

**Global
Distributors
Collective**

Global Distributors Collective is a network of over 100 solar distributors across 150+ countries, providing a platform for solar entrepreneurs to connect, collaborate, and grow their businesses.



How to set up a microfinance cooperative for solar distribution entrepreneurs

From our GDC innovation how-to-guide series



Today's agenda

- Innovation Challenge scene-setting and intro to SolarAid's pilot
- Conversation with SolarAid
 - What led you to set up FEBCO?
 - What was the process of setting up FEBCO?
 - Top-tips and lessons learned from this pilot
- Q&A



Photo credit: SolarAid

About the GDC Innovation Challenge

A **unique** challenge that crowdsources innovations from **GDC members** and other organisations, helps **pilot the best ideas**, and supports the broader last-mile distribution community to **replicate and learn** from those innovations.



FINANCING ENERGY BUSINESS COOPERATIVE (FEBCO)

A member based micro finance institution owned by entrepreneurs who are running or involved in managing renewable energy businesses.

SACCO

THE INNOVATIVE SOLUTION to financing challenges facing energy businesses

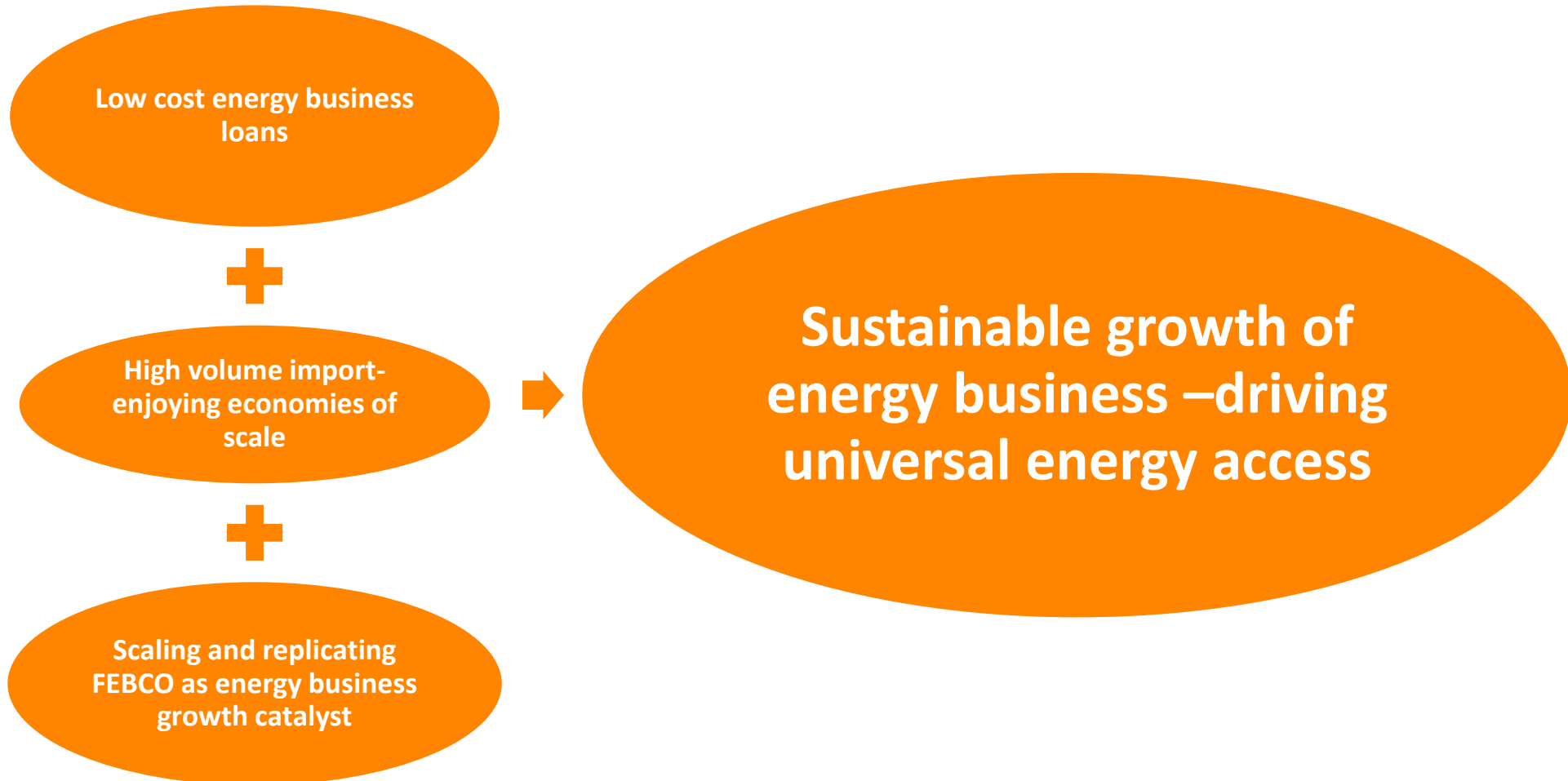
THE PROBLEM

Addressing financing barrier to developing successful and profitable energy businesses to achieve inclusive energy access in Malawi.

THE INNOVATION

Designing Energy Business Financing Cooperative which is formed and democratically managed by entrepreneurs operating energy businesses in rural communities

THE OBJECTIVE



**THE INNOVATIVE
SOLUTION
to financing
challenges facing
energy businesses**

1.

Go where most financial institutions don't go

2.

A unique cooperative for entrepreneurs, by entrepreneurs

WHAT WE HOPED TO ACHIEVE

- 1.**
Formation of FEBCO
- 2.**
Registration with relevant authorities
- 3.**
Commencement of the operations
- 4.**
Member share capital contribution



1.

Membership mobilization - 278 members recruited

2.

Registration - done with MUSCCO and Registrar of companies

3.

Commencement of operations - done

4.

Capital raised from members - GBP 39K (total of 61,300 USD invested into FEBCO)

5.

Loan disbursement - 27 loans disbursed in year one

HOW TO SET UP FEBCO

1. Background checks

2. Engage services of existing SACCOs

3. Engage with members (eg. entrepreneurs or Super Agents)

4. Map out FEBCO concept

5. Consult with Cooperative Union

6. Form the interim board of directors

7. Complete and submit registration documents

8. Register with Cooperative Union (umbrella body)

9. Register with Responsible Government Ministry

10. Recruit staff

11. Register with Central Bank

specific to setting
up a FEBCO

standard process for
setting up a new Savings
and Credit Co-operative
(SACCO) in Malawi and
each other country

SET UP AND OPERATING COSTS

Activity	Approximate costs (in USD)
Registration fees (including MUSSCO, Ministry of Trade and Central Bank)	400
Trainings and meetings (for members and FEBCO board)	1,200
Equipment (including computers, printers, furniture, phones etc.)	2,000
Salaries (for FEBCO staff to cover an initial 6-month period)	5,400
Total set up costs:	USD 9,000

LESSONS LEARNED IN MALAWI

- **Government buy-in is important**, to create a supportive enabling environment. This is key for microfinance institutions', like SACCOs, growth and operations.
- **Commitment from other policy makers is critical** to providing SACCOs with legitimacy in the longer-term. In the case of FEBCO, the Central Bank of Malawi's support in particular helped SolarAid to set up long-term growth strategies.
- **Building a strong relationship with the Cooperative Union** (the umbrella body) is important, as they are there to support you.
- **A strong relationship with the Cooperative Union (the SACCO umbrella body) is highly strategic.** This body has the responsibility, resources and tools to support the set up of a new SACCO - and can support with post set-up activities including staff training, M&E and auditing.

LESSONS LEARNED IN MALAWI

- **Patience and communication**, including updating all members regularly so they feel valued and involved, is key.
- **Not all members will jump onboard when things are not going according to the plan**. In the case of FEBCO, while 17 out of 29 Super Agents took out a loan through FEBCO, 12 Agents delayed joining because of the delay in registration.
- **Profitability takes time and will not be achieved overnight**. The only way for FEBCO to become profitable is through offering loans to more fee-paying members. It takes time, however, to build and grow a sustainable, stable membership.

KEY TAKEAWAYS AND TOP TIPS

- **Do the research, identify the gaps**
- **Understand the regulatory framework before committing**
- **Set clear objectives and devise a strategy to pitch to the potential members**
- **Mobilise committed members**
- **SACCO is a numbers game**
- **Follow instruction from the affiliated umbrella body**
- **Be proactive**
- **Keep members informed**

THANK YOU!



Brave Mhonie -SunnyMoney Malawi

Q&A