



GOGLA Industry Opinion towards the Use  
of Public and Donor Funding in the Off-Grid  
Lighting Industry

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## GOGLA Opinion towards the Use of Public and Donor Funding in the Off-Grid Lighting Industry

### *Background*

Public and donor funding (including funding provided by multilaterals or bilateral donors that is channelled through national governments, NGOs, or development programs) in the off-grid lighting industry is often used with the good intention of accelerating the adoption of clean and efficient off-grid lighting technologies. However, it can have both positive and negative impacts. Its use should always be designed carefully.

### *Industry Position*

The members of GOGLA hold the view that broad and sustainable adoption of solar off-grid lighting is best served by a competitive and open market approach. With this goal, GOGLA's views public and donor funding in the following way:

Carefully designed, it can have a positive impact: Public and donor funding can play a transformative role in facilitating market development, for example by subsidizing industry-wide needs such as the development of quality standards or mass consumer education campaigns, or providing opportunities for consumers to see the benefits of solar light directly. These activities are necessary for market development, and serve to broaden adoption.

Poorly designed, it can also have a negative impact: Public and donor funding that is used for direct retail price subsidies to consumers pose a significant threat to sustainable, competitive market building. Systematic reductions on retail prices, and especially free give-aways, signal to consumers that they do not need to pay full retail price—or pay at all—for these goods, and consumers will accordingly hold out for reduced-cost or free goods in the future, regardless of whether they will ever come. While there may be a short term benefit for selected users, these reductions or give-aways will result in such adoption being less likely to be sustained and broader adoption of solar off-grid lighting being significantly hampered.

### *Recommended Action*

Instead of using public and donor funding for direct retail subsidies or free-give-aways, it should be channelled to activities that support a sustainable market development and sustained adoption of clean and efficient lighting technologies. Direct retail price subsidization of goods that could otherwise be marketed and purchased through sustainable, competitive business models—often those that create jobs and income in the same communities—is a poor use of public and donor funding. Available public and donor funding should be used for activities that have a positive impact on a competitive and open market.

There are limited times where free give-aways are useful and do not have a long-term negative impact on the market and thus on broad and sustained adoption of solar lighting. This would include emergency disaster relief situations where utilizing public and donor funding for free



give-aways of solar off-grid lighting can be beneficial, but do not serve to establish consumer expectations of free goods in the future once recovery from the emergency has occurred.