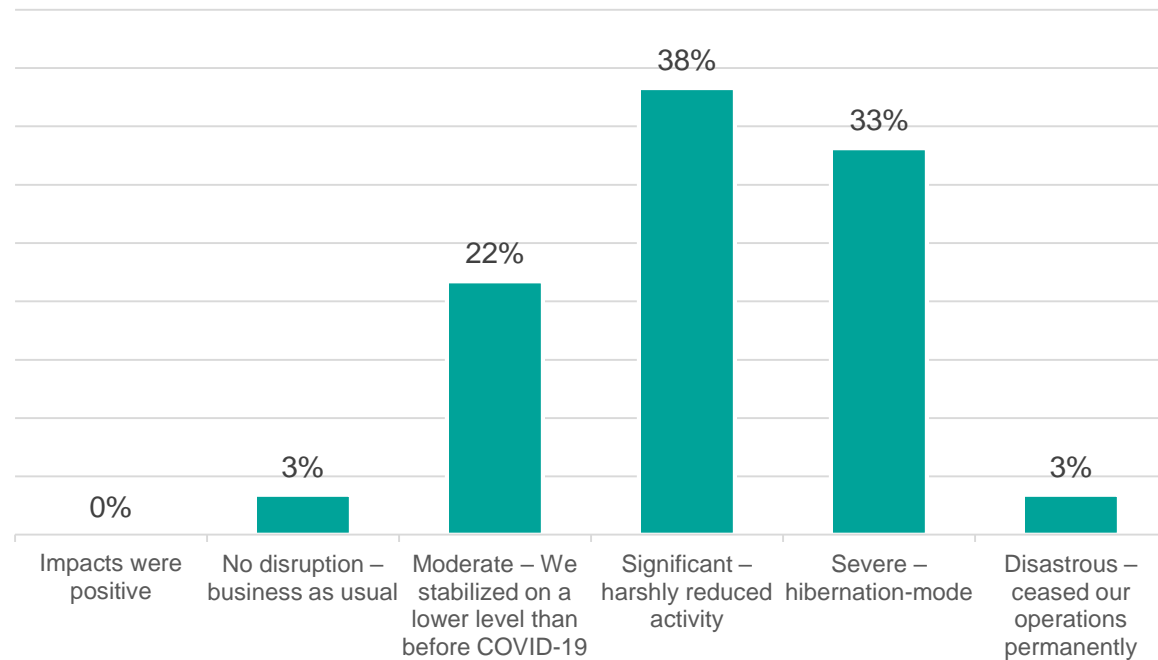
D) Regions

Analysis by company size

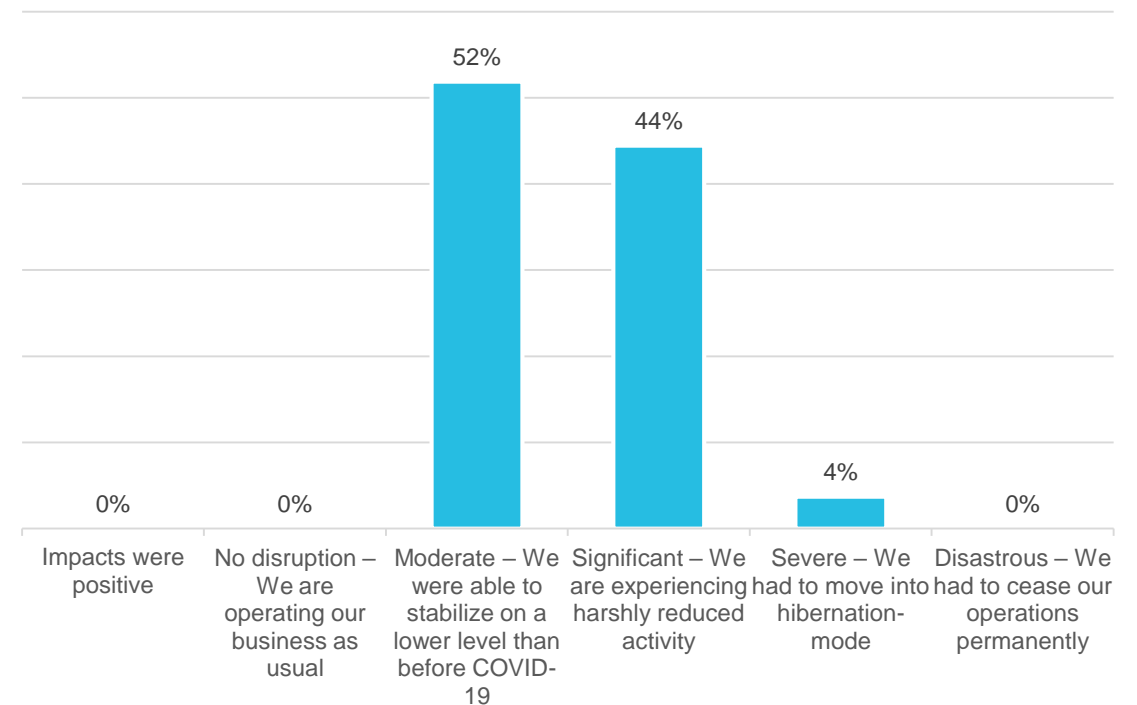
Analysis by company size (i.e. annual turnover)

Impact of COVID-19 is more severe on smaller companies

Companies with annual turnover \leq \$10,000



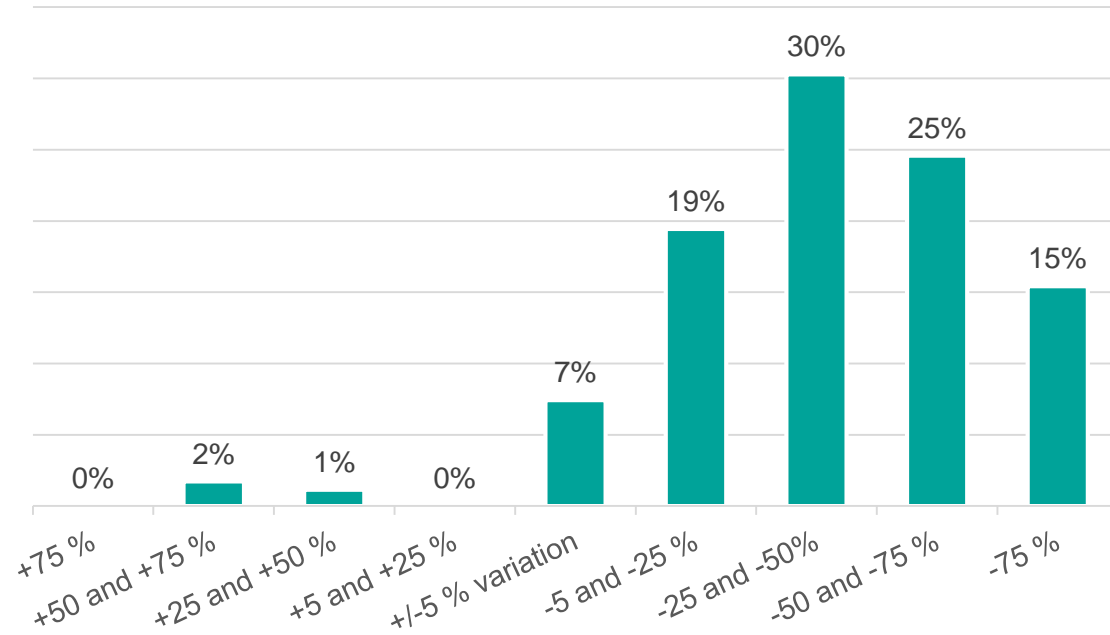
Annual turnover \geq \$5,000,000



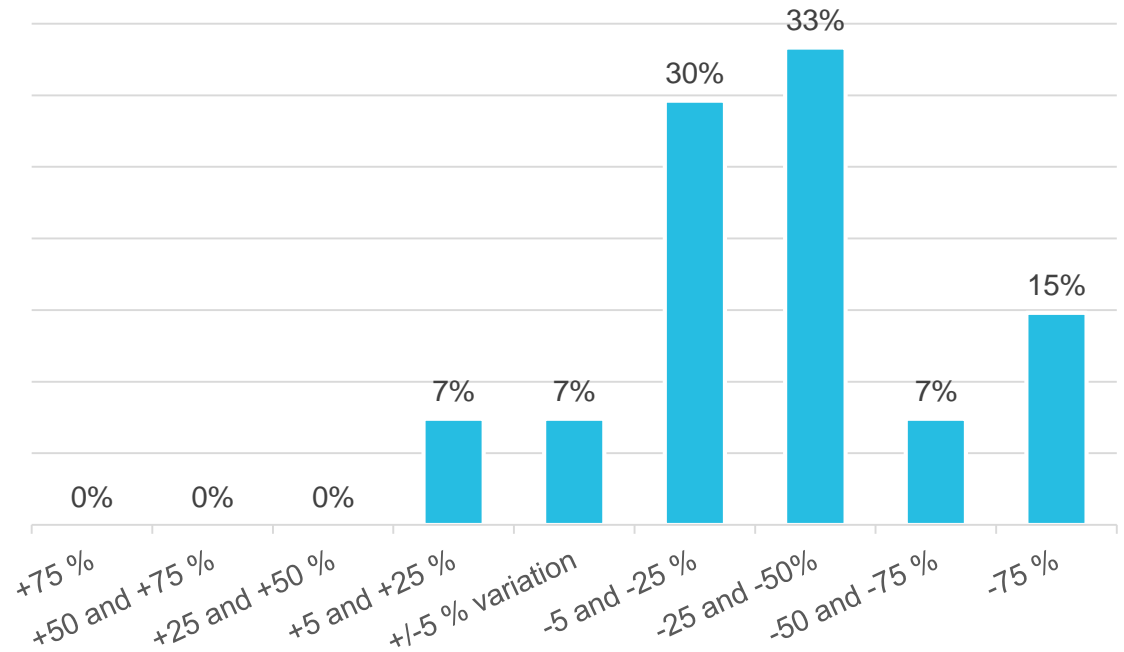
Analysis by company size (i.e. annual turnover)

Sales volume (March – May 2020) compared to last year

Companies with annual turnover \leq \$10,000



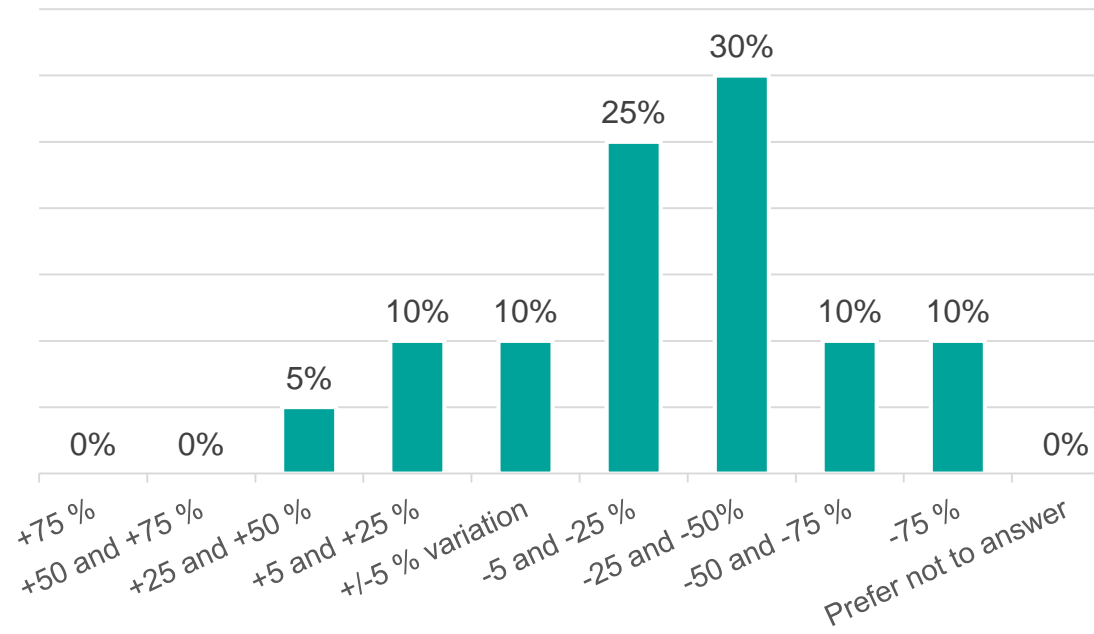
Annual turnover \geq \$5,000,000



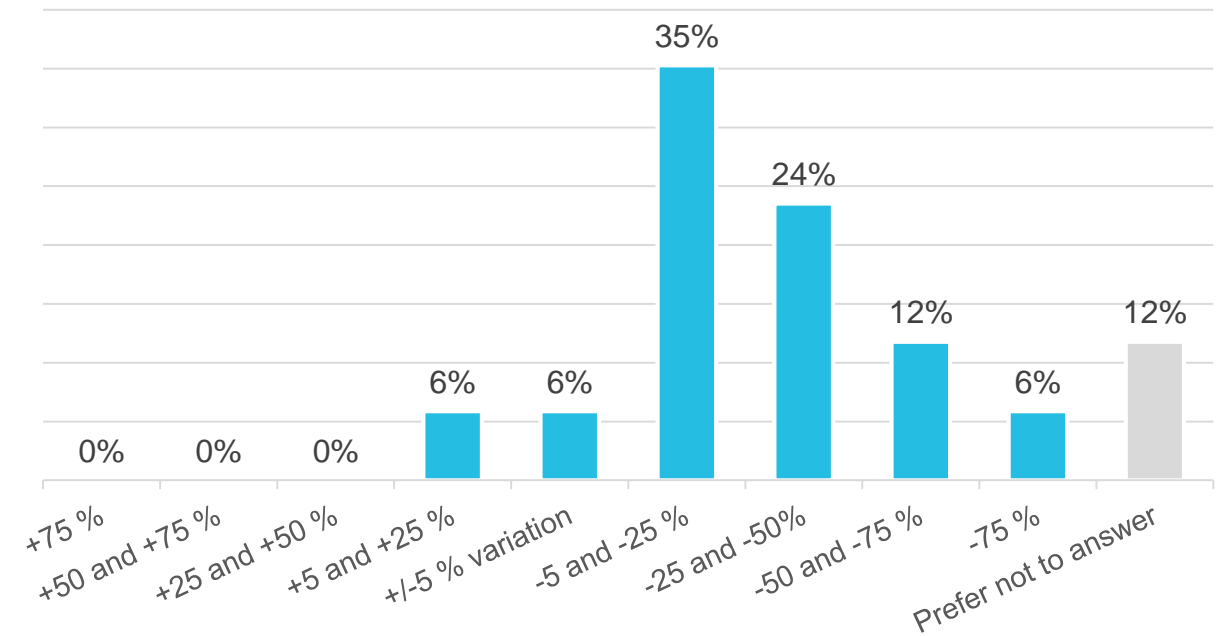
Analysis by company size (i.e. Annual Turnover)

Collection rate for PayGo / credit and Mini-Grid operators

Companies with annual turnover \leq \$10,000



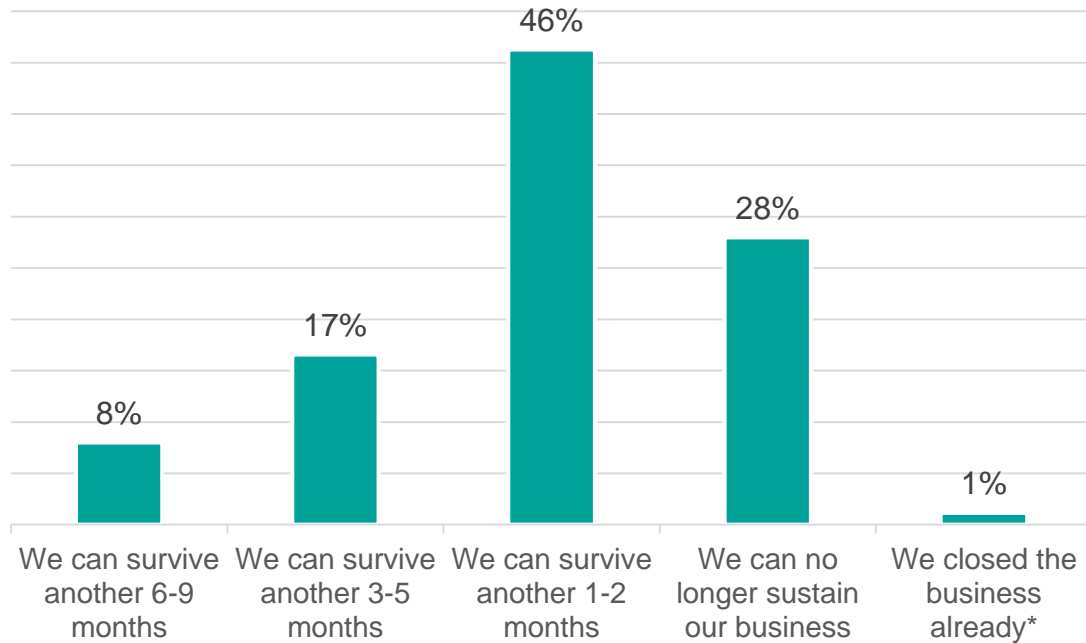
Annual turnover \geq \$5,000,000



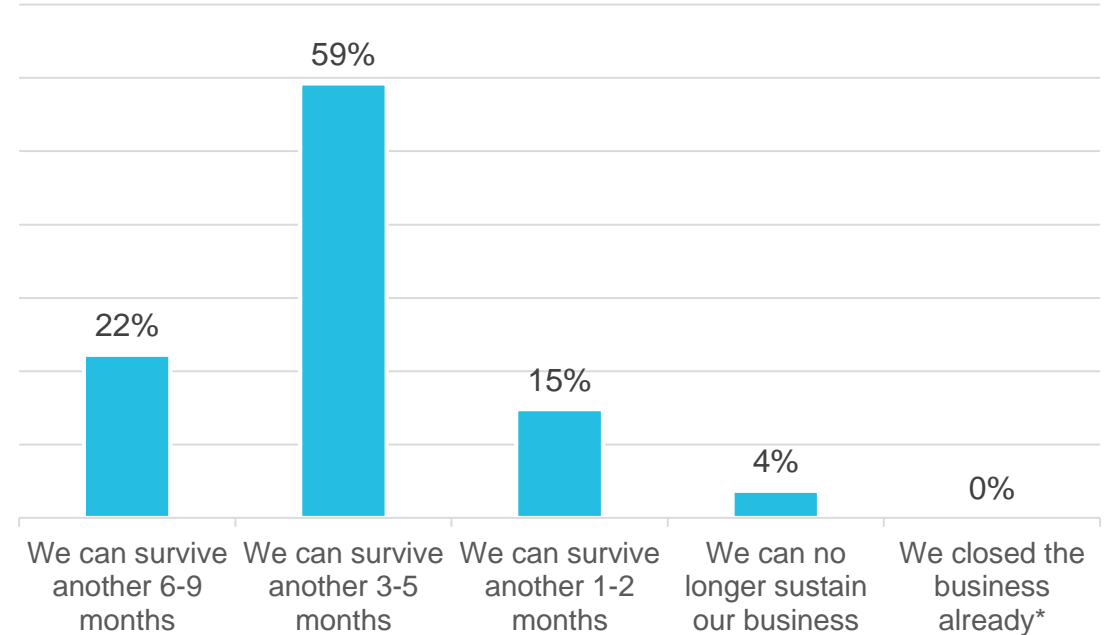
Analysis by company size

Smaller companies have less reserves

Companies with annual turnover \leq \$10,000



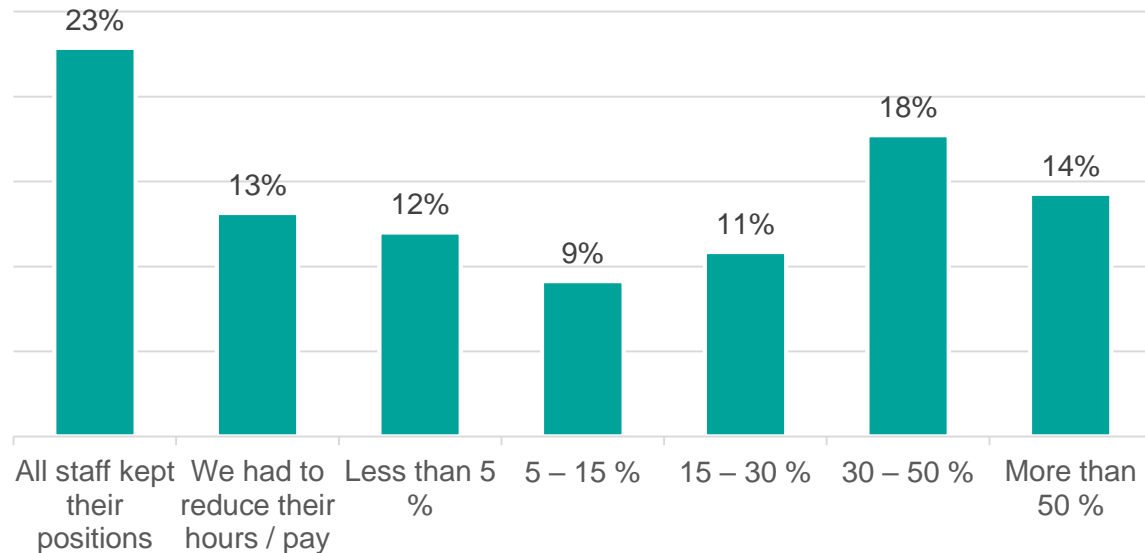
Annual turnover \geq \$5,000,000



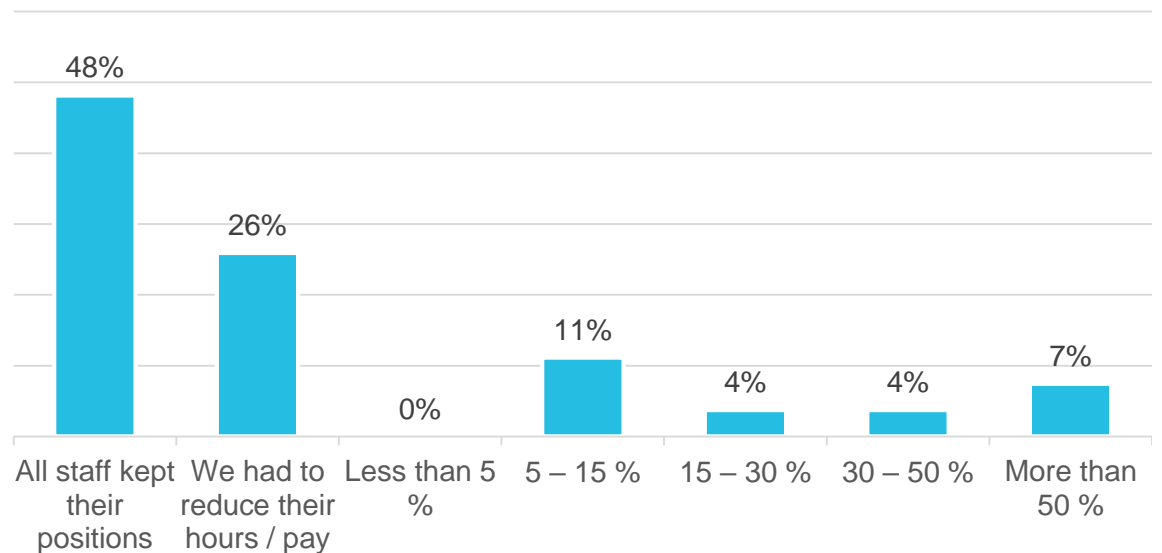
Analysis by company size

Staff situation / dismissal – compared to February

Companies with annual turnover \leq \$10,000



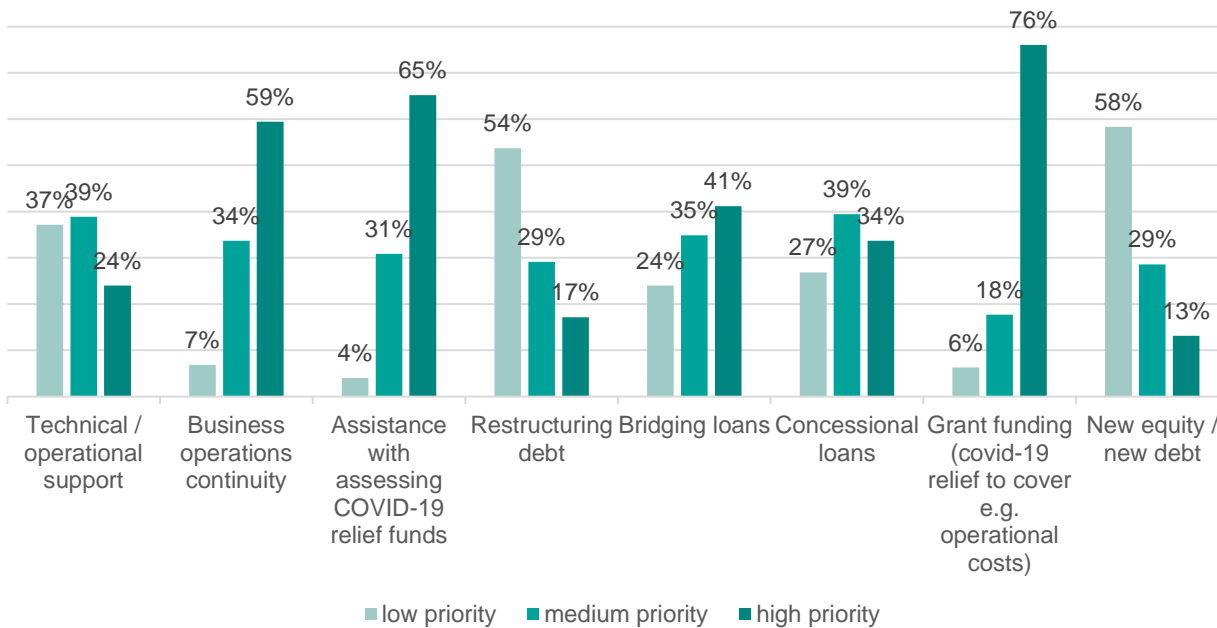
Annual turnover \geq \$5,000,000



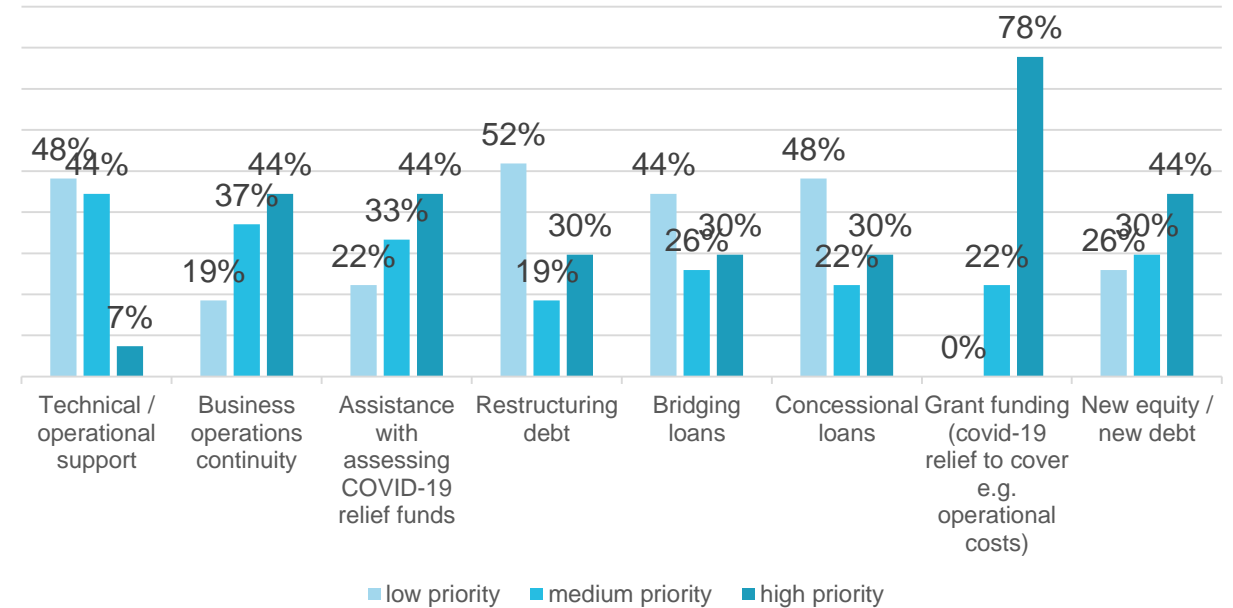
Analysis by company size

Support needed for the upcoming 3 months

Companies with annual turnover ≤ \$10,000



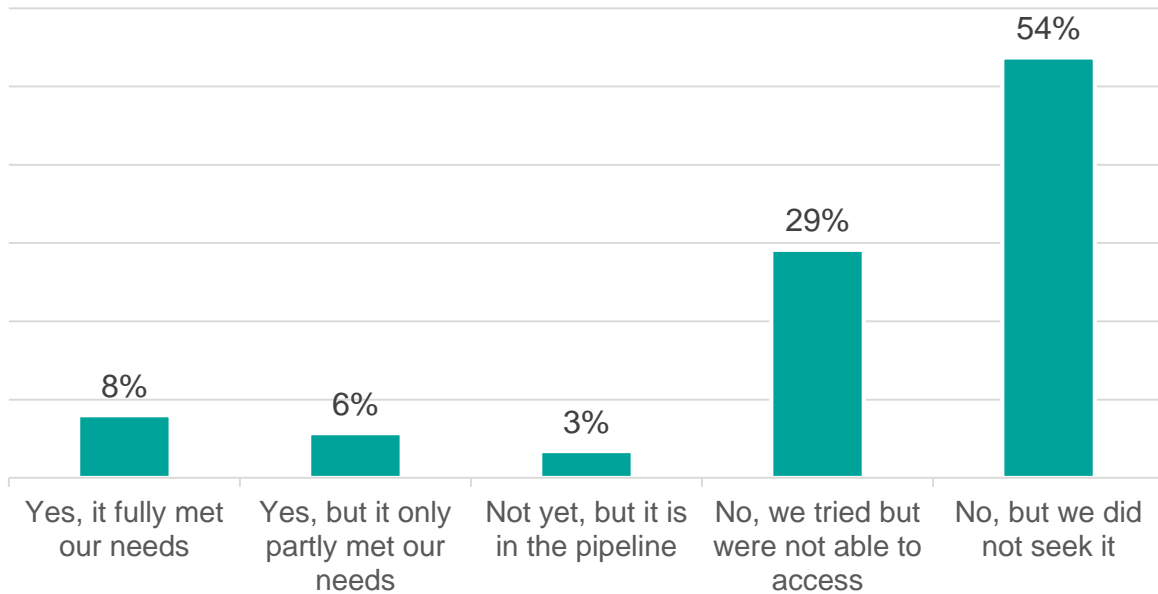
Annual turnover ≥ \$5,000,000



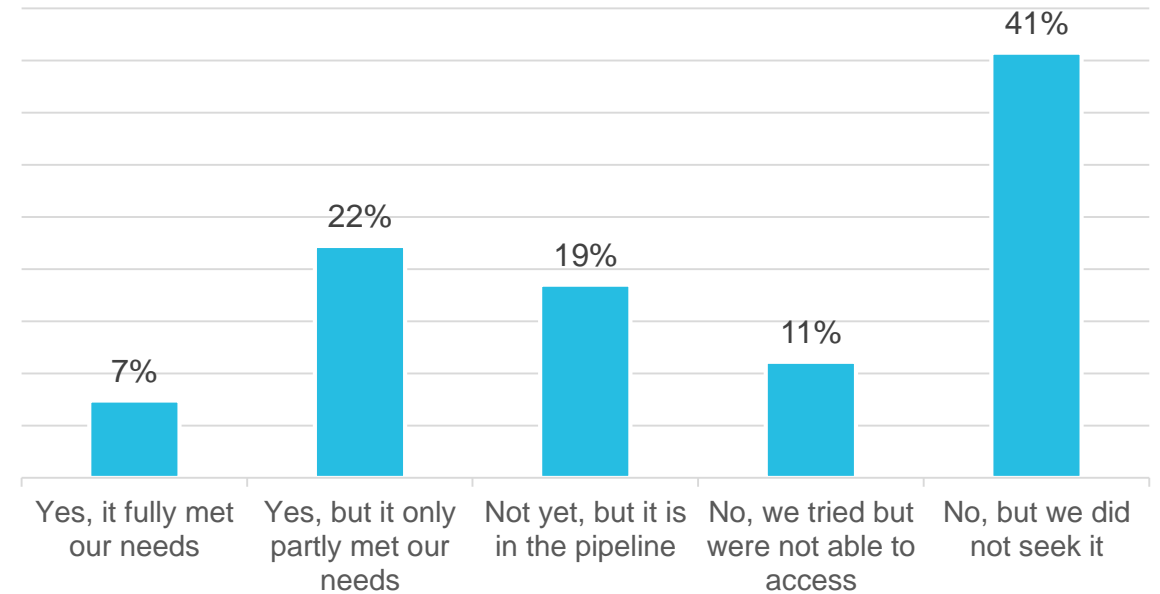
Analysis by company size

Access to Technical Assistance

Companies with annual turnover \leq \$10,000



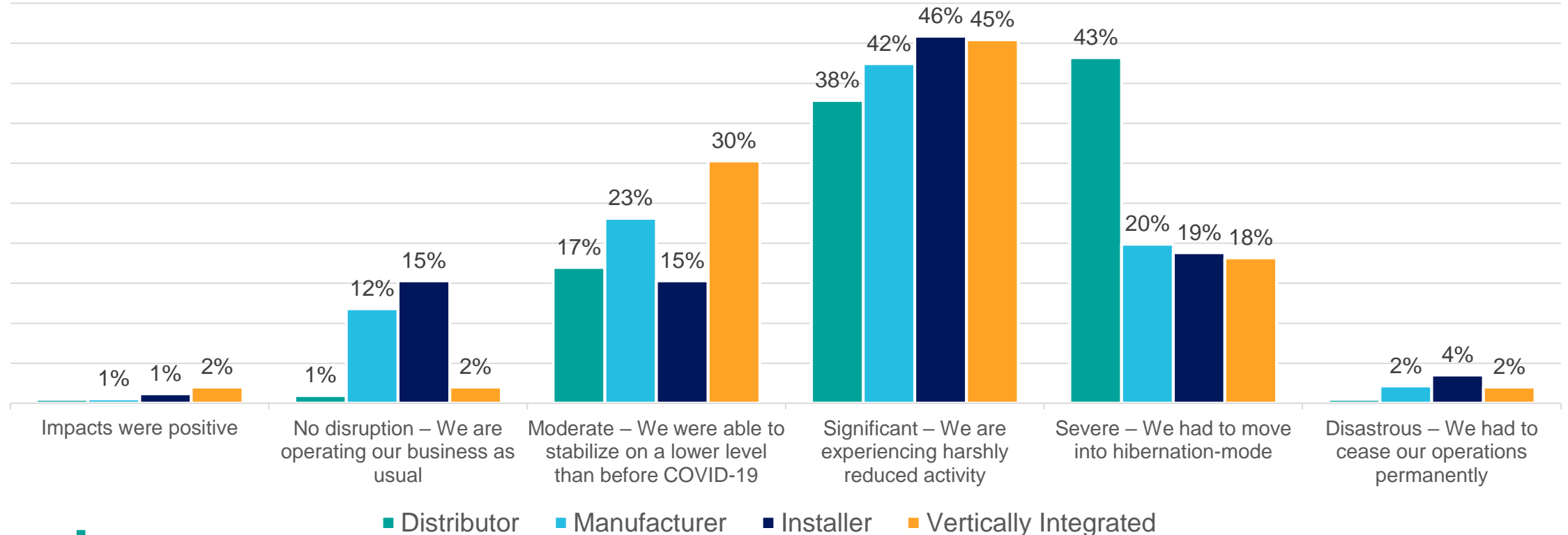
Annual turnover \geq \$5,000,000



Analysis by company type

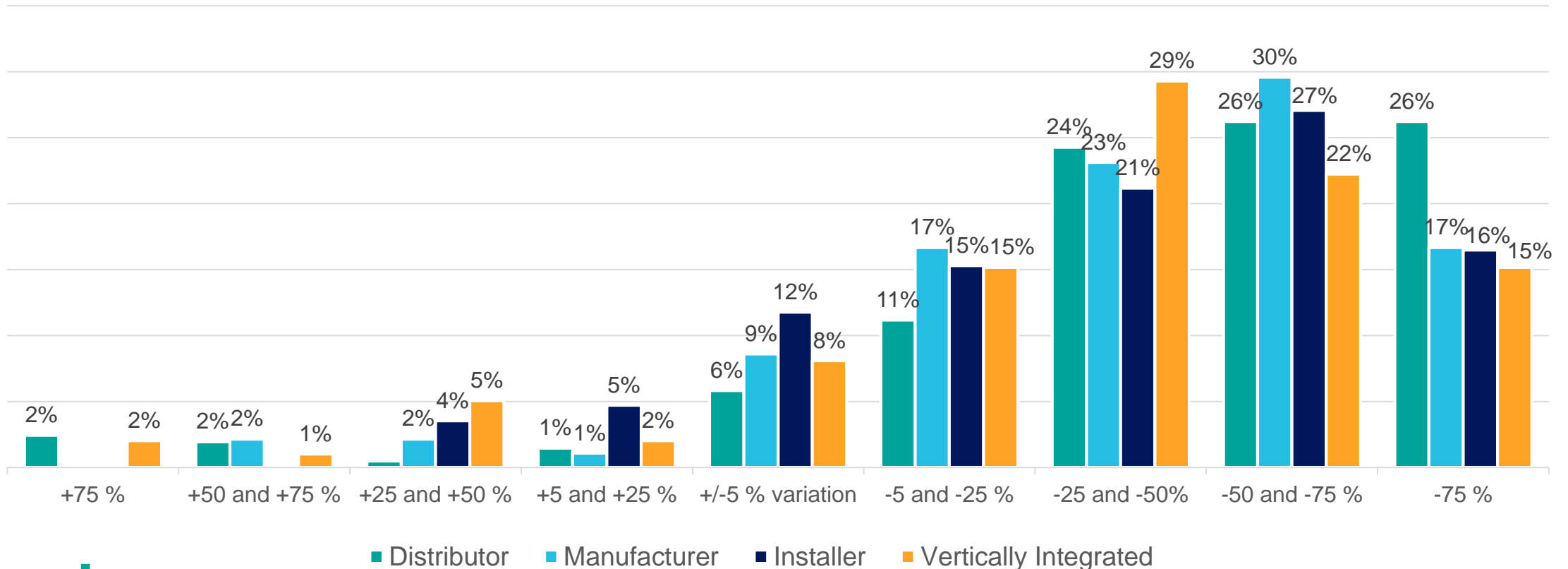
Analysis by company type

Impact of COVID-19 on business activities



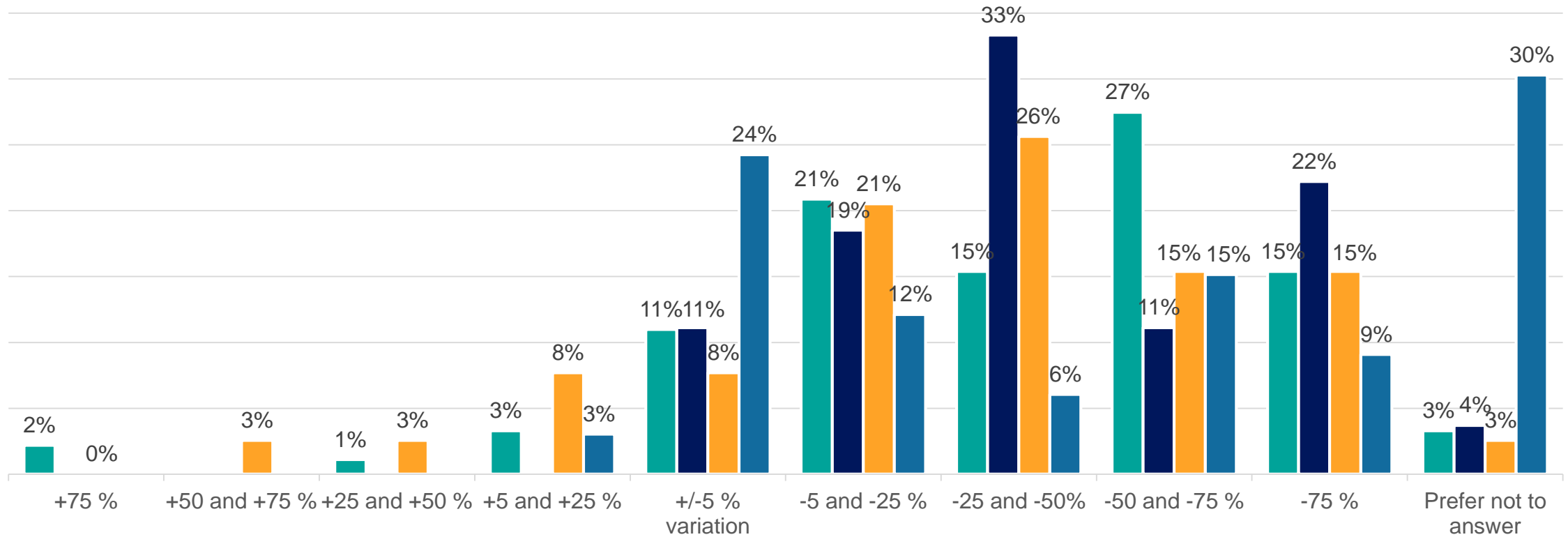
Analysis by company type

Sales volume (March – May 2020) compared to last year



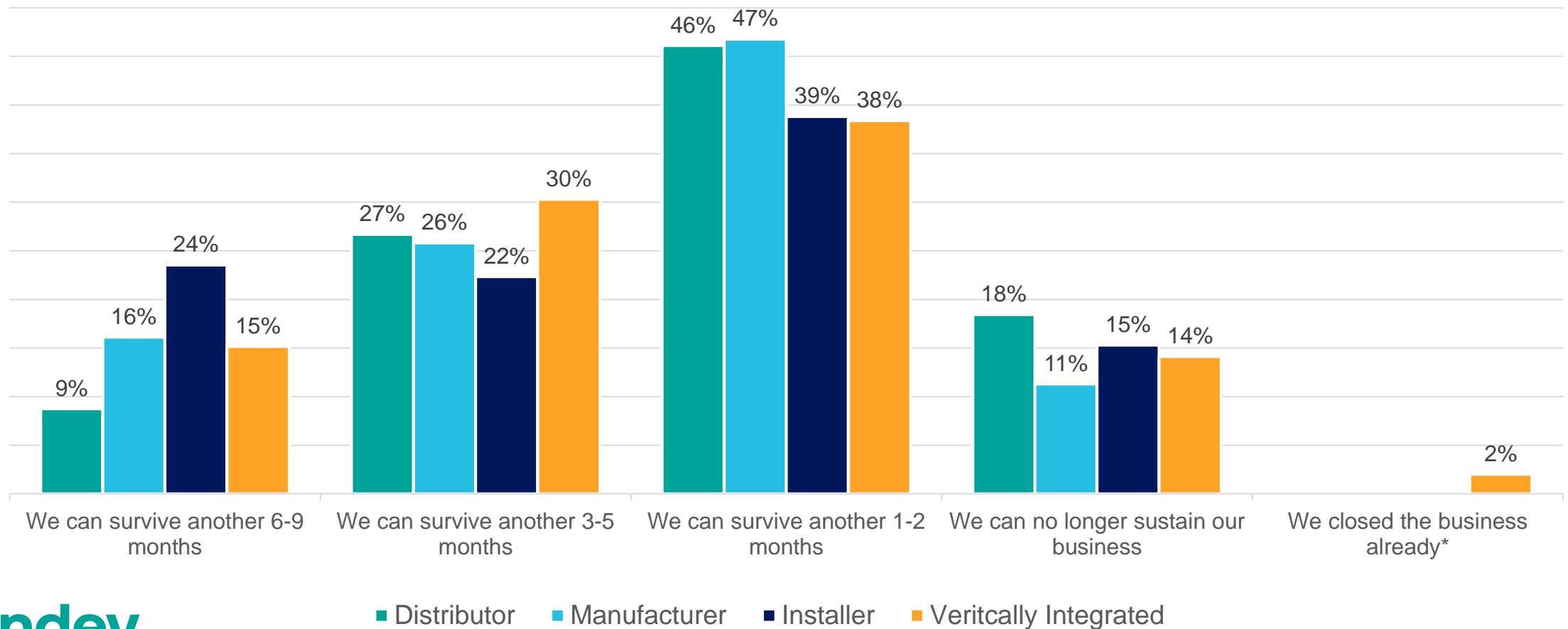
Analysis by company type

Collection rate for PayGo / credit and Mini-Grid operators



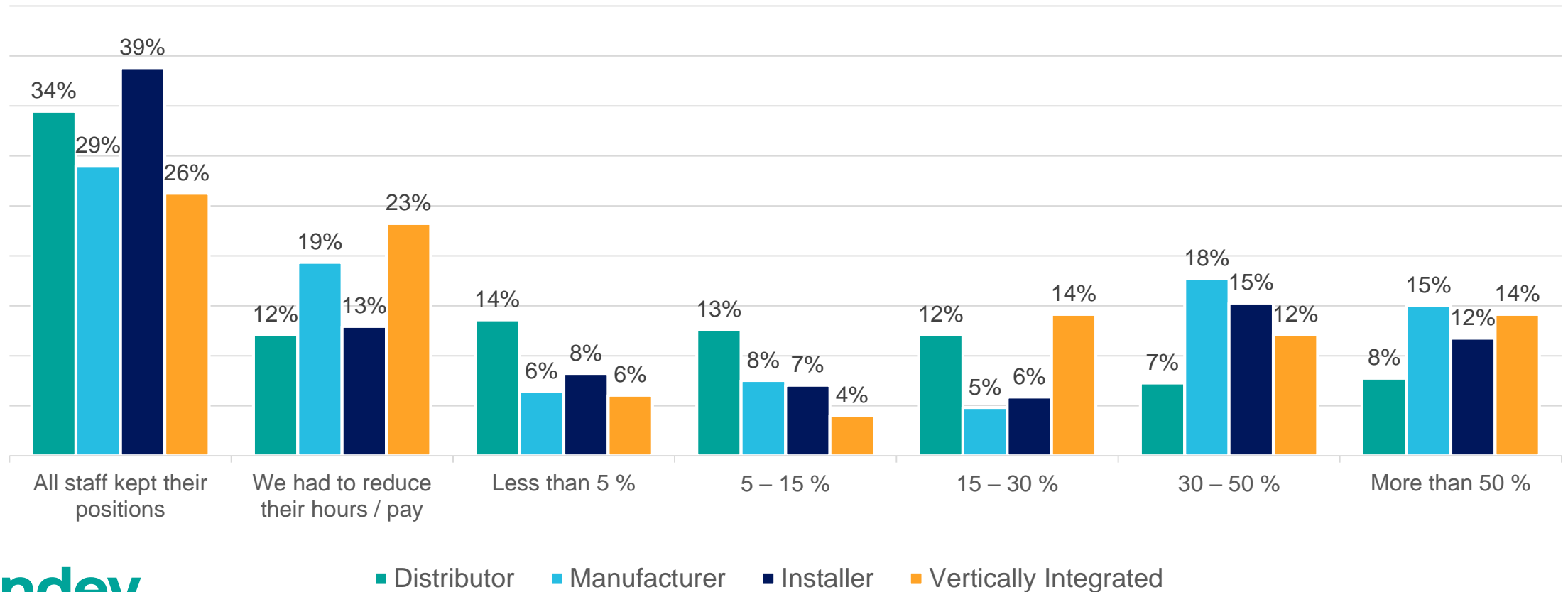
Analysis by company type

Overall financial impact by COVID-19



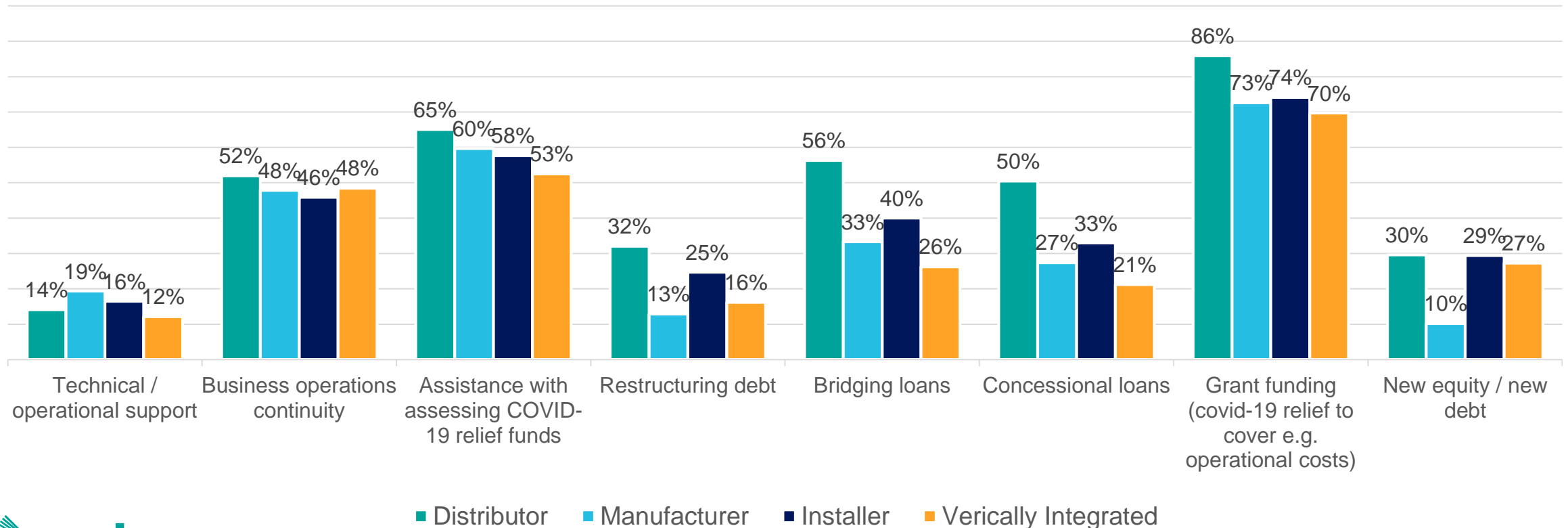
Analysis by company type

Staff situation – compared to February



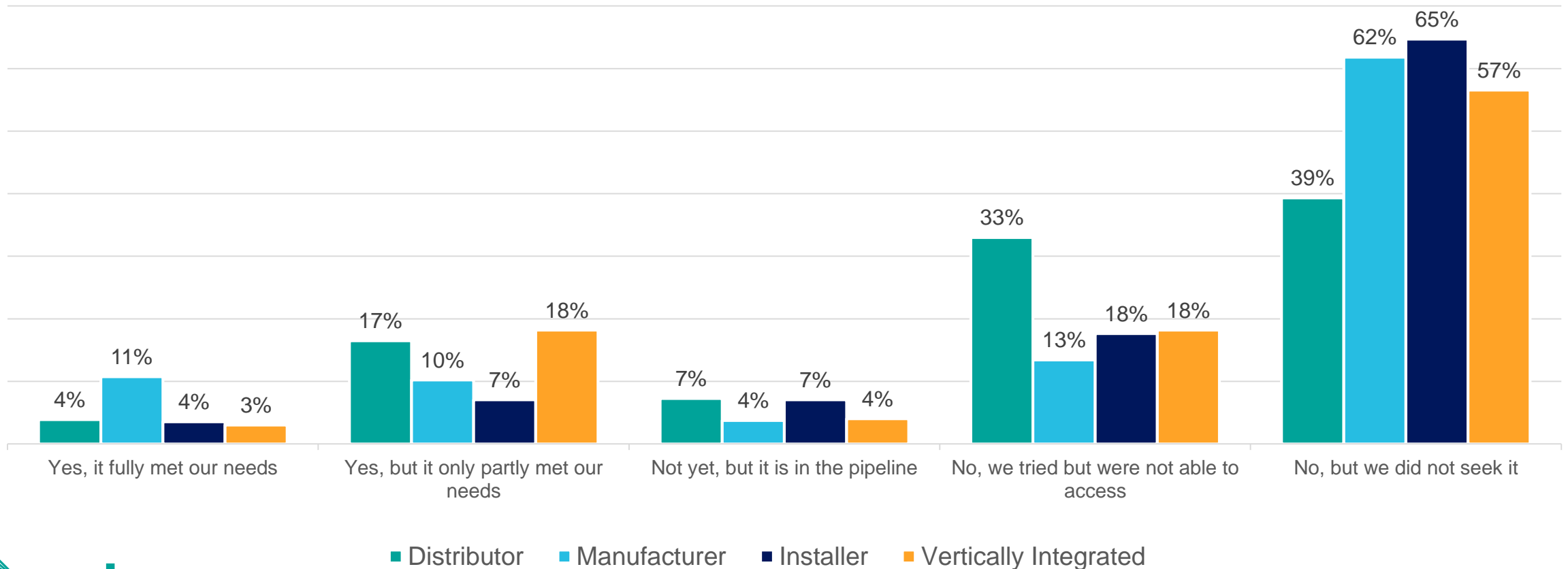
Analysis by company type

Support needed (high priority) for the upcoming 3 months



Analysis by company type

Access to Technical Assistance

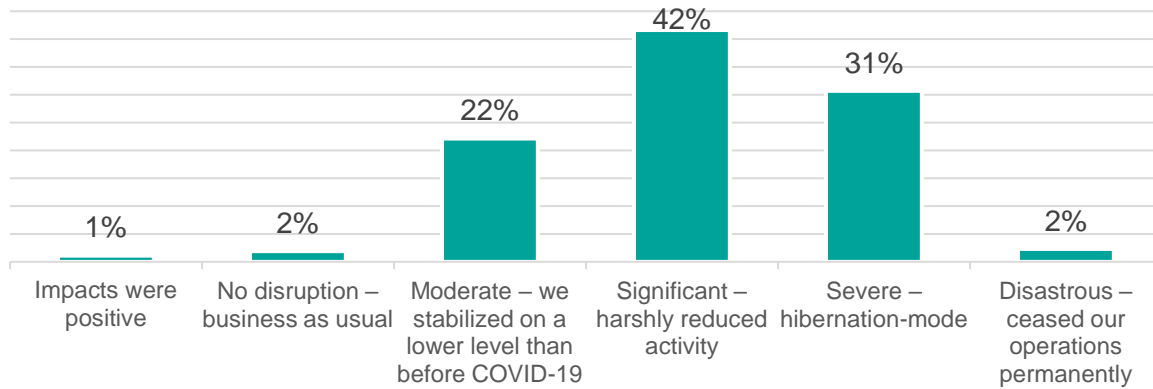


Analysis by market segment

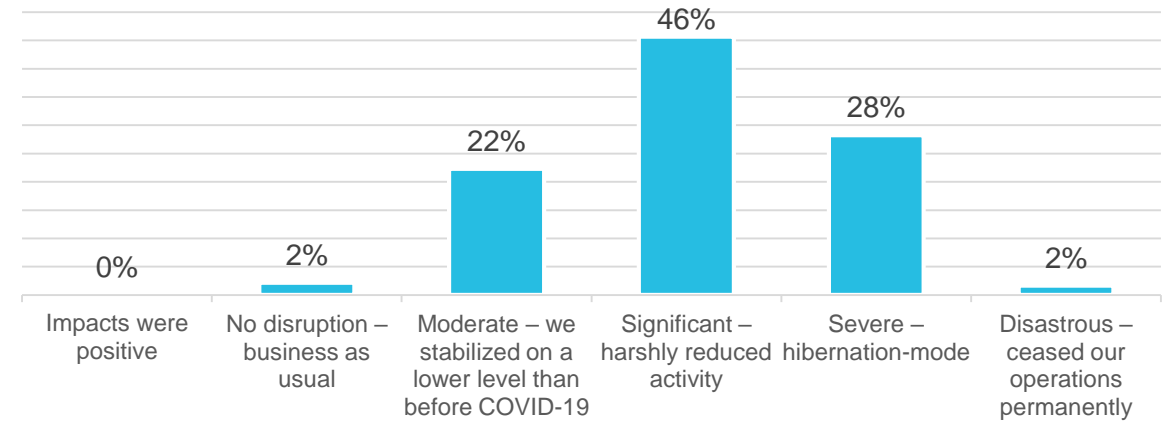
Analysis by market segment

Impact of COVID-19 on business activities

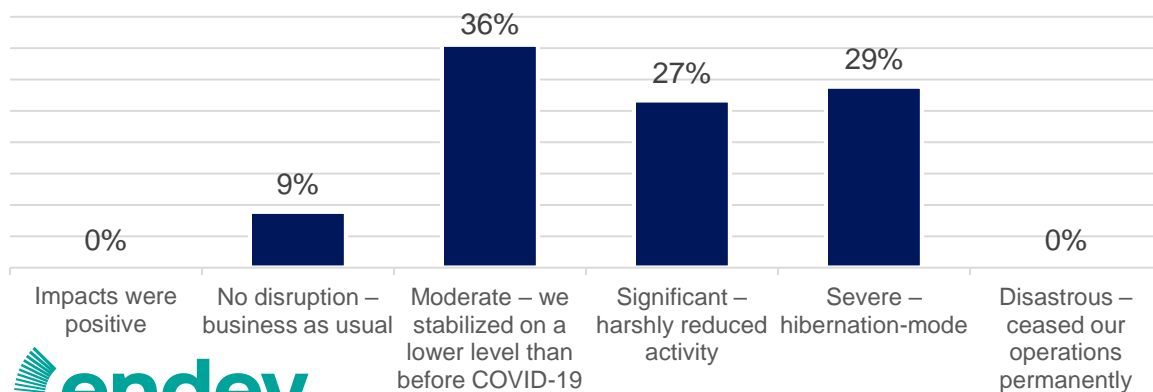
Improved / Clean cookstoves and fuels



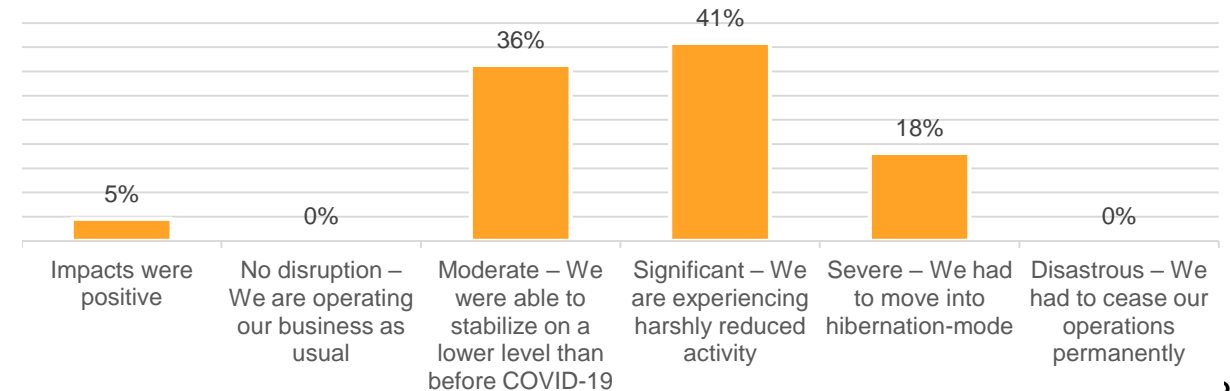
Solar Home Systems



Mini-Grid



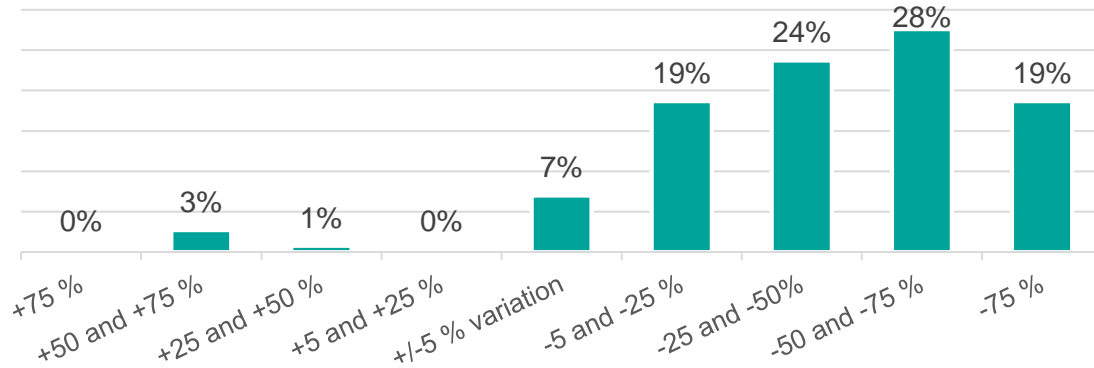
Appliances / Productive use



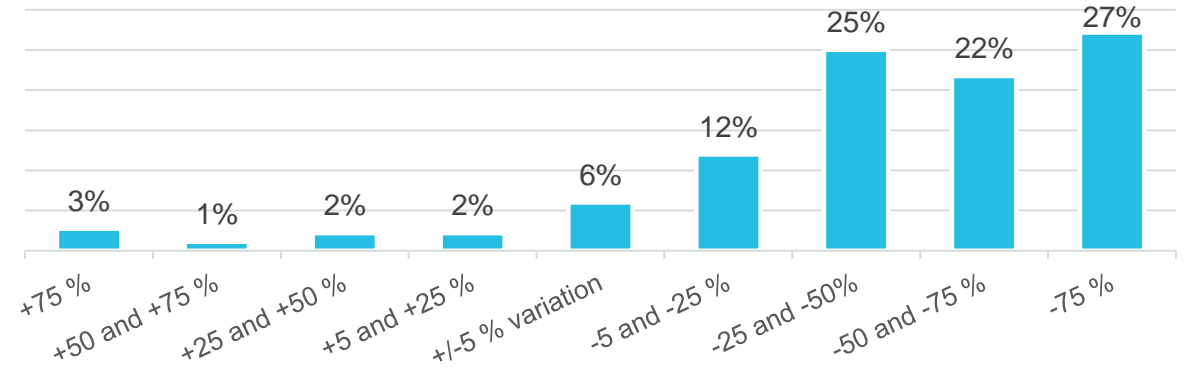
Analysis by market segment

Sales volume (March – May 2020) compared to last year

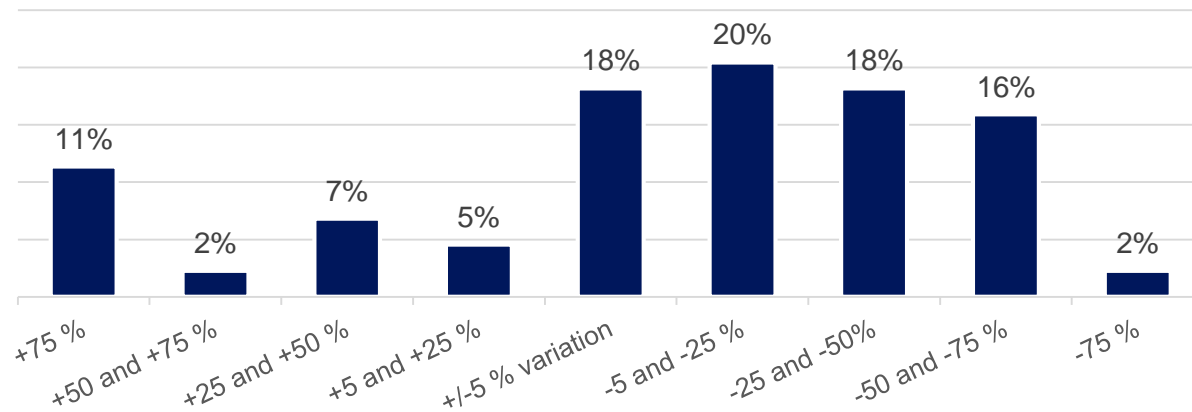
Improved / Clean cookstoves and fuels



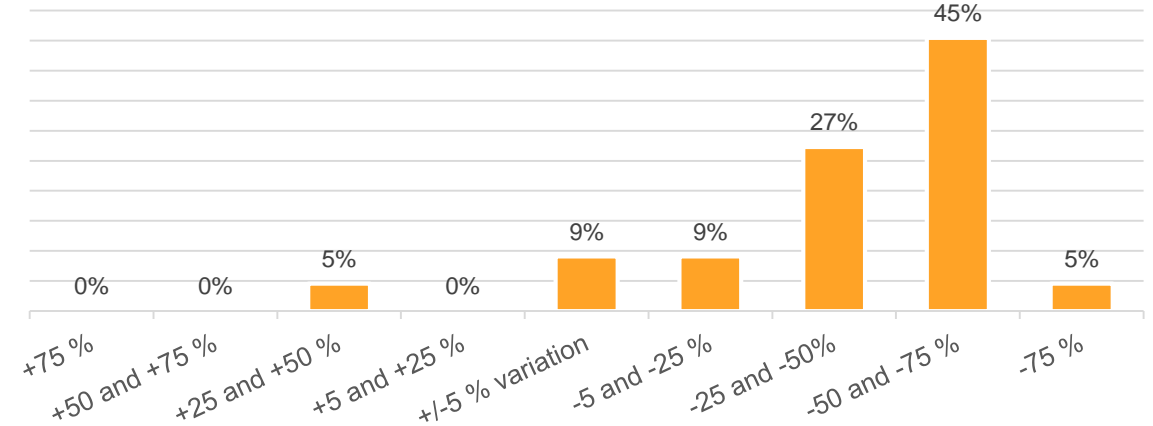
Solar Home Systems



Mini-Grid



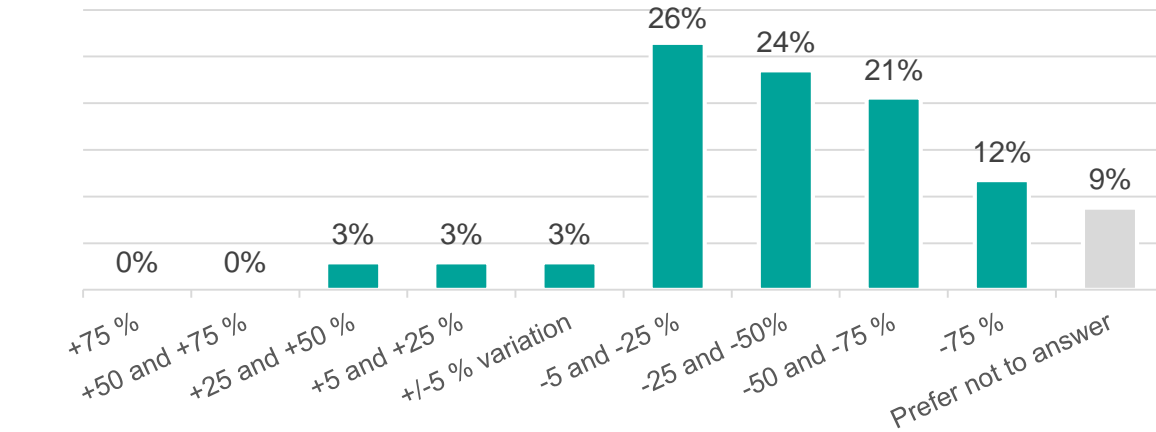
Appliances / Productive use



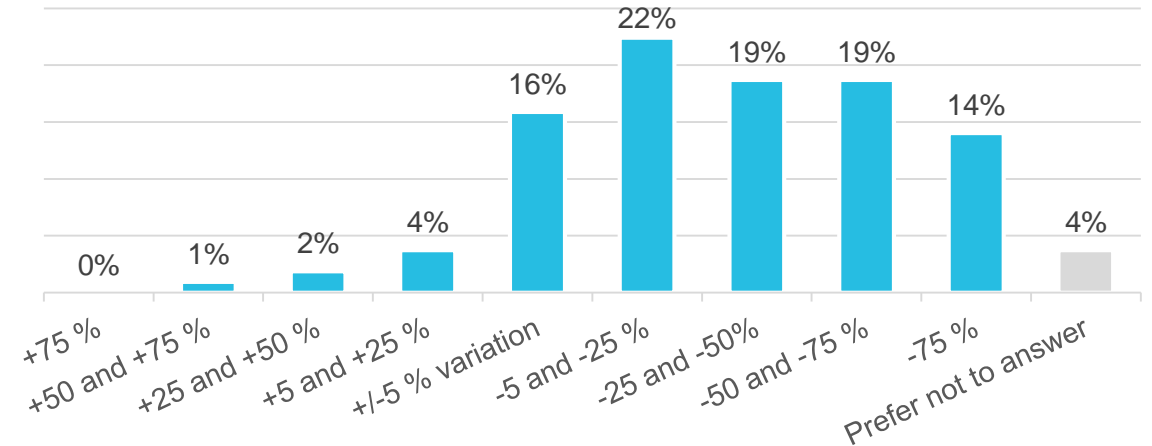
Analysis by market segment

Collection rate for PayGo / credit and Mini-Grid operators

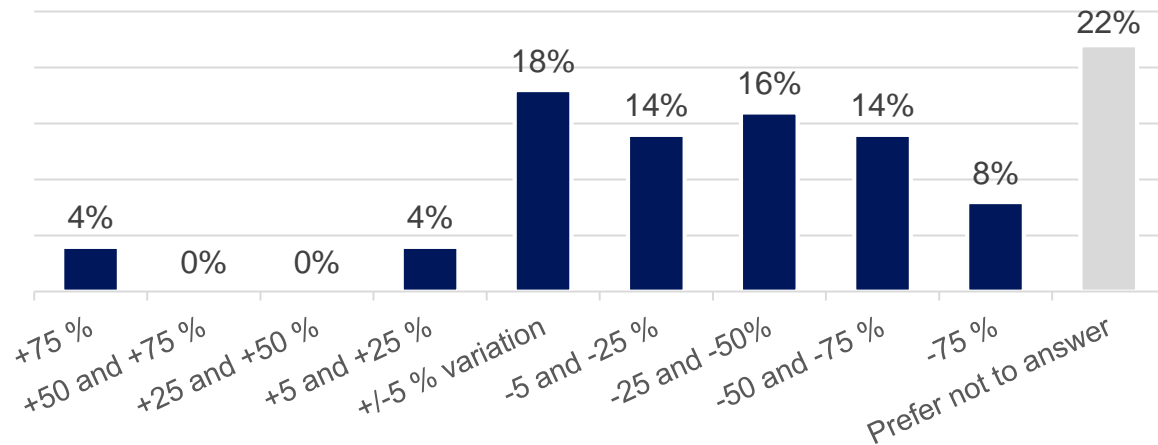
Improved / Clean cookstoves and fuels



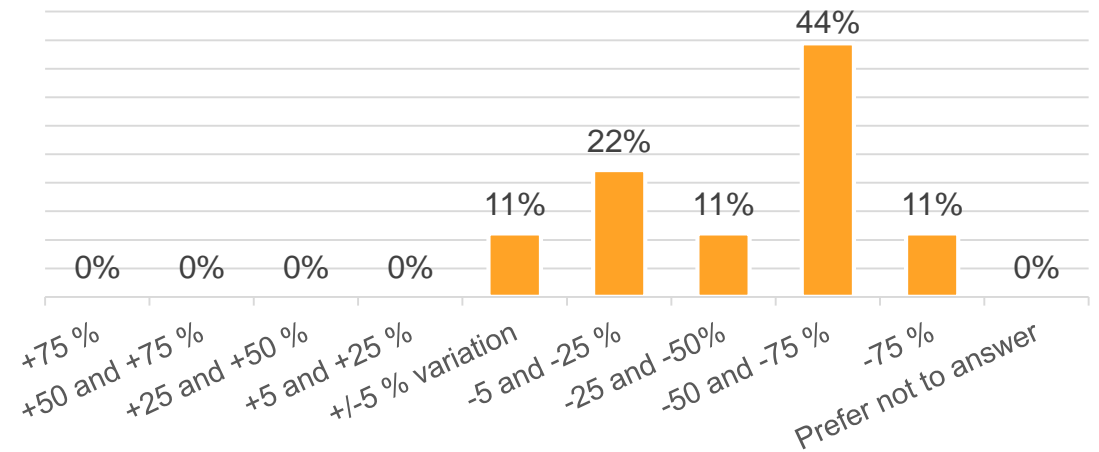
Solar Home Systems



Mini-Grid



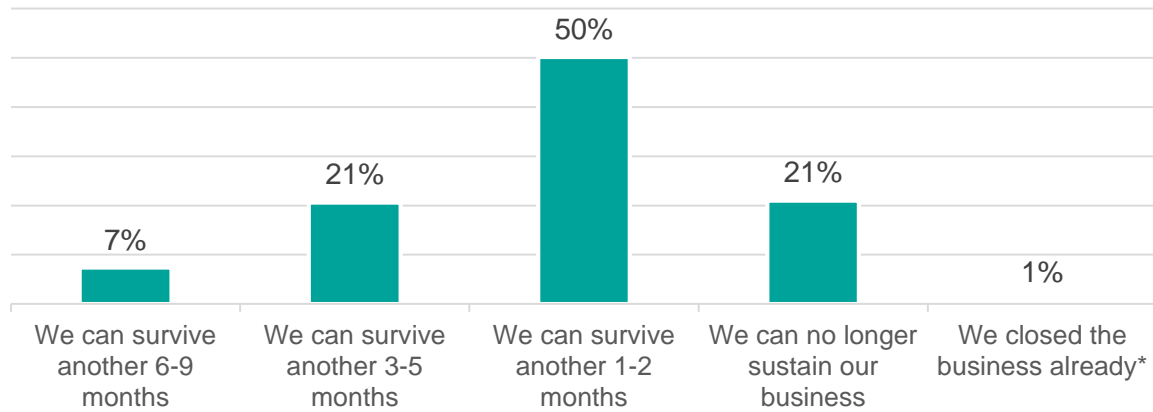
Appliances / Productive use



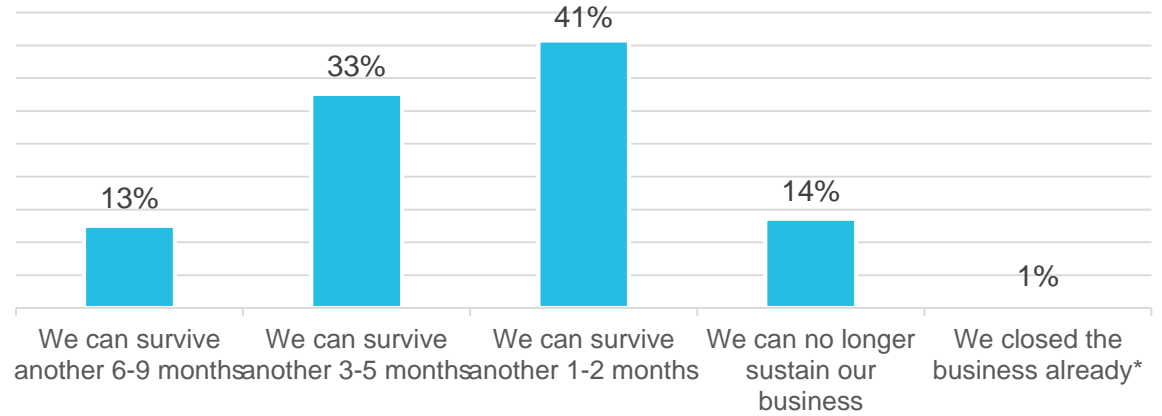
Analysis by market segment

Overall financial impact by COVID-19

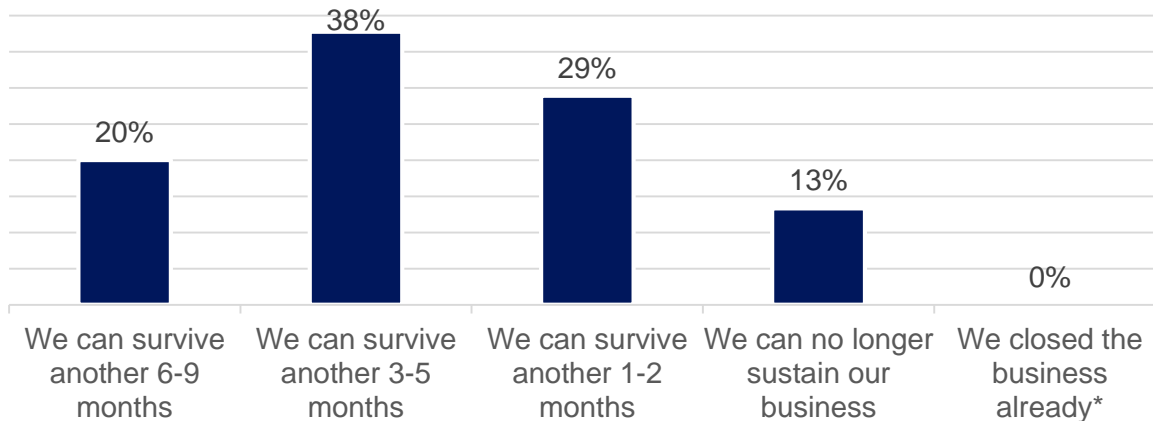
Improved / Clean cookstoves and fuels



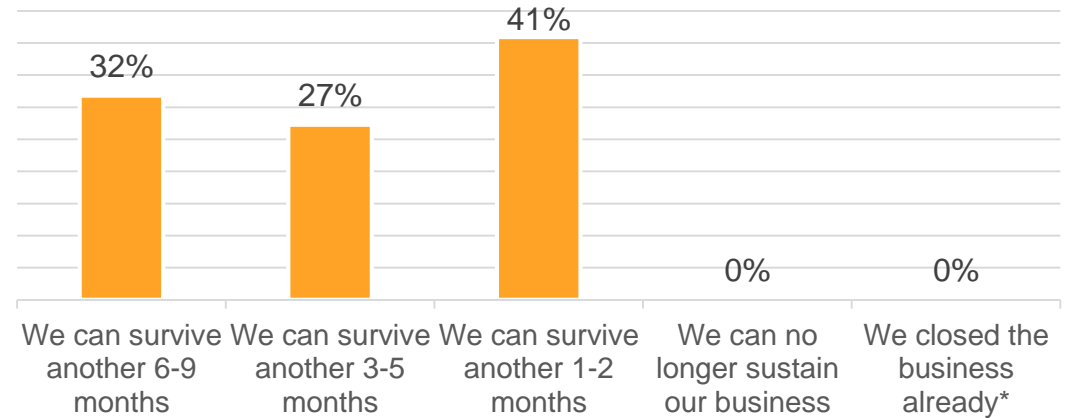
Solar Home Systems



Mini-Grid



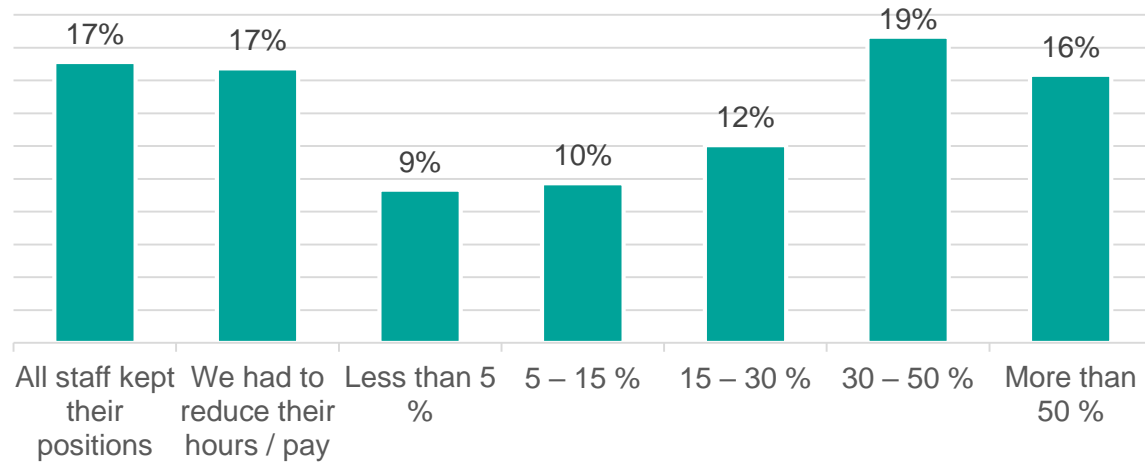
Appliances / Productive use



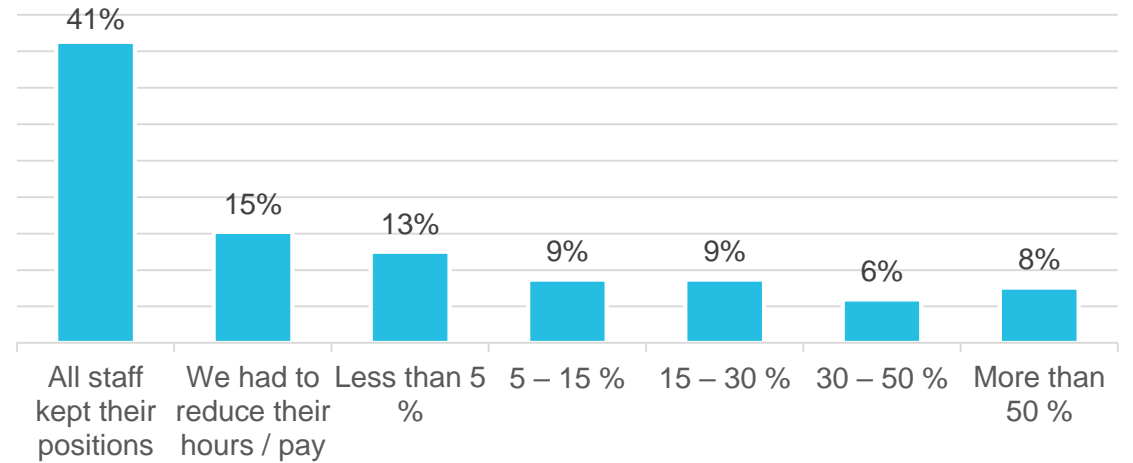
Analysis by market segment

Staff situation – compared to February

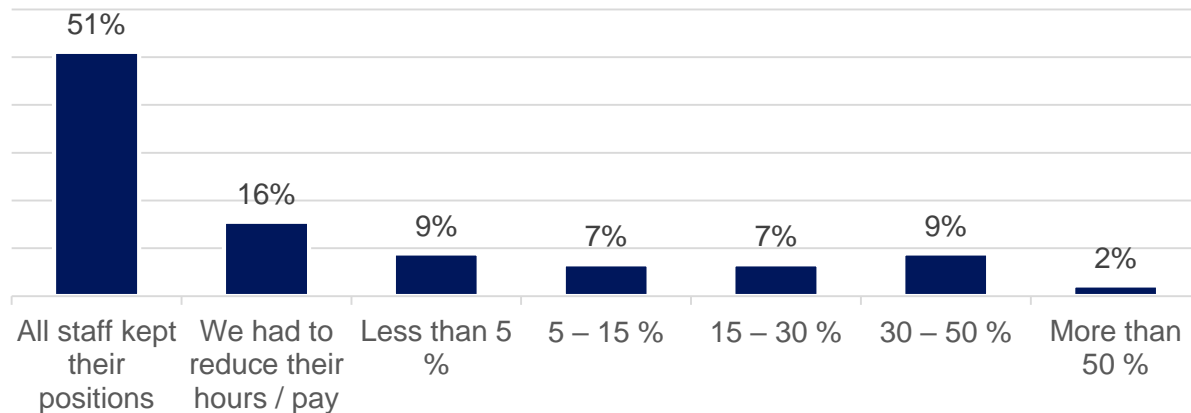
Improved / Clean cookstoves and fuels



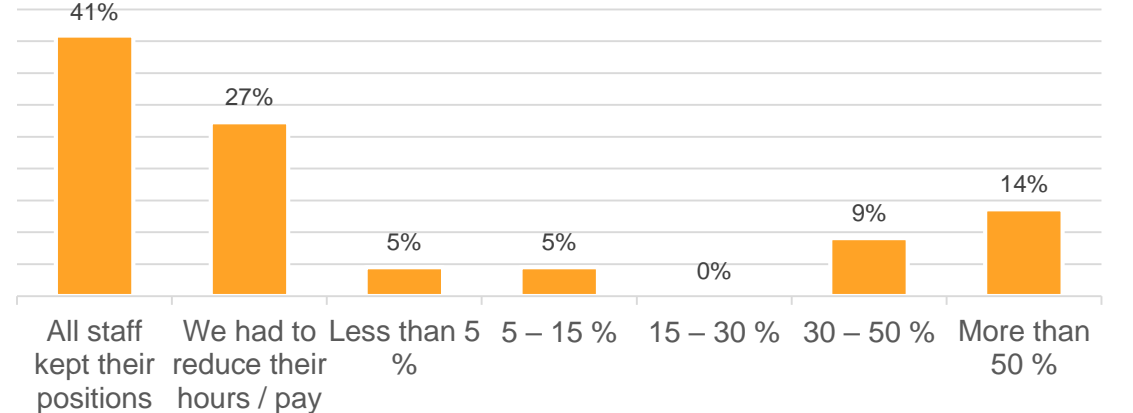
Solar Home Systems



Mini-Grid



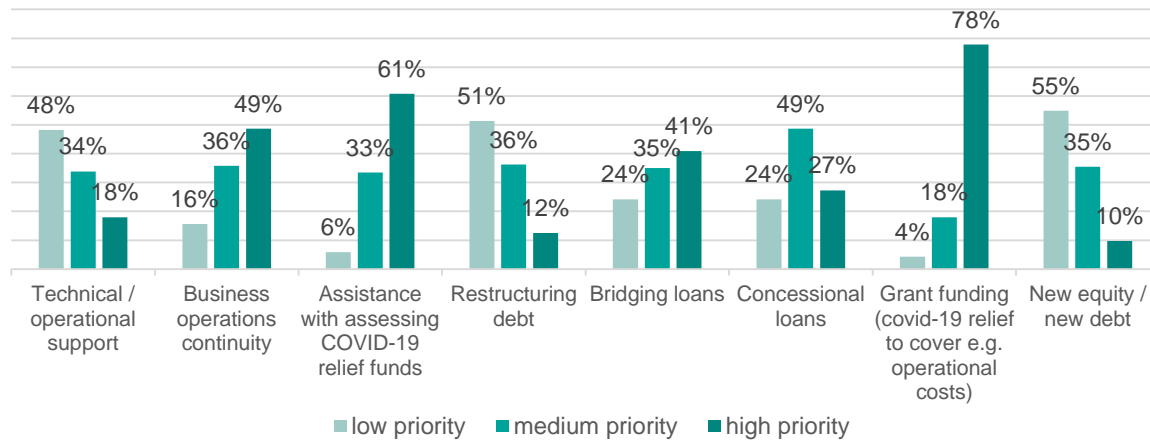
Appliances / Productive use



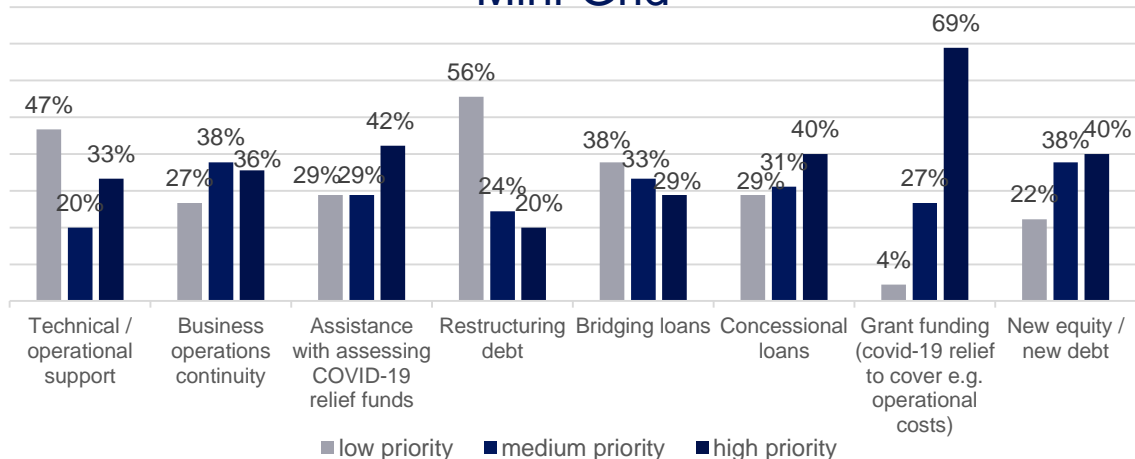
Analysis by market segment

Support needed for the upcoming 3 months

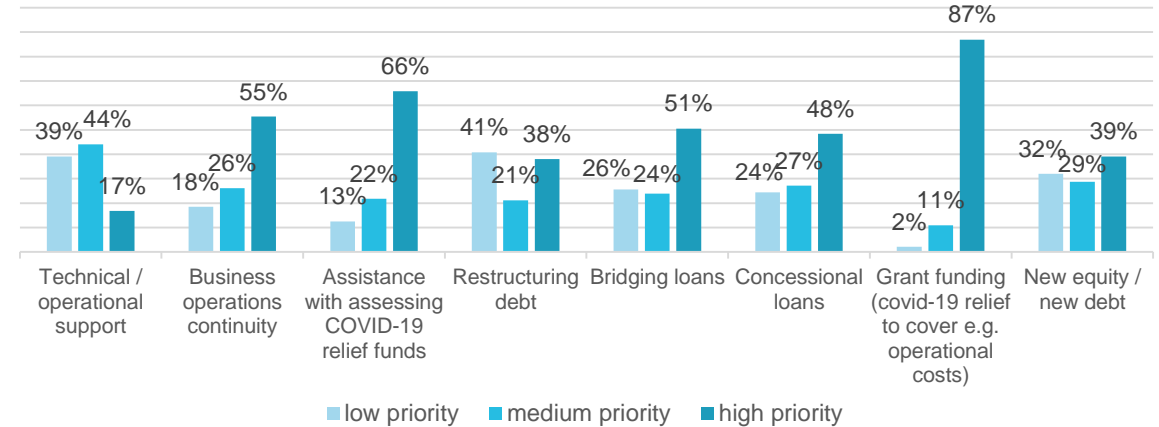
Improved / Clean cookstoves and fuels



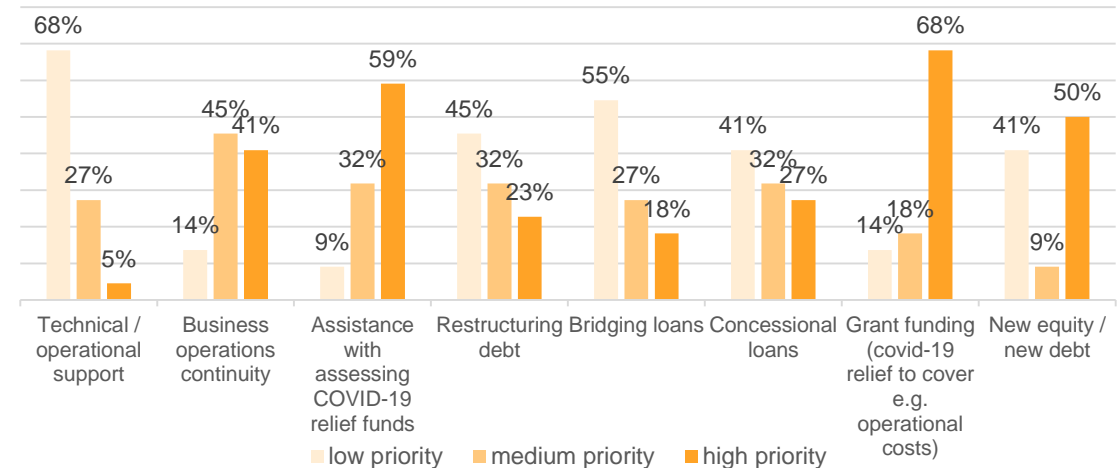
Mini-Grid



Solar Home Systems



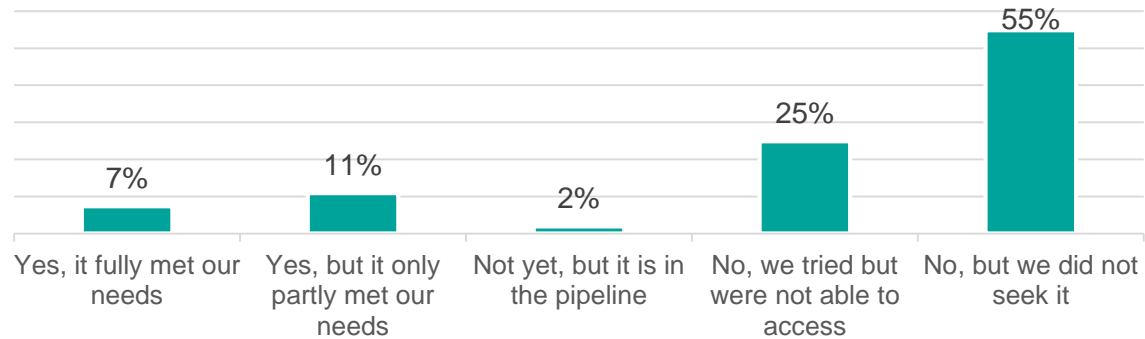
Appliances / productive use



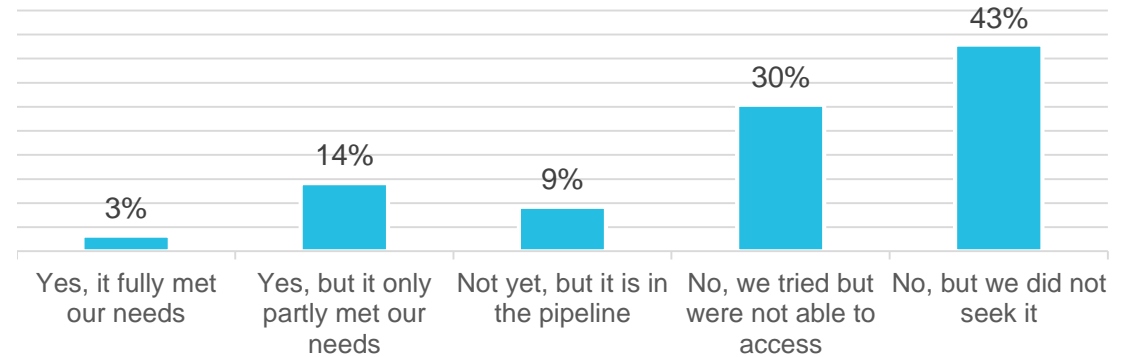
Analysis by market segment

Access to Technical Assistance

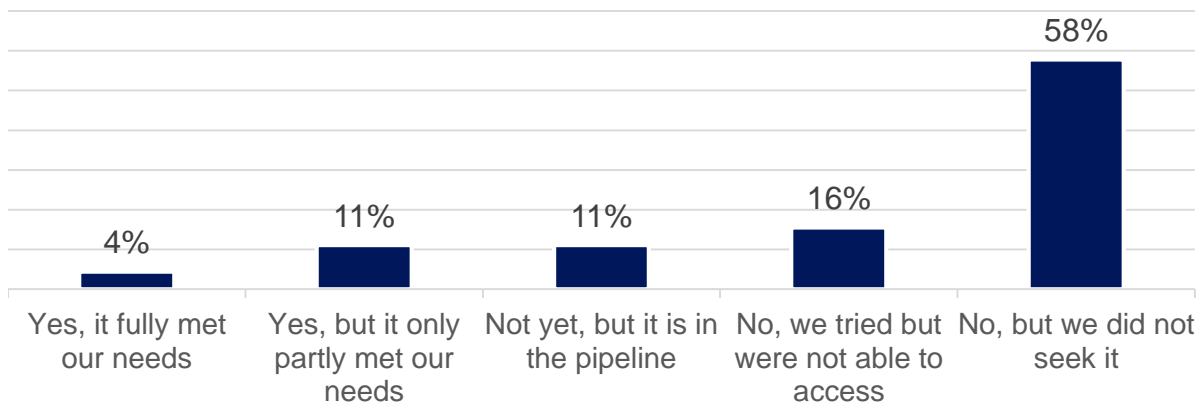
Improved / Clean cookstoves and fuels



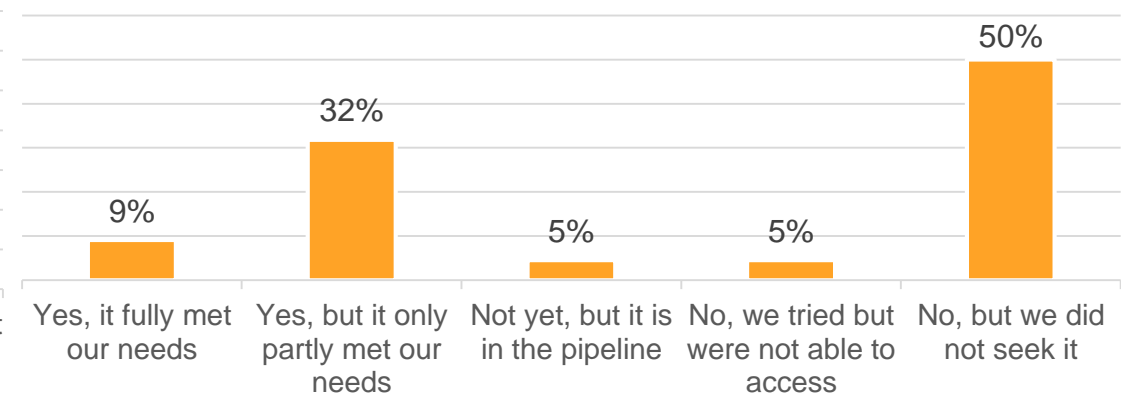
Solar Home Systems



Mini-Grid



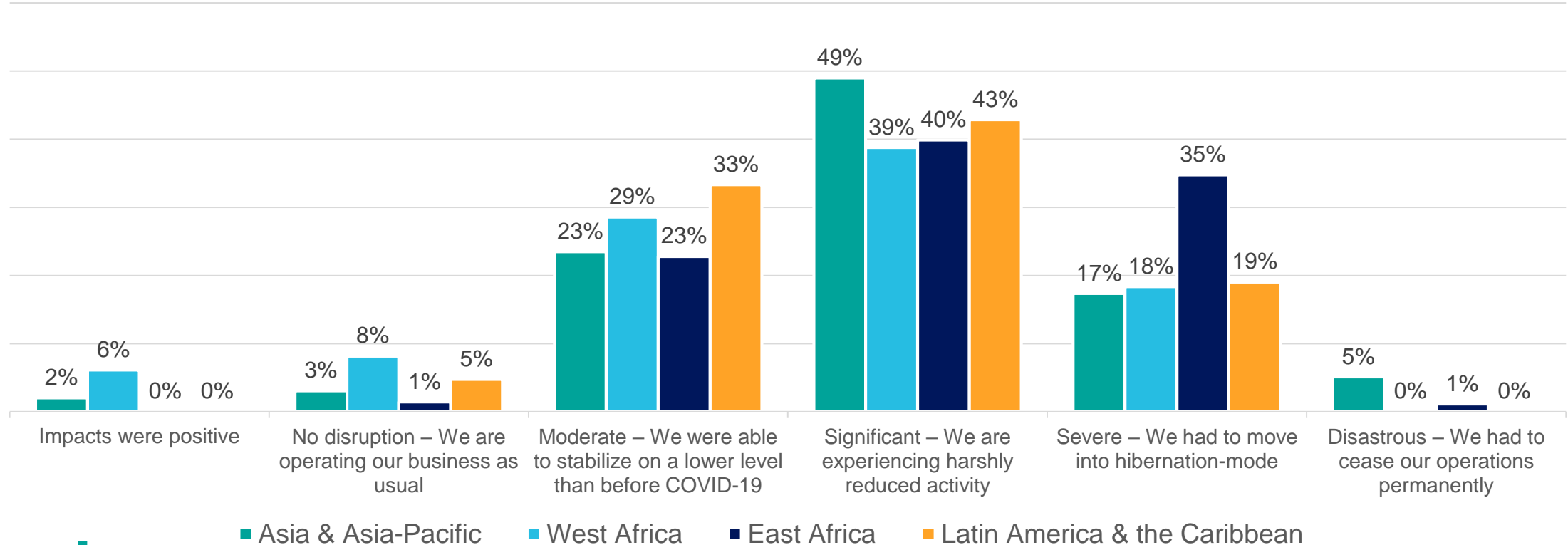
Appliances / Productive use



Analysis by region

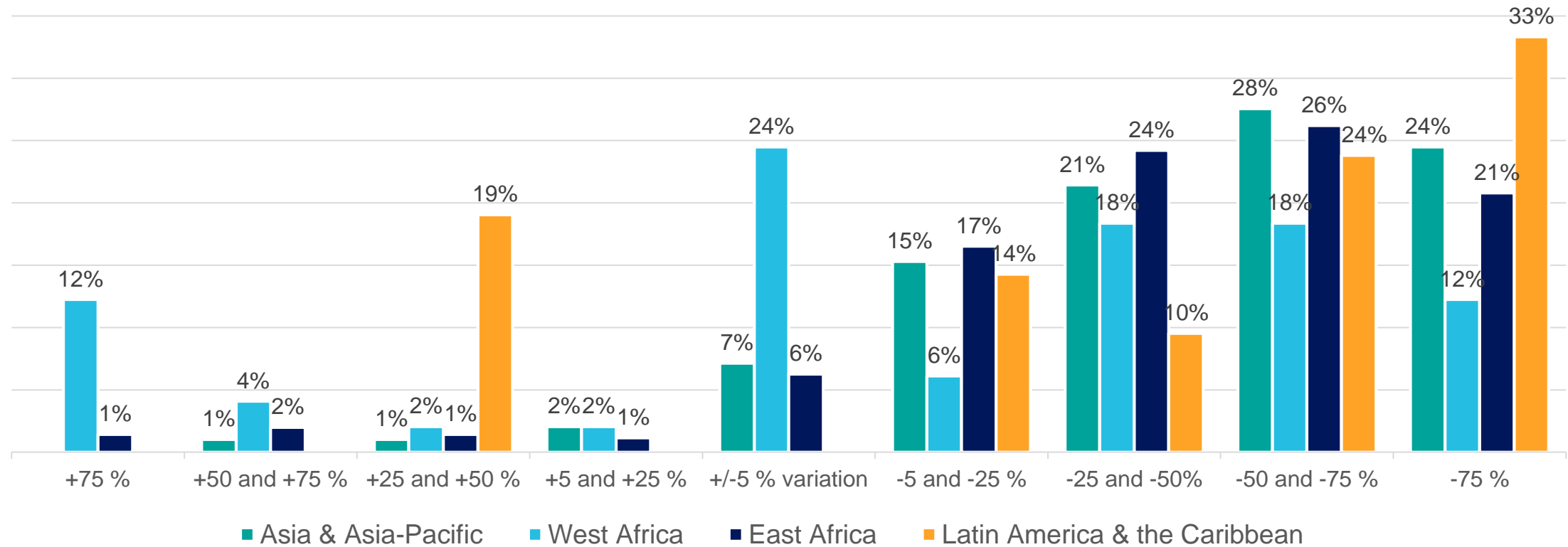
Analysis by region

Impact of COVID-19 on business activities



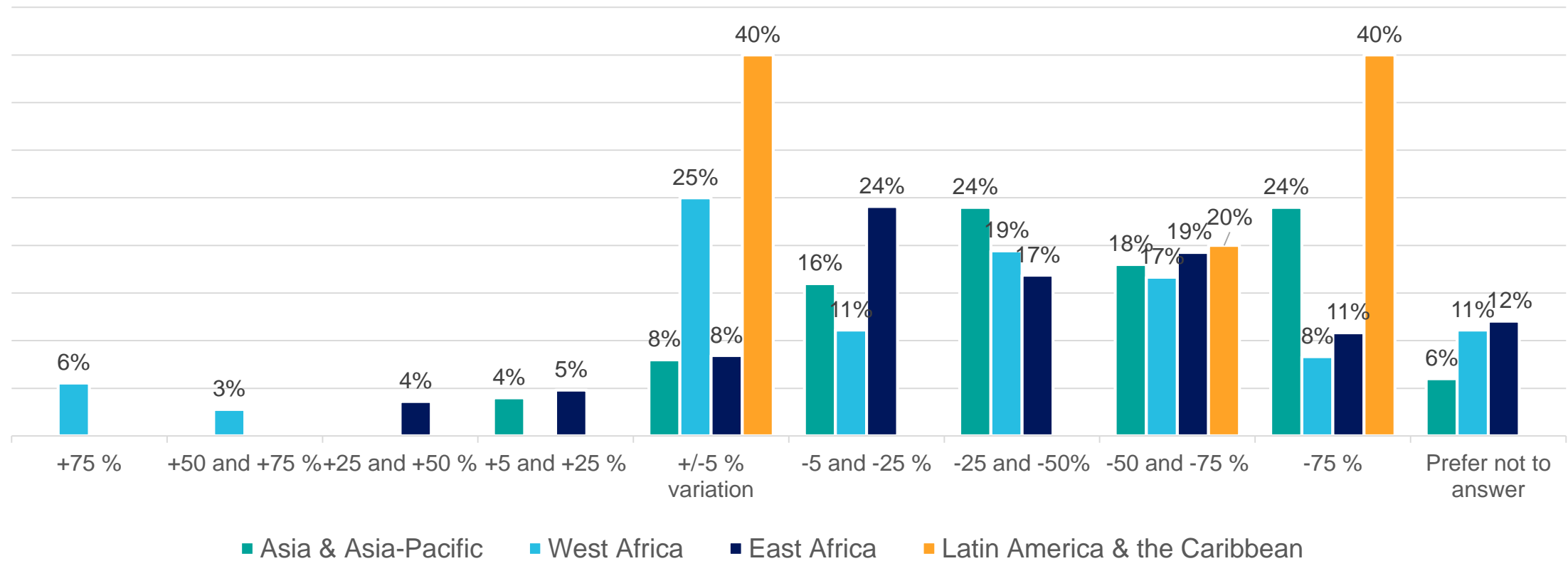
Analysis by region

Sales volume (March – May 2020) compared to last year



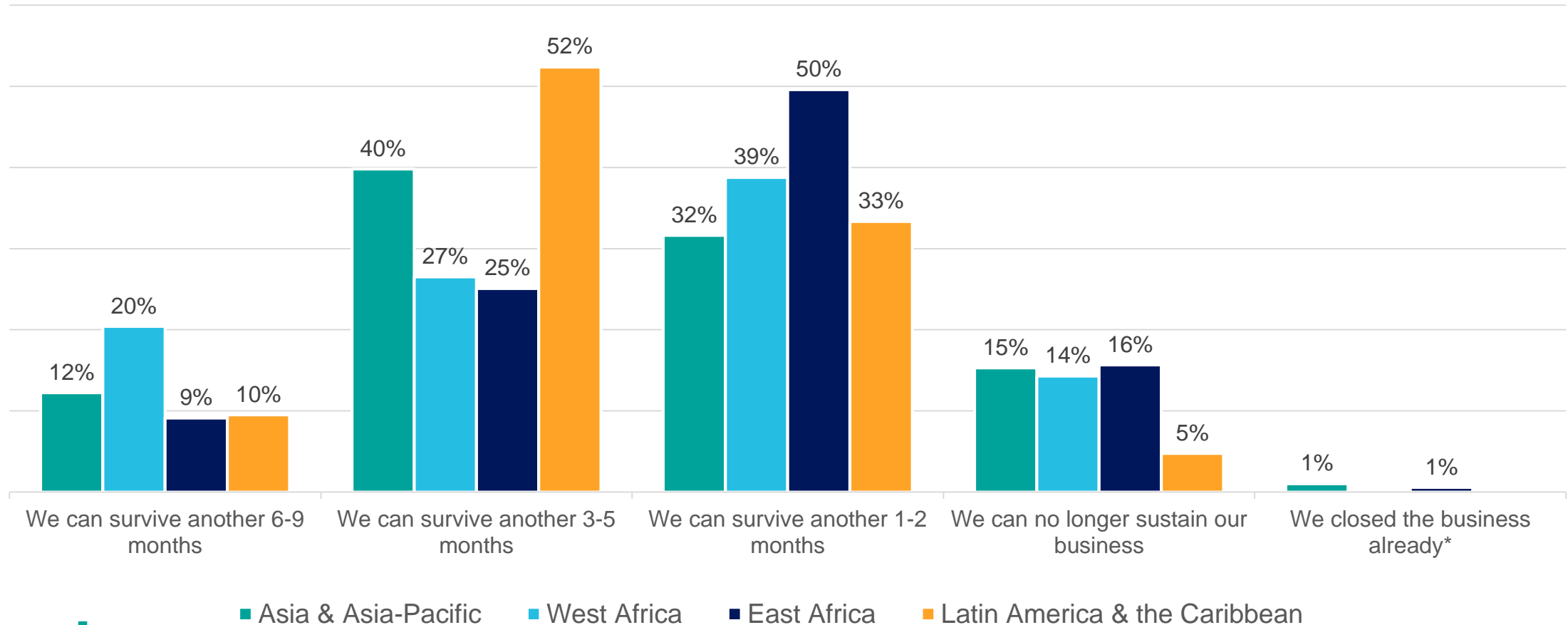
Analysis by region

Collection rate for PayGo / credit and Mini-Grid operators



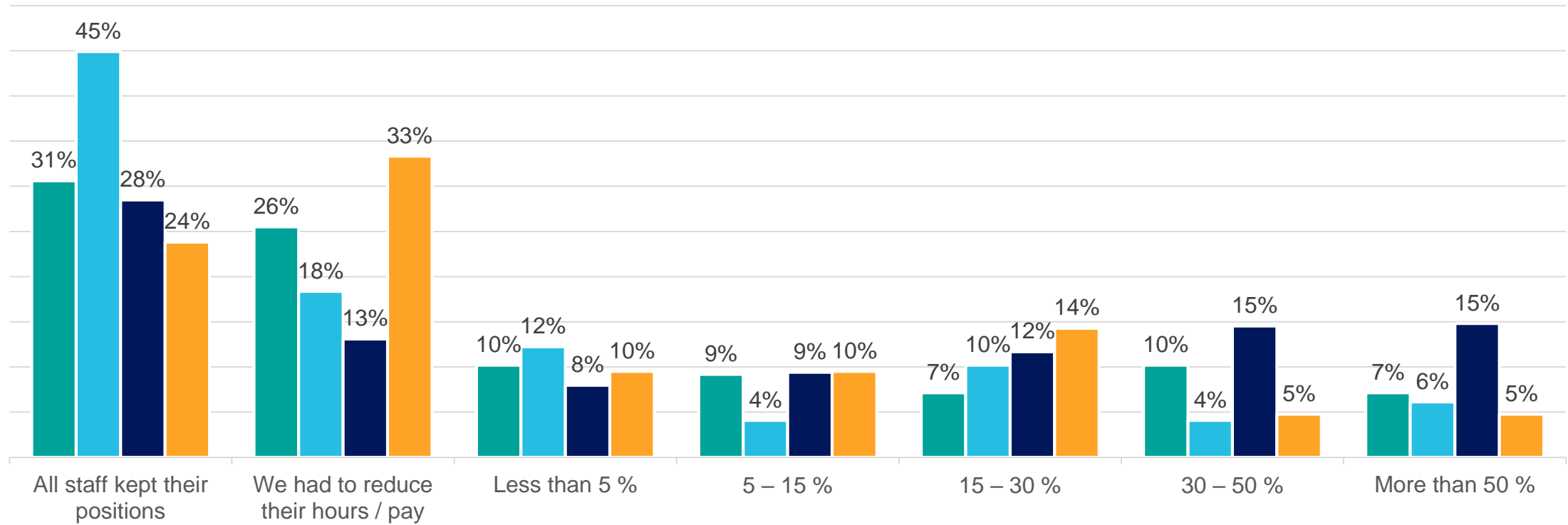
Analysis by region

Overall financial impact by COVID-19 – East Africa affected



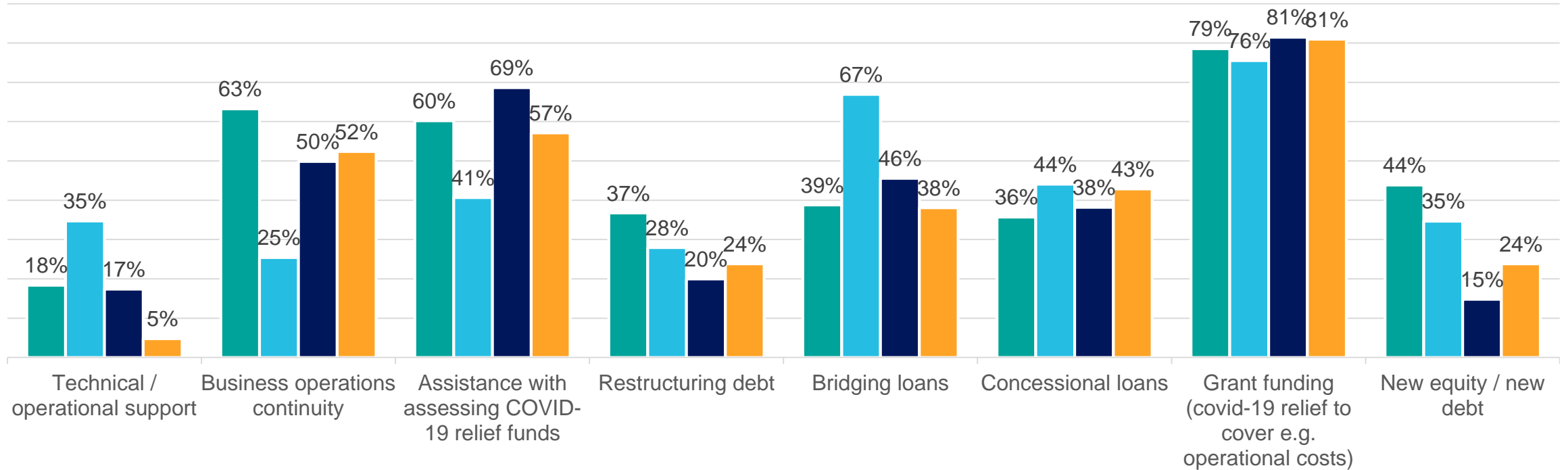
Analysis by region

Staff situation – compared to February



Analysis by region

Support needed (high priority) for the upcoming 3 months



Analysis by region

Access to Technical Assistance

