

Case study

Zimbabwe's first Renewable Energy Fund: Building a distributed energy market from the ground up



A blended finance platform catalysing Zimbabwe's distributed renewable energy market through early-stage investment, enterprise incubation, and market system building



Background

Zimbabwe has strong policy commitments to renewable energy, including a national strategy and incentives for independent producers. Yet national electrification stands at just 40%, and only 16% in rural areas, leaving nearly half of the population without electricity. This is not just a technical deficit; it is a systemic market failure.

Traditional financiers, including multilateral development banks and development finance institutions, are often constrained by credit-rating requirements and risk frameworks that prevent them from engaging in the types of high-risk, small-scale transactions common in last-mile energy markets. As a result, even with an enabling environment, the renewable energy sector remains chronically underfinanced.

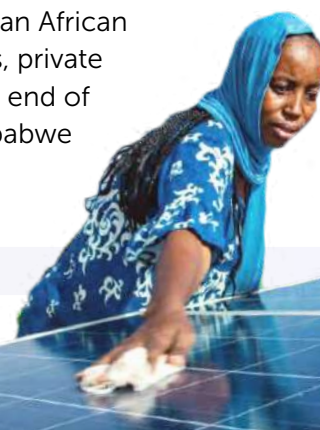
Development finance solution

In response, the Zimbabwe Renewable Energy Fund (REF Zimbabwe) was launched in September 2024 with support from the Joint Sustainable Development Goals Fund (Joint SDG Fund) and in collaboration with the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP), and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). It is the country's first dedicated renewable energy fund, and the foundation for building a distributed energy economy where none existed before.

Beyond financing renewable energy, REF Zimbabwe seeks to establish a functioning market for small-scale, decentralized energy in underserved areas. The Fund targets projects that are too small, early-stage, or high-risk for commercial banks and institutional investors. It aims to derisk these investments through blended finance, validate viable business models, and create a pipeline of bankable ventures that attract follow-on capital. The Fund places particular emphasis on youth- and women-led energy enterprises and finances public infrastructure, such as hospitals, schools, and water systems, ensuring energy access drives broader resilience and service delivery in rural communities.

REF Zimbabwe is made possible thanks to \$8 million from the UN Joint SDG Fund which is deployed through UNCDF's financial instruments and a further \$8 million from Old Mutual, an African financial services group. Based on current soft commitments from pension funds, private investors, and commercial banks, total leverage is expected to exceed 3.5x by the end of 2025. With 59 transactions sourced, 8 in due diligence, and 3 approved, REF Zimbabwe is building market momentum and expected to grow to \$30 million by end of 2025, and to \$50 million by end of 2026.

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The below three approved transactions showcase the Fund's capacity to structure commercially viable transactions that deliver development impact.

Development finance solution



1 **Securing health services: Mater Dei Hospital Solar (2023–2024)**

An \$810,000 investment is enabling Mater Dei Hospital in Bulawayo to switch to solar power, improving energy reliability while lowering emissions and operating costs. With 169 beds and a wide range of specialized services, including maternity, pediatrics, surgery, dialysis, emergency care and diagnostics, the hospital is a major health provider in the region.

The investment is structured as early-stage, high-risk funding through a tailored loan arrangement, financing the construction of a 720-kilowatt solar plant that now generates

more than 1.3 million kilowatt hours of clean electricity every year.



Photo: Mater Dei Hospital

This shift is expected to reduce carbon emissions by 22,000 tonnes annually and protect critical health services from power disruptions.

The resulting energy savings are helping the hospital retain its staff of over 300 workers, more than 70 percent of whom are women. Women also hold over 90 percent of the hospital's leadership positions.

The solar upgrade also strengthens the hospital's role in public health outreach, including affordable medicines, cancer screenings, general health checks and vaccine delivery. These efforts extend beyond hospital walls to schools, churches and community events. By lowering costs and reducing emissions, the investment is improving both health outcomes and economic opportunity across Matabeleland.

Development finance solution



2 **Guruve Solar: Clean energy and community ownership**

A \$6 million investment for a new 10-megawatt solar power plant in Guruve District is set to generate 22,000 megawatt hours of clean electricity each year.

This will reduce the need for electricity imports by over \$2 million annually and cut approximately 24,000 tons of carbon emissions every year.

The investment is structured through a five-year loan facility that will enable the provision of clean power to rural areas, with standalone solar systems planned for Makume Clinic and Museka Primary School. It also includes

a strong focus on local job creation, as it is estimated that construction will create 40 local jobs and retain 15 positions for long-term operations and maintenance.

In addition, the Community Share Ownership Trust (CSOT) has a 3% equity stake, whose dividends will be reinvested in local development priorities. These include solar-powered irrigation systems to boost agricultural productivity, clean energy for community clinics and schools, and support for rural enterprises such as horticulture, fisheries, sheep production, and honey-making.

Outcome

REF Zimbabwe was created to address one of the toughest frontiers in development finance: building a distributed renewable energy market where none existed. Rather than just financing projects, the Fund creates the conditions for investment by accepting operational complexity, aggregating small transactions, and validating unproven models.

By combining concessional capital with enterprise incubation, REF Zimbabwe catalyses early-stage ventures that are often overlooked by traditional investors due to their size, risk profile, or lack of track record.

REF Zimbabwe is reshaping Zimbabwe's energy economy, one that prioritizes decentralized solutions and business model innovation over grid expansion alone. It targets mini-grids and stand-alone solar systems in last-mile communities, supports pay-as-you-go and off-grid distribution models, and champions youth- and women-led energy enterprises.

By going first, derisking early-stage investment, and proving viability, REF Zimbabwe is unlocking future capital flows and laying the groundwork for larger, more complex grid-connected investments that accelerate the electrification of Zimbabwe.

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At a glance

Zimbabwe's first Renewable Energy Fund: Building a distributed energy market from the ground up

Initial
size

\$8 million
concessional capital

Private
capital
leveraged

\$8 million
committed

Target

\$30 million by 2025
\$50 million by 2026

Project
types

Mini-grids, stand-alone
solar, solar for schools,
hospitals, agro-processor

Investment
instruments

Concessional loans,
blended equity-debt,
lease-to-own model

Management

Old Mutual Investment
Group Zimbabwe

Partners

Old Mutual, UNDP,
UNESCO, UN Joint SDG
Fund, UN Women

Technical
support

Enterprise incubation,
market development,
policy support

Geographic
focus

Rural and peri-urban
Zimbabwe

About

UN Capital Development Fund

United Nations Capital Development Fund (UNCDF) mobilizes and catalyses an increase in capital flows for impactful investments in high-risk markets, especially in Least Developed Countries, Small Island Developing States and countries in special situations. By crowding in capital through the deployment of risk-absorbing financial instruments, mechanisms and structuring advisory, UNCDF contributes to job creation, sustained economic growth and equitable prosperity in more than 70 countries.

In partnership with UN entities and development partners, UNCDF operates with speed and agility to deliver scalable, blended finance solutions to drive systemic change and pave the way for commercial finance and scale up by development finance institutions and multilateral development banks.

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