

EVI-SICEE-RESEARCH BRIEF-17

BRIDGING THE POLICY–PRACTICE GAP IN MALAWI'S INCLUSIVE ENERGY TRANSITION

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BOX 1: KEY MESSAGES

- Malawi has a strong clean energy and entrepreneurship policy framework, but weak implementation and enforcement continue to limit inclusive outcomes for women and youth
- Persistent policy–practice gap driven by fragmented institutions, weak coordination, and limited accountability systems pose the main challenge.
- Clean energy markets are expanding rapidly due to low electrification, high biomass dependence, and rising demand for solar and clean cooking solutions, creating strong entrepreneurial opportunities.
- Despite growing demand, women and youth remain concentrated in low-value segments of the value chain with limited access to finance, manufacturing, and innovation opportunities.
- Regulatory and licensing systems are widely perceived as complex, costly, and difficult to navigate, with 52% of enterprises operating without licenses, reinforcing informality.
- Access to finance remains a critical barrier, as women and youth face collateral constraints and limited access to structured and inclusive green finance mechanisms.
- Unlocking inclusive clean energy entrepreneurship requires simplified regulation, improved financing mechanisms, stronger institutional coordination, and targeted support for women and youth enterprises.

OVERVIEW

Malawi's clean energy entrepreneurs are finding their footing in a rapidly changing but structurally constrained energy transition. We see that the sector is underpinned by a strong national framework; involving the National Energy Policy (2018), the Renewable Energy Strategy (2017) and the Malawi 2063 development agenda. In essence, the frameworks support widespread access to affordable, reliable and sustainable energy while enhancing private-sector participation and inclusive development (Government of Malawi, 2018). The policy commitments to nuclear and hybrid renewable hybrid systems are being reinforced by development partners' interventions in decentralized energy systems: mini-grids, off-grid solar and clean cooking technologies are critical to attain universal access (UNDP, 2023; MERA, 2017). However, fragmentation limits effective implementation, despite these strong institutional and policy foundations (Frame et al., 2022). Data from the study shows that the clean energy ecosystem is fragmented, informal, and unevenly inclusive. According to our survey, over half (52%) of clean energy companies have no formal licensing at all, while less than 50% are registered with the Registrar of Companies. The limited capacity to implement and enforce policies for women- and youth-led enterprises, despite high ambition, is indicative of these structural realities. Kabwazi (2023) highlights that considerations of gender and youth are often treated as marginal rather than central in energy planning and implementation. She mentions that women are still presented as vulnerable beneficiaries rather than active actors of energy transformation, which limits their participation in entrepreneurship, technical jobs and leadership in the energy sector.

BOX 2: METHODOLOGY AND APPROACH

This brief is part of an International Development Research Council (IDRC) funded project entitled “Evidence for Informing Scaling and Impact in Youth and Women-led Clean Energy Enterprises (EVI-SICEE) in Africa”, which is implemented by a consortium led by African Centre for Technology Studies (ACTS). In 2025, ACTS alongside Mzuzu University undertook a study to assess the state of women and youth entrepreneurship in Malawi’s clean energy sector. The study adopted both quantitative and qualitative methods with an initial scoping study that informed the subsequent development of data collection tools. Utilizing these tools, a broad survey was carried out covering 905 clean energy entrepreneurs across Malawi. Four main cities which are representative of the regional hubs were selected namely Lilongwe in the Central region, Mzuzu in the North; and Zomba and Blantyre cities in the South. A total of 79% of the respondents were men and 21% were women. Half of the respondents consisted of male youth, followed by men who are adults (29%), female youth (14%), and adults who are women (6.5%). Interestingly, most respondents were the sole owners of clean energy enterprises as co-partners were only 3%, while 24% were employees and agents at 8%. The assessment also included key informant interviews to enrich the qualitative aspect of the study. A workshop for stakeholders validated the findings. This research brief therefore combines findings from the various data sources from Malawi.

SETTING THE CONTEXT

Malawi has a relatively comprehensive and enabling policy environment for clean energy entrepreneurship, with a strong recognition of the role of women and youth in an inclusive energy transition. National policies including the National Energy Policy of 2018; the Renewable Energy Strategy of 2017; the Malawi 2063 vision; the National Youth Policy of 2023-2028; the Gender Policy of 2015; the MSME Policy of 2019; and the National Charcoal Strategy of 2017-2027 promote private-sector participation, investment in renewable energy, skills development and entrepreneurship, and integration into the economy and society. Policies backed by constitutional guarantees of gender equality and special measures strengthen them further.

The overall strategic leadership of the energy sector in Malawi is provided by the Ministry of Energy. Licensing, tariff and regulatory functions are provided by the Malawi Energy Regulatory Authority (MERA). While the distribution function is carried out by the Electricity Supply Corporation of Malawi Limited (ESCOM), the generation function is performed by the Electricity Generation Company (Malawi) Limited (EGENCO).

Clean energy entrepreneurship is viewed as a strategic solution to Malawi's intersecting problems of energy poverty, climate vulnerability, and youth unemployment. For 2022, electricity access was 25.9% of the population, while biomass has been around 86% of the total energy consumption. The country is suffering from severe structural energy deficits, as per World Bank (2022), showing deep dependence on unsustainable energy. The energy profile limits economic outcomes while negatively impacting the environment and health due to indoor air pollution. To counter this, global and regional energy transition literature affirms that decentralized renewable energy systems offer feasible pathways for access expansion in order to create inclusive economic opportunities (IRENA, 2023). Centralized renewable energy systems, however, face challenges of technical infeasibility and large hydro-export (IRENA, 2023), creating enhanced climate and commercial risks.

In Malawi's National Energy Policy (2018), renewable energy expansion, private-sector participation and inclusive development are positioned as the central pillars for energy transition. Further frameworks that support the national energy policy include the Renewable Energy Strategy (2017) and Malawi 2063 Agenda (Government of Malawi, 2018). Policies of this nature explicitly endorse entrepreneurship as a principal means of expanding energy access and boosting local economic development.

However, in the face of this enabling policy environment, women and youth, who are a large share of informal and micro-enterprise actors, continue to be disproportionately absent from formal clean energy value chains due to structural, financial and regulatory constraints. Among them are limited access to finance, inadequate technical and business development support, and a convoluted licensing system, all of which disproportionately affect smaller enterprises (Malawi Legal Information Institute, 2017).

Evidence from key informant interviews highlights this disconnection between policy ambition and real-life experiences in the sector. While partnerships, innovation, and institutional support mechanisms are important for advancing clean energy access, stakeholders feel the benefits of these systems are not evenly distributed. Large firms and well-connected actors are often better positioned to benefit from donor-funded and regulatory approved programs as well as market opportunities. Meanwhile, women-and youth-led enterprises are often excluded from the mainstream value chains. There are statements that mention cooperation at the upper levels of institutions, for example, investments in large hydropower projects supported by the World Bank and rural electrification projects supported by UNDP. However, they have a positive impact on not particularly supporting new small players. Literature also warns of a similar impact where clean energy transitions may end up perpetuating existing inequalities if deliberate inclusion mechanisms are not put in place (UNDP, 2025; World Bank, 2022).

POLICY–PRACTICE GAPS IN MALAWI’S CLEAN ENERGY ENTREPRENEURSHIP ECOSYSTEM

The Malawian government has a fairly progressive policy framework by African standards that encourages renewable energy, private-sector participation and inclusive entrepreneurship. Policies like the National Energy Policy (2018), Renewable Energy Strategy (2017), and Malawi 2063 espouse private investment, innovation, and women and youth participation, but clean energy enterprises continue to confront obstacles. As noted by Chisale and Lee (2023), inadequate funding, limited financial incentives, and governance issues are some of the main hindrances to renewable energy development and enterprises in Malawi. In addition, gender-sensitive objectives are not usually applied in energy planning, regulation, budgeting, and implementation of projects with the result that women’s representation in technical, leadership and entrepreneurship roles within the energy sector continues to be low. Moreover, the growth of clean energy firms, especially micro, small and medium enterprises involved in off-grid electrification and clean cooking value chains (EnDev, 2024) is further hampered by greater economic instability, foreign exchange shortages and market constraints. The energy entrepreneur’s assessment and the implementers’ assessment indicate that there is little overlap in the coping strategies.

As the upcoming sections demonstrate, the survey findings and key informant interviews consistently indicate that, despite the strong policy intent, operational systems remain fragmented, under-resourced and unevenly implemented, resulting in the continued exclusion of small and emerging clean energy enterprises.

IMPLEMENTATION GAP

Malawi has the right policies for clean energy. However, their enforcement is weak. Similarly, operational capacity and monitoring systems for these policies are lacking. There is also room for improvement when it comes to monitoring these policies. The National Energy Policy (2018) and the Renewable Energy Strategy (2017) call for universal access and private sector participation, but their lack of strong implementation mechanisms has resulted in patchy compliance and the continued informality of clean energy firms (Government of Malawi, 2018; World Bank, 2022).

Fewer than 50% of Clean Energy Enterprises (CEEs) are registered with the Registrar of Companies (Figure 1). This shows weak enforcement of formalization requirements under the Companies Act. The survey findings suggested that many entrepreneurs were uncertain of the licensing requirements, which further compounds the lack of awareness of regulations.

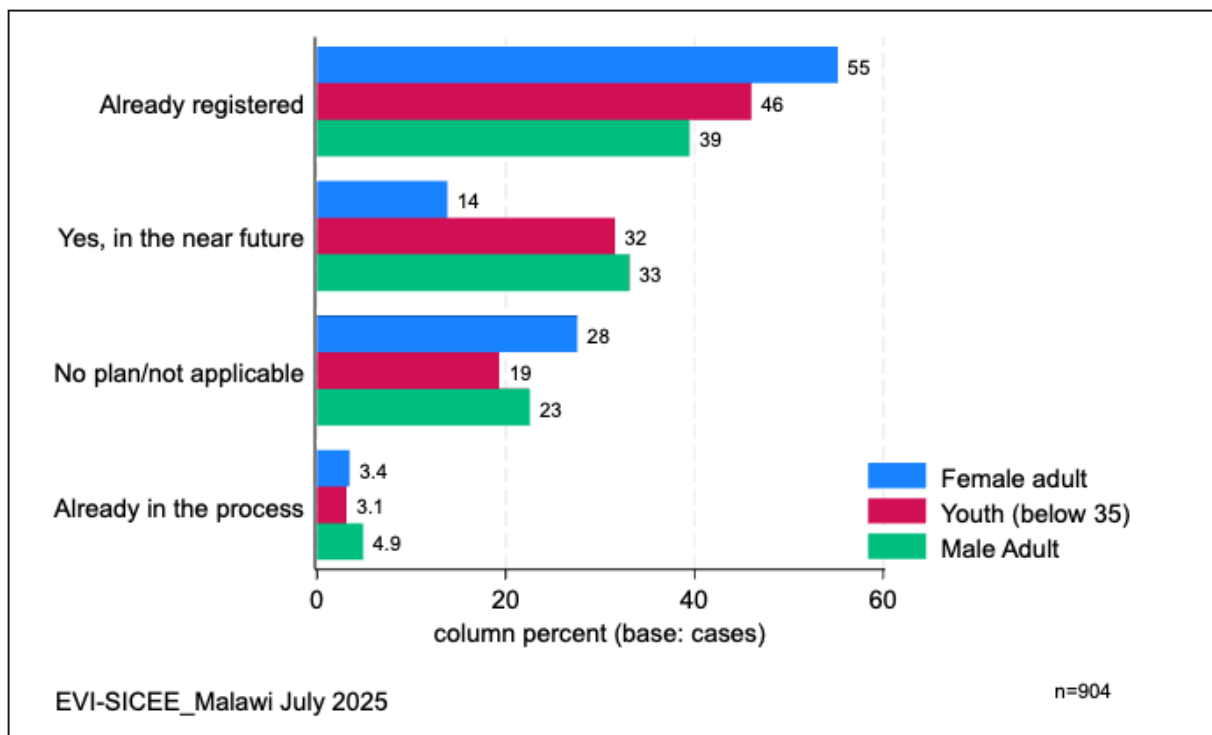


Figure 1. Registration status with registrar of companies

Additionally, Figure 2 shows that 52% of clean energy enterprises are unlicensed, indicating widespread non-compliance with regulatory requirements for operation.

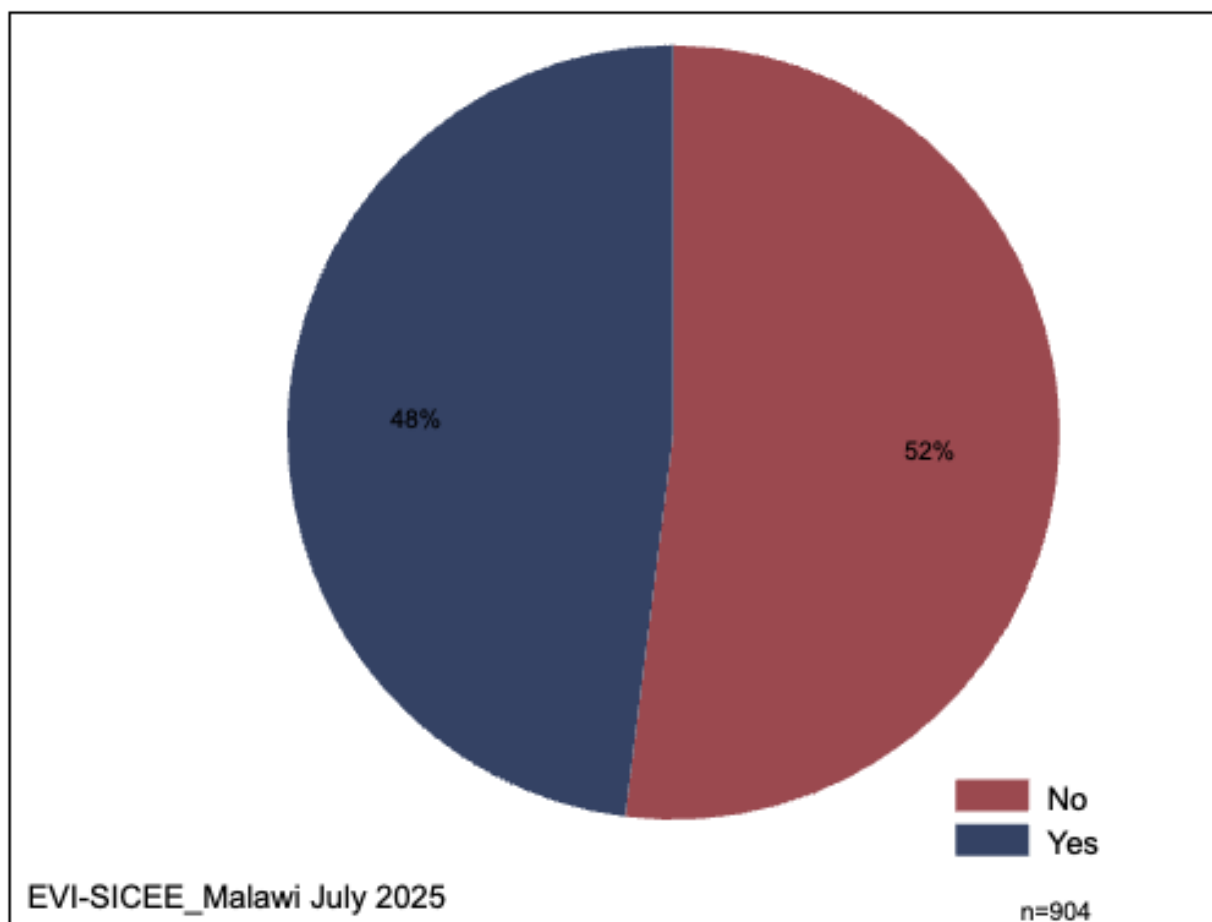


Figure 2. CEEs licensing status

Evidence from key informants further illustrates how weak implementation impacts quality and compliance:

“Some people install systems without accreditation from the Malawi Energy Authority. This results in poor-quality installations.” (Institution 1)

The failure to implement laws influences all regulations, including the types of operating licenses, generation, distribution, installation, importation, and environmental approvals compliance requirements. There are licensing frameworks under MERA and the Electricity Act (2016), but their enforcement is patchy, particularly regarding small and informal operators (MERA, 2017; World Bank, 2022).

The gap affects the development of regulations and policies to foster women- and youth-led enterprises with supportive regulations. While policies make provisions for tax exemptions, renewable energy incentives, and MSME (Micro, Small and Medium Enterprises) support, survey data presented in Figure 3 shows that most CEEs find government tax incentives inaccessible. This shows a disconnect between what is designed and how it is implemented on the ground.

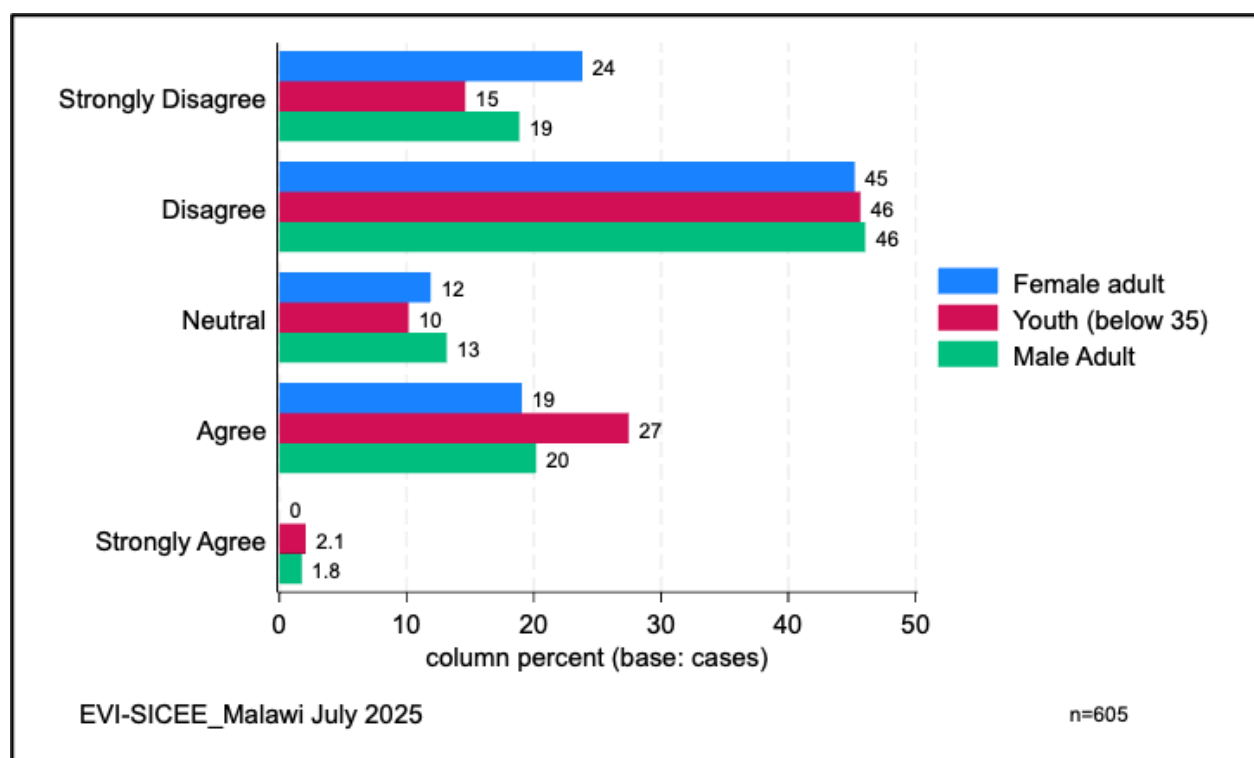


Figure 3. Respondent's perception on availability of tax incentives for CEEs

INSTITUTIONAL FRAGMENTATION

The existence of multiple institutions with overlapping mandates and poor coordination negatively affect the clean energy sector (UNDP, 2023; MERA, 2017). Though there are several players in the sector, they have weak coordination mechanism. These players include MERA, ESCOM, Ministry of Energy, Local Authorities, and Development Partners. The fragmentation affects practically every aspect of clean energy entrepreneurship, including licensing systems, registration processes and access to incentives (Frame et al., 2022). Entrepreneurs, for instance, can't easily find, or access, an integrated one-stop outlet for operating licenses, environmental clearances, tax registration and business permits. It increases the cost of transactions and discourages formalisation, especially for women and youth enterprises.

Most CEEs perceive that the licensing and permit acquisition processes are difficult (Figure 4). They complain about the overlapping requirements and delays specific to the institution.

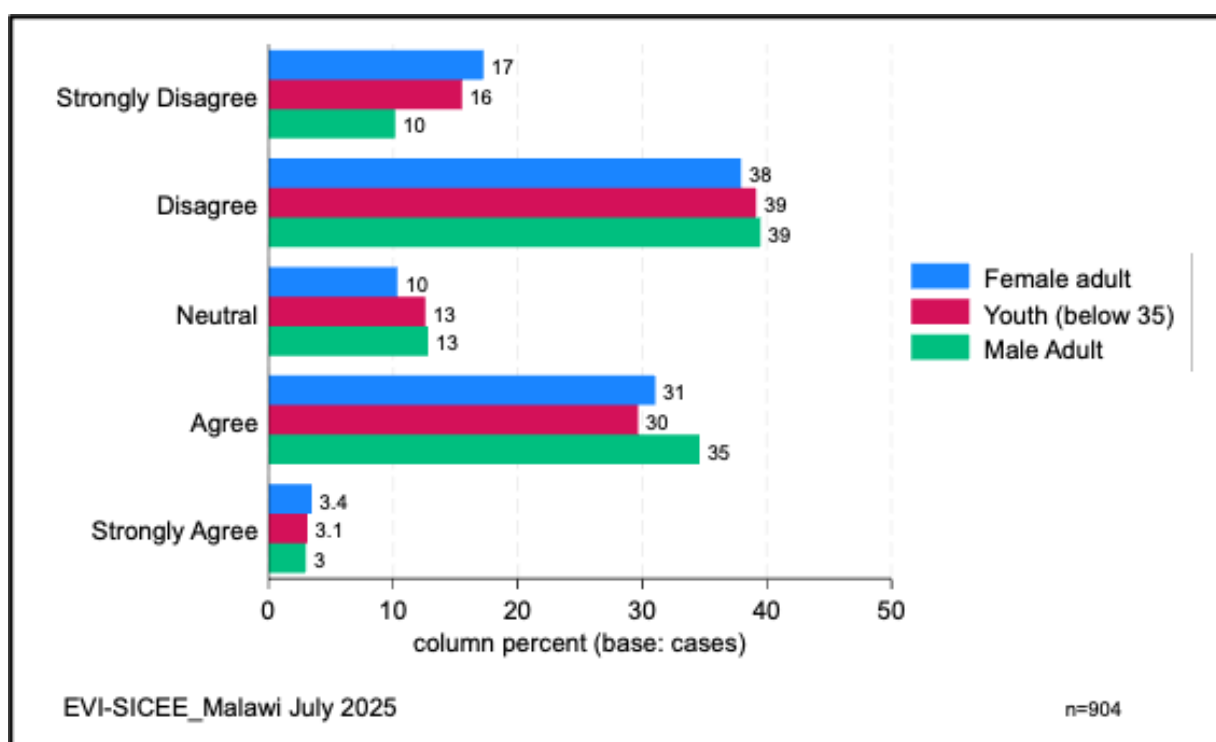


Figure 4. Respondent's perception on perceived ease of licensing and permit acquisition for CEEs

Key informant interviews highlight the effects of fragmented institutional systems on enterprise operations:

“Students are placed in industry for hands-on experience linking academia and industry.”
(Ministry 2)

Nonetheless, some coordination among the stakeholders is evident but larger cooperation in the ecosystem is limited. Moreover, it is project-driven rather than system-wide.

Awareness of policy and regulatory requirement is also hampered by institutional fragmentation. This is evidenced from survey data (Figure 5), various gender and age categories do not seem to have a clear understanding of regulations. Co-ordination among systems for dissemination and sharing of regulatory knowledge is critical. Without that, regulatory knowledge gets concentrated in the hands of a limited number of large or donor-supported enterprises. Smaller CEEs get excluded from important flows of information.

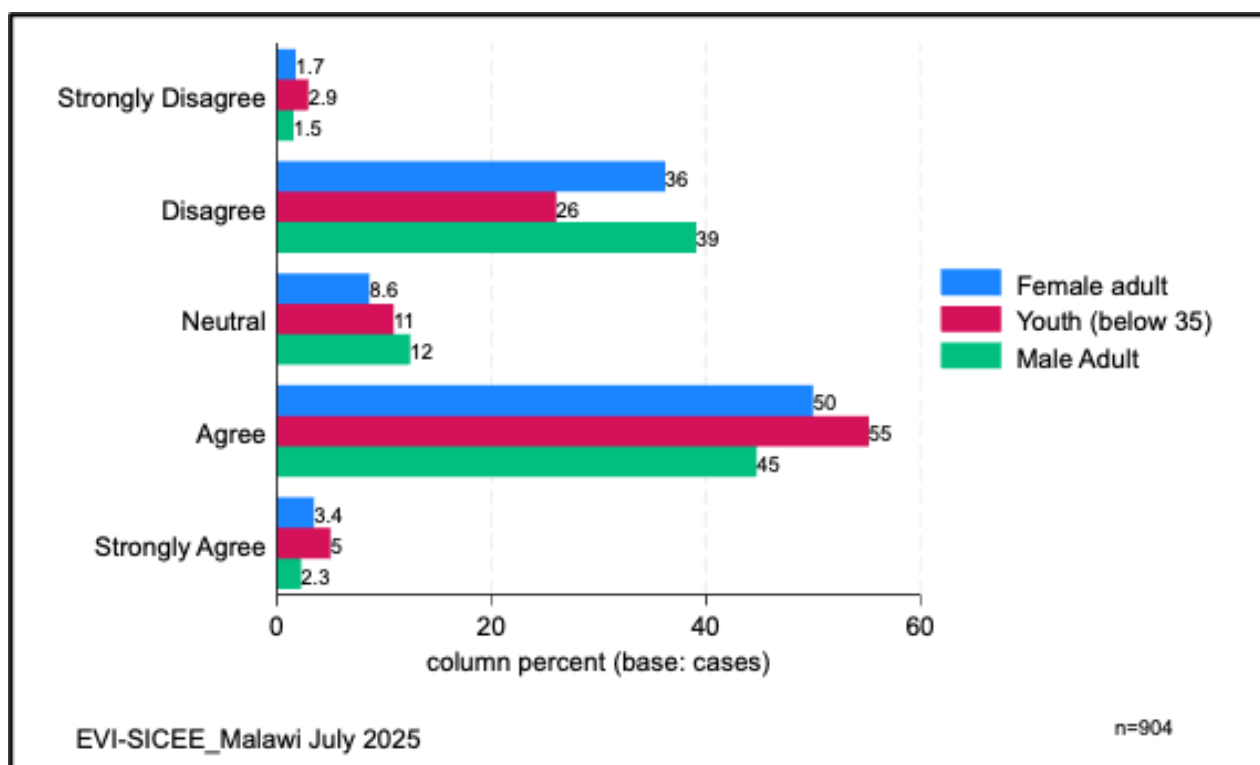


Figure 5. Respondent's perception on awareness of policy and regulatory requirements among CEEs

GAP IN FINANCIAL INCLUSION

According to Dai et al. (2026), one of the most persistent market barriers hindering the growth and scalability of women- and youth-led clean energy enterprises in Malawi is the financial inclusion gap. World Bank (2022) asserts that access to affordable and flexible financing remains highly unequal despite the existence of microfinance institutions, Savings and Credit Cooperative Organizations (SACCOs), donor-funded programs, and emerging green finance in Malawi.

The ability of CEEs to meet their legal registration with Registrar of Companies; obtain operating licenses and achieve tax compliance gets directly affected. All of these require financial resources. Women entrepreneurs and youth entrepreneurs are generally more likely to be situated in either informal or semi-formal systems. This exacerbates business burden besides increased barriers with respect to collateral, credit history and formal banking exclusion.

As illustrated in Figure 1, the majority of CEEs regard government tax incentive and exemption schemes as out of reach. This perception holds true in spite of the fact that these schemes exist both under the auspices of the Investment and Export Promotion (IEPP) and specifically under the National Energy Policy (2018).

Similarly confirms that formal registration is limited, with the compliance processes reflecting a financial burden. Similarly confirms that this is the financial burden.

Key informant interviews highlight how financing constraints are partially addressed through informal and semi-formal mechanisms:

“We are engaged with SACCOs and other organizations. The idea is that clients can access stoves through credit products, paying in instalments.” (Producer 2)

While such arrangements improve affordability, they remain fragmented and insufficient for enterprise scaling.

A lack of financial inclusion prevents one from taking part in more valuable aspects of the clean energy value chain. Without targeted financing instruments such as blended finance, credit guarantees and gender-responsive funds, women and youth remain locked in low-value segments like retail distribution and rudimentary installation (Kingiri et al., 2025).

REGULATORY AND MARKET BARRIERS

Malawi’s clean energy regulatory environment, anchored in the Electricity Act (2004/2016 amendments) and administered by MERA, requires multiple layers of licensing for generation, distribution, and energy service provision (Malawi Legal Information Institute, 2017). While the policy framework promotes private sector participation, evidence suggests that the licensing processes are still centralized, administratively burdensome and costly for small businesses (AfDB, 2023). The renewable energy and mini-grid developers must also satisfy an overlapping set of requirements like environmental approvals, business registration, and technical licensing procedures, which raises transaction costs and delays entry to market (MERA, 2019). These structural constraints disproportionately affect women- and youth-led clean energy enterprises, limiting their ability to scale within the sector (UNDP, 2025).

Obstacles are apparent across several levels of the clean energy ecosystem – type of operational licences, licensing and permit-to-operate systems, compliance requirements for business registration, etc. In order to set up operations, enterprises would require numerous approvals such as a generation license, permission to import, installation certificate, environmental approval, local business permit etc. Thus, the compliance process is layered and expensive.

According to Figure 3, most CEEs think licensing and obtaining permits is a difficult task with negative perceptions trumping positive ones. These problems are further compounded by market structure. The findings from the key informant interview show that concentration in the market limits the flexibility of the entrepreneur:

“We only sell to one customer, the government through ESCOM.” (Producer 1)

The weak participation of private sector in energy procurement systems reflects limited market diversification. This concentration reduces the ability of CEEs to scale up and limits competition, especially for women and youth-led enterprises.

Regulatory barriers also impact government tax incentives available for CEEs and adequate tax exemptions for products and services. Despite the presence of such incentives, enterprises find it difficult to access or understand them. This shows how bureaucratic delays slow down market entry and stifle innovation, especially in nascent subsectors like clean cooking and carbon markets.

CONCLUSION AND RECOMMENDATIONS

Women and youth must go beyond last-mile distribution in higher-value segments of Malawi's clean energy value chains. Interventions must address structural barriers as finance, skills, technology, markets, social norms and enterprise development. As a follow-on from the findings of this paper, the recommendations are as follows.

- Use a digital platform that will provide all MERA licensing, business registration, tax services, environmental, etc. through one integrated and single-window platform to avoid fragmentation and facilitate compliance for CEEs.
- Create a fast-track licensing window for women- and youth-led enterprises. Basic requirements, fees and timelines will be simplified and shortened.
- A specific blended finance mechanism designed for women and youth clean energy entrepreneurs will need to be created, which combines credit guarantees, concessional loans and grants to address the persistent issue of financial exclusion.
- Strengthen clean energy governance structures at the district level to decentralize licensing, access to information and enterprise support services nearer to rural entrepreneurs.
- Launch a nationwide campaign aimed at creating awareness and formalising the business registration process especially among the 52% unlicensed informal CEEs.
- Expand Technical and Vocational Education and Training (TEVET) programmes in Science, Technology, Engineering, and Mathematics (STEM) and clean energy value chains that enhance women and youth participation in high-value technical innovation roles.
- Reorganize energy market structures to enhance competition along with diminishing the dependency on a single-buyer through opening up procurement and sales opportunities beyond centralized utilities.
- Creating a transparent information system on digital tax incentives will provide businesses with greater awareness and access to VAT exemptions, duty waivers, and investment incentives that are otherwise visualized as inaccessible.
- To monitor licensing and financing, and inclusion outcomes, evidence-based policymaking and undertake timely interventions, put in place a national sex and age disaggregated clean energy enterprise monitoring system.

SELECTED FURTHER READING

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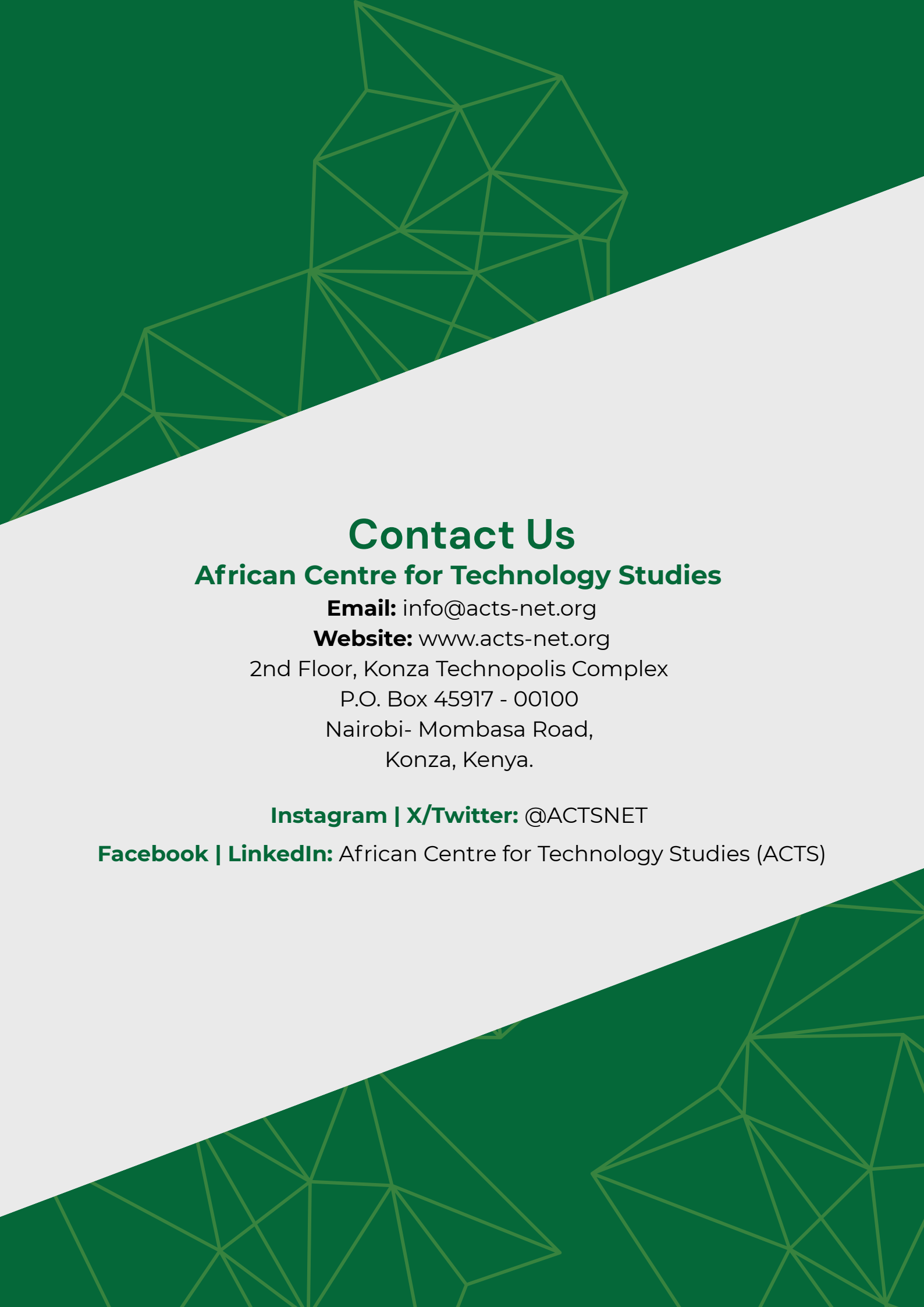
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