



# Consumer Protection Insights

Learnings and recommendations from the  
GOGLA Consumer Protection Code



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We would also like to thank in particular the four companies – Greenlight Planet, Trend Solar, Mobisol and Azuri – that generously gave their time and resources to participate in the consumer insights study – making staff and management available to the consultants for interviews, and facilitating the focus group discussions. Thank you also to the almost 60 consumers who gave their time to share their experiences. These four companies plus d.light and M-Kopa also collaborated on the initiative by undertaking and sharing trial self-assessments.

The GOGLA Consumer Protection Code was developed in partnership with investors who demonstrate a strong commitment to the sector. [CDC](#) (through CDC Plus, funded by UKAID), [FMO](#) and [DOEN Foundation](#) have taken the lead, financially supporting GOGLA to manage the initiative.

And finally, we'd like to thank the Enclude team – Daniel Rozas and Sam Mendelson (the primary authors of this paper and lead consultants on the project), supported by Marloes Adema and Geert Jan Schuite – who have worked professionally to ensure the Consumer Protection Code reflects the practices, concerns and aspirations of the stakeholders in the sector, and the best interests of its consumers.

## GONGLA Foreword

We believe in a solar powered world. The off-grid solar industry is helping to create that world. We know solar is the right thing for the economy, society and environment. We have what it takes to bring electricity to the 1 billion living without it. We're already powering opportunity for 120 million people. We know that we can change more worlds faster, together.

Off-grid solar companies offer a strong value proposition to consumers and the sector is delivering significant and measurable social, economic and environmental impacts. Technological and business innovation has brought modern energy services to millions of households. The PAYGo business model has made modern energy services affordable for the first time in history. Yet it also introduces new risks for consumers that need to be managed and minimised. To grow we must be responsible. That's why GONGLA has launched its Consumer Protection Code. This report aims to introduce our members, stakeholders and investors in the sector to this exciting new framework.

The Consumer Protection Code is formed of six Principles and a set of Indicators that help companies assess their performance. They represent six broad areas: Transparency, Responsible Sales and Pricing, Good Consumer Service, Good Product Quality, Personal Data Privacy, and Fair and Respectful Treatment. The extensive engagement we have undertaken with our members, other stakeholders, staff and consumers confirms that we are on the right track here - that this code accurately reflects an emerging best practice in consumer protection in the off-grid solar sector.

In creating and developing the Code we have made real efforts to put consumers at the centre of its design. We have taken steps to ensure their voices and input are reflected in the Principles and Indicators that will be used to measure the service they receive from their providers. This has been widely embraced by the companies involved in the development process.

It is encouraging to see GONGLA's members share a commitment to the responsibilities of consumer protection, though the challenges of building a consumer protection model that's responsive to the risks consumers face, and balancing this against the business needs of a young and fast-growing commercial industry persist. This report outlines common consumer protection challenges in the industry and makes suggestions on how companies can address them.

GONGLA believes that widespread industry action on consumer protection is required to mitigate sector risks and accelerate market growth. We encourage off-grid solar companies to commit to the Principles, and equally for investors and other stakeholders to endorse them. Many have already begun to take action - there have been 17 Commitments and eight Endorsements as of June 2019. We are sure that the Consumer Protection Code will galvanise this action and ensure our industry stays supported on its journey.

It's an exciting time, full of opportunity. But to thrive we must put consumers first. Together we can go further, faster.

# Introduction

GOGLA has led the development of a Consumer Protection Code as the industry standard for the off-grid solar sector. Our aim is to safeguard impacts and respect the rights of consumers. This bold initiative has seen collaboration between industry and consumers resulting in the creation of six Consumer Protection Principles a set of Indicators and Self-Assessment Tool. This paper outlines the structure of the CP Code and advises companies and investors how they can make use of it. Key findings are presented from consumer engagements to promote a better understanding of issues 'on the ground' and highlight potential areas for improvement. The paper concludes with a perspective on what the future may hold for the CP Code.

Consumer protection has become virtually a universal business practice. From regulatory responses to the 2007-08 financial crisis in developed economies, to the emergence in financial inclusion of the Smart Campaign's Client Protection Principles, GSMA's Mobile Money Certification and other frameworks, protecting vulnerable consumers is a priority across many areas of technology and financial inclusion. We believe that a consumer protection mechanism is equally important for the off-grid solar sector.

Rather than adopt an existing model and definition of consumer protection, we felt a tailor-made code would best serve the unique and dynamic off-grid solar sector and our consumers. That meant collaborating with members, stakeholders and consumers in developing a brand new, thoroughly researched framework that puts consumers front and centre.

The consumers of off-grid solar products are typically low-income, for whom a solar home system constitutes a major investment. These consumers are exposed to both product risk (the risk of buying a defective or low-quality item) and financial risk: by purchasing via a PAYGo pay plan, consumers are vulnerable to disrespectful behaviour, fraud, or lack of transparency during the sale, as well as the risk of a financial shock making future payments unaffordable.

If the sector were selling paperclips, the way companies treat their consumers would not be of such vital importance; the consumer incurs a low cost for a single use item and can simply choose not to purchase again. Whereas, in many ways, the off grid solar sector is unique. It shares the social responsibility of microfinance, serving low-income and vulnerable consumers, evaluating their creditworthiness and contractually binding them to long-term financial obligations. PAYGo solar companies not only sell an asset with a non-refundable deposit, which can be repossessed, causing the consumer to forfeit that deposit, but they sell a service too - access to electricity, which, when taken away, can cast poor households back into darkness. This represents a great financial, social and corporate responsibility on the part of the solar provider, and the sector as a whole.

GOGLA and its members believe that the off-grid solar industry can only grow, sustainably and responsibly if action is taken on consumer protection. Through the development of industry-led and agreed standards of good practice we can demonstrate to key stakeholders such as national governments and impact investors that the sector is serious in providing consumer protection and well safeguarded in this dynamic sector. We can also create benchmarks against which new and existing players can measure their own performance on consumer protection and use this data to fill performance gaps in how they treat and work with their consumers.





**GOGLA**  
**CONSUMER**  
**PROTECTION**  
**CODE**

## The GOGLA Consumer Protection Code

The GOGLA Consumer Protection Code (CP Code) comprises six Principles and a set of 37 Indicators that enable companies to measure, demonstrate and improve their practices, and provide investors and other stakeholders with a framework to promote good practice. The Principles are the minimum standards of practice consumers should expect from an off-grid solar provider.

The six Principles, plus an overarching field on Governance and Management, have been expanded into a set of Indicators to enable in-depth and systematic assessments of companies. The Indicators forms the basis for a Self-Assessment Tool that allows companies to measure their processes and performance, and monitor their progress against their internal baseline over time.

The Principles and Indicators were refined over months of in-depth consultations with GOGLA members and other sector stakeholders. Trial self-assessments by six companies helped evaluate the practicality and utility of the Indicators and Self-Assessment Tool. A study was conducted to engage consumers and staff in the field to verify

that the Indicators accurately reflect industry practice and consumer protection challenges. The feedback and input from these interviews helped define a large number of Indicators, with many added, removed and changed to reflect what was recorded. This process assured that the CP Code represents the voice of the industry and incorporates the lived experiences of its consumers.

### Mainstreaming consumer protection in off-grid solar companies

GOGLA believes that widespread industry action on consumer protection is required to mitigate sector risks and accelerate market growth. GOGLA encourages off-grid solar companies to commit to the Principles, and for investors and other stakeholders to endorse the Principles. Making a Commitment to the CP Code signifies that the signing organisation is committed to the Principles of the code in spirit. This is a significant step, but only the start of refining and promoting good consumer protection practices in the sector. GOGLA recommends that companies use the Self-Assessment Tool to measure and monitor their performance, this can help identify gaps



# The GOGLA Consumer Protection Code

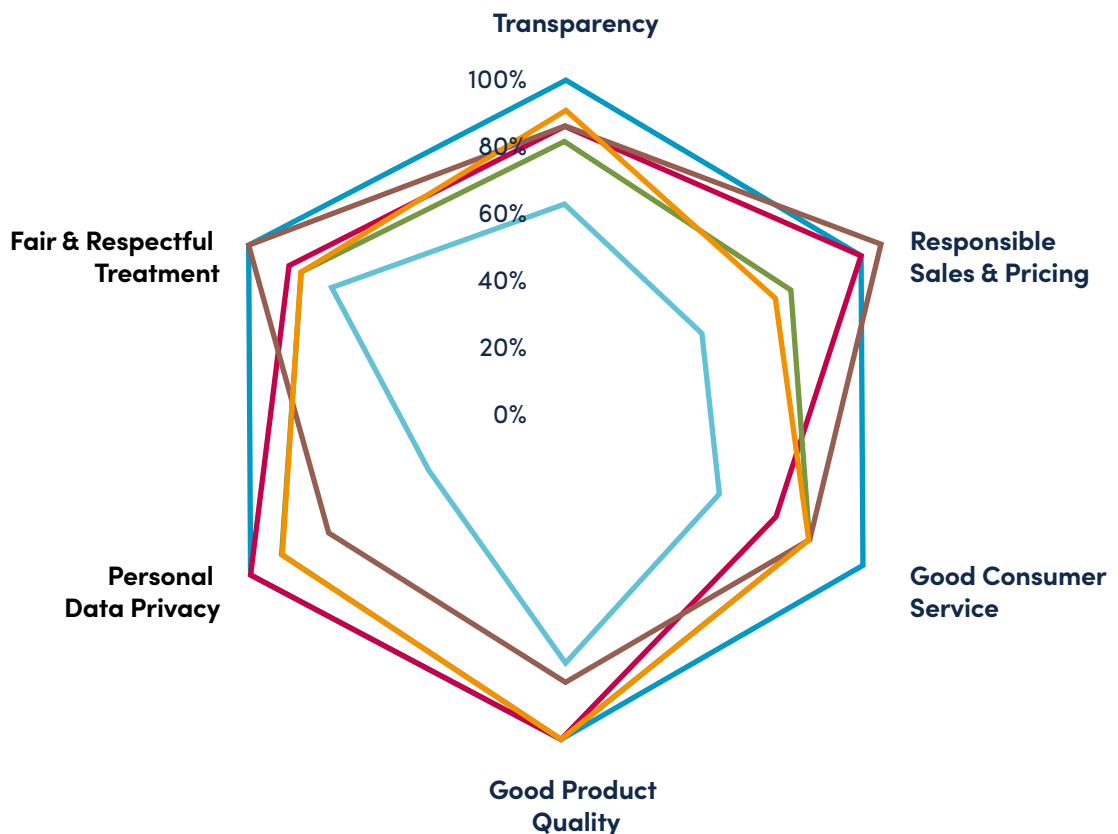
and prioritise areas of improvement. Completing the tool entails assessing the level of fulfilment of the Indicators – fully met, mostly met, somewhat met, not met – and a commentary on the result. The tool returns a numerical aggregate score for each Principle and a graphic overall result. The quantitative and qualitative results help to identify areas of weakness and to track progress over time.

Figure 1 shows the results of the trial self-assessments<sup>1</sup> by Azuri, d.light, Greenlight Planet, Mobisol, M-Kopa Solar, and Trend Solar. The results of these trials were invaluable in further refining the Indicators and the Tool itself. The data has been anonymised, with each coloured line representing one of the six companies.

The results show that the companies have generally rated themselves highly, reflecting these companies' perception that they are generally doing reasonably well on how they interact with consumers, while recognising there are areas for improvement. The results vary across the six companies; notably with one high scorer and one low scorer, and no single Principle where all six are particularly strong or weak. There are also variances in how individual companies scored across the six Principles, i.e. achieving a high score in one area and low elsewhere. Significantly, the scoring is subjective – companies (and individuals within companies) have a very different view of how seriously they interpret fulfilment of the Indicators. Some organisations are just more



Figure 1 – Trial Self-Assessment results from the six companies (results are anonymised)



<sup>1</sup> Note, these results are from a beta version of the Self-Assessment Tool. A number of Indicators were added, subtracted and modified following this exercise.



## The GOGLA Consumer Protection Code

critical than others when self-assessing. It is not necessarily the case that the company with the highest score has vastly better consumer protection practices than the one with the lowest score.

The real value of the Self-Assessment Tool is in measuring an individual company's performance to determine where improvement is needed, and using this as a basis for monitoring. Undertaking a self-assessment is relatively fast; the tool is intuitive and can be completed by a single individual with good oversight of the company, though likely would require inputs from different business units.

The results can also facilitate a dialogue between companies and investors by providing quantitative data and evidence of performance in a standardised format.

This inherent subjectivity highlights that Self-Assessment Tool scores should not be used to compare different companies directly or be used to create industry benchmarks. Third party assessments, with standardised and calibrated scoring, is necessary to achieve this.





# Consumer and staff insights

An integral part of the process of developing the CP Code was listening to consumers themselves. A series of focus group discussions with consumers and key informant interviews with staff explored their experiences and perspectives. The results informed the definition of the Indicators and give rich insights for companies as they seek to improve their practices. The message from both the consumers and staff was consistent. There are many areas in which participating companies, and arguably, the sector at large, have been very successful. But there are also several areas where providers can to improve.

This section details the summary findings from the engagement with consumers and staff, and makes suggestions of ways companies may address the common challenges. The feedback is organised by the relevant Principle.

## Transparency

Transparency applies to what is disclosed and how, as well as what consumers are ordinarily aware of and understand. On a base level, most consumers were familiar with the key terms of their contracts and the product. The marketing materials of the four providers were well designed and clear, explaining both the product – functionality and technical performance – and the payment plan in terms that most literate consumers would understand. The contracts however did not convey the information in an accessible format; written in small-print legal terms not meaningfully comprehensible to the average PAYGo consumer.

Sales personnel and marketing materials are the key sources of information for consumers. This raises a number of important issues. There are a number of illiterate consumers in key markets, so it is critical that sales agents convey reliable information in an appropriate format and language, and that call centres verify the understanding. In several cases, consumers had been told incorrect information, sometimes intentionally, by agents prioritising sales over consumer rights and protection.

## Methodology

Enclude carried out in-depth focus group discussions and individual interviews to identify the issues that consumers see as most relevant when dealing with their off-grid solar providers. This survey was conducted in November–December 2018 and included interviews with approximately 60 consumers, spread across four different providers (Azuri, Green Light Planet, Mobisol, and Trend Solar), in Kenya and Tanzania.

The consumers selected for the interviews were not representative of the overall consumer population of these providers. Rather, they were selected based on their consumer experience, to ensure that those who had negative experiences – behind on their payments or those few who had their systems repossessed – were well represented, even if they make up only a minority of consumers. Extensive interviews of approximately 40 local staff and management across the four providers also took place.

The case studies from consumers are real stories of individuals' experiences, shared in both focus groups discussions and individual interviews, and presented without comment – with only the consumer and their solar energy provider names changed for the purpose of anonymity. They're intended to give a snapshot of some of the experiences that consumers have – positive and negative – to both help address any challenges and ensure continued good practice in the sector.



## Consumer and staff insights

**Elijah** is a shopkeeper selling household supplies. Two years ago he bought a solar system from Energy Company Alpha (ECA). Though he was offered to pay in instalments, Elijah believes that it's better to borrow from someone he knows than from a company. So he took an interest-free loan from a friend and bought the system in cash. For over a year he was enjoying the light when suddenly his home went dark. Elijah called consumer care and was told that he had not paid instalments on a health insurance policy that was bundled with his system. Elijah was greatly upset as he had never been told about any such policy when he bought the system, and was especially angry because he had paid for the system in cash and still his lights were now turned off. He told ECA that he wasn't interested in any insurance and just wanted his lights back on. Though ECA turned the lights back on that same day, Elijah felt mistreated – not only was he surreptitiously sold a product that he never wanted, but a system he thought he owned in full was interfered with by ECA.

In cases where payments are made through a Mobile Money platform which was the case for all four participating providers, consumers are typically able to access receipts of payments and details of outstanding balance – a valuable tool for their financial planning.

### Potential improvements for providers:

- Develop clear, easy-to-understand contracts with supporting visual aids that consumers can read or have read to them if they are illiterate.
- Standardise communications by sales staff and agents, using template documents, sales scripts and role-playing in training to ensure that all relevant information is conveyed consistently.
- Explore allowing consumers to access more information on their accounts, including payment history and remaining payment balance.
- Improve ways of informing consumers about complex topics such as data privacy, credit reference bureaus and exposure to foreign exchange risk.



### Responsible sales and pricing

With respect to pricing, consumers expressed no concerns – neither on pricing transparency nor the level of pricing itself. Most were aware of the cash purchase price for their product and the total (higher) amount they had to pay through instalments, but none voiced concerns that the implicit premium was unreasonable. The typical response was that they simply could not afford to pay cash upfront and were happy to have the opportunity and flexibility of paying in instalments. This contrasts strongly with typical consumer

responses when asked about credit in other sectors, where complaints about high interest rates are common.

One key element in the sales process is the client verification or 'welcome' call, during which the consumer is contacted by the call centre during part of the sales process. All such calls included basic verification of name and address, system purchased, and relevant payment plan. A key objective of these calls was to verify that the agent is providing correct information to the consumer. (see box: The Agent Challenge).

In some companies, the 'welcome' call includes questions about the consumer's income levels and volatility, household situation and expenses, as a way of assessing their ability to pay. Some companies invest considerable and impressive resources into this task, cognisant of the effects both on the consumer and the company if the consumer is sold a product they cannot afford. For certain companies, especially those specialising in lower-cost systems, the consumer's payment of a deposit is in itself seen as evidence of their creditworthiness, and in such cases the welcome call is used more to assess whether the consumer properly understands the system functionality, the payment plan, and their obligations.

The "welcome" calls were broadly appreciated by a number of consumers. Given their importance to the sales process, the fact that consumers have a positive view of these calls is encouraging.

## Consumer and staff insights

**Elisabeth** is a very elderly woman who lives with her husband in a village. Earlier this year an agent from Energy Company Alpha (ECA) came to do a product demonstration in her village. She liked it very much but believed she couldn't afford it and told the agent this. The agent responded that she should gather as much money as she can now and "then we'll work something out." Trusting the agent, she gathered as much as she could, but after three months, she and her husband "ran out of money" and had to stop paying. After one week, ECA phoned her to ask why; she told them she couldn't afford it. One week later her system was repossessed. Elisabeth feels embarrassed and ashamed of not paying her debt, and is upset to lose the lighting that she loved. "They should never have exposed me to a debt in my position and age."

### The Agent Challenge

The performance, behaviour, communication, and incentives of sales agents is arguably the single biggest factor in consumer protection. A sales agent is the main point of contact for a consumer and guides them through the sales process.

There are several challenges that can lead to irresponsible behaviour from sales agents. In some cases agent turnover is very high, approaching 50% per annum. That means that agents are frequently selling products whose payment contracts exceed their own expected term of employment. This creates a structural disparity between the agents' incentives and timeline and those of both the consumer and the provider. This greatly complicates efforts to ensure that agent behaviour is consistent with basic tenets of the CP Code.

Every provider has sought to structure agent compensation in a way that encourages selling to consumers who are likely to pay consistently over the duration of the contract. But no amount of back-loading compensation can be effective if the agent expects to leave the company in a few months. Agent training and supervision can also be difficult to implement effectively in light of such high turnover.

While most agents act honestly and in line with the CP Code, some do not, even going as far as committing fraud. The stories of several consumers detail a number of malfeasances. As described under Responsible Sales & Pricing, all providers have systems of verification, in the form of 'welcome' or similar calls to consumers as part of the sales process. But not all consumers received these calls, as reflected in their stories. In at least one instance it was clear that the agent had impersonated the consumer during the call, thus subverting the calls as a control point. This is a practice that is recognised by call centre staff who say they don't feel empowered to stop the sale.

These problems identified with agents are magnified by the practice of using 'sub-agents'. These are individuals paid by agents to assist basic marketing and consumer recruitment, but in some cases, they take on the role of agents themselves. This is not always made known to the provider and there is no contractual agreement that ensures good practice between sub-agents and providers.

## Consumer and staff insights

**Julius** has a shop selling clothes, while his wife runs a hair salon. Five months ago, an agent from Energy Company Alpha (ECA) was passing through his village and approached Julius. Julius had been thinking about getting a TV and asked the agent about it but was told that only consumers who first purchased a smaller light-only system could qualify to upgrade to a TV system eight months later. Julius was disappointed, but agreed to buy the smaller system with the hope of upgrading in eight months. During the sale, the agent took Julius' information, then stepped away and took the call with ECA to finalise the sale. Two months later, Julius called consumer care to ask about the upgrade. It turned out that the agent had lied. ECA did not provide for any upgrades and he would have to repay the full amount of the smaller system, which meant another 16 months of payments. The agent also never told Julius anything about the TV system, its price and payment plan. Julius felt mistreated -- "the agent had chosen the product on my behalf and I doubt the genuineness of the agent and the company. I didn't know who was right." Unbeknownst to Julius, the agent had also apparently impersonated him during the client verification call, during which ECA would've checked that Julius understood the terms of the contract. Later, Julius learned that not only could he have purchased the TV system, he could have easily afforded its payment terms.

The role of the sales agent is an integral part of the sales process. Indeed, for many consumers who were either behind on their payments or had their systems repossessed, the underlying issues could be traced back to the initial sale, and in all of those cases the sales agent, who was felt to have misrepresented either the product, the payment terms, or other key elements of the deal. This situation was repeated throughout countries and providers and can be attributed to several factors explored in the 'The Agent Challenge' box.

### Potential improvements for providers:

- Ensure there are active communication channels during or after sale between the consumer care centre and consumer, and that all consumers successfully pass the verification process.
- Develop and refine policies and criteria for assessing consumers' ability to pay, and regularly training sales staff on these.
- Explore ways to retain sales agents for longer periods.
- Share information with other providers, where possible, on former sales agents suspected of fraudulent behaviour.
- Ensure registration and maintenance of contact details of all sales staff (including sub agents).
- Stronger disciplinary measures and disincentives for agents acting in bad faith.

### Good consumer service

Feedback was highly positive on the Good Consumer Service principle. Here, two factors stood out: first, consumers were almost unanimously positive with the consumer service they received from the companies' call centres. This positive feedback was for both calls they had made to their service providers themselves and calls they received from the centre.

Responsiveness to technical issues was also largely praised. A large number of consumers reported having a technical issue for which they contacted consumer service. Among them, a handful complained that these issues were not fully resolved or addressed in a timely manner but the vast majority reported positive experiences. Many of these issues were resolved remotely by instructing the consumer to reset the system, for example. In other cases, the provider sent out a technician to resolve the problem and in those cases, most consumers were satisfied both with the resolution and the speed with which it was addressed.

The last issue under Good Consumer Service is the warranty and how customers understand its purpose and functions. The general view among consumers was that warranty offered on the system is implicitly in place so long as they are still paying instalments. The problem is that when consumers delay payments, as is common for consumers of



## Consumer and staff insights

many PAYGo providers, they risk going past the warranty period of a minimum of two-years for Lighting Global certified products. This leaves both them and the provider in a bind. If the system breaks down past that point, the provider is legally entitled to continue to demand payment without providing warranty services. This is a difficult business position to sustain, since a customer isn't likely to pay for a system that isn't working.

A significant number of consumers were under the impression that appliances provided together with the system such as TVs, and radios had the same warranty coverage as the system itself. Typically such appliances have a warranty of only one year. Providers must take steps to better communicate this warranty limitation to reduce the risk of consumer dissatisfaction and misunderstanding.

### Potential improvements for providers:

- Include target times for repair or replacement in institutional Key Performance Indicators.
- Ensure sales agents or technicians are based within a reasonably short distance of consumers, to minimise waiting times for repair or replacement.
- Provide clear information on warranty terms during sales and in contract, supported by verbal explanations if needed.
- Ensure that warranty covers the entire payment plan period.

### Good product quality

Consumers reported the quality, including performance, durability, and the lighting of their solar product, was excellent.

Many consumers had used solar lighting in the past, from solar portable lamps up to larger plug-and-play or even component-based systems, and were virtually unanimous on the high quality of the products from the four companies participating in this study. Several had explicitly switched to these brands because of the better lighting they provided. It is abundantly clear that on the Good Product Quality principle, the four providers participating in the study are performing very well. While it did not arise from the engagements with consumers in Kenya and Tanzania, a known challenge with the PAYGo technology and model is in countries where mobile money isn't prevalent. Other methods of payments, such as through agents, third parties or scratch cards, can introduce difficulties for companies and consumers. As PAYGo scales up into new and more difficult geographies, a keen eye on the payment process is required.

### Potential areas of focus for providers:

- Maintain focus on high product quality as the key selling point for the sector.

**Momma Miriam** had fully paid off a small, 2-light system from Energy Company Alpha (ECA). She wanted to upgrade to a larger system with a TV, so ECA took away the old system and installed the new one, starting instalments from the beginning, that is without any credit from the payments made for the older system. Momma Miriam proceeded to pay off the 2nd system, but then the battery stopped working. By then, ECA had ceased operations, and Momma Miriam could not get it repaired. Despite having paid fully for two systems, she is now stuck with a non-functional TV system and without the original 2-light system.

**Rachel** is a successful businesswoman in a rural town who sells grains and cereals in her shop. In June of this year, she saw an agent from Energy Company Alpha (ECA) selling solar systems. She liked the product and bought it on an instalment plan, with the agent telling her to pay "as quickly as possible." Following the agent's advice, she paid off within 3 months, despite having nine months to do so. The agent never asked her if she understood the contract, nor did she receive any welcoming or verification call from consumer care to see if she understood how much she needed to pay and for how long. Moreover, she was never told that she had the option to buy in cash for a lower amount -- a price she could have easily afforded. "They should have told me about the amount I should pay and when."

## Consumer and staff insights



### Personal data privacy

The Personal Data Privacy practices received generally positive feedback from consumers. It was clear from the interviews that consumers were aware that their providers had collected a range of data on them, and many were aware that their system usage was likewise being captured. None of the consumers expressed concerns about their data being collected. It is possible this is due to low awareness of data privacy concerns that dominate debate in developed economies. Nearly all consumers were open to this data being shared with third parties such as potential MFI lenders or

advertisers, but only if such sharing could benefit them in some way. Conversely, none were keen to have their data shared in a way that could have a negative impact on them, for example, sharing their data with the tax authority.

### Potential improvements for providers:

- Ensure that data is only collected, stored and used for legitimate interests of the business.
- Obtain meaningful consent for use of data outside the scope of legitimate interests.
- Restrict internal access to consumer data and have systems in place to avoid theft of data.

Hussein Abdallah is a collections officer at Energy Company Alpha (ECA). One day he went to repossess a system from a consumer who was seriously behind on his payments. Upon arriving, he saw the consumer's children outside the house, praying on their knees for the light not to be taken away. Shaken, he managed to work out a temporary solution after the consumer pulled together some money to make a partial payment, but it didn't last, since the consumer could not make the full payments required. He was forced to repossess the system some weeks later, without the children present. In his words, "there is no way to keep a repossession private, even if you do your best to hide it."



# Consumer and staff insights



## Fair and respectful treatment

Treating consumers fairly and respectfully is essential to GOGLA members. Fair treatment is the foundation of a positive customer service experience. As such it is vital that consumers are afforded respect and honesty even in challenging situations.

One key challenge is dealing with consumers who fall behind their payments due to an unexpected financial shock. For poor households, serious financial shocks are a constant threat, but many of them are temporary. Several of the consumers in the field survey experienced a serious shock that caused them to miss several weeks' payments. For most, this meant a period without electricity, while no payments were being made, with their service resuming once they began paying. This is typical of the PAYGo approach. The system is turned on for a given pre-paid period of a day, a week, or a month based on the amount paid.

Some providers use a stricter instalment schedule approach. This can mean service is based on not only the amount of payment, but whether all prior instalments have also been made. In this model, a client who falls behind on payments must effectively catch up with all their previous payments before the lights are turned back on. While such an approach has its own merits and can be especially useful for larger, more expensive systems, it's important to provide reasonable flexibility to deal with consumers who experience a financial shock.

Some providers who employ this more strict payment schedule offer the opportunity to re-schedule payments, implementing a 'holiday'

or suspension for some weeks or months during which time the consumer can keep the products and resume payments at an agreed later date. Alternatively, consumers may increase the length of the payment period and reduce the daily or weekly payment amount. This is an aspect of flexibility that can provide peace of mind and protection to consumers facing personal difficulties. Some companies go beyond this to provide a full refund of the deposit to the consumer in cases of repossession following an established financial shock.

There is a broad range of policies on payment flexibility within the sector. Ultimately, the level of flexibility is a business decision for the individual company, though the insights from staff and consumers alike provide solid anecdotal evidence of the mutual benefits of maximising flexibility where possible.

Fair and respectful treatment features prominently when consumers are mistreated by staff or sales agents. Mistreatment can arise at any period in the relationship. This risk is most acute during involuntary repossession, when a consumer is faced with the loss of their energy system when they are simply no longer able to continue paying for it. It is encouraging that none of the consumers interviewed who had experienced a repossession, including an involuntary one, reported that the provider staff carrying out the repossession had acted unprofessionally or were disrespectful. Finally, while it did not specifically arise in the focus group discussions with consumers, the industry is grappling with another important challenge in fair and respectful treatment of consumers. How

**Suzy** is a young woman who runs a small jewellery shop and supports a younger brother who is in college. Eighteen months ago, she bought a solar system from Energy Company Alpha (ECA) and was enjoying the light for nearly a year when her uncle fell gravely ill. She and her family pooled their resources to pay for his costly medical treatments, but unfortunately, he passed away and the family then had to pay for funeral expenses. This put great pressure on Suzy's finances, and she fell a month behind on her payments. ECA asked her to pay the months' arrears, but it was not enough. She still had to cover payments for the coming month. However, the consumer care representative suggested that she apply for a special re-assessment, which she did, after which her payment was lowered by 20% and the term was extended. Since then Suzy has been current on her payments and enjoying the light.



## Consumer and staff insights

to appropriately conduct consumer risk profiling while avoiding discrimination based on gender, ethnicity, disability and age. This is particularly relevant for data analytics tools that have complex algorithms that can be discriminatory without the provider's knowledge.

### Potential improvements for providers:

- Provide reasonable payment flexibility and rescheduling mechanisms to consumers suffering financial shock.
- Ensure that any repossession is conducted with utmost professionalism and respect.
- Develop safeguards against prohibited behaviours and fraud, including information sharing between providers.
- Provide mechanisms to compensate consumers affected by fraud.

**Nathaniel** is a real estate broker who bought an energy system from Energy Company Alpha (ECA). For more than a year he made on-time payments and enjoyed the light. Then due to financial difficulties he missed two weeks of payments. ECA advised that he would need to make those two weeks' payments for his lights to be turned back on, which he did. But by then he had fallen another day short and had to make an additional payment to catch up. He did so again, but still the lights did not go on. Nathaniel had become confused as to what he owed, and it seems he had again missed another day. Frustrated, he told ECA to come and get his system, which they did. He wishes ECA could have been more flexible and given him more time, for he would've been happy to continue paying as before; instead he lost his system, along with his deposit





## Consumer and staff insights

Overall, the insights from the consumer and staff engagement were invaluable. The challenges identified in the consumer insights research were not novelties to any of the companies - even if some of the details, anecdotes and staff testimonies were new. They will provide a touchstone to refer to good and bad practice when dealing with consumers and will continue to inform the CP Code.

GOGLA is planning to develop tools and guidance to strengthen best practice in individual companies and across our sector as a whole. This will focus on the key challenges identified here: the agent challenge, consumer-centric contracts, using data wisely and avoiding discriminatory practices, and mainstreaming good practice through governance and management, among others.



# The CP Code Roadmap

Feedback from GOGLA members, partners and other industry stakeholders who have closely participated in this process has been generally very positive. Comments reflect that the CP Code accurately captures the issues that providers face in balancing a sustainable and profitable business model while protecting vulnerable consumers from harm. Naturally the outputs of this process require consensus, and therefore compromise, among a heterogeneous group of stakeholders. We believe that development of the CP Code has been a genuinely collaborative effort that has welcomed input from all stakeholders. Moreover, the process of industry engagement has been successful in raising awareness and developing a common understanding of consumer protection.

That said, it is clear from everyone who has been involved that this is a first step in a long process. Self-assessment is a valuable starting point – it allows companies to examine their strengths and areas where improvement is needed, provides a baseline for measuring progress over time on specific aspects of their interaction with consumers, and offers quantitative data for investors to evaluate progress within a company as they conduct due diligence.

There is emerging recognition within this young and dynamic sector that the medium to long-term goal may be a move towards third party assessment and/or certification (or ratings) of consumer protection practices, similar to developments in the microfinance and mobile money sectors. Third-party assessments would provide more rigour, credibility, and deeper insights – clearly the value of this would need to outweigh the costs to the industry for this to be justified. Feedback from GOGLA members indicates that while many believe third party assessment to be a logical future goal, it is first necessary to gain experience with the CP Code and innovate with business practices.

As a long-term objective, third-party assessment and/or certification scheme would take time and ongoing engagement. The Smart Campaign Client Protection Principles in the microfinance sector began with self-assessment, then moved incrementally towards the current certification programme over a few years. It has brought rating agencies' expertise to codify, develop, promote and standardise client protection indicators. This path can work equally well for the off-grid solar sector.

The Self-Assessment Tool would need to be adapted in at least two ways if it were to serve the purpose for third party assessments. Firstly, a third party assessment will need to significantly expand the scoring model to standardise and calibrate between different assessors, and also to take into account different market contexts. Secondly, it will have to establish frameworks for evidence collection, both in the determination of supporting documentary materials from the provider, and the impartial investigatory, evidence-collection role of the assessor. Furthermore, a cadre of individuals and / or institutions would need to be trained and accredited to provide the assessment services.

The role and responsibilities of GOGLA in a certification scheme would have to be carefully considered; it would be desirable to maintain a degree of control of the standards and process, whilst avoiding a conflict of interest in case of adjudication between assessor and provider (potentially a GOGLA member). Precedent exists for this in other industries.

GOGLA looks forward to embracing feedback from our members on its consumer protection initiative and working together to ensure the future of the sector puts consumer protection at the heart of its business practices.

Arthur van Schendelstraat 500A  
3511 MH Utrecht  
The Netherlands

[info@gogla.org](mailto:info@gogla.org)  
+31 304 100 914



The Voice of the **Off-Grid Solar Energy** Industry