Financing Solar Energy
Traditional vs. PayGo

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• Off-Grid Solar - Generic Barriers
• Two Transformational Solutions
  • PayGo Kenya
  • IDCOL Bangladesh
• Drawing conclusions on what works where
Off-Grid Solar

Kerosene to Solar LED
Business Case

Approx. 1 year of Kerosene pays for a SHS which lasts for > 3 years

Three Generic Barriers

1) Credit for Off-Grid Population
2) Consumer Trust in the Product Quality
3) Low Asset Value, High Relative Transaction Costs
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Business Case

Use mobile money and M2M communications.

Three Generic Barriers

1) Credit for Off-Grid Population
   => "Threat" to switch off their system
2) Consumer Trust in the Product Quality
   => Option to stop paying when product fails
3) Low Asset Value - High Relative Transaction Costs
   => Mobile collection
Business Case
Utilize network of existing Micro-Finance Network.

Three Generic Barriers
1) Credit for Off-Grid Population
   => Credit history from Agricultural Microcredits
2) Consumer Trust in the Product Quality
   => National Certification Scheme
3) Low Asset Value - High Relative Transaction Costs
   => Existing institution, slightly larger SHS
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<th>Solution Kenya</th>
<th>Solution Bangladesh</th>
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What works where?

There are many answers to the basic issues...

Why should the Lender trust the Consumer?
Why should the Consumer trust in Product Quality?
How do we get down Transaction Cost?

Build on existing strong institutions!