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The Financial Inclusion and Energy Poverty Nexus in the Rural Communities of Zimbabwe - A Literature Review

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Abstract:

Microfinance continues to be an essential tool for improving livelihoods of poverty-stricken households domiciled at the base of the energy pyramid. This literature review sought to examine the role of microfinance as a tool of alleviating energy poverty in rural communities of Zimbabwe. In undertaking this review paper, relevant journal articles published between January 2000 and December 2024 were selected using Scopus, ResearchGate, ScienceDirect, Inderscience, Semantic Scholar and Google Scholar. Key words were used in the selection of 45 articles that were considered for the compilation of this review. The review found out that rural communities in Zimbabwe have been suffering from unprecedented energy poverty for a long time. It also found that most rural households have been relying mostly on fossil fuels for their energy needs. The review concluded that microfinance institutions have been playing a pivotal role in fighting energy poverty in Zimbabwe, though they appear to be losing their dominance to Pay-As-You Go solar home systems. The study recommends that the government should support rural energy development through introduction of policies that address concerns of rural communities regarding their energy needs and that ensure affordability of solar products via promotion of cheaper financing options. The research results further showed that the diffusion of financial inclusion specifically aimed at increasing solar energy uptake by microfinance institutions was a key and smart move that played a pivotal role in increasing solar energy usage in the rural communities of Zimbabwe.

Keywords:

Microfinance, Energy Poverty, Microfinance Institutions, Pay-As-You-Go, Solar Home System

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Introduction

The last twenty years have seen unprecedented growth in the microfinance sector (World Bank, 2015). This growth seemed to have been much more pronounced in Sub-Saharan African countries (IMF, 2016; Chirwa & Qutieshat, 2025) where microfinance has been identified as a fitting tool for addressing poverty through provision of loans and credit to poor and marginalised members of society (Chikwira et al., 2022). Microfinance is the offering of financial services to communities, households and organisations that had no access to formal financial services before (Pattnaik et al., 2024). According to the Reserve Bank of Zimbabwe (RBZ, 2012) microfinance is regarded as the provision of financial services to the unbanked and underbanked households as well as to small and medium enterprises (SMEs). Thus, as can be seen from these definitions above, the main objective of microfinance is facilitating access to financial services by poor marginalised segments of the community.

According to Hlupo et al. (2022) Microfinance Institutions (MFIs) are operating in a minimum of 120 countries in the world (Asian Development Bank, 2020) and are regarded as one of the most flexible yet effective tool when it comes to fighting against global poverty. According to Mago (2013) evidence abound that point towards demand for more microfinance services in Zimbabwe, and it is rural areas that are yearning for more of these services, considering that traditional financial institutions have been shunning provision of banking services to these poverty-stricken rural communities of Zimbabwe. As Mugo (2013) and the Asian Development Bank (2020) posit, the servicing of rural areas with financial services is not an attractive option to undertake given their remoteness which comes with high transaction costs. As of 31 December 2022, the microfinance sector in Zimbabwe boasted of 206 registered MFIs up from 106 that were there in December 2021 (Reserve Bank of Zimbabwe, 2022). This clearly shows that in a period of 12 months, exactly one hundred more MFIs were registered by the Reserve Bank of Zimbabwe (RBZ), signifying a massive growth of the sector and indicating its importance and influence in the economic development of the country.

Grid power shortages have been experienced in Zimbabwe for the past two decades and the situation on the ground does not look either good or promising (Africa News, 2019; World Bank, 2023). According to the Newsday newspaper of 03 September 2024, Zimbabwe has been experiencing recurrent power supply shortages from as far back as 2003. Power cuts have been getting worse each year as demand outstrips supply. While technical faults have been affecting power generation at the country's power stations (Akpan, et al., 2024), the case has not been helped by climate change that has affected water inflows into Lake Kariba, the country's biggest source of hydroelectric power (Dube & Nhamo, 2023). Switching to renewable energy sources especially solar energy has been consistently proposed as one feasible solution of getting out of the electricity supply quagmire by experts in the power sector and scholars alike (Ziuku et al., 2014; Akpan, et al., 2024). These perennial power deficits in Zimbabwe have

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increased the profile, role, and significance of solar as a source of energy and have also seen several Micro-Finance Institutions (MFIs), not only joining the financing part, but also the distribution of solar products and services, with the hope of curtailing and arresting the energy poverty levels that have bedevilled the country for many years (Chipango, 2021). Spurred on by the debilitating power outages and massive load shedding in the country, several Micro Finance Institutions (MFIs) saw a market gap and began financing and distributing solar products which comprised mostly of solar home systems and solar lanterns - distributing and channelling most of these products into the remote rural areas where energy poverty has always been prevalent.

The primary objective of this paper is to explore and examine the energy-microfinance nexus and intervention in the rural areas so as to understand the role microfinance has been playing in the energy poverty matrix of rural communities of Zimbabwe. More specifically, the purpose of this review paper is to seek the answer to the following key research question pertaining to the role of microfinance as a tool of enhancing and sustaining the reduction of energy poverty in rural areas of Zimbabwe: What is the nature and significance of the relationship between energy poverty and financial inclusion in the fight against energy poverty in Zimbabwe's rural communities?

Methods and Data

This study utilised existing literature to gain an understanding of how the operations of MFIs, not only in Zimbabwe, but in other parts of the world as well, have played a part in alleviation of energy poverty in the rural communities. The researcher conducted a comprehensive review of literature pertaining to microfinance and the operations of MFIs in the country. The study's objective was to synthesize and evaluate the existing body of knowledge regarding the key subjects or variables of microfinance and MFIs role in the alleviation of energy poverty.

The methodological compilation of this review article evolved upon the use of prominent scholarly databases and the researcher embarked upon a meticulous search for peer-reviewed articles centred on operations of microfinance, financial inclusion and energy poverty. According to Snyder (2019), the idea of integrating findings and insights from many empirical findings enables a literature review to address research questions with a power no single study has. The methodological approach for this review study comprised of conducting a search for peer-reviewed articles on microfinance, financial inclusion and energy poverty through scientific databases that included, Google Scholar, Scopus, ResearchGate and Semantic Scholar. Articles matching the keywords search: "Microfinance and energy poverty in Zimbabwe"," Energy poverty in rural Zimbabwe," "Microfinance operations in rural areas of Zimbabwe" and "Financial inclusion in Zimbabwe" were sought. Suitable Boolean operators combinations were utilised to optimise the searches in the context of Zimbabwe. The keywords search terms were selected based on related literature review studies that were conducted on similar topics as

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well as the experience amassed by the researcher in undertaking research. To ensure the study's relevance to current settings in the country and to derive insights from contemporary findings, only articles published between 2000 and 2023 were considered for the study. From the initial list of over 106 articles that seemed to meet the set inclusion criteria, the researcher thoroughly scrutinised and examined the abstracts and titles of these articles to promptly identify and screen out the ones that did not meet the inclusion criteria. This elimination exercise let to a total of 35 articles passing through the vetting exercise, leading them to being considered and utilised for analysis and discussion in this reviews study. The snowball approach was also used in selection of further articles for consideration. It involved a process whereby one selected article would propel to more new articles being discovered upon which the researcher would peruse and scrutinise them for consideration. This snowball approach yielded a further 10 articles that passed the elimination stage. Thus, a total of 45 scientific articles and documents were amassed and used in this literature review study.

Results from Literature Review

An analysis and discussion of literature that was consulted in undertaking this review is presented in this section. The review was premised on the deep analysis and synthesis of existing literature that mainly dwelt on the nexus between energy poverty and microfinance. This was all done with a view of striving to understand how the operations of MFIs have played a part in alleviation of energy poverty in Zimbabwe.

The Nature of Poverty

According to the World Bank (2024), poverty comprises of many dimensions. It includes those people and households with low incomes and their inability to acquire the basic goods or services that are necessary for survival with dignity. The World Bank (2018) regards anyone who lives on $1.90 per day or less as living in extreme poverty and it is pertinent to point out that most such people live in Asian and African countries. For poor households and families, poverty is evident in many forms and can be deciphered from deficiencies in certain critical areas such as health, education, poor access to clean water and sanitation, inadequate physical security, lack of voice and insufficient capacity and opportunity to improve one’s life. All these are areas that lead to a drop in the standard of living of people if there are not addressed and given the attention they deserve. Regarding this study, energy poverty is also seen in the same context of failure by households and families to access reliable sources of energy (Said & Acheampong, 2023). Normally such families and households rely on traditional fossil fuels such as charcoal, paraffin, animal dung, firewood and plant residues for their cooking and lighting needs (Derebe, 2025; Van der Kroon et al., 2013). So, poverty also manifests itself in lack of reliable sources of energy by households. This is largely attributed to the issue of unaffordability (Mushosho & Qutieshat,

2024) given that issues to do with energy are placed somewhere near the end of the priority list of a poor household's needs. This study is a comprehensive review of the connection or link that exists between financial inclusion or microfinance and energy poverty (Mushosho & Qutieshat, 2024). The study highlights the financing role that microfinance has been assuming and playing in the alleviation of energy poverty in the rural communities of Zimbabwe.

According to Chikwira et al., (2022) the prevailing poverty levels in rural areas are far higher than those prevailing in urban areas (The World Bank, 2018). This is the case in most countries in Sub-Saharan African countries (Manjengwa, et al., 2016). For instance, in Zimbabwe, ZIMSTAT (Zimbabwe National Statistics Agency, 2013) points out that 4 percent of urban households live in extreme poverty, compared to 23 percent of rural households. Microfinance has long been associated with fighting poverty (Waldron et al., 2019) which is prevalent in rural areas and some parts of urban communities. This is because financial inclusion which is enabled by microfinance is popular for reducing energy poverty in rural communities of most SSA countries. Waldron et al. (2019) agrees with this view and posits that microfinance for solar is not a new phenomenon. Be that as it may, poverty is a phenomenon that has compelled policymakers and researchers to postulate ideal strategies of poverty alleviation that are necessary to address and improve the societies living standards (Bent, 2019). Indeed, the mandate of Microfinance Institutions (MFIs) is hinged on ensuring the equitable distribution of financial resources and poverty alleviation (Hlupo et *a*l., 2022). As posited by the Reserve Bank of Zimbabwe, MFIs support financial inclusion of the unbanked, underbanked, and marginalised communities so that they also enjoy services and products offered by commercial financial entities albeit at a lower scale (RBZ, 2022; Nourani, 2021).

The primary mandate of microfinance as already indicated earlier on is the alleviation of poverty especially in poor rural communities (Said & Acheampong, 2023. Poverty alleviation, also known as poverty reduction or poverty relief is the set of measures that enable poor households and poor families to improve their lives and possibly also create their own wealth as a way of ending poverty forever (Zainal et al., 2019; Laufer & Schafer, 2011) or reducing the poverty levels (Said & Acheampong, 2023). Poverty alleviation is the stance or conviction taken by those with the financial muscles or the wherewithal of eradicating poverty in a country (Manzoor et al., (2019). Takaruva (2016) argued via a depiction that poverty alleviation involved improving the living conditions of already poor people. Given the diversity concerning the causes and effects linked to poverty and its alleviation, this review strived to explore whether the microfinance loans had a positive impact on poverty reduction in Zimbabwe. Thus, the provision of microcredit to the poor and vulnerable members of society especially the youths and women in rural areas is key as a strategy and inimitable in poverty reduction through empowerment (Chikwira et al., 2022; Van der Kroon et al., 2013).

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The Microfinance Concept

Microfinance brings in financial inclusion (Said & Acheampong, 2023) and one of the tools for economic development and poverty reduction is microloans. Microloans were made popular by Grameen Bank in Bangladesh in 1976. The Grameen Bank Model was premised on a bank being set up in the village with some bank workers and field workers available to monitor the project. A group of villagers would be selected as prospective customers and out of this group, two members would for example be given loans. The loans would be paid back by the members in several agreed small affordable instalments (Moner-Girona et al, 2012). The bank officials would monitor these repayments and if the repayments were done to the satisfaction of the bank, fresh members would then be selected from the group and given their own loans. The cycle continues until every member in the group got his or her turn. This was the template upon which the Grameen Bank was modelled, and it was copied with adjustments of course here and there, by many other microfinance banks all over the world. According to Moner-Girona et al. (2012) the Grameen Bank Model is viewed all over the world as the “grassroots” of microfinance models.

Chikwira et al., (2022) posits that the idea was to issue loans of small amount of money to farmers and villagers so that these people could procure the things they required for an improvement of their lives. It is this very same concept that microfinance institutions in Zimbabwe adopted, but with solar energy financing in mind for the poor rural-based households and families. Instead, of handing over hard cash to the customers, the MFIs would instead opt to give their customers solar home systems or solar lanterns and/or other solar products and in return customers would pay for these solar products in an agreed period. The effectiveness of the strategy was premised on avoiding handing over hard cash to the customer. It was believed that giving money to customers for them to buy a solar home system or a product of their choice gave no guarantee that the money would be spent that way. Money could be spent on consumption or another way. But giving customers the solar home systems or solar lanterns or any other solar product would be the best way to ensure that the money was well spend on the desired product - the solar home system or solar lantern whatever item the customer desired. Another option which MFIs would use in Zimbabwe was to pay the supplier directly with one off payment on behalf of the customer and, then receive regular instalment payments from the customer (Chirwa & Qutieshat, 2025). Another way was for the MFIs to directly supply the solar home systems or whatever solar product to the customer and then collect the regular small payments from the customer as per their agreement. Moner-Girona et al. (2012) argues that microfinance is a useful tool for financing users to purchase solar home systems and other solar products since it makes the market less price-sensitive and permits an emphasis on high quality products that might be more expensive but last longer.

In a study they undertook, Zeller and Meyer (2002), identified three ‘critical triangles of microfinance” which are premised on the following three key areas: reaching the poor people in terms of poverty depth

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and numbers; meeting financial and operating costs over the long term and having distinct effect upon the standard of living of the customer. This shows that MFIs are largely concerned with poverty alleviation through financial inclusion of the marginalised communities. According to the World Bank (2020) about 1,7 billion people remain unbanked as of 2017, laying bare the unenviable task that lies ahead and the gap for microfinance to fill in. And the sad news is that poverty is not relenting. According to the World Bank at least 71 million people on the African continent have already been pushed into the extreme poverty bracket, thanks to the outbreak of Covid-19 (Chikwira et al., 2022). Microfinance came to be seen as an important instrument or bridge for millions of people who were immersed in poverty, and its entry was considered as the right tool for poverty reduction in the 1980s and it was also regarded as a key tool for achieving the Millenium Development Goals (Stewart, 2010).

When microfinance became recognised as a critical tool for reducing poverty in the 1980s, calls became louder for MFIs to go beyond their traditional role and strive towards a triple bottom line of profit, people, and the environment (Araya & Christien, 2004). According to Mazumder (2015) microfinance has spread rapidly since its inception in the late 1970s with its main aim being to reduce poverty in developing Third World countries. And to be able to do this, microfinance institutions were seized with providing access to cheaper capital to small and medium enterprises and entrepreneurs (Chikwira et al., 2022). Research has shown that poverty can only be destroyed or reduced if societies are equipped with the right and adequate resources to quickly jump start their income producing economic activities such as small-scale farming, small business, and sole trading (Khan et al., 2020). Thus, MFIs' focus is on the poverty-stricken societies through the provision of loans and credit.

Microfinance Institutions in Zimbabwe

According to Mago (2013), most rural people in Zimbabwe remain completely cut-off from the traditional banking services and this has led to the flourishing of MFIs and increase in their numbers to fill the gap. Hlupo et al (2022) argues that the microfinance sector is the biggest employer in Zimbabwe and reiterates that micro finance institutions (MFIs) are meant to reduce poverty, with their basic mandate being ensuring that financial resources are distributed equitably (Hlupo, et al., 2022). MFIs must not fight with commercial banks and all other financial institutions for customers but must strive to fill the financial inclusion gap left by these institutions (Hlupo, et al., 2022; IMF, 2007). Commercial banks normally insist on collateral before they can dish out loans to customers (IMF, 2007; Waldron et al., 2019). This is in contrast with MFIs which tend to be flexible to their potential target customers who are the poor unbanked people usually hailing from poor rural communities (Nourani, et al., 2021; IMF,2007). MFIs play a critical role in making sure loans are accessible to all deserving households and the poorest members of society (IMF, 2007). They do not only charge manageable instalments at lower interest rates

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in comparison to commercial banks but also fight poverty in its many different forms such as rural energy poverty (IMF, 2007).

Rural women, low-income households and SMEs are targeted the most by MFIs. This is because they are often starved of finance by most financial institutions who view them as high-risk and high-cost customers given that their transactions are often small, and most of them are domiciled in remote rural areas (Asian Development Bank, 2020). According to the World Bank, a total of 1.7 billion adults remain unbanked globally, as of 2017 (World Bank 2020). Rural communities are not getting serious and adequate services from the commercial banks and other financial services providers largely because servicing rural areas comes with extremely high transaction costs hence raising sustainability questions (Mago, 2013). In its Global Financial Development Report (2014), the World Bank reported that only 50 percent of adults around the world make use of formal financial services due to reasons that include, cost, distance, and mobility to meet the requirements for opening bank accounts.

Microfinance Institutions (MFIs) in Zimbabwe are registered and supervised by the Reserve Bank of Zimbabwe (RBZ) which is tasked with ensuring that licensed MFIs conduct their activities in accordance with laws of the country (RBZ, 2012). The operations of MFIs in Zimbabwe are governed by the Moneylending and Rates of interest Act of the Banking Act that are applicable to MFIs. MFIs are not allowed to take deposits from the members of the public which means that MFIs are only allowed to issue loans to their target market which may be individuals (consumer loans), SMEs (business loans) or a combination of these two (RBZ, 2012). Consumer loans are meant to meet day to day expenses as well as for the subsistence of customers. On the other hand, business loans encompass funding for working capital or working capital expenditure for starting small businesses or for expansion of existing business ventures (RBZ, 2012).

In a period of one year from 31 December 2021 to 31 December 2022, one hundred more MFIs were registered by the RBZ (The Reserve Bank of Zimbabwe, 2022). This signifies the growth of the sector and its importance in the economic development of the country. One can conclude based on this, that the demand for microfinance services was extremely high in the country (Mago, 2013). Microfinance Institutions quickly grew, posting good and impressive results as was shown by the RBZ in its Quarterly Microfinance Industry report of 2019, which depicted that there was a 11.7 percent growth of registered MFIs. Statistics from the report further showed that the MFIs managed to dole out a total amount of $633 million in loans which was a big jump from $388 million and this translated to 63 percent growth in loans from December 2018 to December 2019 (RBZ, Bank Supervision Division, 2019).

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Microfinance and Energy Poverty

Microfinance targets people who would not be able to open bank accounts or access loan facilities from the commercial banking sector because of their stringent requirements. Nyabasa and Peng (2024) acknowledge the role of MFIs in the financing of renewable energy products in the rural areas of Zimbabwe. In their qualitative study which they undertook with the aim of gaining a deeper understanding of underlying reasons, opinions, and insights in the operations of MFIs regarding financing renewable energy in rural communities, Nyabasa and Peng (2024) hail the effectiveness of MFIs as fitting tools for that role. The lack of energy finance options has provided the marginalized members of society with little means of breaking the conventional energy paradigm and the corresponding poverty cycle (Rao, et al., 2009).

It is well documented in research and literature that the typical customers and utilisers of microfinance are predominantly low-income people who have no access to formal financial institutions such as commercial banks. These are the same people who are also languishing in energy poverty (Tazvinga, et al., 2020). This is because energy poverty is one component of poverty in general. This article is mainly seized with examining the role that microfinance has played as a tool of alleviating energy poverty in rural communities of Zimbabwe, and it cannot do this fully without looking at the overall and general issue of poverty that is topical in main rural areas of sub-Saharan Africa with Zimbabwe being no exception. The article thus looks at the pertinent issue of an energy poverty-microfinance framework that caters to the energy needs of low-income households and families by engaging microfinance institutions. This gets traction from Koomson and Danquah (2021) and Waldron et al., (2019) who are of the view that financial inclusion has the capacity of reducing energy poverty.

While MFIs have had a solid focus on provision of credit over the years, the nature of the microfinance sector has evolved (Banda & Chibomba, 2020). MFIs came onto the scene as a powerful mechanism or tool in the war to combat poverty and economic dependency (Banda & Chibomba, 2020; Koomson & Danquah, 2021). It is that same enthusiasm that was transferred to the fight against energy poverty via support for cheaper loans for the poor to buy solar home systems. And success emanating from the efforts of financial inclusion was evident as energy poverty levels began dropping thanks to the financial inclusion gospel as it was preached by Koomson and Danquah (2021). As Koomson and Danquah (2021) posited that, all what is needed is for an improvement in financial inclusion for the biggest reduction in energy poverty to be recorded.

Effect of the Pay-As-You-Go Solar Home System on Solar Adoption

Researchers have written extensively on the Pay-As-You-Go (PAYG) solar home system (SHS), touching mostly on the way this model of solar home systems has not only been behind the rapid uptake

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of this technology and ultimately solar energy in Sub-Saharan countries (Kizilcec et al., 2022; Chirwa & Qutieshat, 2025; Zeru & Guta, 2021), but also on how it has revolutionised the same (Wamukonya, 2007). Just like what microfinance had done, the PAYG solar home system offered customers the same level of flexibility in terms of payment as that offered in the telecommunications sector (Kizilcec et al., 2022). A good example is that of Kenya, where over 700,000 units of the PAYG solar home systems were installed (The World Bank, 2018), signifying access of reliable solar powered electricity to more rural people in the country. Another good example, this time from Asia, is that of Bangladesh, where the World Bank played a key role in the deployment of 1.4 million solar home systems (World Bank, 2018). This led to more than 18.5 million people in rural communities accessing reliable electricity from solar energy. This was sad news to microfinance enthusiasts and proponents because all along such tasks had fallen to microfinance. It is pertinent to also point out that it was in Bangladesh where Grameen Bank was found as a pioneering microfinance bank in 1976.

The emphasis and strength of the PAYG model of solar home systems, hinged on the aspect of flexibility in terms of payments, as customers would pay for the solar home systems whilst using them, enabling customers to pay in small affordable instalments (The World Bank, 2018; Kizilcec, 2022). The well-documented and undeniable impact of the deployment and installations of so many PAYG solar home systems on so large a scale was felt by microfinance and there was a fall in the demand of its services. The paying ability of households was a critical challenge for energy enterprises, and the PAYG model, with its easy payment schemes made solar units affordable and allowed households to gradually own these systems. As Waldron et al., (2019) posits, pay-as-you-go has come out as a new class of asset finance in Sub-Saharan Africa. Waldron et al., (2019) further argues that the PAYG system has achieved success at an early stage, a feat that microfinance could not even achieve.

The criticism that was being directed towards microfinance did not help matters either. Bateman and Chang (2012) have challenged the view that the microfinance model has a positive association with sustainable poverty reduction and local economic and social development. Their argument being that the microfinance model is likely to lead people as well as communities to what they refer to as a ‘poverty trap.” This also questions the sustainability of microfinance which would be impossible if it continued relying on subsidies (IMF, 2007). According to Chikwira et al., (2022), microfinancing was found to increasingly result in an escalation of poverty eventually, if it was improperly used. Van Rooyen et al., (2012) concluded that microfinance can cause a lot of harm as well as good to the livelihoods of the poor households and families. All this points to the downside of microfinance, but from the look of it, its successes far outweigh its bad side as articulated by the consulted literature.

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Microfinance and the Non-Demand of Collateral

Microfinance Institutions gained traction and were more appealing compared to commercial banks mainly because they did not demand collateral when it came to issuing out loans to people (Sulemana, et al., 2023; Marconatto et al., 2017). It came out of this review that a lot of poor people in rural communities lack physical collateral security which is a requirement needed by those who want to borrow money from commercial banks. In Zimbabwe private money lenders offer exorbitant or usurious loans which come with very heavy interest rates (Mago, 2013). Because of this situation, microfinance was seen as a saviour meant to advance the interests of poor rural households. Even though a lot of scepticism and debate exists regarding whether microfinance really assist poor people, or compounds their suffering by putting them in deeper debt as argued by some scholars and researchers (Van Rooyen, 2012; Bateman & Chang, 2012), it is an undeniable fact that microfinance had its fair of success stories (Said & Acheampong, 2023; Koomson & Danqua, 2021). The fact that commercial financial institutions were not so keen on financing poor people who had no collateral also meant energy poverty was equally affected. It was difficult for the poor rural people to fund their own purchases of solar energy solutions.

The Growth of the Microfinance Sector in Zimbabwe

The microfinance sector has grown tremendously over the years especially in the sub-Saharan African region (International Finance Corporation, 2015). The International Finance corporation (2015) argues that over 3 billion people in developing countries are still living without access to banking services. The microfinance sector has grown tremendously over the years especially in the sub-Saharan African region (International Finance Corporation, 2015). This has been the same experience in Zimbabwe, where exponential growth rate has been recorded in the microfinance sector (RBZ Microfinance Quarterly Industry Report, September 2023). Whilst MFIs were posting massive profits and increasing rapidly in terms of numbers in Zimbabwe, poverty rates and levels of the general populace were sadly still escalating. This growth in the microfinance sector is best captured by the RBZ when it reports that the growth was in terms of total assets, loans, advances, total deposits and aggregate equity. The RBZ further states that the growth was by 11.97 percent, rising from $301.14 billion as at 30 June 2023 to 337.18 at 30 September (RBZ Microfinance Quarterly Industry Report, September 2023). This, however, raises questions about the role of microfinance lending facilities, and it is pertinent to point out that several studies dispute the role of microfinance in reducing poverty. Thus, it also came out of the findings that microfinance seemed to be no longer for the very poor people and there is still a lot of intense debate on how much it helps the poor. The poor people, include those suffering from lack of adequate electricity supplies in rural communities.

Effective management of credit is essential for the long-term success of any microfinance institution. This entails thorough understanding of customers and their needs and the tailoring of interest rates and

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repayments that will be fitting for the customers. MFIs that fail to understand this basic fact will find success elusive. Charging usurious interest rates is one sure sign of failure to understand customers. Highly connected to this finding, findings also revealed that thanks to the impressive work of MF services in rural areas, there was a reduced need for loan shark services as people moved away from borrowing at the usury rates of loan sharks and instead borrowing from MFIs at lower and affordable rates. Since energy poverty could only be successfully reduced if general poverty was also reduced, the success recorded in the reduction of poverty by MFIs was equally felt in energy poverty reduction, thanks to the concept of financial inclusion.

Conclusion and Further Research Directions

The purpose of the study was to dig deeper and uncover insights via a review of literature on the role of MFIs in reducing energy poverty in the rural communities of Zimbabwe. Microfinance entered this energy financing space based on its well know solid history as an effective financing tool and has been a key feature in the energy matrix of rural areas. This entrance has enabled members of the rural community and rural households with no power access to benefit by being allowed to pay or afforded the opportunity to pay for their solar home systems and/or other solar products in affordable and manageable instalments. It can, therefore, be concluded that microfinance as a tool has played a massive role in the reduction of energy poverty in Zimbabwe's rural areas. Given that the biggest challenge in the acquisition of reliable sources of solar kits by rural people has always been singled out as finance, it can also be concluded that microfinance has filled in that gap extremely well, enabling rural people to secure not only reliable but affordable sources of energy as well.

Drawing from the analysis from the articles reviewed, this study has demonstrated that the biggest hurdle and challenge to the extension of off-grid energy, especially solar energy in rural areas, is lack of energy finance options as articulated by Rao et al. (2009). It also came out of the findings that PAYG solar home systems have been gradually taking over the mantle from microfinance. Though the entry of PAYG solar home systems seems to have taken some gloss off microfinance, it is apparent that microfinance still has a role to play based on its solid success and history in the poverty battle. It is thus pertinent to point out that microfinance is still relevant and needed in many Asian and many sub-Saharan African countries that are immersed in deep poverty, especially given that lack of accessibility towards reliable sources of clean energy in developing countries is often linked to the high levels of poverty (Ekholm, et al. 2018).

Based on the findings emerging from this review, there is room for further research that can be undertaken on this topic of energy poverty and microfinance relationship. The following are three identified areas that need further research:

- Though microfinance seems to have lost some of its leverage and mojo to the PAYG solar home system, further research could be done to ascertain the effect of combining these two tools i.e. microfinance and PAYG solar home systems in the fight and ultimately reduction of energy poverty in rural communities of Zimbabwe as well as other sub-Saharan African countries reeling from energy poverty.
- Since the Achilles heel of the case for ending energy poverty in rural communities remains the financing aspect, further research could be undertaken to ascertain feasible and effective ways that could be practically implemented or used in financing energy uptake by remote rural households with no access to reliable sources of energy.
- As movement from fossil fuels to renewable energy sources is the buzzword these days, further research should be undertaken on how the harnessing of renewable energy from air, solar and hydropower in Africa could be maximised to increase the efficiency and effectiveness of renewable energy and ultimately lead to the reduction of energy poverty in rural areas.

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