GOGLA

The Voice of the Off-Grid Solar Energy Industry

An introductory guide to the GOGLA Consumer Protection Code

GOGLA CONSUMER PROTECTION CODE

Consumer protection for the off-grid solar industry

The off-grid solar industry now serves almost half a billion people globally[1]. Although pico-lanterns and cash sales make up a majority of all new sales, larger solar home system (SHS) kits and appliances make up a growing number of sales. In 2021, 37% of new sales were Pay-As-You-Go (PAYGo). The COVID-19 pandemic and subsequent supply chain issues caused challenges for the sector, but growth and increased investment has since returned. Rapid growth and expansion driven by PAYGo is great news for 730 million people who lack access to electricity and reflects the vibrant, innovative industry - but it also comes with increased risks to consumers and companies.

PAYGo business models have unlocked larger, higher priced products for low-income consumers. This has broadened access to Tier 1 and above energy products and provides greater opportunities for users, but also increased the risks to consumers of over-indebtedness, financial burden and product maintenance and service issues. Companies, on the other hand, are more motivated to ensure high levels of product quality and customer satisfaction to secure sustainable repayment rates and revenue generation. In doing so, companies also mitigate against reputational risks and build trust around their brand, products and service. Consumer-centric operations are key to successful PAYGo businesses.

As the industry expands further, it is essential to ensure that growth objectives remain fully aligned with consumer interests to retain the full confidence of consumers, investors, governments and other stakeholders.

GOGLA is leading the initiative to implement the Consumer Protection Code for the off-grid solar (OGS) industry. The Code has been created with the aim of safeguarding consumers and their rights, and responsibly enhancing the impacts of increased energy access for low-income consumers. We believe that widespread industry action on consumer protection is required to mitigate sector risks and accelerate responsible and impactful market growth.

The Consumer Protection Code provides an industry-driven, inclusive framework for the off-grid solar sector – the de facto minimum standards that every OGS consumer should expect from their provider, and is relevant to all off-grid solar business models.

This introductory guide contains everything you need to know to begin your Consumer Protection journey, to commit to or endorse the Consumer Protection Code, and to start building solid consumer-protection foundations across your operations.

What's good for the consumer, is good for companies!

GOGLA CONSUMER PROTECTION CODE

Find out more www.gogla.org/consumer-protection
Email us consumerprotection@gogla.org

1 Lighting Global/ESMAP, GOGLA, Efficiency For Access, Open Capital Advisors (2022), Off-Grid Solar Market Trends Report 2022: State of the Sector.

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Disclaimer
The information in this guide is designed to provide helpful information to members of the off-grid solar industry. GOGLA and the authors are not responsible or liable in any manner for any damages resulting from use of information in this publication.

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GOGLA Consumer Protection Code: An introduction

The off-grid solar sector is improving the lives of its consumers and delivering significant social, economic and environmental impacts.

Consumer protection provides mitigation against consumer exposure to product, finance and service risks. It protects consumer rights and safeguards positive impacts, whilst ensuring sustainable business growth.

The Consumer Protection Code defines the minimum standards of practice consumers should expect from an off-grid solar company. It consists of a set of Principles, Indicators and a Self-Assessment Tool.

The CP Code enables companies to measure, monitor and report their practices, and provide investors and other stakeholders with a framework to promote good practice.

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GOGLA Consumer Protection Code: An introduction

GOGLA and its members are committed to consumer protection. It is our firm belief that off-grid solar consumers should have access to good quality products and services, transparent information, responsible prices and selling practices, be treated respectfully, and have their personal data protected.

The Consumer Protection Code defines the minimum standards of practice consumers should expect from an off-grid solar company and demonstrates the commitment that GOGLA members have made to protecting the interests of their consumers. GOGLA and its members are convinced that widespread industry action on consumer protection is required to mitigate sector risks and accelerate responsible market growth.

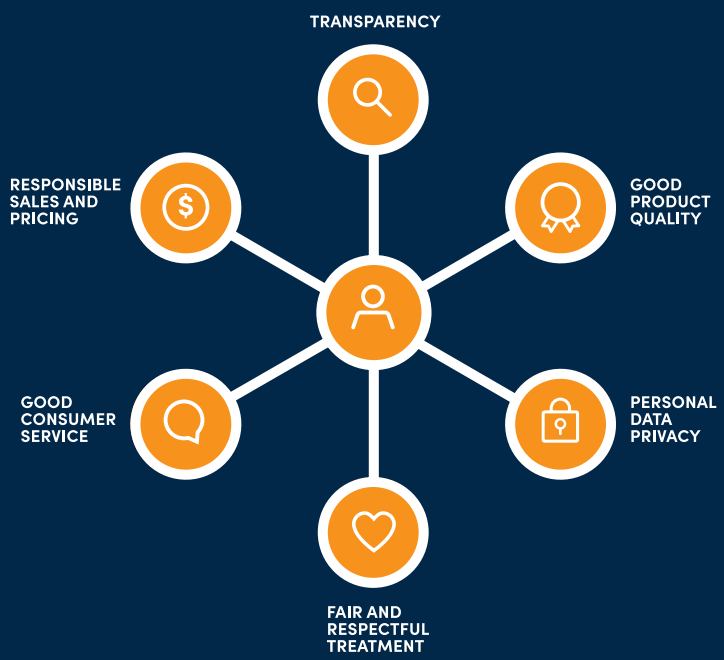
Why does consumer protection matter?

Good consumer protection seeks to empower consumers to make informed choices about a product (including quality, service and affordability) that may have a huge impact on their quality of life.

- The OGS market today serves more than 490 million people in low- and middle-income regions. As the market has grown, so has the range of product offerings and payment models – with year-on-year growth in PAYGo sales. PAYGo business models have opened up new opportunities to many low-income consumers and go some way to bridging the affordability gap, but increase product, service and financial risk.
- Top-performing OGS companies have very high consumer satisfaction rates and are likely to perform well against the Consumer Protection Principles. This is driven by product quality, after-sales service, and low burden of payments, and correlates strongly with payment rates.
- PAYGo business models enhance levels of financial inclusion for low-income consumers and some companies are now also 'cross-selling' new products and services (such as loans for school fees, medical insurance and other solar products) to their existing customers. High standards of consumer protection and effective mitigation of associated risks are vital foundations for diversified business growth and sustained, widespread impact.
- Consumer Protection makes good business sense. It is about empowering the consumer to make an informed choice; treating customers with respect and ensuring that business growth

The Consumer Protection Principles

The core element of the Consumer Protection Code are the six key principles that have been developed in consultation with the GOGLA Consumer Protection Working Group to provide a framework for responsible, consumer focused business practice in the off-grid solar sector. The principles are:



is carried out with integrity and is aligned to customer needs. Especially in last-mile markets, customer referral can be the single most valuable sales channel, and can open the door to both new customers and repeat sales.

- For investors, ensuring good consumer protection practices across a portfolio is an important risk mitigation strategy and can help insulate against poor portfolio quality and reputational risks whilst safeguarding positive impact.

GOGLA consumer protection hub

The consumer protection hub (www.gogla.org/consumer-protection) is our one-stop shop for information to help companies and investors implement effective consumer protection practices and align their strategy and operations with the CP Code. The CP Hub includes the core elements of the CP Code (including the Principles, Indicators and assessment framework), and a library of resources that aims to provide guidance for companies and their supporters on how to apply the CP Principles, implement best-practice and learn from case studies from within and outside of the OGS industry. The hub also includes a suite of tools to help with implementation and improve practice in areas such as credit risk management and agent training.

Join the conversation

GOGLA members are invited to join the GOGLA Consumer Protection Working Group to contribute to the conversation, and guide the direction of consumer protection within the industry. The Consumer Protection Working Group is responsible for defining the strategy for the CP Code and maintaining the standards (the Principles, Indicators and Self-Assessment tool).

If you are interested in joining, please contact GOGLA via consumerprotection@gogla.org.

Consumer protection for consumers, companies and investors

Consumer protection for consumers, companies and investors

Consumer protection for consumers

The Consumer Protection Code demonstrates that the off-grid solar industry strives to put consumers first. This is especially important when serving low-income communities and ensuring that off-grid solar products, payment models and after-sales service adequately serve their needs.

Why does consumer protection matter to consumers?

- **Consumers are empowered to make informed decisions**
  Through transparent practice with simple, clear information, off-grid solar consumers are empowered to make informed decisions about solar products and appliances that meet their needs and means. Companies serving an empowered consumer-base are driven to do better, to innovate, and to adapt to the needs of the consumer.
- **Protection from low-quality or dangerous products**
  In 2022, approximately 72% of OGS sales were non-quality verified products[2]. Whilst these often represent a low-cost option to consumers, the risk of poor-quality is high[3]. Companies making a Commitment to the CP Code also demonstrate a commitment to ensuring that their products meet the Verasol Quality Standards or higher, meaning that consumers can be sure that their product is high quality, long-lasting and safe.
- **Protection from over-indebtedness and undue financial burden**
  Simple, clear information about pricing and repayments (for PAYGo sales) and effective help to calculate ability to pay means that consumers can take control of their finances and better understand their obligations, reducing the risk of financial stress, and consequential default.
- **Increased benefit and satisfaction with the product**
  Clear, simple labelling and usage instructions (accessible to consumers with low-literacy skills) ensure that consumers are able to use and maintain the products in order to maximise performance and longevity, leading to greater satisfaction and impact. They are able to easily access support if something goes wrong.
- **Safeguarded from unfair treatment and exploitation**
  For many OGS consumers, their purchase is high-value outlay which may necessitate a period of consideration and discussion with other family members. Knowing that they are not being pushed into a sale is important to ensure they are confident in their purchase.

> **It is good, when there is light life becomes easier, things are good. I like the way they break everything down and talk us through the installation and how to use the solar system.**
>
> PAYGo Solar Home System Customer Nigeria

> **They are very friendly, quick to resolve customer issues, I also enjoy how well they communicate with their customers and that makes me happy and appreciative of their products.**
>
> PAYGo Solar Home System Customer, Kenya[4]

2 Lighting Global/ESMAP, GOGLA, Efficiency For Access, Open Capital Advisors (2022), Off-Grid Solar Market Trends Report 2022: State of the Sector.
3 See GDC, (2020), Finding the Sweet Spot.
4 Customer quotations from 2020 study into consumer insights during COVID-19, GOGLA and 60 Decibels.

Consumer protection for consumers, companies and investors

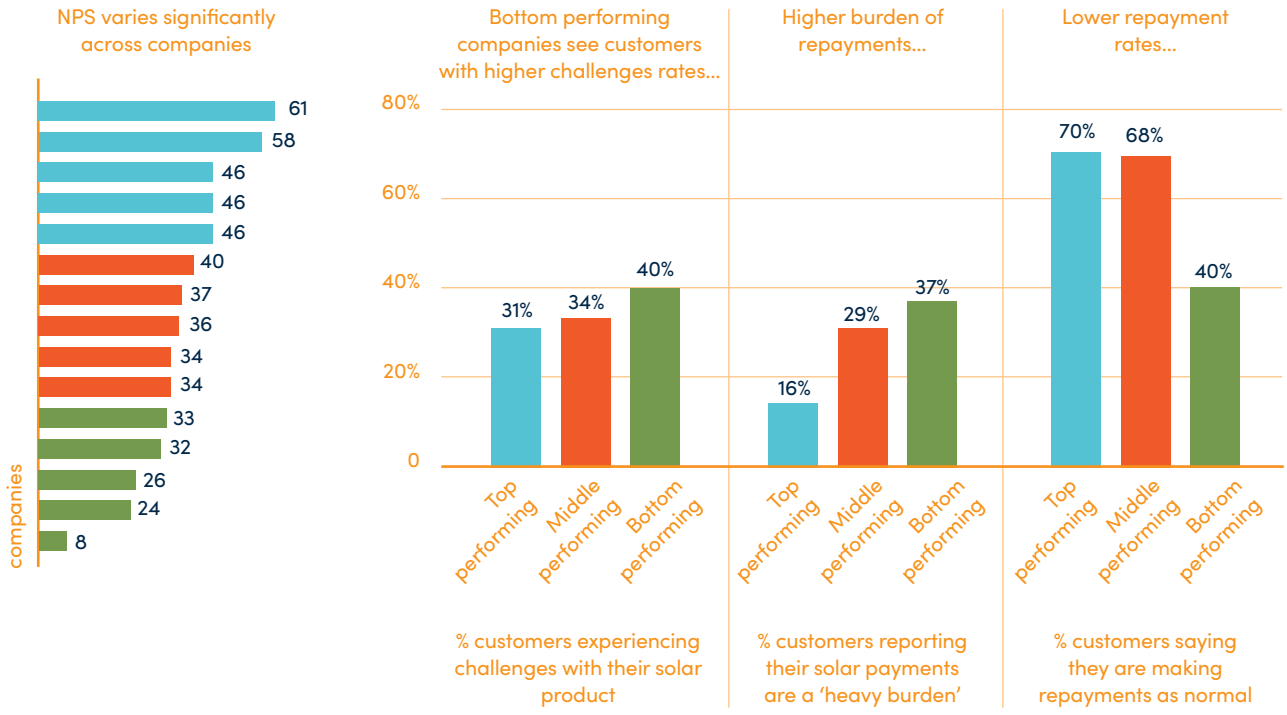
Consumer protection for your company

Companies benefit when customers are satisfied and their needs met. This is why GOGLA encourages commitment to the CP Code.

Why should companies commit to and uphold the Consumer Protection Code?

- **Build a trusted brand with a positive reputation** Practicing responsible business practice can lead to more satisfied customers. The Consumer Protection Code has been developed with companies to ensure that it paves the way to increased trust and confidence from consumers.
- **Satisfied consumers are one of the strongest marketing tools available in OGS markets** Customer referrals are invaluable to OGS companies operating in hard to reach last-mile markets, where sales and marketing can be complex and costly. Through sound, consumer focused operations, companies can increase consumer satisfaction and trust levels, resulting in increased sales through word-of-mouth.
- **A commitment to the Consumer Protection Code can increase profitability and growth** Through improved brand perception and customer satisfaction, growth in customer referrals, reduced risk of over-indebtedness leading to default, and innovations in product quality and after-sales support, companies can realise profitability and growth by adopting the Consumer Protection Code and aligning their operations to the CP Principles. There is a strong correlation between companies with high net promoter scores (NPS), and low challenge rates, low repayment burden and higher repayment rates[5].

Figure 1. Consumer experience and satisfaction ratings for 15 PAYGo SHS companies[6]



5 60 Decibels (2020), Why Off-Grid Energy Matters. An Impact Performance Report. (Note: the creators of the NPS suggest that a score above 0 is good, above 20 is favourable, above 50 is excellent, and above 80 is world class); and GOGLA, 60 Decibels (2020), Consumer Insights during COVID-19.

6 Lighting Global/ESMAP, GOGLA, Efficiency For Access, Open Capital Advisors (2022), Off-Grid Solar Market Trends Report 2022: State of the Sector; 60 Decibels (2020), Consumer insights during COVID-19.

Consumer protection for consumers, companies and investors

- **Consumer focused operations can lead to innovation and continuous improvement**
  A commitment to the Consumer Protection Code makes a public statement that an OGS company has the consumer's needs at its heart. In doing so, they are motivated to adapt through continuous improvements and innovation. Committing to provide high quality products and after-sales service encourages improvements in these areas and along the customer journey.
- **Improved access to investment and funding instruments**
  A commitment to the Consumer Protection Code instils confidence that the company acts responsibly and is working hard to mitigate business risks. This can put a company ahead of others in conversations with investors and unlock eligibility to funding instruments that respect consumer protection.

We completed the self-assessment provided by GOGLA, and identified where we needed to take further action. We have since completed an in-person training for our field team...and we have improved our marketing flyers to include pricing information in a clearer format for our prospective customers. We also continue to make improvements in our after-sales service.

Maurice Parets
CEO, Pawame

© Efficiency for Access

Consumer protection for consumers, companies and investors

Consumer protection for investors and funders

For investors and other funders in the off-grid solar sector, the Consumer Protection Code represents the minimum standards that consumers benefitting from their investments, should expect. Adherence to the code can build confidence in a company's brand and protect reputation and growth – both vital for mitigating the risks of investment in the sector.

GOGLA encourages investors and other funding institutions to align themselves with, and endorse the CP Code:

- **Consumer protection contributes to dynamic and effective markets for business to grow.** Greater consumer demand drives innovation and economic development as businesses are required to maintain fair prices and good quality products and services.
- **Consumer-centric operations provide mitigation for business risks.** Off-grid solar companies operate in a challenging business environment. Practices with a strong focus on consumer protection can help to mitigate against financial, operational and reputational risks, and in turn safeguard investments.
- **Supporting companies that have committed to the CP Code gives you confidence in their practice.** Aligning your investment or funding portfolio with the CP Code gives you confidence that the companies you support carry out responsible business practice. A Third-party assessment can strengthen this trust and give investors a robust, objective view of company performance.
- **Endorsing the CP code shows that your values are cognisant with impact and protection.** It's widely accepted that achieving SDG7 will require capital that is focused as much on social and environmental gains as financial return. Endorsement of the CP Code demonstrates that you have consumers' best interests at the heart of what you do.

> **The Consumer Protection Code supports our success by ensuring a level of mission alignment with our borrowers. As a responsible investor we want to know they also take their responsibilities seriously. The Code maps out the safeguards we think are necessary to protect the ultimate beneficiaries of off-grid solar energy access – and SunFunder's financing...implementing the Code is not only the right thing to do, but also sends positive signals to SunFunder and other investors.**
>
> **Avi Jacobson**
> **Senior Investment Officer at SunFunder**

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Consumer protection for consumers, companies and investors

Making a commitment to the Consumer Protection Code

A **commitment** to the CP Code signifies that the off-grid solar company strives to achieve the Consumer Protection Principles in its treatment of consumers. **The Principles are the minimum standards of practice consumers should expect from the company.**

Making a commitment is an important milestone, though only part of the process - a Commitment entails a pledge to use the self-assessment tool to measure and monitor consumer protection practices within the daily operations.

GOGLA welcomes commitments from all providers of off-grid solar products and / or services, including the different product categories (solar lantern and solar home system) and business models (cash sales, PAYG, fee-for-service and third-party finance). Companies do not need to be GOGLA members in order to commit to the CP Code.

How to commit to the CP Code

1. If you wish to make a commitment, we strongly recommend an internal review of your company's alignment with the spirit of the Principles.
2. Send a **letter of commitment**[7] by a director of your company to GOGLA (please send an email to consumerprotection@gogla.org)[8].
3. Within three months of sending the letter of commitment, measure your performance against the CP indicators using the **self-assessment tool**[9]. Once complete, send a letter of declaration signed by a director to consumerprotection@gogla.org.
   *GOGLA does not request to view the self-assessment results.
4. To maintain a commitment to the CP Code, companies must repeat the self-assessment and declaration to GOGLA every 12 months thereafter.

Making an endorsement of the Consumer Protection Code

Endorsement of the CP Code signifies that investors and other stakeholders align internal practices with the Consumer Protection Principles and / or support off-grid solar providers to fulfil the minimum standards of practice in their treatment of customers.

If you wish to make an endorsement, we strongly recommend an internal review of your organisation's alignment with the spirit of the Principles, prior to sending a letter of endorsement[10] signed by a director of your company to GOGLA (please send an email to consumerprotection@gogla.org).

7 GOGLA provides a template for the Letter of Commitment and Self-assessment Declaration on our website: www.gogla.org/consumer-protection.

8 GOGLA will display the logo of all companies that make a commitment on our website. If a company does not maintain the self-assessment declaration (see step #4), GOGLA will remove their logo from the public list. GOGLA does not vouch for the level of fulfillment of practices of companies or organizations that have made a commitment or endorsement.

9 The self-assessment tool can be accessed via: www.gogla.org/consumer-protection/assessment-framework.

10 GOGLA provides a template for the Letter of Endorsement on our website: www.gogla.org/consumer-protection.

Consumer protection assessment framework: Measure, prove and improve

Consumer protection assessment framework: Measure, prove and improve

Consumer protection assessment framework

The CP Code includes an assessment framework to help companies and investors measure, prove and improve performance in consumer protection.

The suite of tools within the assessment framework is designed to meet the needs of companies at different stages within their consumer protection journey or scale of business growth.

All companies with a commitment to the CP Code are required to complete a self-assessment each year in order to maintain public recognition of their commitment[11]. Doing so represents best practice in ensuring regular monitoring and continuous improvement.

Make a Commitment

Company sends a letter of Commitment to GOGLA.

Demonstrates that a company strives to meet the minimum standards of practice for good CP.

Company Self-Assessment

Companies review their performance against 37 CP indicators using self-assessment tool.

An internal assessment undertaken by the company every 12 months.

Third-party assessment

A robust, independent assessment undertaken by an specially trained accredited agency.

Results include an in-depth analysis, a narrative report and action plan for companies.

CP Survey

Consumer protection Survey that provides rich, consumer-focused insights to validate performance against the CP Principles.

© **Greenlight Planet**

11 See GOGLA Consumer protection, Self-Assessment Declaration Policy.

Consumer protection assessment framework: Measure, prove and improve

Good practice for an effective self-assessment

Carrying out the consumer protection self-assessment is a companies' opportunity to set a baseline for performance against the CP Principles and subsequently measure, monitor and track progress. GOGLA has sought feedback and lessons from early adopters to help guide others through this process and ensure that companies are able to effectively deploy the tool and embed the Consumer Protection Code throughout their organisation.

1. **Involve a cross-section of your team in the self-assessment process**
   Adequately assessing your company performance against the indicators requires insight from across company operations. Involving key operational and regional personnel in the process will ensure that you are using informed reasoning in your assessment, and can better identify strengths and gaps. The self-assessment is not a 'board-room' or 'desk-based' activity; rather, it is intended to be an interactive process.

2. **Ensure representation from each region of operations**
   What works well in one region, may be problematic in another. Companies that operate across multiple markets are likely to have adapted their operations to suit local conditions and consumers. Because of this, ensure that when carrying out the self-assessment each region is properly represented. Such companies may want to consider implementing the self-assessment at country level rather than at HQ, as operations in one may differ vastly from another.

3. **Consider the evidence you have available for each indicator**
   For each indicator, it is useful to consider what evidence is available within the company that can reliably inform on the company's performance and progress. This will enable greater consistency in the way you measure and monitor your progress over time.

4. **Assign a CP champion and build an action plan**
   GOGLA has designed the indicators and the self-assessment tool to help companies embed the principles across their operations. The output shows organisations where their strengths and gaps are, from which a prioritise action plan can be established. The output from the self-assessment can also be used as a communication tool to raise awareness of consumer protection throughout the organisation – from field agents to CEO. Having a consumer protection champion within the organisation can help take consumer protection forward, implement improvements and build awareness throughout the organisation.

Figure 2. A screenshot of the results dashboard in the self-assessment tool, after scoring against 37 Consumer Protection Inidicators.

Consumer protection assessment framework: Measure, prove and improve

Third-party assessment

The Third-party assessment has been developed to strengthen the assessment framework and give companies and investors more tools to measure, monitor and report performance against the CP Principles. The Third-party assessment is an objective, evidence-based evaluation of company performance that is carried out by an independent assessment agency.

A consumer protection Third-party assessment entails a robust review of processes, policy and practices, including an on-site visit to review and understand how consumer protection is implemented across a business and to gather information from a cross-section of employees, agents and customers.

Third-party assessments are focused on improvement, rather than certification or rating. Companies receive an in-depth analysis report that shows where a company is doing well, and where more can be done. A detailed suite of recommendations is provided, and companies get support in developing a realistic, prioritised action plan.

MFR have been accredited by GOGLA to carry out this service for the OGS industry.

Find out more by visiting: www.mf-rating.com/products/consumer-protection-assessment.

Figure 3. Benefits of the Third-party assessment

Consumer protection assessment framework: Measure, prove and improve

Lean Data Consumer Protection Survey

For companies and investors that want to validate consumer protection performance through customer experience, 60 Decibels have developed a Consumer Protection Survey based upon the Principles and Indicators of the CP Code.

A Lean Data consumer protection survey includes 75 questions for consumers that inform rich insights and a detailed analysis of customer experience. Companies and investors can use this to better understand their strengths and any gaps in consumer protection performance.

60 Decibels have been accredited by GOGLA to deliver this service for the OGS industry.

60__decibels

Find out more by visiting: 60decibels.com/consumer-protection.

The survey results gave us validated data which helps us to build relationship with our investors.

OGS company, Kenya

Figure 4. Value of the Lean Data Consumer Protection Survey

Figure 5. Insights from 60 Decibels Lean Data CP Survey

56%

of customers said they receive a balance notification after making a payment.

I would like to request that when a customer pays, they should share a message showing how much balance the customer has. This will give me the energy to want to clear the balance I have.

Female customer, 25

Consumer protection assessment framework: Measure, prove and improve

Public recognition and benchmarking

All companies that undertake a Third-party assessment or a Lean Data CP Survey will be publicly recognised on GOGLA's CP Hub[12]. We believe that public recognition helps companies show leadership and responsibility in the area of consumer protection, as well as demonstrate to investors and other stakeholders that the company is driven to improve its impact and performance.

GOGLA is working with both MFR and 60 Decibels to use the insights to better understand sector-wide performance in consumer protection and create a benchmark, against which companies and investors can compare their own performance and sector-level support can be better targeted.

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12 No company-level data will be shared, and companies can opt out on request.

Other initiatives to help you on your consumer protection journey

Other initiatives to help you on your consumer protection journey

VeraSol Quality Standards

Product quality is one of the central pillars of consumer protection. A solar home system represents a high-value purchase to low-income consumers and as such, their investment should meet minimum quality expectations. The VeraSol quality standards are the minimum that consumers of off-grid solar should expect.

Ensuring high-quality products is extremely beneficial for companies too. Fewer product breakdowns results in lower aftersales and warranty costs, increases customer satisfaction and protects brand reputation.

Are your products quality verified? Find out more at www.verasol.org.

GOGLA Impact Metrics

A consistent approach to impact measurement and monitoring allows companies, investors, policymakers, multi-lateral institutions, non-government organizations and other sector stakeholders to estimate the impacts created by off-grid solar in a consistent, clear, and coherent manner.

GOGLA's Impact Working Group has developed a **standardised framework for impact measurement that can be used by the off-grid industry**. These metrics were designed to enhance knowledge and help stakeholders to streamline reporting in order to attract investment and regulatory support.

Find out more about the Impact Metrics, and how you can embed them into your business or organisation, at www.gogla.org/impact/gogla-impact-metrics.

GOGLA E-Waste Toolkit and Blueprints

Effective e-waste management is essential to mitigating the negative environmental, social and company risks of end-of-life products in the community. GOGLA has developed the e-waste toolkit and Blueprints to help companies build an effective end-of-life product strategy, including take-back and collection schemes, consumer awareness and incentivisation, and building partnerships with recyclers and the informal sector. Educating consumers about responsible repair or disposal, and providing facilities to do so can strengthen the company-consumer relationship and protect consumer impacts.

GOGLA's online Circularity Hub is home to the e-waste toolkit, the business Blueprints and related resources.

Find it at www.gogla.org/circularity.

Keep up-to-date with GOGLA's news, publications and events. Sign up for our newsletter at gogla.org/newsletter

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