Profile: SolarNow
Providing energy to off-grid communities through innovative asset financing

Challenge
More than 60 percent of people in Sub-Saharan Africa lack access to electricity, according to the World Development Indicators. Most of them live in rural areas off the grid, relying on primitive sources of energy such as biomass and kerosene, which are expensive, harmful to health, and polluting. With the slow pace of grid expansion, solar energy is the most viable option for them. However, the cost of a good-quality solar energy system is beyond the means of most villagers.

Innovation
SolarNow (www.solarnow.eu) has developed 50- to 2,500-watt solar home systems, priced from USD 400 to USD 10,000. Its products provide more power than simple solar lamps and last 10–20 years, depending on usage. To make its products affordable to base-of-the-pyramid consumers, SolarNow offers a 24-month credit facility, called PayPlan. Customers deposit 15–20 percent of the purchase price, paying the rest in monthly installments at an annual interest rate of 30 percent. To qualify for the plan, a buyer must pay USD 130 up front and have a monthly household income of USD 75. Once the deposit is paid, the system is installed within 14 days. Afterward, a service team makes regular calls and visits to monitor quality and ensure that customers are aware of repayment terms; a two-year service guarantee is also provided. Ownership of the system incentivizes proper usage and maintenance by the customer, as does the ability to upgrade their system and purchase other electrical products after completing the 24-month plan. Product upgrades—TVs, refrigerators, and other electrical appliances—are a key source of revenue for the company.

SolarNow has had to write off less than 0.4 percent of its loans, and less than 2 percent of PayPlan customers have repayments pending more than 30 days. Payment discipline is a constant focus: SolarNow has invested in monitoring repayments, sending timely reminders to customers.

Impact
Founded in 2010, SolarNow has sold 7,000 solar home systems, reaching about 50,000 people. A company investor’s impact study found that about half of all consumers live below the USD 2.50 per person per day poverty line. A third of the customers are institutions, including clinics and schools, which also reach the poor. Customers experience multiple benefits: cost savings; cleaner indoor air; increased productivity, as a result of lighting at night; and access to information, through radios, TVs, and phones.

Scaling Up
SolarNow has been selling solar home systems to off-grid consumers in Uganda since 2011. A major driver has been the company’s in-house consumer credit facility. It also sells a high-quality product, which has built trust among consumers previously wary of investing in solar systems. SolarNow raised €2 million in equity investment in 2014.