

## **Business plans for financing solar lamps.**

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Photovoltaic solutions make good sense ecologically but need subsidising to bring onto the market, either in Europe or in developing countries. Thus the importance of business plans to facilitate purchase.

Below are some examples of business plans to stimulate thought processes - there may be others. Basically every business plan has to be matched to the local social and economic conditions. We are convinced that it is not so much the technical solution, more the development and implementation of business plans which guarantees lasting success for the project.

### **1. Gifts**

The easiest way to distribute the lamps is to make gifts of them. But this does not give the recipient the satisfaction of having contributed to the new acquisition and this could lead to low appreciation of the lamps.

### **2. Vouchers**

This is a half way house between gifting and selling. A local charity organisation dispenses vouchers to the future clientele. As soon as these people have collected a full set of vouchers, they can buy the lamps.

### **3. Sales**

The simplest plan is to sell the lamps. A genuine commercial sale is only possible if the buyer has a high income. Someone with an income of \$1 per day cannot afford a selling price of 80 euros, even if you bear in mind that he no longer has to pay for kerosene. 35 litres of kerosene for a year is the equivalent of the price of one lamp. But selling solar lamps to middle class townfolk is a realistic option. Solux knows of cases where townfolk or humanitarian organisations have bought solar lamps at realistic market prices.

### **4. Hire purchase**

Here the buyer pays an instalment and receives the lamp without module

The lamp will be charged up daily at a shopping centre. As soon as all instalments have been paid off, the buyer receives the solar 'module' and this provides evidence that he has paid off his credit. This practice has been instituted in Peru by Frederic-Hilfe.

## **5. Renting**

Here the user gets a lamp complete with 'module' and can use it straight away. He pays a regular small contribution for the lamp but will never own it. The lease agent guarantees the functionality of the lamp including change of battery after some years.

Dealing with damage to or destruction of the lamp is a problem. The size of the rental payment should be chosen to cover administrative and maintenance costs and the purchase of a new lamp after some years. It would be judicious to ask for a deposit as surety for the rented lamp.

## **6. Small loan**

A small loan, also known as 'microcredit' system requires a local organisation to collect the credit payments. The general practice is for groups of women to organise saving groups where women save money together for a specific investment. The savings group functions as a social network and helps individuals to deal with and pay off the loan. The credit provider (Grameenbank, Oikokredit) provides the money and the know-how to organise the savings groups. So far the Grameenbank has won over a million women customers. The year 2005 has been widely proclaimed as the year of 'microcredit'.

## **7. Gifted lump sum**

In this instance a women's group receives a gift of a lump sum to buy the solar lamps. Then all women pay a regular small contribution for the use of the lamps. These contributions are collected together and the group decides whether the money should be used to buy further lamps or to invest in other things such as sewing machines, books etc. This plan has been used in Zanzibar.