

SUPPLY CHAIN PRACTICES FOR OFF-GRID SOLAR COMPANIES

Lockdown and social distancing measures implemented in many countries to prevent the spread of Coronavirus Disease 2019 (COVID-19) have an immense impact on the supply chains of off-grid solar companies throughout sub-Saharan Africa. This information sheet provides general guidance on how off-grid solar companies can mitigate the supply chain disruptions caused by the pandemic.

RECONNECT THE DOTS & ACCOMMODATE DISRUPTIONS

COVID-19 has resulted in widespread production shutdowns and supply chain disruptions due to port closures and quarantine lockdowns in China, causing a “twin supply-demand shock” across global economic sectors.*

MANUFACTURING DELAYS:



- Manufacturing delays or shutdowns have a direct impact on the ability of companies to source new components and replenish their inventory.
- Even if production starts to come back online, the initial lockdown and stock shortages can lead to significant delays in supply chains.
- Procurement is also being delayed by a rush on forex in many African countries. As governments prioritize forex for importing medical equipment, off-grid solar companies might not be able to settle payments to their suppliers, delaying their orders.

SHIPPING & LOGISTICS:



- Although countries with closed borders may continue to accept shipments by air, land, and sea, work-from-home orders may infringe on companies' ability to continue operations.
- Some import exceptions only apply to “high priority” or “essential” sectors. Additionally, quarantine orders and restricted movement of goods within countries disrupt logistics.
- Lockdowns delay the movement of goods across borders, particularly for landlocked countries that rely on road transport to import goods via neighboring countries.
- Due to fears about cross-border transport fueling the spread of COVID-19 across the region, countries are setting up restrictive measures that may cause further logistics delays.

For more information, refer to:

Sustainable Energy for All:
<https://www.seforall.org/sites/default/files/2020-04/SEforall-survey-findings-20200417.pdf>

POTENTIAL SHORT-TERM SOLUTIONS



- Ship semi-finished products and finish the products in-country. This could potentially boost local assembly in the post pandemic era.
- Identify local suppliers and distributors to reduce supply chain constraints.
- Communicate with suppliers to try and overcome any issues and minimize business disruption.
- Work with associations and authorities to gain “high priority” or “essential” status.

POTENTIAL MEDIUM-TERM SOLUTIONS

- Work with solar associations to support the facilitation of goods clearance at ports and address other importation challenges.
- Identify new suppliers to increase diversity within supply chains.
- Bring inventory management systems online, to keep track virtually during the lockdown.
- Plan for continued supply chain impacts and ensure up-to-date information on lead times for all components, operations, and logistics routes.
- Revamp product designs to accommodate component or supplier changes.

For more information, refer to:

EEP Africa: <https://eepafrica.org/how-to-covid-proof-companies/>

* Baker McKenzie: <https://www.bakermckenzie.com/en/insight/publications/2020/03/the-impact-of-covid19-on-african-trade>

ADAPT TO MEET SHIFTING DEMAND

The COVID-19 pandemic impacts the demand for energy products and services. Off-grid solar companies should be willing to adapt to stay ahead of the curve.



- On the ground information, past market performance, up-to-date market intelligence, and insights from sales agents will all need to be leveraged to forecast demand for products and services.
- Demand forecasts should inform procurement decisions, taking into account changing lead times associated with the pandemic-related supply chain disruptions and shifts.