

An Analysis of innovative funding options for solar rooftop projects in Zimbabwe in the pursuit of low carbon development

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Abstract

Statement of the Problem: The 2021 IPCC report clearly indicated that climate change was unequivocal, and the world will exceed 1.5 degrees Celsius in the 21st century unless significant reductions in greenhouse gas (GHG) emissions occurred urgently. Zimbabwe has joined the global fight to reduce emissions and develop more sustainably.

Renewable energy and energy efficiency are among the prioritized initiatives and rooftop solar is pivotal to the development of inclusive, adaptive, and resilient energy sources. The improvement in economic viability of rooftop solar has a great potential to support energy access and affordability even by the most vulnerable communities.

However, to roll out this programme at scale, there is need to explore different financing options that can make solar rooftops attractive and bankable. The purpose of this study is to explore different innovative climate financing options that Zimbabwe can consider for implementation and scaling up of the rooftop solar projects. A market assessment using focus group discussions, interview guides and semi-structured linkett questionnaires were used to collect data from policy makers, investors, financiers, independent power producers and communities on the gaps, constraints and opportunities to finance solar rooftop projects. An Investor mapping tool was used to map different types of investors, the financing sources, instruments, tools and mechanisms that they were offering to support solar rooftop projects or related initiatives. The findings showed that climate finance, development and impact investors and blended financing options were strategic in advancing the financing of solar rooftops in Zimbabwe. The study noted that additional funding from the Green Climate Fund among others had the opportunity to provide diverse financing instruments that could be tailored to finance solar rooftops, including accounting for environmental and social benefits. In conclusion, innovative financing has the capacity to de-risk solar rooftops, use public and development financing to de-risk the projects, crowd in private sector financing and use improve the risk return of the projects. The study recommends Zimbabwe to explore climate, impact and blended financing options in advancing solar rooftop projects.

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