F&F Letter from RVB: Africa Sun Power Limited: Sun Power to the People, Right On!

1 message

Robert Van Buskirk Sun, May 24, 2026 at 10:38 AM

F&F Letter from RVB: Africa Sun Power Limited: Sun Power to the People, Right On!

Dear Friends, Family & Compatriots:

Well it finally happened: The Malawi solar work has now reached the point where it is creating a highly profitable "business model" that enables the creation of an investible, high-growth start-up company.

So this last month, we created the company: Africa Sun Power, Limited: A Malawian share company.

AND, the company now has strong support from the international development community (specifically UK Aid), so that when the company hits certain milestones, it will be well-positioned to get venture capital investment that should enable it to grow extremely fast over the next 3 to 5 years.

Right now, the Malawi solar work can serve about 1000 new customers per year.

These customers are served by a coalition of organizations called Solar Kumidzi (https://solarkumidzi.org/) which currently consists of four organizations:

Solar4Africa.org: the US non-profit project
Kachione LLC: The sole proprietor Malawi partner business that I have been working with for 10 years
Rachael & Christina LLC: The women-owned partnership that distributes to the women-owned village solar shops; and
Affordable Solar for Villagers: the Malawian local NGO, that is now our Malawian non-profit partner

Africa Sun Power (AFSP) was created shortly after International Workers Day on May 3, and it will become the fifth member of Solar Kumidzi.

The new company will start out small, serving just a few hundred new customers in 2026. In 2027 this should grow even more to greater than 1000 new customers, and by the end of 2028, the new company is planning to serve more than 5000 new customers per year.

After 2028, theoretically, the sky is the limit.

Wow it worked! ... & it took only 11 years of work
& more than a million dollars donated/invested

I guess the lesson is that if you keep pushing something long enough, it can eventually work: persistence pays off.

More specifically: Our ability to create a private share company that is likely to be able to scale using the capitalist start-up company model, is the result of a tremendous philanthropic, volunteer, and research and development investment.

In particular the volunteer work from me and several other volunteers (John, Lesia, Evelyn, Skyler, Laura, Bereket, Tim etc ...) exceeds 20,000 hours over 11 years. This volunteer time investment has a value worth much more than $2M.

The failed investments of the early startup attempt in 2016 represents about $300k. Of cash invested and lost.

The donations of everyone over the last 11 years probably totals more than $1M.

And the research and development funding that we got from the UK Aid MECS program represents more than $400k.

Of course, if the start-up had to pay back any significant fraction of this nearly $4M invested, the start-up company would never be able to start.

The initial investment required to create the off-grid solutions that we have created for rural Malawi are just too big to be repaid by people who earn less than $2 per person per day.

So philanthropy and government grants were completely essential for creating the solar solutions that we created ... but in terms of getting the solutions to large scale, there is no way around the fact that in the world we live in, philanthropy has 100 times less money available than investment. For example, total charitable foundation assets in the US are only about $1.2 trillion, out of a total wealth in the US that is greater than $150 trillion.

So in today's world: More than 90% of the time, large scale growth requires a financially profitable organizational growth model that can grab a portion of the $150 trillion of the invested wealth that exists.

Why now?: What makes a profitable investment possible now for the Malawi work, when it was not possible a year ago?

There are three things that changed in the last six months with the Malawi work that now makes it possible to grow the work using investment, when this was not possible a year ago:

#1: We got a $250k start-up grant.
#2: We recruited a very good Malawi
CEO-in-training that has a very good
finance & risk management background &
#3: We figured out how to access US dollars
for procurement while staying profitable

These three things in combination has made all of the difference in creating a profitable and investable business model for our Malawi activities. Let me go through each item in turn.

Getting a start-up grant has been critical

The partner Malawi businesses that we work with for our non-profit and research work over the past 5 to 10 years are optimized for quickly and cheaply administering small-scale donations and grants. That means they are not organized as share companies because the administration and governance of a share company is a lot more overhead ... especially when we consider that most Malawian business people have no experience administering a share company. Typically businesses are individually or family-owned, and the bigger share companies are often foreign businesses.

So when our funders suggested a start-up grant, I had to explain that the grant would actually be for creating and starting up a whole new business. The funders had to think about it for a while, but eventually understood how this was necessary for us. And they were able to give us that leeway because we did such a good job on our solar-electric cooking research previously.

You can't do a good start-up without a good CEO

Now as someone who enjoys his retirement relaxation time (between trips to Malawi), there was no way that I could be an absentee CEO for the company ... The new company needed a new CEO. And amazingly, we might have lucked upon just about the perfect person.

We couldn't get a seasoned, experienced Malawi CEO, because they are rare, they might not be trustworthy, and they would be expensive. But Affordable Solar for Villagers was interviewing people for a financial manager position (essentially CFO), and amazingly they had amongst the finalists, a finance person with excellent business experience. He worked for the Malawi branch of a British tea company (Finlay's: https://www.finlays.net/about-us/) that was shutting down because of low business volume in Malawi.

His name is Mcsanta.

We hired him starting April 1, and he has been working on the company launch ever since. By the beginning of May we had the company duly registered with both business regulators and tax authorities and bank accounts opened. He and I talk every day, hand off tasks lists to each other, and basically work really well together. He and I spent the last week in Nairobi talking to our funders and everything appears to be working great.

Accessing US dollars for procurement:

When we are doing our charitable work, our capital comes in the form of donations, and we don't have investors that are interested in giving us growing amounts of capital.

What happens with small, local importing businesses in Malawi, is that the bank will not convert your local currency to foreign currency. If you try, the transaction might get approved, but for large purchases, you will never actually get the conversion done because there is always a shortage of foreign currency and there are always higher priority import requests that the bank will satisfy before yours.

So what you do as a business, is you get both a US dollar (FOREX) and a Malawi kwacha bank account, and when you get foreign donations or investments, you put them in the US dollar account and use the US dollars for imports.

Well, what happens when donations run out?

If you don't have foreign investors, you have to convert Malawi kwacha on the informal market, and you spend twice as much in kwacha to get your dollars. There is no way for your sales to be profitable. Accessing US dollars on the informal market produces a 50% loss.

BUT, if you get foreign investment you can put that in your FOREX account, it lasts about a year, and you invest the kwacha that you get from sales in local assets that can grow the business. When you convert your assets back to US dollars for investment reporting, you use the official exchange rate, and investors can see that your assets are growing and they can give you more investment for continued growth. You did not use your kwacha to but US dollars on the informal market at a 50% loss.

As long as you are using a combination of retained earnings and new investment to grow the business and not losing money with informal market USD purchases, and as long as you can continue getting some foreign investment to cover your international procurement, you are good.

Our funders and potential investors want us to get solar electric cooking to millions of Malawians. That will require growing the company for 10 to 20 years, so for the next decade or two, this approach of using retained earnings for local asset growth and foreign investment for international procurement should be workable.

This solves our foreign currency access problem.

And with these three issues solved: #1 Start-up capital, #2 A good CEO, and #3 Foreign currency for procurement, the task of organizing a high-growth start-up is now perfectly straightforward. Now it should simply take time.

More clean cooking cost innovation: Using an Ethanol back-up stove.

The biggest barrier to off-grid solar electricity access for our customers is the initial cost of the system. You might think that monthly payments would be the solution, but this is so expensive to administer, that going to monthly payments would more than double the cost to the customer.

Also, the larger the solar panels, the more reliable the system. A system with 300W of solar panels can cook on a very sunny day, but does not cook so well with clouds.

On this trip to Malawi, I discovered that a Norwegian ethanol cook stove supplier (https://www.blueflame.no/our-products/), is partnering with a Malawian sugarcane ethanol producer (https://presscane.com/) to sell an ethanol stove. So we tested the stove and it works well with ethanol that costs about $1.50 per liter (while gasoline sells for $3/liter in Malawi).

The Ethanol stove can do about a kWh worth of cooking for about $0.30. The solar electric cooker can cook for less than $0.20/kWh or amortized investment cost. But cooking with a battery in the solar electric cooker costs about $0.30 to $0.40 of amortized investment cost per kWh.

So the least expensive (and most affordable) clean cooking for offgrid customers in Malawi is battery-free solar-electric cooking with ethanol cooking as back-up. Now battery-enabled cooking will be more convenient than ethanol cooking, but people can use the ethanol for nighttime and cloudy days until they can save up the money for a big battery that allows them to cook at night.

That's all for now:

So that's it for now, but basically it looks like we have the clean cooking problem for Malawi theoretically solved: cheap, battery-free solar-electric + ethanol + high-quality batteries.

We also now have a share company (Africa Sun Power) that should be profitable enough to take investments and scale the business to a very large size.

And we have a start-up grant that can get the company up and running and ready for investors in about a year.

Now all we have to do is actually implement all of the details needed to get this done.

This SHOULD be straight-forward.

It took 11 years to get here, but now it looks like we are finally where we want to be.

Whew! FINALLY!

In love and struggle,
Robert VB

Getting low-cost solar electricity to low-income Africans
solar4africa.org & solarkumidzi.org