

Webinar co-hosts:



Financing the last mile: Last mile distributors offering credit 9th December 2025

Funded by:



Transforming
Energy
Access

GDC is hosted by Practical Action alongside strategic and implementing partner Bopinc



Agenda

- **Welcome and intro from GDC**
- **Scene setting and overview of latest report findings from MAF Lab**
- **Insights from GDC members**
WidEnergy Africa and Tulima Solar
- **Q&A**
- **Wrap up and close**



Credit: Practical Action

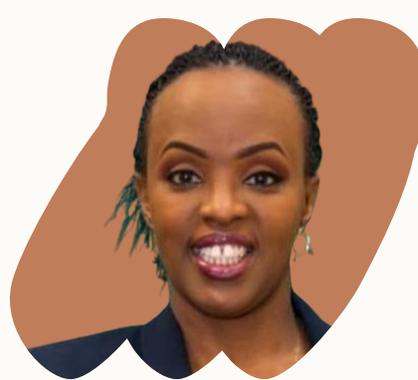
Who you'll hear from today



Jessica Utichi
Head of the GDC
Practical Action



Willem Nolens
Managing Director
MAF Lab
(ex-PAYGo Lab)



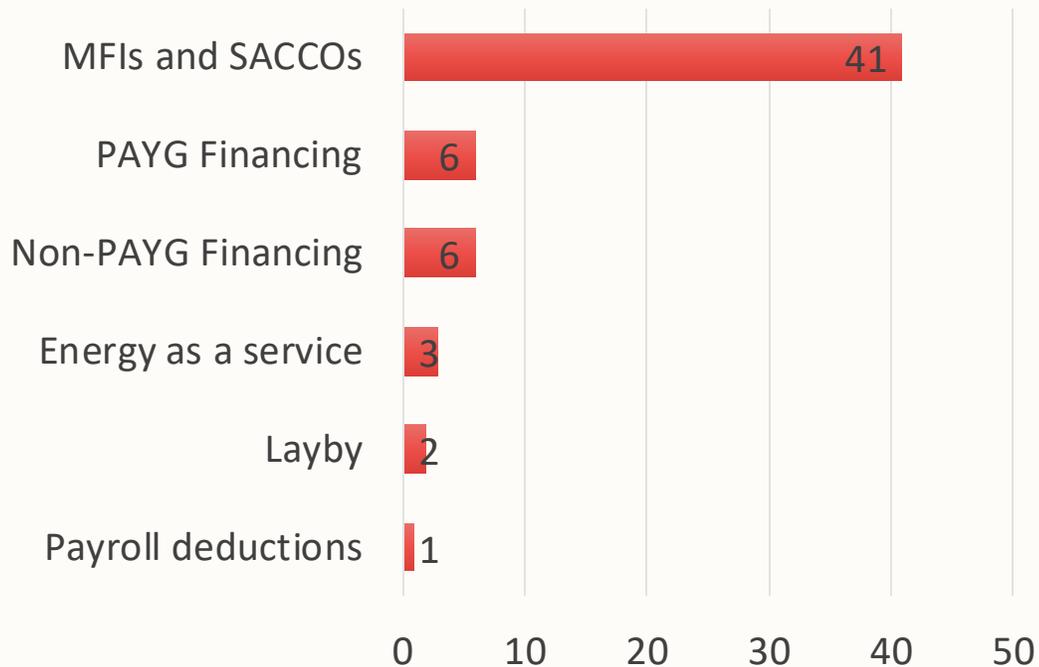
Liliane Munezero
Ndabaneze Chabuka
CEO
WidEnergy Africa



Vincent Ssebbaale
Sseremba
CEO
**Tulima Solar and
Simusolar**

Consumer financing

Consumer Financing Types



It's very challenging for LMDs to become PAYG companies. Selling both the asset and the consumer finance is a conflict of interest - one side wants to push sales, while one wants quality of receivables book. It's a marathon, not a sprint - but LMDs such as Zuwa Energy in Malawi are showing it can be done. - MAF Lab



Polls



A Black woman with a voluminous afro hairstyle is smiling warmly at the camera. She is wearing a vibrant, multi-colored patterned top with circular motifs in red, yellow, and black. Her accessories include large red hoop earrings and a delicate necklace. The background is a blurred office setting with other people seated at a table, suggesting a professional meeting or conference.

In-house credit Yes or no?

In-house credit or not?

Benefit:

Offering credit:



Improves affordability



Increases demand



Increases sales margin

Costs:

Managing credit:



Risk of default



Capital intensive



Costly

Case study in-house credit

Benefit:

Offering credit:



- Improves affordability

- 10% DP, 18m credit



- Increases demand

- Sales increased 10x, from 100 to 1,000 per month



- Increases sales margin

- COGS: \$60
- Cash price: \$100
- Credit price: \$140

Margin increased from \$4,000 to \$80,000 p/m ↑

Costs:

Managing credit:



- Risk of default

- Average PAYGo repayment rate: 72% at 2x tenor (GOGLA, 2025)



- Capital intensive

- Need >\$1m funding in Year 2



- Costly (ESMAP, 2024)

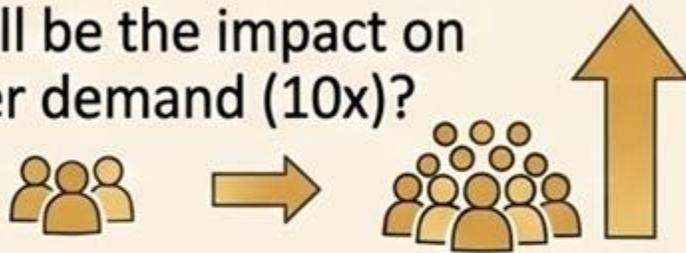
- Bad debt: 24% (\$34)
- Cost of financing: 14% (\$20)
- Extra operational costs: 12% (\$17)

Costs increased by \$71,000 p/m ↓

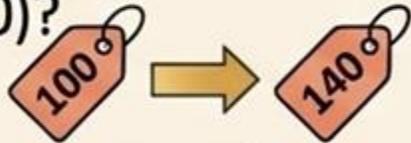
3 key questions

When considering in-house credit, do small pilots to answer:

1. What will be the impact on customer demand (10x)?



2. Will customers accept higher prices (100 -> 140)?



3. How will you ensure high repayment rates (95% instead of 72%)?



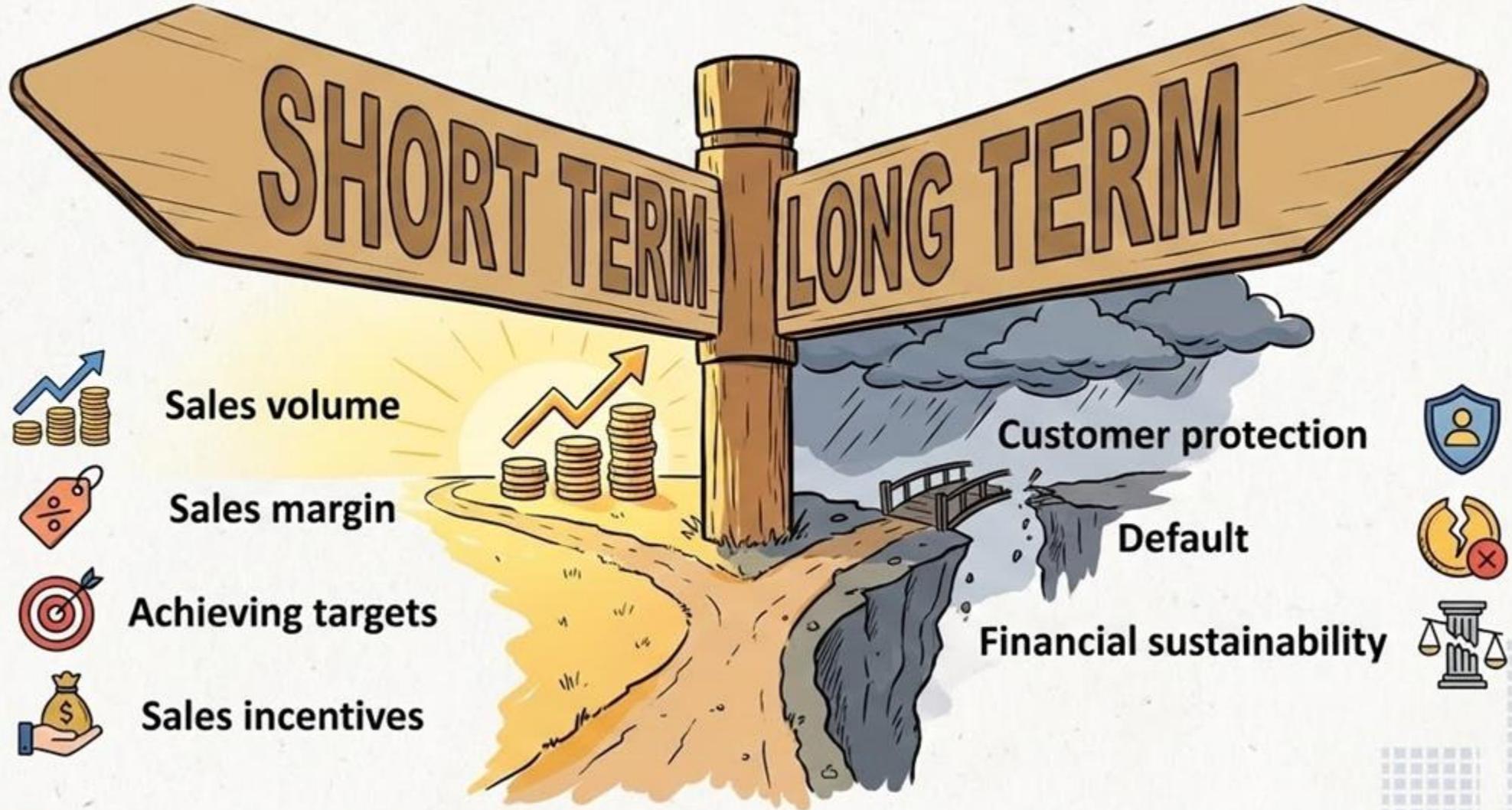
Then do the following two things:

4. Recalculate your unit economics



5. If positive, raise sufficient funding to prevent stock-outs

The BIG risk of doing credit in house

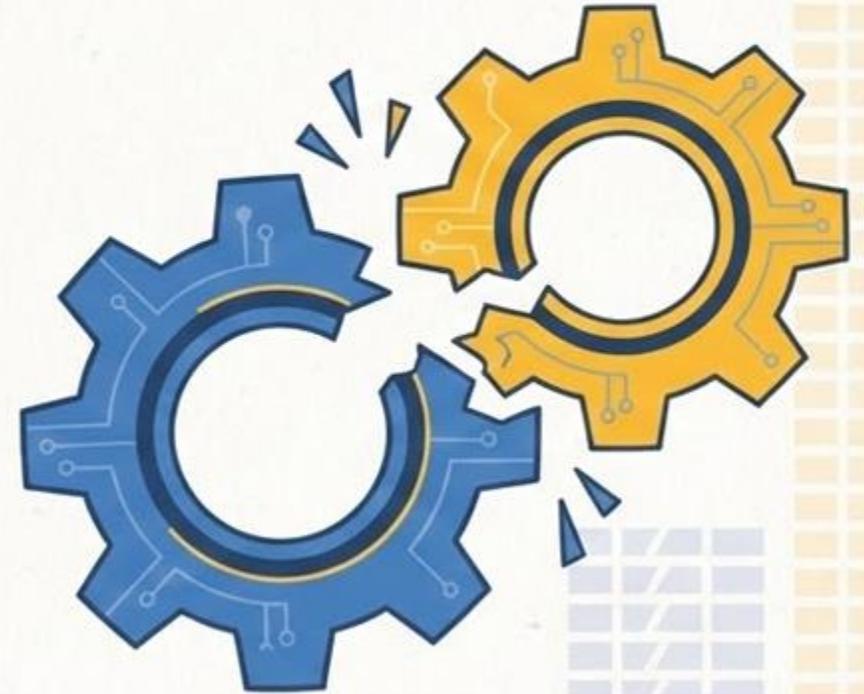




MFI partnership How?

Why MFI partnerships fail

-  1. Customer segment overlap
-  2. Loan sizes overlap
-  3. MFI lacking trust and fearing complexity
-  4. Last mile distributor fearing rejections



5 steps towards successful MFI partnerships



1. Align on customer segment and eligibility

Ensure both parties have the same understanding of which customers qualify, including clear overlap in target segments, income profiles, and risk criteria.



2. Agree on loan products and ticket sizes

Confirm that you are both comfortable with the loan amounts, tenors, and repayment structures.



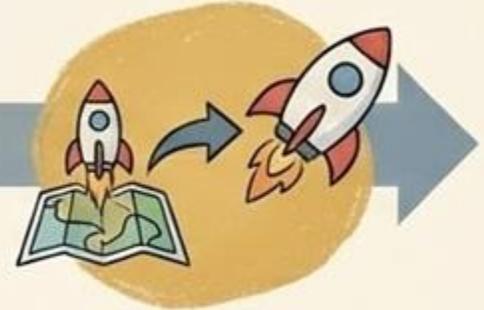
3. Develop a robust, balanced Service Level Agreement

Define in detail, the each party's responsibilities, data flows, timelines, fees, branding, customer communication, dispute resolution, and performance reporting to ensure a fair and transparent collaboration.



4. Align expectations on credit decisions

Accept upfront that the MFI will decline customers who do not meet their credit standards, and prepare your board and investors by setting realistic expectations around approval rates, portfolio quality, and sales impact.



5. Pilot, learn, and refine before scaling

Start in one small territory for at least 6 months, collect data, test processes, and jointly refine the model before expanding.

Q&A



Wrap up and next steps

- Your feedback
- We will share the slides, recording, and contact details of today's speakers
- Last GDC webinar of the year... See you in 2026 for more!

