

Logistics

1. **Your mics have been muted on entry. Please keep yourself muted throughout the call unless you have a question.**
2. **You may ask a question at any time during the call. To ask questions you can:**
 - a. Use the Chat box on the right-hand side of the WebEx session.
 - To ensure that your question is seen by the moderator, select **“All Participants”** from the drop-down menu before sending the question.
 - b. Unmute yourself and ask a question remembering to re-mute yourself when done.



PAYGo Performance, Reporting, and Measurement (PerfoRM)

PORTFOLIO QUALITY WORKING GROUP KICK OFF MEETING

March 1, 2019

Path to PERFORM



2016-17: GOGLA and Lighting Global convened PAYGos and investors

- To enhance data use and harmonize financial metrics for off-grid energy companies
- To improve operations, optimize business models, facilitate finance

2018 Jan: Hong Kong Off-grid Solar Conference

- KPI Technical Guide: definitions of selected key performance indicators
- Taxonomy: standardized qualitatively categorizing different business models
- Data Playbook: how data is collected and utilized to improve their operations



April: CGAP joins GOGLA and IFC on PAYGo PERFORM

June-November: Consultations and Pilots

- Consultations with PAYGos and Investors
- Piloting of KPIs Version 1.0 with 7 companies
- Consultations with Investors

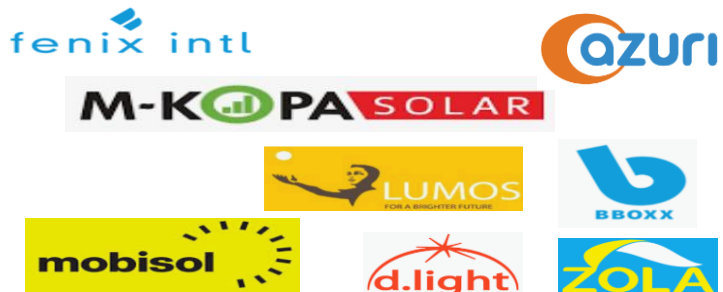


November – December : Workshop in Kigali, Rwanda and Webinar

- Consultation Workshop + Webinar attended by over 100 industry stakeholders
- Mandate to review and revise KPIs in proposed working group structure

Understanding the Complexity

VERTICALLY INTEGRATED: FOUR IN ONE



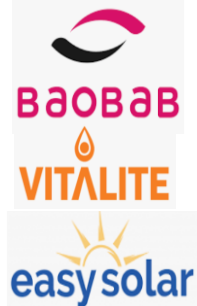
MANUFACTURING



SOFTWARE DEVELOPMENT



DISTRIBUTION



DISTRIBUTION & FINANCING



FINANCING

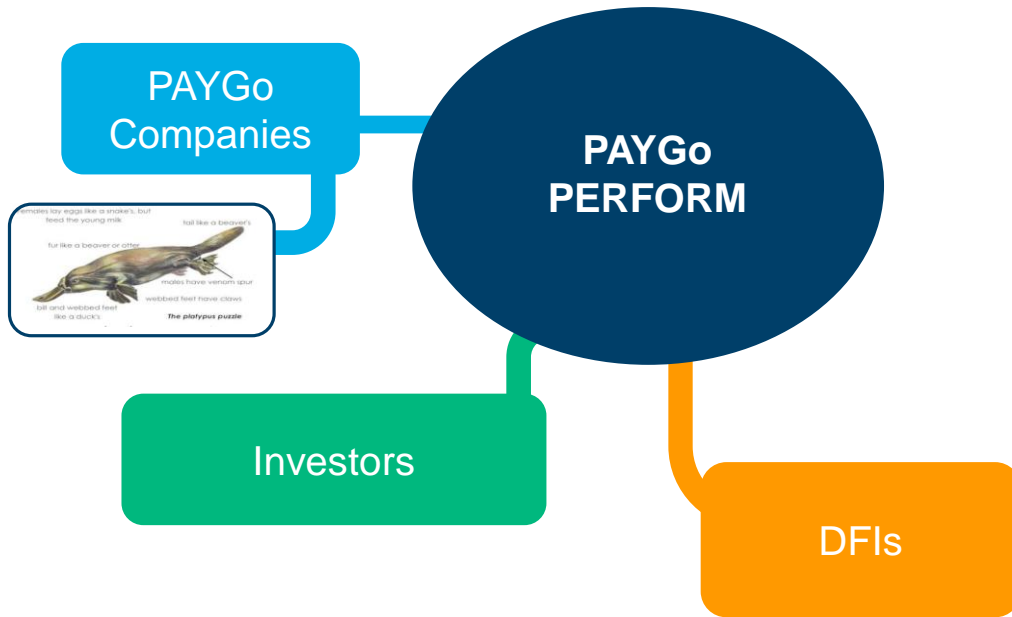


WHY PERFORM?

- **Attract more funding from existing and new investors**
 - **Greater transparency**
 - **Increased sector insights**
 - **Easier due diligence**
- **Performance benchmarking**
 - **Benefits both PAYGo companies AND investors**
 - Peer comparison
 - Internal diagnostics

PAYGo PERFORM (Performance, Reporting, and Measurement)

Industry Process: Stakeholders to agree and refine over time



Reaching consensus

- Joint ownership
- Participation
- Broad-base stakeholders
- Investor community (private debt investors, private equity investors, local banks, international banks, DFIs)

Process has to be:

- Open
- Self-subscribing
- Objective
- Technically focused
- Clear mechanisms (participation, decisions, producing content)

Joining Forces and Combining Strengths

Steering Group



- ✓ Global Reach & Select Country Presence
- ✓ Long Term Vision
- ✓ Deep Industry Knowledge
- ✓ Strong Convening Power
- ✓ Technical Skills
- ✓ Track Record in Consultation



- Convenes Stakeholders
- Determines Strategic Direction of Process
- Proposes Initial Framework for Process

Fora for Consultation

Consultative Group

- All stakeholders who want to be involved
- Meet at main milestones of the process to give feedback
- Umbrella function

Technical Working Group(s)

- Draws members from the consultative group who want to be more deeply engaged
- Pulls in experts when needed
- Co-chaired by one investor and one company
- Technical focus: conducts analysis and gathers input
- Meeting frequently



Defining the Working Groups

To consider:

- Is this right set of KPIs?
- What's missing?
- Which KPIs are problematic and will need to be reviewed (and what support will be required by your working group to be able to make a recommendation)?
- What additional tools or frameworks are useful?



**categories in italics not part of KPIs 1.0*

Working Group Leads

Working Group 1: Key Performance Indicators: getting from v1.0 to v2.0; reviewing, revising, and adding metrics

- **Co-chairs: Siten Mandalia + João Magalhães (Solaris Offgrid) & Avi Jacobson (SunFunder)**
 - Steering Group Coordinator: Daphne Pit (GOGLA)

Working Group 2: Portfolio Quality – Metrics and Tools/ Frameworks

- **Co-chairs: Anish Thakkar (Greenlight Planet) & Ralph Gunn (Standard Bank)**
 - Steering Group Coordinator: Nicky Khaki (CGAP)

Working Group 3: Unit Economics – defining a common language and joint definitions. Opportunity to draw from path to profitability work

- **Co-chairs: Shagun Jain (Rural Spark) & Geoff Manley (CDC Group)**
 - Steering Group Coordinator: Miguel Soriano (IFC - Lighting Global)

Meet Your Co-chairs



Anish Thakkar

Co-Founder, Greenlight Planet

Greenlight is a leading manufacturer of off-grid solar energy systems used today in 10 million households worldwide. Greenlight operates the industry's largest Pay As You Go distribution network, selling 35,000 consumer-financed solar home systems each month through its network of 140 branch stores and 3,000 commissions-based agents in Kenya, Uganda, Tanzania and Nigeria.

Anish served as Greenlight's CEO until 2016 and today leads debt fundraising and new products initiatives.



Ralph Gunn

Senior Manager - Corporate & Investment Banking, Standard Bank

Ralph is in the Energy & Infrastructure Financing team focusing on Financing of Decentralised Energy across the continent. He has been involved in the REIPP programme, spent over 2 years in Nairobi, Kenya with Standard Bank Investment Banking leading the debt teams in East Africa and now driving the decentralised energy funding strategy from Johannesburg.

Deal Experience: Ralph has been responsible for advising, arranging, and executing more than 25 transactions spread across sectors and type of financing. Ralph has specialised in hybrid financing structures fit for purpose on the continent.

Proposed Timeline

- ✓ Q1 2019: formalize and set up technical working groups, including co-chairs
- Q1 & Q2 2019: review and update KPIs 1.0 -> KPIs 2.0. Giving an update on the progress in June at GOGLA AGM
- *(expected)*: Q3: Piloting KPIs 2.0 by companies incl. data collection
- *(expected)*: Q4: Update KPIs 2.0 with learnings from Piloting -> KPIs 2.1

Process – Key Activities / Milestones

Activity	Objectives	Participants	Timing
Kick-off Call with Co-chairs	Discuss overall objectives, responsibilities, survey, timeline	Co-chairs, SG Coordinators	2 nd / 3 rd Week of February
Kick-off Call with WG	Introductory call, review survey and objectives of WG; define initial issues	Co-chairs, SG Coordinators, WG Members	3 rd / 4 th Week of February
Co-chair Monthly Calls	Touch base on the progress of the different work activities and action items from the Working Group and sub-committees	Co-chairs, SG Coordinators	Mid-March, Mid-April, 1 st Wk of May
WG Monthly Calls	Formal call with all WG members to discuss the progress of the different work activities and any issues that need to be addressed	Co-chairs, SG Coordinators, WG Members	Mid-March, Mid-April, 1 st Wk of May
May Overall Progress Presentation	Presentation on overall progress made by each WG	Co-chairs, SG Coordinators, WG Members of all WG	Mid-May
June AGM Progress Report	Present recommendations on KPI 2.0	KPI, PQ, and UE WG Co-chairs, SG Coordinators, WG members, GOGLA / IFC / CGAP Senior Leaders	Mid-June

KPIs 1.0: Mapping By Working Group

KPIs	Portfolio Quality	Unit Economics
Portfolio Size	Average Credit Period	ARPU
EBITDA Breakeven	Portfolio at Risk (PAR)	Average Unit Cost
Standards Compliance	Churn	Average Customer Deposit as a Proportion of Unit Cost
FX Exposure: Net Open Position as a Percentage of Equity	Standard Deviation of Amount Ahead / Amount Behind on Payments	Average Total Expected Revenue
		Average Maintenance Cost

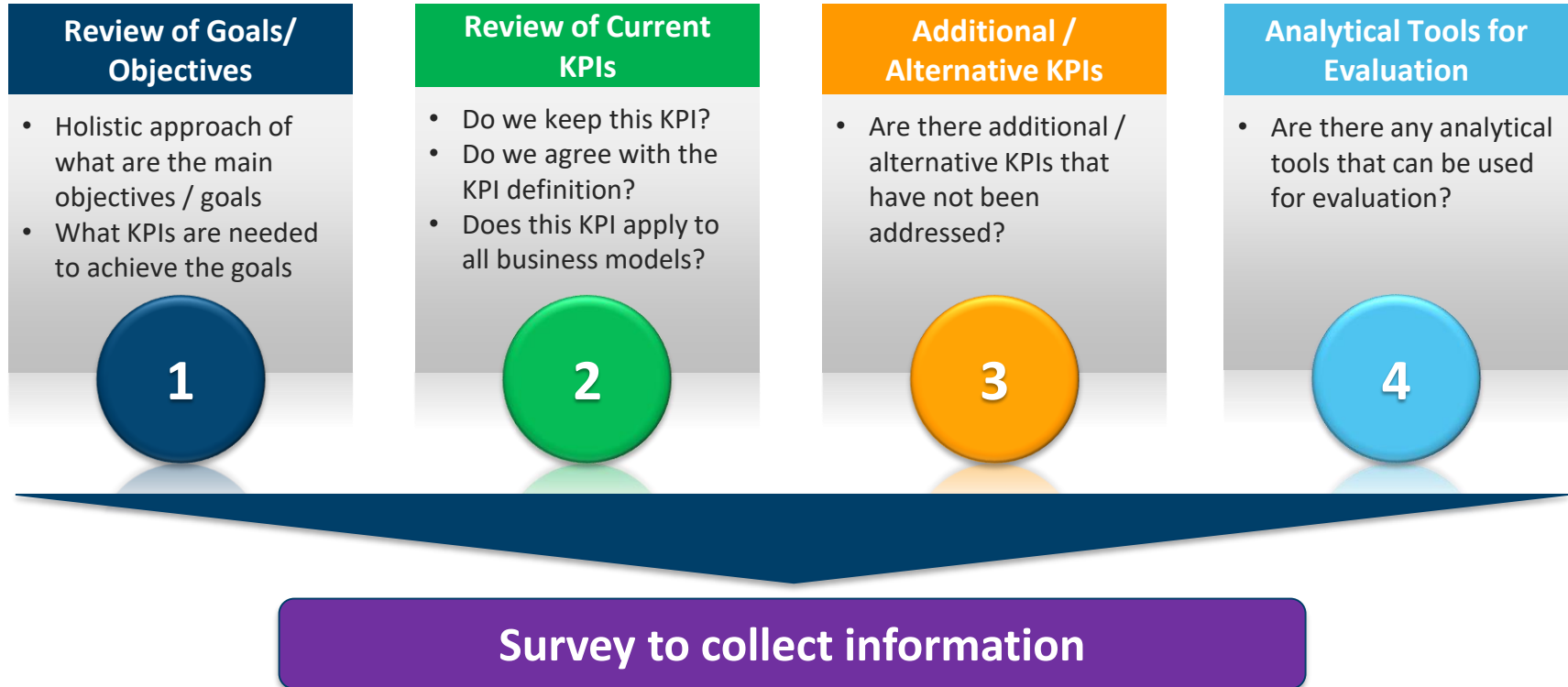
KPIs 2.0: Potential Considerations

KPIs	Portfolio Quality	Unit Economics
Comparability	Utilization Rate	Interest Recognition
Revenue Recognition	Cohort Analysis	Customer Acquisition Costs
Operational KPIs for Benchmarking	Credit Provisioning	Unit Gross Profit Margin
FX Exposure: Net Open Position as a Percentage of Equity	Write-offs	Unit EBIT
[More]?	[More]?	[More?]

Working Group 2 Portfolio Quality

First Steps

Key Activities of the Portfolio Quality Working Group



Average Credit Period

Definition

Average nominal number of days between system acquisition and expected final payment.

Formula

Sum over units of (Expected final payment date [Days] - system acquisition date [Days]) / (Total # of active [Units]).

Next Steps

- Keep Unchanged?
- Modify?
- Remove / Replace?

Portfolio at Risk (PAR)

Definition

Total amount owed on units with any balance billed in the last 90 days which is overdue by 30 or more days, divided by total amount owed by customers.

Formula

Sum of (Total amount owed by customers with any balance billed in the last 90 days which is overdue by 30 or more days) /
Sum of (Total amount owed on active units).

Next Steps

- Keep Unchanged?
- Modify?
- Remove / Replace?

Churn

Definition

Fraction of units that have gone inactive over the previous 90 days.

Formula

Sum of (# of units on which no payment was made in the preceding 90 days) / (# of active [Units] as calculated 90 days ago).

Next Steps

- Keep Unchanged?
- Modify?
- Remove / Replace?

Standard Deviation of Amount Ahead / Amount Behind on Payments

Definition

Total revenue received minus total amount expected up to present date, in local currency, divided by number of active units.

Formula

Mean and Standard Deviation over active units of (Total revenue received from unit acquisition to present, exclusive of unscheduled maintenance - Total revenue expected from unit acquisition to present [Local Currency]).

Next Steps

- Keep Unchanged?
- Modify?
- Remove / Replace?

Additional / Alternative KPIs – Potential List

**Utilization
Rate**

**Credit
Provisioning**

Write-offs

?

?

?

Questions?

Next Steps / Resources

1. Stay tuned for an email with a link to the live web-based survey – please fill out the survey by Friday, March 8th
2. Next WG call will be mid-March – invite will be sent shortly
3. Website:
<https://www.findevgateway.org/organization/paygo-perform>
4. Email: paygoperform@gogla.org | nkhaki@worldbank.org
5. [KPI Technical Guide](#)

PAYGo PERFORM



Thank you!