



**FINCA<sup>®</sup>**

**FINCA+**  
Business Plan Update



1. Strategy and Business Model
2. Start-up Status
3. Product Strategy
4. Supply Chain, Margins and Pricing
5. Marketing and Distribution
6. KPIs
7. Visit with Distributor

To leverage FINCA's brand, our customer base, and our financing ability in order to provide scalable and sustainable access to innovative, life-enhancing products for the BoP

## Outreach

- Focus on products that are affordable to BoP customers
- Target existing clients and new customers
- Engage entrepreneurs and salaried workers
- Develop specific strategy for rural outreach

## Impact

- Provide innovative solutions to basic needs
- Reduce expenditure on kerosene, wood, charcoal
- Create income-generating opportunities
- Improve health, education

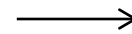
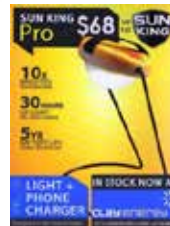
## Scale and Sustainability

- Reach scale in Uganda
- Replicate in Africa region, and eventually globally
- Social venture model: leverage philanthropic and social support to create a financially-viable business



- Establish a separate entity to bridge market gaps in sales and distribution
- Product and supplier-agnostic; choose partners based on market needs and strategic interests.
- Leverage FINCA's existing capability
  - Existing client base
  - Ability to finance end-users and entrepreneurs
  - National footprint
  - Brand value to build trust
  - International footprint and reputation
- Start with energy products, but add others over time (water, sanitation), emphasizing products that are affordable and impactful for the BoP.
- Financial sustainability driven by margin on product sales

greenlight  
planet



...purchases discounted inventory from supplier in bulk

Customers receive loan from FINCA Uganda, remitted directly to distributor



...co-promotes sales and FINCA Energy Loans among existing clients and the general public.

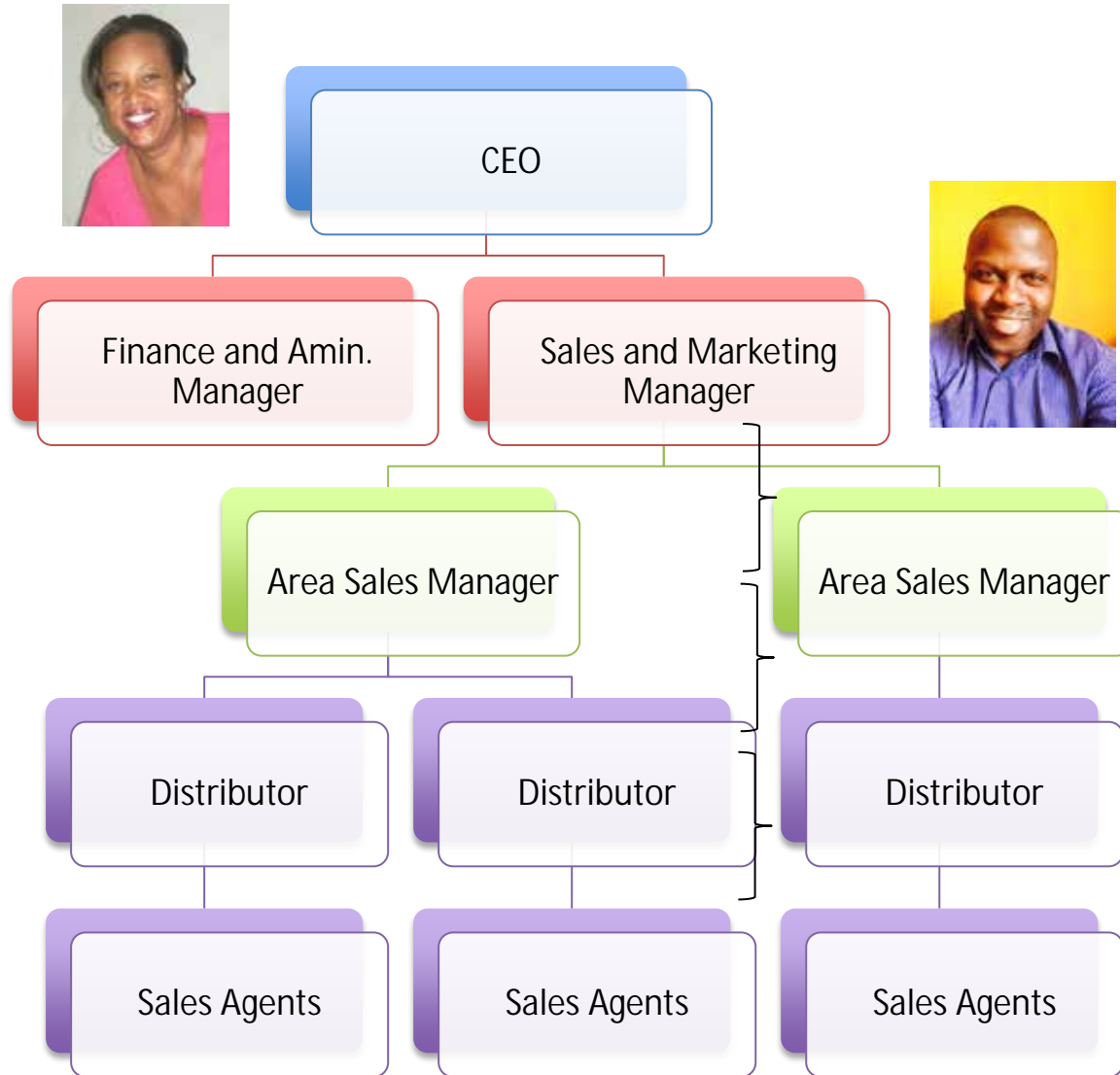


...recruits, trains and qualifies selected FINCA+ distributors



...sells inventory at wholesale price, with a margin for FINCA+

# Staffing and Sales Structure



- Recruits, trains, monitors distributors
- Coordinates marketing and sales
- Ensures after-sales care to end users
- Contracted to FINCA
- Earns margin+ (25K)
- Employed by distributors
- Earns commission (10K)

ü Focus initially on lanterns with phone charging

ü Test in and introduce smaller SHS after 6-8 months of operation

X Not affordable to BOP, requires intensive technical maintenance and servicing

## Solar Lanterns

- \$25-50
- Standard product
- No installation required
- Portable lighting
- Phone charging

### Customer segments:

- Home use
- "Trial" users
- Demand cuts across lowest to higher income segments



## Small Solar Home Systems (SHS)

- \$100-\$200
- Standardized SHS
- Requires installation
- Home lighting and phone charging, radio

### Customer segments:

- Home/ business use
- Low- middle income, home/ business use



## Large SHS

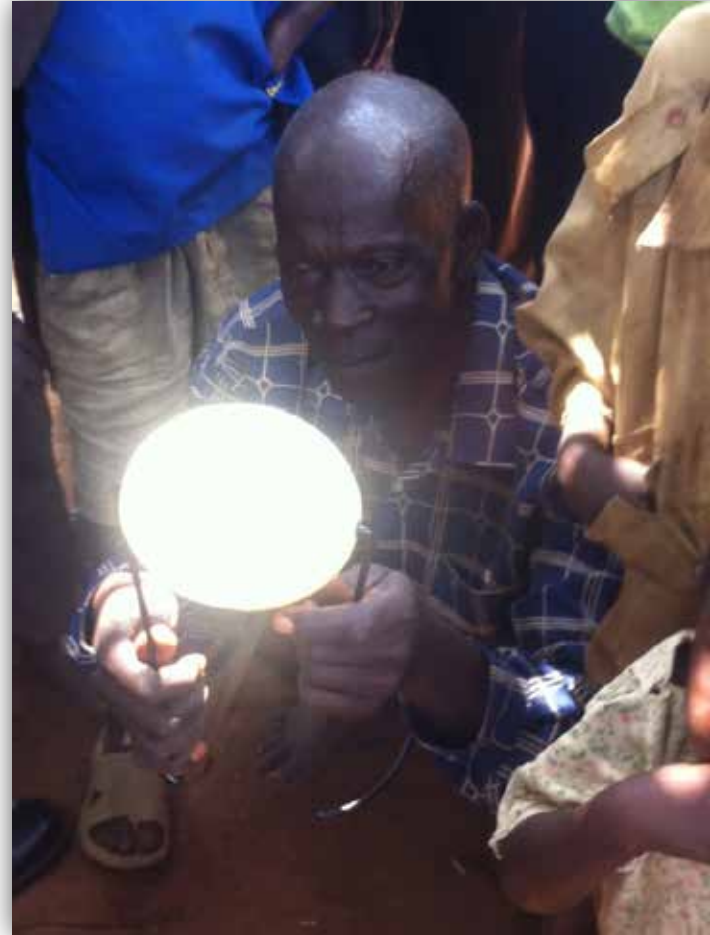
- \$200-\$500+
- TV, 7-12 lights, radio, commercial mobile phone charging
- Customizable, upgradable systems

### Customer segments:

- Middle income, business use
- High income, home use



- q Meet the needs of the BoP :  
high quality, low price
- q Simple technology to limit after  
sales issues
- q Popular with existing clients  
following from sales data
- q High margins for retailer and  
FINCA



Supplier	Product	Features	Agent Pricing (US\$)	End Client Pricing (US\$)	Profit Margin (US\$)	
d.light via Ultratec	d.light S20	 The most versatile family system	4 hours light, 1 setting Detachable handle	26,000	35,000	9,000
	d.light S2	 The most versatile family system	4 hours light, 1 setting	23,000	29,000	6,000
Greenlight Planet via Small Solutions	Sun King Eco		1 light, 2 settings	27,000	32,000	5,000
	Sun King Mobile		Single power LED, 1 charging port	76,000	85,000	9,000
	Sun King Pro 2		1 light, 3 settings dual charging port	105,000	125,000	20,000
Barefoot Power Uganda	Firefly Mobile lamp		4 hours light	50,000	65,000	15,000
	Barefoot Go		Single power LED, charges 1 phone/ radio	96,000	110,000	14,000



# Household Savings

## Typical Energy Expenditures of Off-Grid Households

Category	Benchmarks	Calculation	Weekly	Monthly	
			UGX	UGX	\$USD
Lighting	Candles @ 1,570 Kerosene @ 2,750	lowest estimate =	1,570	6,280	2.42
Phone Charging	3 charges / week @ 500 - 1,000 ea.	3 x 750 =	2,250	9,000	3.46
<b>Total Expenditure on Energy</b>			<b>3,820</b>	<b>15,280</b>	<b>5.88</b>
Additional Phone Charging	4 charges / week @ 500 - 1,000 ea.	3 x 750 =	2,250	9,000	3.46
<b>Total Economic Benefit to Customer</b>			<b>6,070</b>	<b>24,280</b>	<b>9.34</b>

Source: FINCA+ field interviews. Weekly lighting expenditure is from GIZ



Total potential benefit to the customer from using a solar lantern is over \$9 per month

Cost savings may be significantly higher depending on region. People who purchase kerosene in small quantities, primarily in rural areas, pay a 45% premium over their urban counterparts. (Lighting Africa, 2012)



FINCA®

# Net Economic Benefit

	Sunking Pro2			
	Cash		FINCA Solar Loan	
	UGX	\$USD	UGX	\$USD
Cost to Customer	125,000	48	157,231	60
candles or paraffin	6,280	2	6,280	2
mobile phone charging	9,000	3	9,000	3
Total monthly savings	15,280	6	15,280	6
Additional Phone-Charging	9,000	3	9,000	3
Total Monthly Economic Benefit	24,280	9	24,280	9
<b>Months to breakeven</b>	5		6	
Months of warranty	24			
<b>Net Economic Benefit (Warranty)</b>	457,720	176	425,489	164
Likely lifetime	36			
<b>Net Economic Benefit (Lifetime)</b>	749,080	288	716,849	276

UGX/\$ Conversion

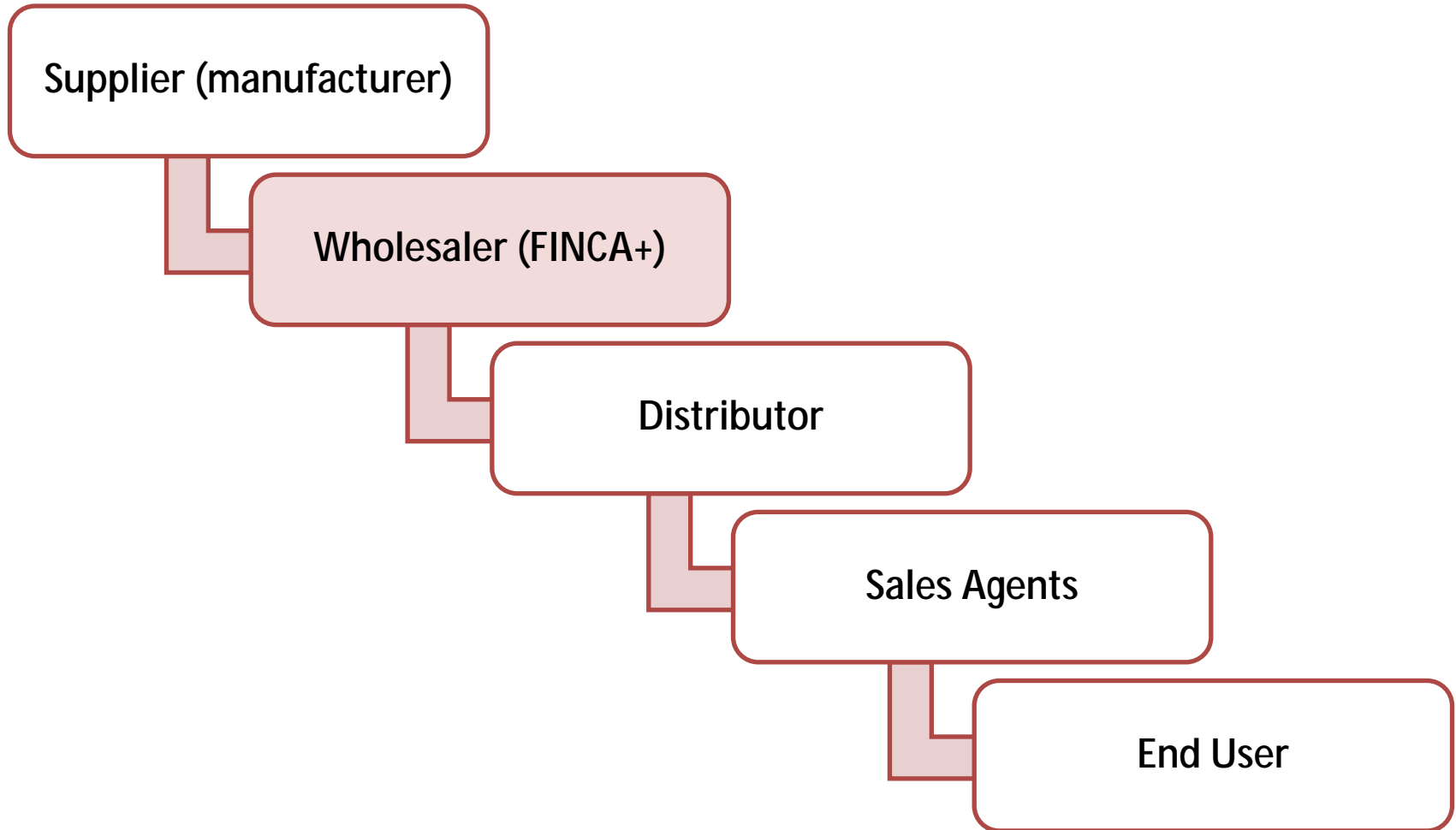
2,600

A Sunking Pro2 pays generates net savings for the customer after 5-6 months.

During the 2 year warranty period, a Pro2 financed by FINCA generates a *net* economic benefit of \$164 (or \$174 from a cash purchase).

Over a 3 year lifespan, the net economic benefit is \$276 (or \$288 from a cash purchase).

Increases in the cost of kerosene and electricity will enhance the economic benefit in coming years.



- Create sustainability for FINCA
- Offer a worthwhile business case to agents
- Maintain affordability and competitive pricing for consumer



# Margins and Pricing

Sourcing in bulk from the supplier allows for a high distributor margin and a better retail price.

## Local Distributor

## Supplier

<i>Product</i>	<b>Pro 2</b>	<b>Pro 2</b>	<b>Pro 2</b>	<b>Pro 2</b>
<i>Units</i>	<b>20-100</b>	<b>600</b>	<b>1200</b>	<b>1200</b>
FINCA+ buys from supplier at...	\$ 37.50	\$ 30.80	\$ 28.20	\$ 23.60
F+ Margin	\$ 12.31 20%	\$ 12.31 22%	\$ 12.31 24%	\$ 12.31 26%
Distributor margin	\$ 11.73 19%	\$ 11.73 21%	\$ 11.73 22%	\$ 11.73 25%
<b>Retail Price (end user)</b>	<b>\$ 61.54</b>	<b>\$ 54.84</b>	<b>\$ 52.24</b>	<b>\$ 47.64</b>

Cost per unit for F+ falls from \$37.50 to \$28.20 (25%) by purchasing in larger bulk quantities and falls an additional 15% to \$23.60 by importing directly from the supplier.

Margins for FINCA are 25% for FINCA+ and the distributor.

Holding margins constant, the retail price falls from \$61.54 to \$47.64

Sourcing directly from China in the future will enable FINCA to source products at even lower cost, increasing margins and a lower retail price.

- Pricing for Greenlight Planet Products varied between 125,000 and 145,000 UGS among various distributors in Masaka

# Route to Market

- Tactic: Roll-out in one region (branch) at a time – select **1 or 2 distributors next/near the branch**
- Launch:
  - Set-up an tent outside the branch, offer limited promotion (While Stocks last)
  - Distributor presence at tents
  - Radio announcements – driving traffic to branch
  - Limited promotional offers, open to customers and FINCA staff
- Roll-out:
  - Area sales managers continue to work with distributors to facilitate visits to FINCA Uganda village bank meetings & Market days
  - Expand geographic coverage from branch to surrounding areas



- White label branding in the pilot phase
  - Minimizes risk
  - Enables FINCA+ to partner with other financial institutions in the longer term
- FINCA+ will brand the retailer network and not the products (these will retain manufacturer branding)
- FINCA Uganda will promote solar loan products under the FINCA branding, as they have been
- FINCA+ and FINCA Uganda will co-brand joint marketing campaigns





**BRIGHTLife**  
CLEAN · FREE · EASY



WBS ~~135,000/=~~  
NOW 120,000/=\*

## Stop burning money!



Buy the latest Sun King PRO 2 Solar Lantern and enjoy these benefits:

- Save on electricity bills
- Increase child study time
- Earn with solar charging
- Secure your home and property

Get a special FINCA Solar Loan at all FINCA Uganda Branches countrywide.

\*Offer available upon loan.

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WBS ~~135,000/=~~  
NOW 120,000/=\*

## Put yourself in charge.



Buy the latest Sun King PRO 2 Solar Lantern and enjoy these benefits:

- Save on electricity bills
- Increase child study time
- Earn with solar charging
- Secure your home and property

Get a special FINCA Solar Loan at all FINCA Uganda Branches countrywide.

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WBS ~~135,000/=~~  
NOW 120,000/=\*

## Get out of the dark!



Buy the latest Sun King PRO 2 Solar Lantern and enjoy these benefits:

- Save on electricity bills
- Increase child study time
- Earn with solar charging
- Secure your home and property

Get a special FINCA Solar Loan at all FINCA Uganda Branches countrywide.

\*Offer available upon loan.

**BRIGHTLife**  
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WBS ~~135,000/=~~  
NOW 120,000/=\*

## Keep your home safe.



Buy the latest Sun King PRO 2 Solar Lantern and enjoy these benefits:

- Save on electricity bills
- Increase child study time
- Earn with solar charging
- Secure your home and property

Get a special FINCA Solar Loan at all FINCA Uganda Branches countrywide.

\*Offer available upon loan.

# Marketing Mix

<p><b>Product Line</b></p> <ul style="list-style-type: none"> <li>• A suite of life-improving products</li> <li>• Solar lanterns to begin with</li> <li>• Negotiate and buy high quality products</li> </ul>	<p><b>Price</b></p> <ul style="list-style-type: none"> <li>• Adopting a cost-plus pricing strategy</li> <li>• Earn a gross margin of \$10 per unit</li> <li>• Bulk buying from manufacturers</li> <li>• RRP of not more than \$50 on high-end lantern</li> </ul>	<p><b>Place</b></p> <ul style="list-style-type: none"> <li>• An indirect distribution model</li> <li>• B2B Strategy</li> <li>• Distributors, Entrepreneurs, NGOs, SACCOs and Corporate</li> <li>• National distribution footprint within 18 months</li> </ul>	<p><b>Promotion</b></p> <ul style="list-style-type: none"> <li>• Launch plan in progress</li> <li>• Raise awareness, acceptance and sales</li> <li>• Communication plan involving both ATL and BTL executions</li> </ul>
<p><b>Packaging</b></p> <ul style="list-style-type: none"> <li>• Attractive packaging</li> <li>• All-in-one box</li> <li>• Stands out on the shelf</li> <li>• Proper labelling</li> <li>• Key benefits outlined in easy-to-read manner</li> </ul>	<p><b>People</b></p> <ul style="list-style-type: none"> <li>• FINCA + team on the ground</li> <li>• Support from FINCA Uganda and FINCA HQ Teams</li> <li>• Distributors/partners</li> </ul>	<p><b>Process</b></p> <ul style="list-style-type: none"> <li>• Stock delivery process to be smooth</li> <li>• Small solutions to handle deliveries</li> <li>• Reduce turn-around times between payment and delivery</li> <li>• Smooth after sales service process</li> </ul>	<p><b>Physical Evidence</b></p> <ul style="list-style-type: none"> <li>• Visibility of products in-store</li> <li>• Demos of products in action</li> <li>• Testimonials at Events, VBGs</li> </ul>

## Criteria

- Location – town, shop front
- Financial muscle – stocking, business acumen
- Self-driven, ambitious

## Channels

- Distributor
- Entrepreneur / Sales Agents
- NGOs/SACCOs
- Corporate

## Price/Margin

- Offer a competitive margin – 15-20%
- Offer credit via FINCA U

## Marketing Support

- Promotions
- Visibility
- Point-of-sale

## How do we get products down the *last mile*?

### Quick Wins

- 27 FINCA Uganda Branches

### Existing Distributors

- NACO Solar
- Power and Comm.
- JongBang
- Solex

### Growth Areas

- Central and Western Regions

## 1. Pro-active measures

- Product/technical **training** of channels/ASMs
- Coordinate **warranty registration** with distributors
- **Call** customers within 2 weeks/1 month of registration

## 2. Reactive measures

- Set up a **help desk** for customer support
- ASMs and Logistics manager coordinate **trouble shooting** and repair
- Ensure faulty units **returned** and repaired/replaced

## Distribution Network of Micro-Retailers Established

- 35 retailers recruited and trained
- 90% retailer satisfaction with FINCA+
- 90% profitable retailers with intention to continue selling solar products
- 85% of customers satisfied with retailer services

operating data  
survey  
survey  
survey

## Increased Awareness and Demand for Products

- 4,050 unit sales disaggregated by product
- 95% of customers satisfied with products

operating data  
survey

## Increased use of Financing to Sell and Purchase Products

- Number and percentage of end-users accessing financing
- Number and percentage of retailers accessing financing

operating data  
operating data

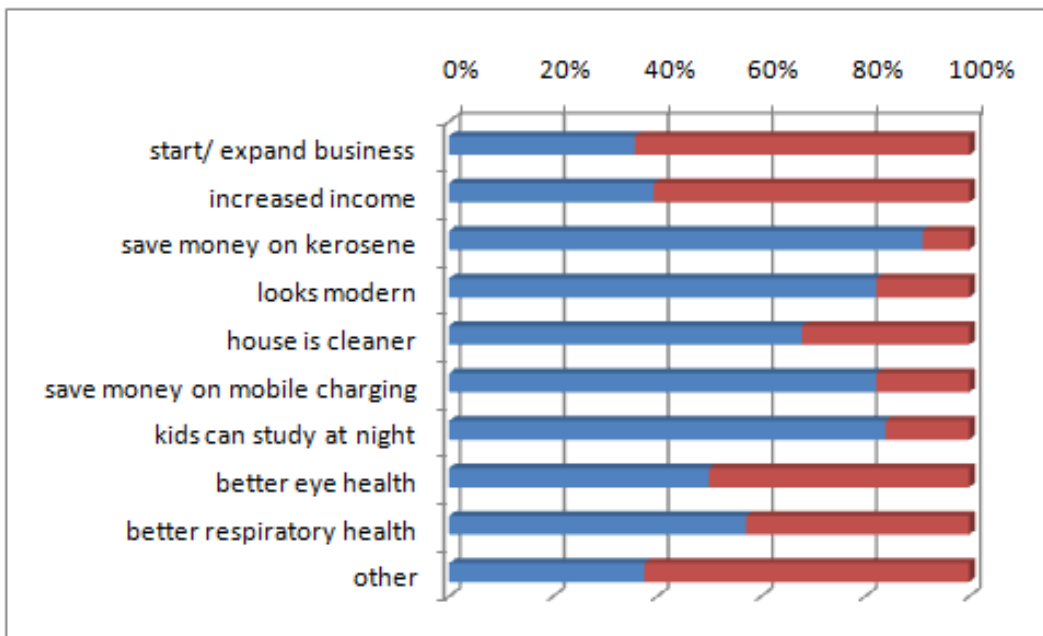




# APPENDIX



## What benefits do you perceive from your SHS?



- 91% saved on **kerosene** costs
- 84% indicated that their children were able to **study at night**
- 82% saved on **mobile phone charging** costs.
- 57 % of clients felt they had **improved respiratory health**
- 50% reported **improved eye health**

Source: Survey of 56 FINCA Uganda micro-energy clients, Nov/Dec 2009



A FINCA client with his cell-phone charging strip, powered by SHS.



A client whose shop is lit with a FINCA-financed SHS.

- 43% of FINCA solar loan clients surveyed use their SHS for **business**
- Of these, 22% started a **new** business with the system, mostly by offering **mobile phone charging** services
- Others uses include lighting in **poultry or pig farming** businesses, **clinics**, **retail** shops, **schools**, and **salons**.

*Source: Survey of 56 FINCA Energy clients, Nov/Dec 2009*

<b>Client Feedback on Business Benefits of Solar Lighting</b>	
Kerosene cost savings	83%
Mobile charging cost savings	75%
Attracting more clients	67%
Longer operating hours	58%
Increased income	50%
Modern looking	42%
Expanding business	38%
Other	8%
No benefit	0%

*Source: Survey of 56 FINCA Uganda micro-energy clients, Nov/Dec 2009*

USAID DIV Progress Report as of Nov 30, 2014  
 FINCA Plus: Life-Improving Product Distribution Model

Activities Completed for Milestone 1:

Requirement	Status
Reviewed the USAID/Uganda Risk Assessment Guidance, available upon request from the AOR	USAID/Uganda Risk Assessment Guidance reviewed by:  Sonali Rohatgi Patricia Sentongo Peter Mungoma
Key staff hired (which might include CEO, marketing and sales manager, and at least one regional sales manager)	The following staff has been hired: <ul style="list-style-type: none"> <li>• Patricia Sentongo (CEO)</li> <li>• Peter Mungoma (Marketing and Sales Manager)</li> <li>• 2 Regional Sales Managers: Joseph Sserwanga and Julius Mubiru</li> </ul>
Start-up activities begun, which include legal registration application, marketing and awareness strategy developed, and initial inventory secured	Start-up activities have begun. <ul style="list-style-type: none"> <li>• Legal registration for FINCA Plus, LLC completed in the US and Uganda</li> <li>• 1200 units of inventory secured from Greenlight Planet</li> <li>• Marketing and awareness strategy developed and sales launched as of November 17. Activities have begun under the trade name "Bright Life" and will follow a 2-phase approach:               <p><b>Phase 1: Launch.</b> 7 branches representing all regions where FINCA operates were selected for launch activities: Katwe, Kawempe, Iganga, Nakasongola, Masaka, Lira, and Fort Portal. The launch was done sequentially at these branches in November and December. The only exception was Fort Portal, to be launched in January. Launch activities have consisted of the following:</p> <ul style="list-style-type: none"> <li>§ Concentrated launch activities lasting 1 week per branch included:</li> <li>§ A Gazebo/Tent, PA System set up directly outside the FINCA branch, with stock available to enable on-the-spot purchase and credit sales.</li> <li>§ Radio announcements, flyers and posters were used to drive traffic to the FINCA Uganda branches and distributors.</li> <li>§ A promotional discount was offered only during the launch period to drive sales and generate momentum at each branch.</li> </ul> </li> </ul>

	<p><b>Phase 2: Scale up.</b> Continue to provide business and marketing support to all distributors through FINCA Plus area sales managers hired specifically to mobilize continued sales at branches. After the initial launch events, the FINCA Plus Area Sales Managers will coordinate distributor visits to FINCA Uganda group loan client meetings to enable distributors to promote products. Area Sales Managers will also organize market days and radio campaigns in order to generate sales and promote lantern benefits among non-FINCA clients in the communities.</p> <p>We will also update and refine policies and procedures as needed to ensure smooth operations prior to further scale-up to remaining branches.</p> <p>Roll out to the remaining 20 FINCA branches will start in January 2015, until full coverage is achieved across all 27 FINCA branches and surrounding communities.</p>
<p>An updated draft project implementation plan completed and submitted, including a full workplan</p>	<p>The attached power point serves as the project implementation plan, with slide 23 focusing on the workplan.</p>
<p>Scoping assessment completed which details the alignment of incentives and value among FINCA, beneficiaries, and distributors, to include but not be limited to:</p> <ul style="list-style-type: none"> <li>o Additional information on the FINCA Plus business model to: a) provide debt-financed and cash sales of products to lower income market segments and b) to train and provide financing (as needed) to micro-retailers giving them the capacity to conduct and support product sales, earn income and repay debt;</li> <li>o An updated list of anticipated products including information</li> </ul>	<p>Scoping assessment is included in the attached power point.</p> <p>A summary of the key points in the scoping assessment are as follows:</p> <ul style="list-style-type: none"> <li>• FINCA will evaluate any products it plans to market to its customers based on the economic benefit to the customer (under a cash or debt-financed purchase scenario) as well as social impact. According to our own customer interviews, and a field report by GIZ, households may spend up to \$9 per month on kerosene and cell-phone charging.<sup>1 2</sup> If this money were directed instead towards a \$50 <i>FINCA Solar</i> loan, the lantern would be fully paid after 6 months, leaving 18 months still within the guarantee period, during which the household can save up to \$164 in lighting and charging expenses. At an expected life span of 3 years, the product can save households up to \$276. If a customer is purchasing on cash, they would recover their investment in 5 months and would save \$288 over a three year period. Besides the economic benefits, FINCA's clients have cited improved health, better studying conditions for their</li> </ul>

<sup>1</sup> GIZ, *Solar Lamp Field Test* (2011)

<sup>2</sup> This figure is higher for rural customers who are likely to pay up to 25% more for kerosene.

<p>on durability, usage, and warranty;</p> <ul style="list-style-type: none"> <li>o FINCA Plus' plan to identify and evaluate potential new products to support and a policy to distribute only those products which are demonstrated to be beneficial to end-users;</li> <li>o And key performance indicators to track throughout project implementation to demonstrate value and any strategies outlined to adjust assumptions throughout project implementation pending findings.</li> </ul>	<p>children, and extended business hours as benefits from their FINCA-financed solar products.<sup>3</sup></p> <ul style="list-style-type: none"> <li>• The FINCAPlus LLC agreement includes the following language that outlines the development nature and social mission of the company: "The purpose of the Company shall be to engage in poverty alleviation initiatives that are designed to improve the standard of living of individuals at the "bottom of the pyramid" by creating income generating opportunities and improving health and education, including the sale of goods on a wholesale basis to micro-franchises and similar entrepreneurs where the goods are part of a program conducted by the Company to educate or train low-income individuals in basic business skills and the sale are commensurate in scope with the size of the program."</li> <li>• We are sourcing directly from suppliers and ordering bulk quantities in order to secure the best price. We want to ensure that the products we purchase and re-sell to our distributors also allow for a high margin for the distributors (20% plus) to ensure that there is economic benefit and value for entrepreneurs to take up the solar lanterns business. Distributors will not work with us if they have other business and product lines that are more profitable.</li> <li>• We are starting with the distribution of solar lanterns (with cell phone charging), because they are simple, affordable, and high quality. In year 1, however, we intend to expand the product range to include <i>plug-and-play</i> solar home systems, with the aim of broadening our client base and diversifying our sales. The distribution company will also do business with a variety manufacturers in order to gain maximum leverage and to mitigate risks associated with limited supply. Once the distribution channel has been established, we intend to incorporate new products, such as cook-stoves, in order to deepen our impact and create a more robust and diversified business.</li> <li>• In addition to tracking financial sustainability via financial statements generated on a regular basis, FINCA plans to track performance indicators via surveys and operating data: <ul style="list-style-type: none"> <li>§ Retailer satisfaction and profitability as well as customer satisfaction with retail services.</li> <li>§ Outreach in terms of sales and customer satisfaction with products</li> <li>§ Number and percentage of end users and retailers</li> </ul> </li> </ul>
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<sup>3</sup> FINCA Micro-energy Focus Group Discussions (2009)

**Progress on Milestone 2:**

Requirement	Status
<p>Activities related to ongoing implementation such as:</p> <ul style="list-style-type: none"> <li>o Marketing materials printed, marketing activities launched</li> <li>o Staff training developed and delivered</li> <li>o Communication and training plan for FINCA branches established</li> <li>o Additional product selection completed, including any information on product durability, usage, and warranty.</li> <li>o Systems policies and procedures in place (reporting tool, including key performance indicators outlined in milestone 1, operational policies and procedures, as applicable)</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing materials have been printed (see attached power point with pictures of marketing materials and marketing events)</li> <li>• FINCA has made the decision to focus only on the Greenlight Planet Sun King Pro 2 lanterns at the outset, which come with a 2-year warranty. FINCA Uganda has been marketing the lantern to their clients for quite a while. Clients have shown a preference for these lanterns versus others in the market, and defect rates have been relatively low. We have also acquired samples of plug and play solar home systems for testing from Greenlight Planet and D.Light so we can evaluate them before potentially introducing them in mid- 2015.</li> <li>• Staff have received product and sales training from the Sales and Marketing Manager in preparation for the launch. A more formal sales and training manual to be developed, incorporating lessons learned from the November/ December pilot launch period.</li> <li>• Communication and training for FINCA branches completed via launch activities.</li> <li>• Systems, Policies, and Procedures have been put in place as follows: <ul style="list-style-type: none"> <li>§ Legal registration completed</li> <li>§ Accounting MIS established, temporary accounting services secured via FINCA International until a permanent accountant is in place (new accountant to begin in January)</li> <li>§ Excel system established for inventory management in the first 6 months, to be replaced by inventory management software once we reach scale.</li> <li>§ Bank Account opened</li> <li>§ Supplier and agent agreement templates drafted by legal team</li> <li>§ Inventory management and accounts payable</li> </ul> </li> </ul>

	Accounting policies in place
<p>10 micro-retailers are provided with sales and technical training and have started to sell products</p>	<p>7 new distributors recruited and trained, and 2 have begun activity selling products. While we have not reached the initial target of 10 distributors, we have changed our strategy to work with fewer, but larger distributors, who will in turn work with smaller sales agents that work on a commission basis. We may recruit less distributors than originally planned given our new strategy.</p>
<p>Initial supplier agreements negotiated and in place.</p>	<p>A supplier agreement has been negotiated and signed with Greenlight Planet, Kenya.</p>
<p>A copy of the financial statements which FINCA Plus uses to evaluate progress provided to USAID/Development Innovation Ventures.</p>	<p>Preliminary financial statements generated to date are attached (see Appendix one). Since the launch was conducted on November 17, the statements are attached mainly as an example of the template that we will be using to track the financial health and sustainability of FINCA plus as it begins to scale.</p> <p>Approximately 150 units have been sold as of the end of November, 50% of which are on cash and the remaining on credit basis. None of the entrepreneurs are taking loans from FINCA at this point.</p>



## Appendix 1:

<b>FINCA PLUS - INCOME STATEMENT</b>						
	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Ytd - 2014</b>
<b>Ordinary Income/Expense</b>				4,847.28		<b>4,847.28</b>
<b>Cost of Goods Sold</b>				(3,672)		<b>-3,672.27</b>
<b>Gross Profit</b>				1,175.01		<b>1,175.01</b>
<b>Expense</b>						<b>0.00</b>
<b>Advertising and Promotion</b>			1,520.30	30,275.40		<b>31,795.70</b>
<b>Bank Service Charges</b>	80.79	49.34	61.52	137.26		<b>328.91</b>
<b>Consultancy fees</b>		13,420.00	13,420.00	13,420.00		<b>40,260.00</b>
<b>Foreign Exchange Gain/Loss</b>			-31.90	55.62		<b>23.72</b>
<b>Postage &amp; Courier</b>		97.45	0.00			<b>97.45</b>
<b>Printing and Reproduction</b>			30.78			<b>30.78</b>
<b>Legal Fees</b>				4,899.00		<b>4,899.00</b>
<b>Total Expense</b>	80.79	13,566.79	15,000.70	48,787.28	0.00	<b>77,435.56</b>
<b>Net Ordinary Income</b>	-80.79	-13,566.79	-15,000.70	-47,612.27	0.00	<b>-76,260.55</b>
<b>Net Income</b>	<b>-80.79</b>	<b>-13,566.79</b>	<b>-15,000.70</b>	<b>-47,612.27</b>	<b>0.00</b>	<b>-76,260.55</b>

## FINCA PLUS

### BALANCE SHEET \_ 2014

	August	September	October	November
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Bank Balances	610.87	7,849.28	9,083.22	48,408.51
Prepayments	-	-	31,950.60	
Inventory	-	-	1,123.10	29,346.14
	-	-	-	-
<b>Total Current Assets</b>	610.87	7,849.28	42,156.92	77,754.65
<b>Non Current Assets</b>				
Equipment & Furniture				
<b>TOTAL ASSETS</b>	<b>610.87</b>	<b>7,849.28</b>	<b>42,156.92</b>	<b>77,754.65</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	691.66	20,691.66		
Taxes	-	805.20	805.20	1,015.20
FINCA Plus - USA	-		70,000.00	153,000.00
	-	-	-	-
<b>Total current liabilities</b>	691.66	21,496.86	70,805.20	154,015.20
<b>Equity</b>				
Capital & Retained Earnings	(80.79)	(13,647.58)	(28,648.28)	(76,260.55)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>610.87</b>	<b>7,849.28</b>	<b>42,156.92</b>	<b>77,754.65</b>



FINCA<sup>®</sup>

Appendix 1

FINCA +

*Semi-Annual Update*

Feb 2015



# Agenda

- Launch activities
- Lessons learned
- Process improvements
- Early Results
- Vision for Scaling Up

# Activities – December 1 to Date

- Marketing launch activities conducted in 6 branches: Katwe, Kawempe, Iganga, Nakasongola, Masaka, Lira
  - Tents set up outside FINCA branches
  - Local radio adds to drive traffic to tents
  - Visits with VB groups
  - Discounted pricing
- 2 additional staff hired and on-boarded in February (Inventory Manager and Accountant)
- New office/ warehouse secured
- 500 sales as of end of January
- Moved towards strategy of recruiting larger distributors; 4 have made sales thus far



*Maska launch; primary school teacher purchasing lamp for evening classes, pictured with Bright Life Area sales manager.*

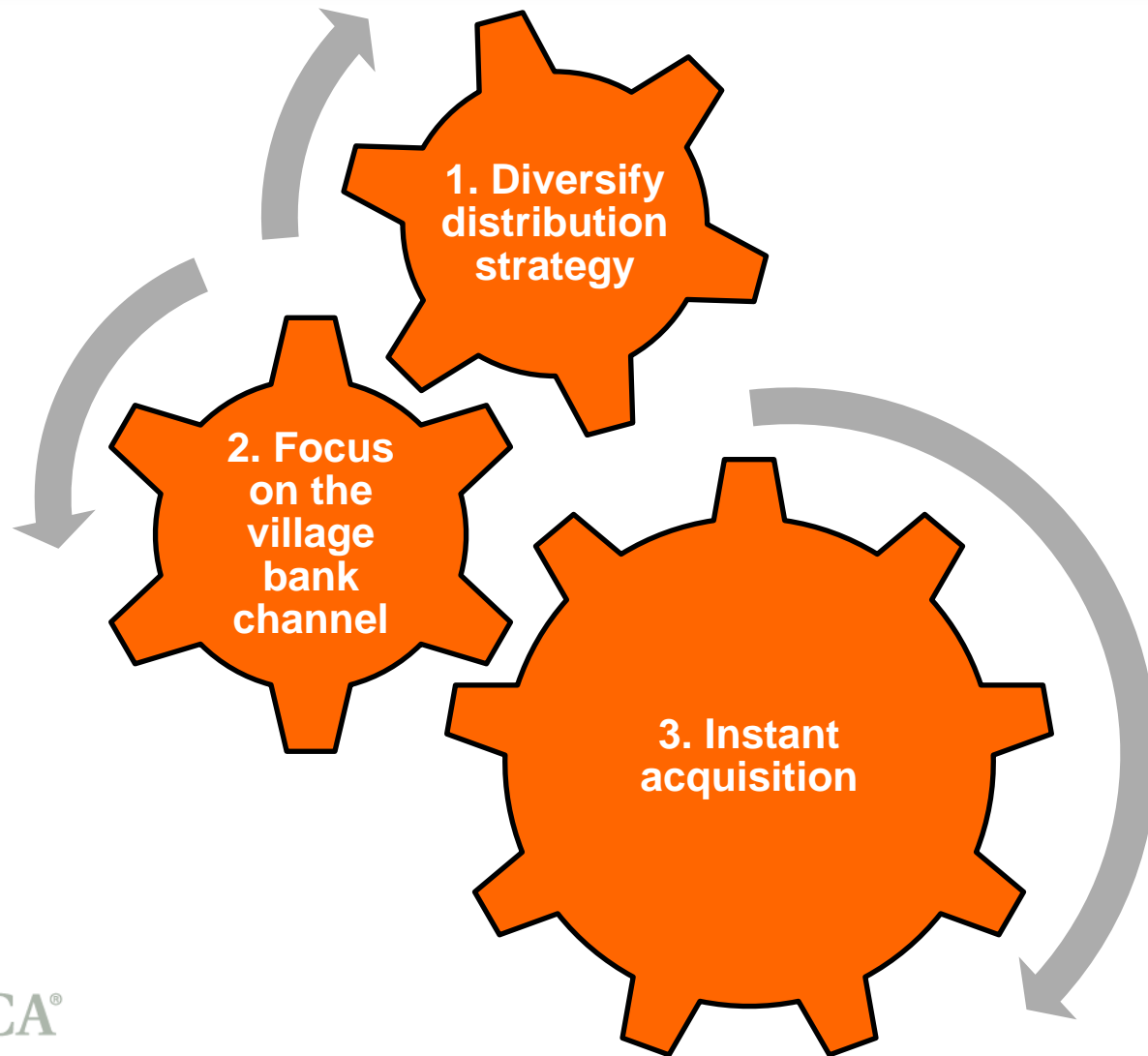
# Lessons Learned

- Even large distributors are hesitant to invest in inventory and are slow to come on board
- 40% of sales driven by Bright Life Area Sales managers
- Tent events outside FINCA branches and radio campaigns were not cost-efficient marketing channels; sales lower than expected
- Potential credit sales being lost as a result of lengthy loan processing, leading to delayed lantern delivery



*Kawempe branch tent event*

# Process Improvements to Address Lessons Learned



# 1. Diversify Distribution Strategy

- Continue to recruit additional distributors
- Hire commission-based sales agents that work directly with FINCA+ Area Sales Managers (ASMs), to help us achieve maximum coverage of village bank meetings
- ASMs to monitor and train commission-based sales agents





## 2. Focus on the Village Bank Channel

- At least two sales agents recruited per branch
- ASMs/ sales agents visit at least 3 groups per branch per day, with the loan officer
- Target at least 2 cash/credit sales per group
- Roll out to 16 branches by end of year



# 3. Instant Acquisition

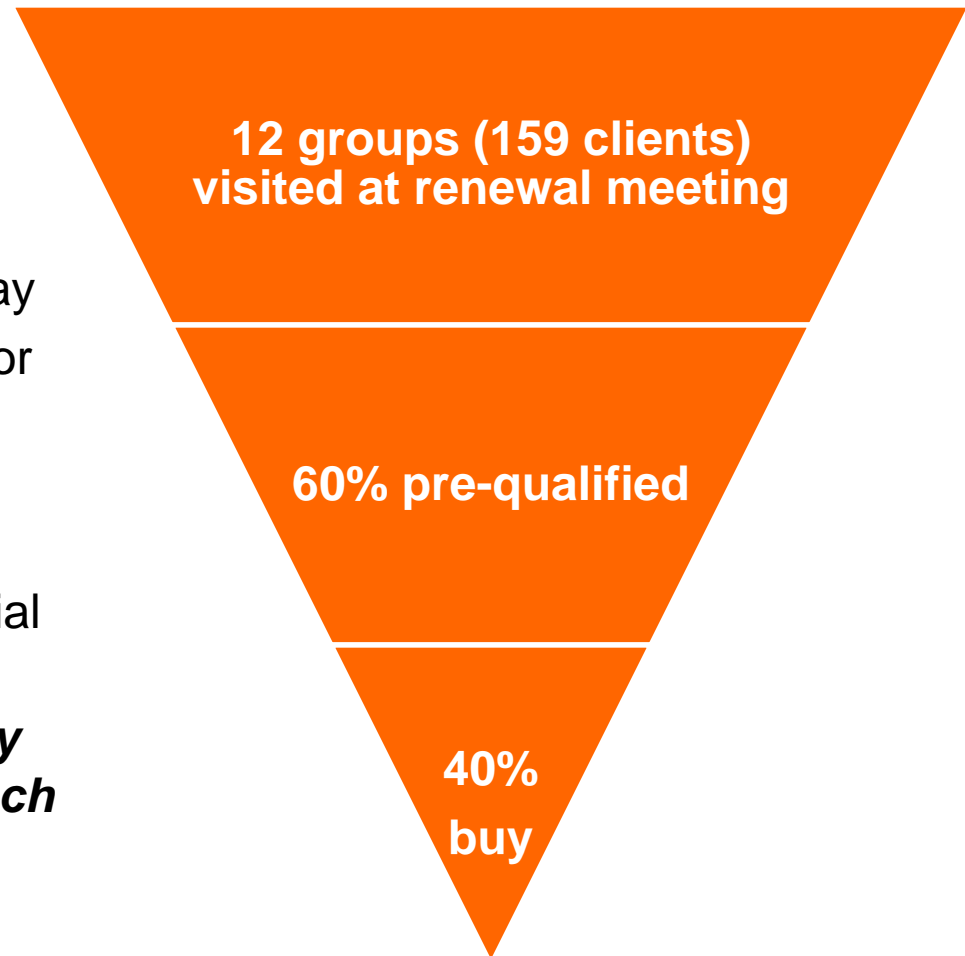
- FINCA Uganda to pre-qualify existing clients for solar loans based on past performance
- Initially focus on existing clients who are at loan renewal
- Pre-qualified clients sign for their loan at renewal meeting, and are able to take the lantern home *on the spot*.



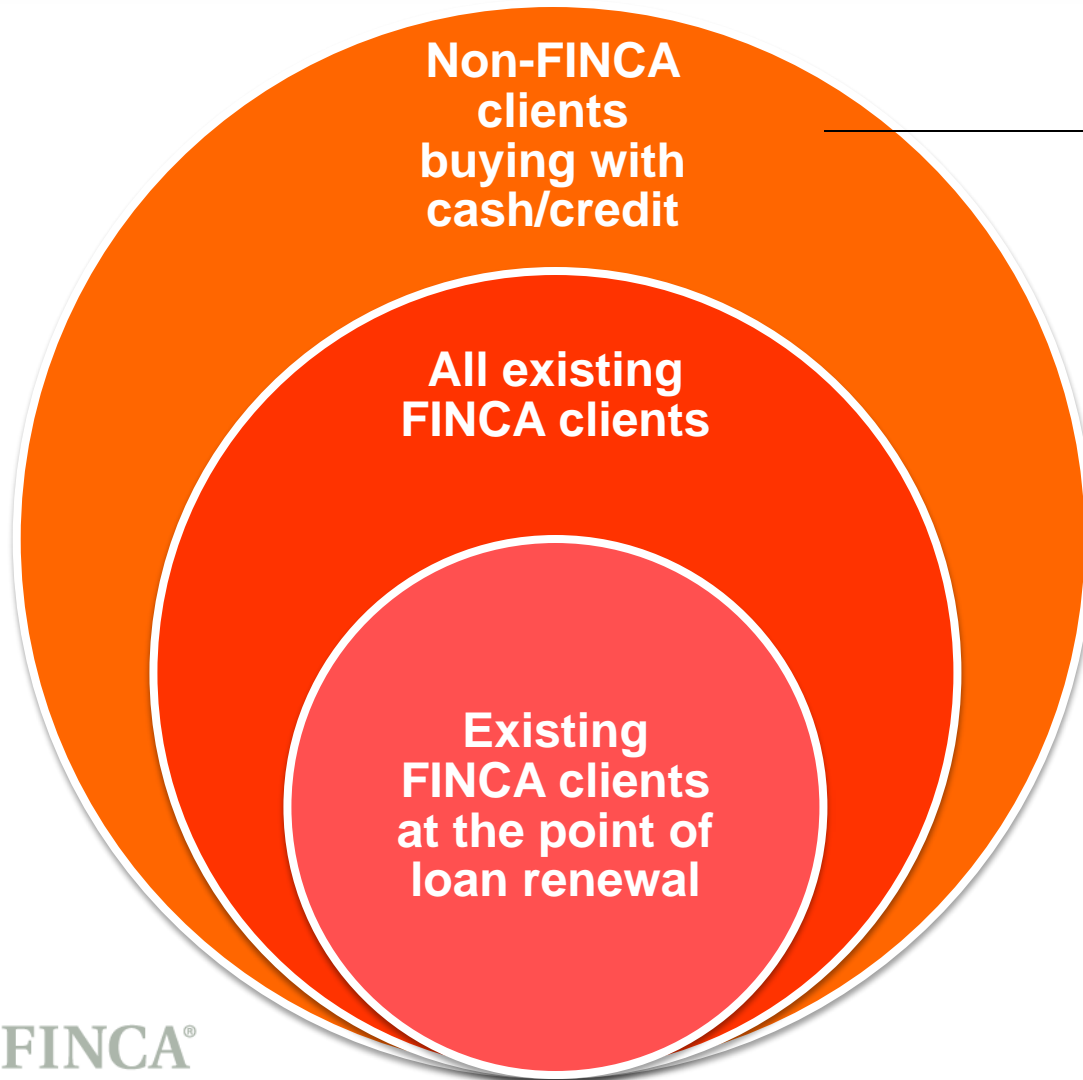
# Early Pilot Results

After one week of pilot testing at 2 branches, we see strong potential for scale:

- Average 3.6 sales/ group; 7 sales/ day
- 60% of renewing clients pre-qualify for an energy loan
- 40% conversion rate among “pre-qualified” clients
- 94% sales are credit sales » potential for FU to grow its loan portfolio
- ***If we maintain a rate of 5 sales/ day across all branches, we could reach 1000 clients/month or 12K clients/year focusing only on renewing clients***



# Vision for Scale: Extend Accessibility to Non-FINCA Clients



*We estimate Solar market potential in Uganda at 500k – 1 million by 2019*

*Energy loan can help draw new loan clients to FINCA Uganda*

USAID DIV Progress Report as of Feb 28, 2015  
 FINCA Plus: Life-Improving Product Distribution Model

Activities Completed for Milestone 3:

Requirement	Status
Semi-annual report submitted	FINCA presented the attached PowerPoint file (Appendix 1) to USAID/DIV staff at a meeting on February 19, 2015, along with a general discussion on project progress to date.
1 additional regional sales manager recruited and trained	FINCAPlus hired and trained two area sales managers (ASMs) prior to November 2014, meeting the requirement for Milestone 1 (at least 1 recruited and trained) and this requirement for Milestone 3. During the period since November 30, 2014 FINCA has also recruited and filled two additional management/administrative positions for Inventory Manager and Accountant.
10 additional micro-retailers recruited and trained	FINCAPlus has adjusted its implementation plan and approach to distribution as outlined in Appendix 1. As a result, FINCAPlus is distributing solar products through larger distributors, sales agents working on behalf of those distributors, and through dedicated FINCAPlus sales agents attached to FINCA's microfinance branches. The total number of retailers, distributors and agents currently working within the distribution system is 14, with varying levels of engagement. Please see the breakdown by type and timeline for onboarding additional agents in Appendix 3.
A copy of the financial statements which FINCA uses to evaluate progress provided to USAID/DIV	Financial statements are attached (see Appendix 2). 668 units have been sold as of the end of February. Based on our February pilot results, 90% of these sold on credit and the remaining were sold on cash. We expect this trend to continue in the coming months. All of the credit purchases are disbursed as an add-on to existing FINCA loans.

Appendix 1: Semi-annual Report

(Attached as separate document)

Appendix 2: Financial Statements

	2,014	JAN	FEB
	USD	USD	USD
<b>Sales</b>	12,711	5,312	11,541
<b>Purchases</b>	9,031	3,411	7,434
<b>Gross profit</b>	3,680	1,901	4,107
<b>Advertising and Promotion(refund from green Pigion Events)</b>	39,990	(2,159)	280
<b>Salaries &amp; Consulting fees (incl bonus,</b>	<b>85,979</b>	<b>14,017</b>	<b>14,892</b>
Professional Fees			-
Audit & Tax compliance	6,000	3,564	-
Legal Fees	7,509	-	-
Staff Expenses		-	666
Communication allowance	255	143	284
Direct Labour	4,796	2,712	6,020
Transport allowance	319	178	355
Consultancy fees	67,100	7,420	7,420
General expenses	0	-	148
<b>Other expenses</b>	<b>3,504</b>	<b>1,612</b>	<b>3,053</b>
Foreign Exchange Gain/Loss	158	111	474
Inventory Insurance at the main ware house	236	236	236
Bank Service Charges	360	120	38
Business Development	98	-	-
Office rent for January	1,062	531	531
Office repairs & maintenance	895	-	1,160
Postage & Courier	97	47	47
Printing and Reproduction	31	-	-
Storage	566	566	566
<b>Depreciation charges</b>	<b>0</b>	<b>220</b>	<b>220</b>
<b>Travel Expense</b>	<b>5,986</b>	<b>0</b>	<b>387</b>
Accommodation	2,891	-	361
Local Travel	2,228	-	26
Perdiem	867	-	-
<b>Total Expenses</b>	<b>135,459</b>	<b>13,689</b>	<b>18,832</b>
<b>NET LOSS for the period</b>	<b>(131,779)</b>	<b>(11,788)</b>	<b>(14,724)</b>

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 201		2,014	JAN	FEB
		USD	USD	
<b>ASSETS</b>				
Current assets				
Bank				
FINCA UGX		0	0	1,185
Stanbic - UGX Account		3,639	16,172	11,360
Stanbic - USD Account		32,390	11,083	2,477
		<b>36,028</b>	<b>27,255</b>	<b>15,022</b>
Inventory				
Solar Lanterns				
		23,861	20,266	12,358
<b>Total Inventory</b>		<b>23,861</b>	<b>20,266</b>	<b>12,358</b>
Receivables				
Petty Cash - Ugx		186	186	(17)
Total Petty Cash		186		
Prepayment		531	-	1,062
		24,577	20,266	17,668
<b>Total current assets</b>		<b>60,606</b>	<b>47,521</b>	<b>32,690</b>
<b>Furniture and fittings</b>				
		0	-	2,295
Computer Hardware				
Accumulated depreciation-computer hardware		6,514	6,514	6,514
		0	(181)	(362)
Computer Software				
Accumulated depreciation-computer software		1,405	1,405	1,405
		0	(39)	(78)
		7,918	7,698	9,773
<b>TOTAL ASSETS</b>		<b>68,524</b>	<b>55,219</b>	<b>42,463</b>
Other Current Liabilities				
Accounts Payable				
Accrued Expenses		23,505	23,505	23,491
Payroll Liabilities				
Pay As You Earn		1,540	841	<b>2,853</b>
<b>Total Payroll Liabilities</b>		<b>1,540</b>	<b>841</b>	<b>2,853</b>
Taxes Payable				
VAT Payable		214	-	
WHT Payable		1,044	626	412
<b>Total Taxes Payable</b>		<b>1,258</b>	<b>626</b>	<b>412</b>
Total Other Current Liabilities		26,303	24,973	26,756
		26,303	24,973	26,756
<b>Equity</b>				
Capital Contribution (FINCA Plus LLC - USA)				
		174,000	174,000	174,000
Loss for th Retained loss				
Loss for the period		(131,779)	(131,779)	(143,568)
<b>Total equity</b>		<b>42,221</b>	<b>30,432</b>	<b>15,708</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>68,524</b>	<b>55,405</b>	<b>42,464</b>

### Appendix 3: Breakdown and Timeline of Current and Projected Distribution Chain Growth

List number of:	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Larger Distributors		4	4	4	4	4
Agents of distributors		8	8	10	13	16
FINCAPlus "Bright Life Agents		0	2	8	14	20
Others (Events planning Staff)		2	0	0	0	0

Larger distributors present staff component:

Larger Distributors	No of agents per distributor
NACO Solar	3
Sat Vision	1
SEFA	2
Kasirye Investments	2



**ADDENDUM to USAID DIV Progress Report as of Feb 28, 2015**  
**FINCA Plus: Life-Improving Product Distribution Model**

This document serves as an addendum to the report submitted February 28<sup>th</sup>, with an update on progress as of the end of March 2015. FINCA's focus during this period has been to increase the effectiveness of its existing distribution network, so as to maximize efficiency and potential for scale. Since January, there has been a steady growth in sales, driven by the introduction of the "instant acquisition" approach in village bank (group loan) channel. In a sense, the instant acquisition program with FINCA Uganda is itself a new channel, as it combines sales and financing into a single activity in a dramatically more effective fashion than previous efforts to promote solar loans. The effectiveness of this channel is clearly demonstrated in the conversion rates, defined as the percentage of qualifying customers who purchase a lantern. In February, when the new program launched, 46% of qualified customers opted to make a purchase. In March, that percentage has increased to over 90%, and has continued to be strong in April.

During this period, sales have increased by 98%, without having to incorporate additional distributors. Most of the sales are being generated by Area Sales Managers (FINCA+ staff) and commission-based sales agents working directly for FINCA Plus. Sales also continue to be made through distributors and other channels, such as FINCA branches not yet covered by the instant acquisition strategy, or staff promotions.

While continuing to enhance the capacity of its existing sales staff, through a strong focus on conversion rates, additional growth will be driven by expanding the instant acquisition program to at least 2 branches per month.

	Jan	Feb	Mar
<b>Sales</b>			
Sales/Month	135	180	357
Growth		33%	98%
Cumulative	488	668	1025
<b>Conversion through "Village Bank" instant acquisition channel</b>			
Sales via VB channel		146	279
% clients pre-qualified	n/a	66%	62%
Coverion among pre-qualified clients		46%	96%
Sales/ agent serving VB channel		37	70
Branches offering instant acquisition		2	6
<b>Sales Distribution Network</b>			
F+ Staff (Area Sales Managers)	2	2	2
Commission-based Sales Agents		2	2
Distributors	4	4	4
Agents of distributors	8	8	8
<i>TOTAL</i>	<i>14</i>	<i>16</i>	<i>16</i>

Below is a table showing the branches where we are focusing the instant acquisition strategy, as well as number of clients and conversion rates in February and March. The performance of branches in terms of sales will vary from month to month depending on how many clients are renewing, and FINCA+ may re-balance sales staff and resources from one branch to the other depending on where there is the most potential.

Branch	Region	Urban/Rural	No of pre-qualified clients	No purchasing (credit AND cash sales)	Conversion rate*
Kawempe	Central	Peri-urban	64	52	81%
Mukono	Central	Peri-urban/ rural	133	58	44%
Lira	North	Mainly rural	118	118	100%
Nakasongola	Central/ Northern	Mainly rural	69	66	96%
Jinja	East	Peri-urban/ rural	61	55	90%
Nateete*	Central	Peri-urban	6	3	50%

\*The program expanded to Nateete towards the end of the month, hence the low volume of sales

\*\*Conversion rates are 100% in some cases because some of those not pre-qualified bought on cash. The vast majority of sales (over 90%) are on credit



USAID DIV  
FINCAPlus: Life-Improving Product Distribution Model  
Progress Report as of May 31, 2015

Activities Completed for Milestone 4

Requirement	Status
Additional management staff recruited, as applicable	This requirement was met in late 2014-early 2015 with the hire of the Inventory Manager and Accountant, as reported in the Milestone 3 Report. No additional management positions have been added.
10 additional micro-retailers recruited and trained	FINCAPlus adjusted its implementation plan and approach to distribution as described in the Milestone 3 report. As a result, FINCAPlus has focused on building its distribution through dedicated FINCAPlus sales agents attached to FINCA's microfinance branches and targeting FINCA's Village Bank (VB) clients, while continuing to work through other retailers and channels. The total number of retailers (4) and their agents (8), and FINCAPlus direct hire Area Sales Managers and Sales Agents, (5) currently working within the distribution system is 17, all with varying levels of engagement. Please see the breakdown by type, and timeline for onboarding additional agents, in Appendix 2. In addition to these, FINCAPlus is in the process of recruiting a new team of 25 Sales Agents who will continue to support the VB sales channel through FINCA Uganda branches and will also provide the basis for sales outreach beyond FINCA's existing clients.
Awareness campaigns and marketing activities held as per work plan	With the adjustments to the implementation plan and distribution approach reported on for Milestone 3, activities for marketing and awareness campaigns have also been adjusted. Since adjusting the program, FINCA has grown the Village Bank instant acquisition sales channel significantly, now reaching 10 Branches and generating over 800 lantern sales in April and May, 2015 (of total sales of 1,916 units). Growth and expansion to new branches and Village Bank groups is on schedule, being largely determined by the speed with which we can sustainably hire, train and establish more sales agents with the FINCA branches. FINCA also introduced an in-house staff campaign called "Solar Neera Neera" (Solar again and again). The promotion started April 1 and runs through June 30, 2014 and has already generated 50 solar lantern sales.
A copy of the financial statements which FINCA uses to evaluate progress provided to USAID/DIV	Financial statements are attached (see Appendix 1, separate Excel document). As of the end of May, FINCAPlus has sold 1,916 units. The overall conversion rate for pre-qualified clients signing up for energy loans is approximately 80% the end of April. We expect this trend to continue in the coming months in line with the program adjustments made early in the year to facilitate sales through FINCA Uganda Village Bank groups.



**Sales and Distribution Chain Development Summary**

FINCA's focus during this period has been to continue to increase the effectiveness of its existing distribution network, and to maximize efficiency and potential for scale. The steady growth in the Village Bank marketing and "instant acquisition" strategy seen in January and February and reported on for Milestone 3 has continued through the current period. The combination of sales and financing into a single activity which this approach utilizes, continues to be dramatically more effective than previous efforts to promote solar loans. The effectiveness of this channel is clearly demonstrated in the conversion rates, defined as the percentage of qualifying customers who purchase a lantern. In February, when the new program launched, 46% of qualified customers opted to make a purchase. In March, that percentage increased to 99%, and FINCA achieved 93% conversion in April, and 85% in May.

For the combined period of March through May, FINCA exceeded its target sales figure of 1,050 by 58 units. Most of the sales were generated by Area Sales Managers (FINCAPlus staff) and the "Bright Life" commission-based sales agents working directly for FINCAPlus. Sales through distributors and other channels, such as FINCA branches not yet covered by the instant acquisition strategy or staff promotions, dropped in March but recovered in April and continue to increase, albeit at a slower rate as compared to the VB channel. The drop in March came largely as a result of the shift in focus to the VB channel. 771 total sales were generated through all locations and channels in April and May. The success within the VB channel is also attributable to the addition of one new direct sales agent and the expansion of the program to 4 new branches since the last Milestone report. The FINCAPlus management team is continuing to improve capacity of its existing sales staff through a focus on conversion rates of qualified Village Bank group members - a strategy that has already begun to pay off with high conversion rates in April and May.

The model for the VB channel is still being refined to improve sales performance. Since sales are dependent on the number of groups renewing loans, we expect VB sales to continue to be volatile. As we modify the model to allow greater flexibility on timing and customer qualification this volatility should decrease. We also anticipate a spike in sales with the addition of a new sales force of 25 Sales Agents coming on board in June/July, although sales and conversion rates may remain volatile during the initial months of new agent onboarding and induction in the sales process. Once established, FINCA Plus expects this new sales force to provide the means to extend sales outreach beyond FINCA Uganda clients once an appropriate methodology and financing mechanism is developed.

**Sales Figures**

	Jan	Feb	Mar	April	May
<b>Sales</b>					
Target			300	350	400
Actual	165	250	337	337	434
Cumulative	558	808	1145	1482	1916
Growth (month to month)		51.5%	42.8%	0	28.78%
<b>Conversion through "Village Bank" instant acquisition channel</b>					
Sales via VB channel		73	290	207	273
% clients pre-qualified		66%	88%	99%	85%



Conversion among pre-qualified clients		45.6%	99%	93%	85%
Branches offering instant acquisition		2	6	7	10
<b>Sales Distribution Network</b>					
F+ Staff (Area Sales Managers)	2	2	2	2	2
Commission-based Sales Agents		2	2	3	3
Distributors	4	4	4	4	4
Agents of distributors	8	8	8	8	8
<b>TOTAL</b>	<b>14</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>

FINCA is currently focusing the Village Bank instant acquisition strategy in 10 FINCA Uganda branches. The team added four new branches to this roster during April and May, and added one new Sales Agent. The performance of branches in terms of sales will vary from month to month depending on how many clients are renewing their loans, since solar loans can currently only be offered as an add-on during a loan renewal. FINCA's loan periods are relatively short for Village Banking clients and most client loans will be up for renewal within a 6-8 month period, so we expect to reach most clients within this time period from the point that a new branch is added.

FINCA Uganda recently pre-scored 38,380 existing clients which simplifies the approval and sales during loan renewals, allows better forecasting of Bright Life lantern sales, and also prepares the way for lantern sales to both credit and deposit clients outside of a loan renewal process, once an appropriate methodology is finalized. Based on loan renewal schedules, FINCAPlus expects to reach about 20% of the 38,380 clients, or about 7,676, through the existing VB sales channel during the remainder of 2015.

**Branches Targeted for VB Instant Acquisition Sales**

Branch	Region	Urban/Rural
Kawempe	Central	Peri-urban
Mukono	Central	Peri-urban/ rural
Lira	North	Mainly rural
Nakasongola	Central/ Northern	Mainly rural
Jinja	East	Peri-urban/ rural
Nakulabye	Central	Peri-urban
<b>New Branches for Milestone 4</b>		
Iganga	Eastern	Rural
Katwe	Central	Peri-Urban
Kamuli	Eastern	Rural
Busia	Eastern	Rural



**Appendix 1: Financial Statements**

*Attached as separate Excel worksheet.*

**Appendix 2: Breakdown of Distribution Chain Growth**

**Actual and projected distribution chain growth:**

List number of:	Q3 2014	Q4 2014	Q1 2015	Current	Q3 2015	Q4 2015
		Actual	Actual	Actual	Projected	Projected
Larger Distributors		4	4	4	4	4
Agents of distributors		8	8	8	13	16
FINCAPlus "Bright Life" Agents		0	2	3	28	28
Others (Events planning Staff)		2	0	0	0	0

**Breakdown of Agents per Larger Distributors:**

Larger Distributors	No of agents per distributor
NACO Solar	3
Sat Vision	1
SEFA	2
Kasirye Investments	2