





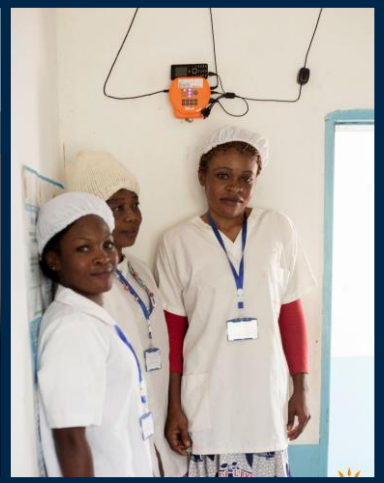

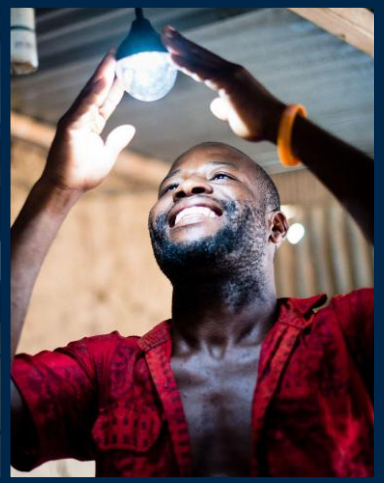

GOGLA

PAYGo PERFORM

v3 Beta Release
Guidance for Company Analysis

July 2025

ACKNOWLEDGEMENTS

This initiative is made possible with the support of the **African Development Bank, British Investment International, Cygnum Capital, and IFC.**

A special thanks to the expert **taskforce** that has contributed to redefining the PAYGo PERFORM KPIs, including individuals from Baobab+, BII, Cygnum Capital, d.light, MFR, Mirova, Nithio, PAYGo Lab, Qotto, Sun King. Thanks also to EDFI MC for the paper on the Solar Panda metrics and methodology. GOGLA's Drew Corbyn and Oliver Reynolds have led the update, with major contributions from Alison Boess.

MFR, a leading ratings agency, is the implementing partner for the PAYGo PERFORM Monitor.

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Executive Summary

Guidance for Company Analysis – v3 Beta Release

The initiative defines the industry standard KPIs for PAYGo companies and generates benchmarks and market trends. It has these objectives:

Common language

Create a clear and common framework for analysis and comparison.

Insights

Enable benchmarks and results that drive actions to improve consumer satisfaction, portfolio quality, & profitability.

Transparency

Encourage reporting and improve the understanding of company performance and needs.

Investment

Create tools to facilitate investment and increase capital flows to the sector.

Started in 2018 in partnership with Lighting Global (WB) and CGAP, the initiative led a participatory process to define KPIs 1.0 and KPIs 2.0. As the custodian of the industry standard, GOGLA has led an industry taskforce to update the KPIs to v3.

PAYGo PERFORM v3 aims to support informed and confident financial management and investment, strengthen credit risk and portfolio management, encourage healthy growth, and align incentives for long-term value creation.

The following new standards are included in the v3 beta release:

NEW METHOD • **Cohort Analysis**

NEW KPI • **Repayment Rate**

NEW KPI • **Customer Ownership Rate**

Two bases:
- **Paid vs. Financed (PvFin)**
- **Paid vs. Plan (PvP)**

Critical benchmark dates:
- ***@ 90 days***
- ***@ 2x contract term***

Before You Get Started

This Guidance Note is a *supplement* to the v3 beta release of new KPIs and standards.

Read the ***Summary Guide to the PAYGo PERFORM KPIs v3*** before working with the more in-depth material in this document.

Details on these KPIs are also included later in this document for ease of reference, following the main section on Guidance for Company Analysis.

EXECUTIVE SUMMARY | Guidance for Company Analysis – *v3 Beta Release*

*New to the PAYGo PERFORM product suite, the Guidance for Company Analysis is a deeper review of where and how to **apply PAYGo PERFORM standards and KPIs** for analysis of **financial performance of PAYGo companies.***

What does this Guidance Note cover? This document focuses how the v3 beta release KPIs and standards apply to the following company analysis use cases (relevant v3-beta KPIs highlighted in the final column):

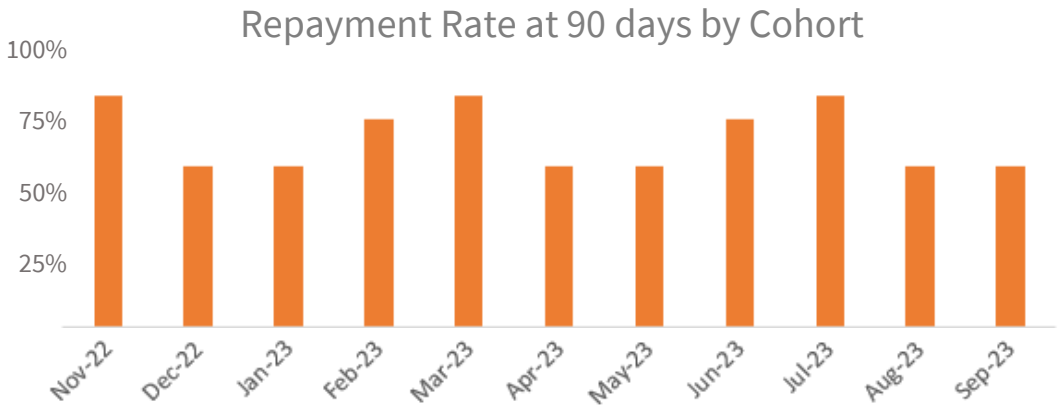
Reporting Area*	Topic of Analysis	Details / Purpose	New PAYGo PERFORM KPIs
Credit Risk Management	**Portfolio Quality**	Analysis of historical repayment outcomes; benchmarking performance to outcomes	**Repayment Rate @ 2x**
		Cohort and trend analysis on current portfolio	**Repayment Rate**
		Early indicators on new portfolio performance	**Repayment Rate @ 90 days**
Balance Sheet	**Net Portfolio Valuation**	Estimate future value of receivables (aka net receivables or portfolio) after discounting for expected credit losses*	**Repayment Rate @ 2x** **Repayment Rate @ 90 days**
Customer Outcomes	**Customer Ownership Rate**	Social impact, product-market fit, business model efficiency, and opportunities to expand customer lifetime value.	**Customer Ownership @ 2x**

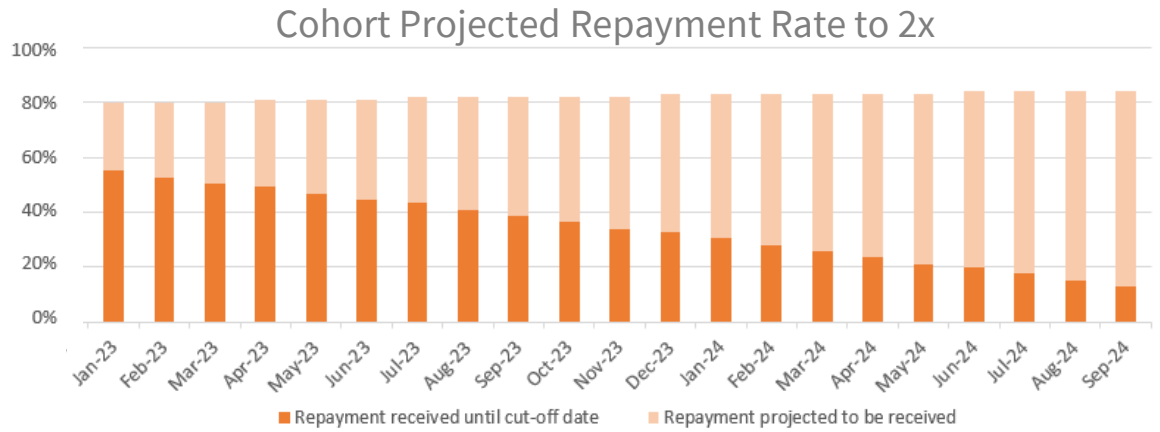
Who is this for? This guidance is designed for investors, funders, and PAYGo operators—particularly those responsible for financial analysis, forecasting, performance and risk monitoring, or tracking results against targets/covenants.

*Topics of Analysis for a future release include: cashflow from customer payments, bad debt expense (on P&L), total cost of default (unit economics).

EXECUTIVE SUMMARY | PAYGo PERFORM Monitor

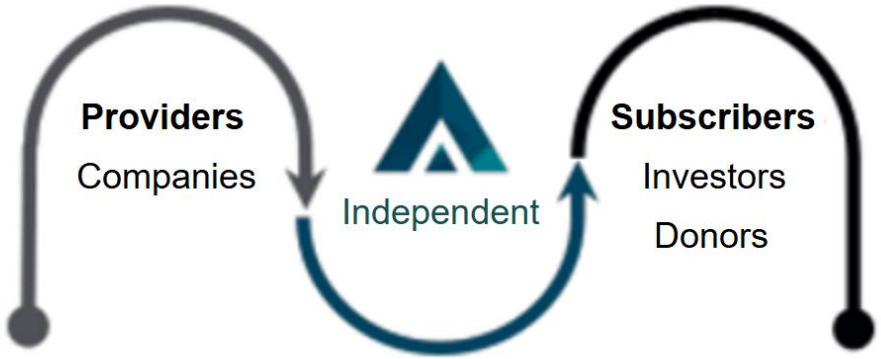
The PAYGo PERFORM Monitor (PPM) is a market data initiative led by GOGLA and MFR to provide industry benchmarks and trend analysis to companies and investors. The data set covers 7 million active customers in 23 countries and approximately 75% of the PAYGo market. It includes PAYGo companies selling solar lanterns, SHS, solar generators, PURE, and smartphones. The ATLAS platform hosts the data and features results using PAYGo PERFORM KPIs v3 on portfolio quality, financial health and social performance.





Companies share data and get free access to the reports and platform.

Select to be visible to all the subscribers, only your investor, or masked in aggregate.

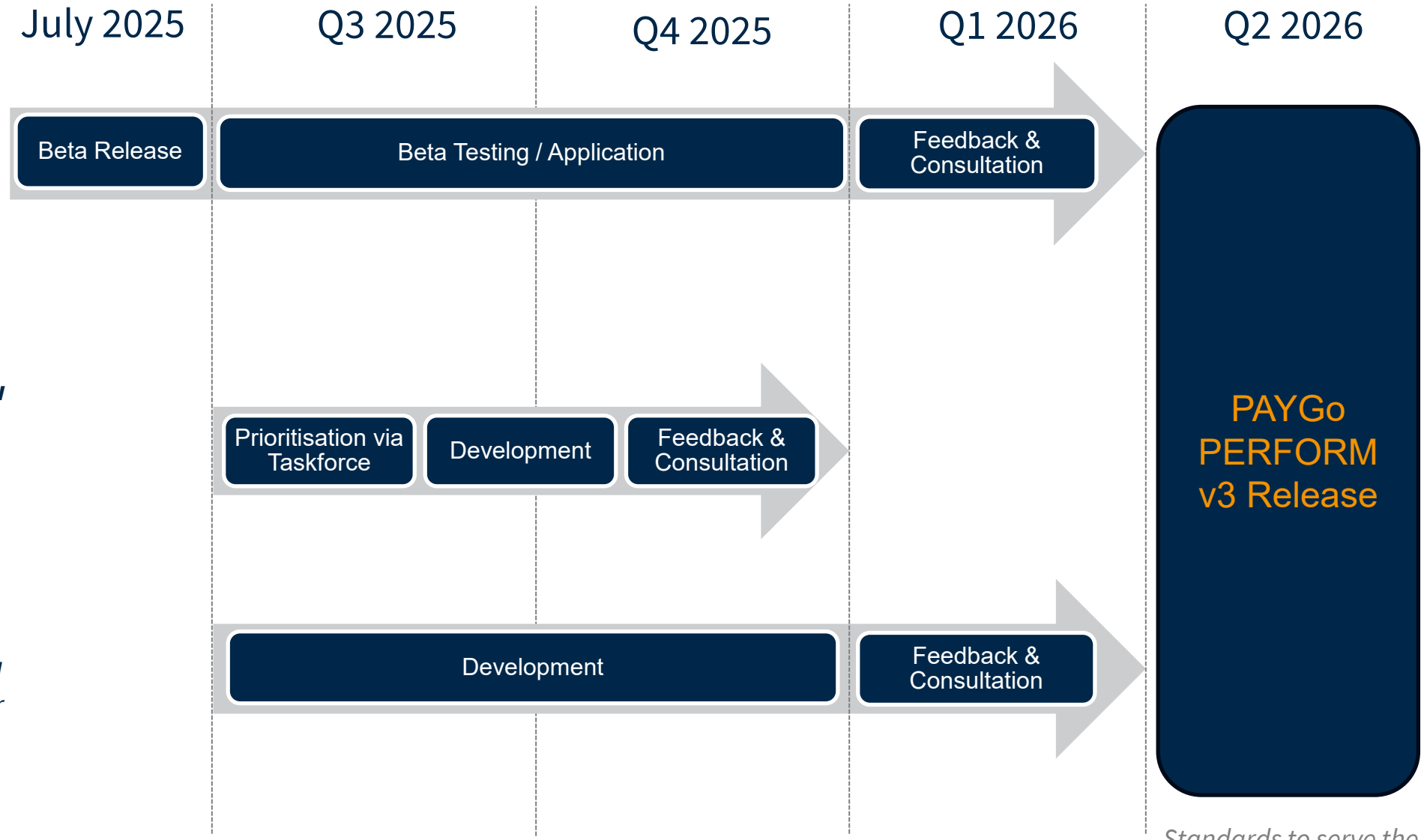


Subscribers get access to market data, granular benchmarks, and individual company results.

A tool for deal origination, due diligence, monitoring, and reporting

EXECUTIVE SUMMARY | Engaging with the v3 beta release

Feedback on these beta-version KPIs, standards and guidance will be incorporated into the final launch of v3.



Beta Release of Select New Standards: *Definitions, purpose, rationale and initial guidance for company analysis*

In Development--Areas under review for v3 scope: *Other new metrics, data views to show in Monitor*

Comprehensive standards update: *Technical guide, KPI toolkit, Guidance for Company Analysis, updated PPM views where possible.*

Standards to serve the industry through 2030

Guidance for Company Analysis

Use Cases for the v3 (beta) KPIs & Methods

Home Page | Guidance for Company Analysis – *v3 beta release*

Reporting Area	Topic of Analysis	Details / Purpose	New PAYGo PERFORM KPIs	Methodology(ies) Used
Credit Risk Management	**Portfolio Quality**	Analysis of historical repayment outcomes; benchmarking performance to outcomes	**Repayment Rate @ 2x**	Curve / Trend Over Time **Cohort Analysis**
		Cohort and trend analysis on current portfolio	**Repayment Rate**	
		Early indicator on new portfolio performance	**Repayment Rate @ 90 days**	
Balance Sheet	**Net Portfolio Valuation**	Estimate future value of receivables (aka net receivables or portfolio) after discounting for expected credit losses*	**Repayment Rate @ 2x** **Repayment Rate @ 90 days**	Curve / Trend Over Time **Cohort Analysis** **Cohort-Based Projection**
Customer Outcomes	**Customer Ownership Rate**	Social impact, product-market fit, business model efficiency, and opportunities to expand customer lifetime value.	**Customer Ownership @ 2x**	Curve / Trend Over Time **Cohort Analysis**

Visit KPI / method pages:

- *Cohort Analysis*
- *Repayment Rate*
- *RR @90 days*
- *RR @2x*
- *Customer Ownership @2x*

Quick guide to navigating the document. Click on the icons provided throughout this document to navigate more easily across topics or to find your way back to this home page.

Visit relevant KPIs and standards information

Navigate to Guidance for Company Analysis Home Page

Visit relevant areas of Company Analysis

PORTFOLIO QUALITY | Landing page & overview

Area of Analysis	Topic of Analysis	Details / Purpose	New PAYGo PERFORM KPIs
Credit Risk Management	**Portfolio Quality**	Analysis of historical outcomes & benchmarking performance to outcomes	**Repayment Rate @ 2x**
		Cohort and trend analysis on current portfolio	**Repayment Rate over time**
		Early indicator on new portfolio performance	**Repayment Rate @ 90 Days**

Visit KPI / method pages:

- Repayment Rate
- Repayment Rate @90 days
- Cohort Analysis

The section ahead covers the following areas of portfolio quality analysis:

Applies new KPIs and standards from v3 beta release

1. **Portfolio Overview & Evolution** | *Current size, status, composition, growth trajectory.*
2. **Historical Outcomes** | *Performance of past contracts: repayment rates, defaults, write-offs.*
3. **Portfolio Quality Trends** | *Consolidated performance metrics over time, performance by cohort.*
4. **Early Indicators on Credit Risk and Quality** | *Repayment Rate @ 90 days*

The full scope of portfolio quality analysis for credit risk management is not covered in this abbreviated Guidance for Company Analysis for the beta release. Here we aim to highlight key applications of new metrics and methods and a brief review of how existing standards apply.

Navigate to Guidance for Company Analysis home page →

PORTFOLIO QUALITY | 1. Portfolio overview & evolution

Description Snapshot of the current portfolio's size, structure, and status, along with how it has evolved over time.

Purpose Baseline context on the scale and maturity of the business and provides clues about the company's growth model and market traction — key inputs to assessing product–market fit, operational scalability and business model competencies.

Areas for Review: The table below outlines the key data to review from the PAYGo PERFORM Monitor or company-provided information.

Area	Metrics (Core Examples)	Methodologies	Purpose	Special notes
Portfolio Size & Status	Total Amount Financed to date & status: Paid Off Portion Written-Off** Outstanding (Active)	Value & number of contracts, % of total financed	Scale of throughput –revenue booked through receivables to date Overall status – realised portion, portion still with customers, known losses. Size of customer base.	Breakdown of the outstanding portfolio by risk category can also be done at this stage.
Portfolio characteristics	Average amount financed in contract Average contract length (days) Average outstanding balance Average account age Instalment period (daily, monthly)	Overall Average Average by product category Ideally historical details if available	Understand major elements on payment plan design, exposure per customer account, and the maturity of the AR in terms of average age.	Compare to business plan for future periods – any major differences? Can they be explained?
Portfolio Evolution	Total Amount Financed New PAYGo contracts Outstanding receivables Payment volume	MoM and Cumulative, Value and Number	Understand overall direction, scale and speed of portfolio and size dynamics	Note growth periods – makes up a higher % of the AR than the average cohort. Performance level indicates degree to which company can manage risk when growth increases.

*Total amount financed excludes deposits -- analysis can also be done on total purchase price including deposits.
**Gross write-offs, excluding value of repossessions (where applicable)
You may also wish to gather details on historical LLR % to date at this stage. Reviewed during **Net Portfolio Valuation**.

Navigate to Guidance for Company Analysis home page →

PORTFOLIO QUALITY | 2. Historical outcomes – Repayment Rate @ 2x

Description Assessment of the long-term performance of past contracts, particularly repayment completion and credit loss.

Purpose(s)

- Gives an accurate picture of the actual level of repayment and extent of credit losses, independent of accounting practices
- Window into the extent to which the business model and customer offering work in practice
- Provides baseline data for benchmarking early performance to outcomes
- Gives insight into how accurate the company's recognition of actual and expected credit losses have been in the past

Basis: Repayment Rate @ 2x of contract term

Primary Use Cases: Baseline / background for evaluating current performance & assumptions / projections on repayment outcomes.

- ❑ Review more recent trends in Repayment Rate by cohort to see if the present is similar to the past or has changed
- ❑ Past results at 2x are the basis of the **Cohort Repayment Projections** in **Net Portfolio Valuation** – bring your notes on reliability of the dataset to bear in that process

Optional Use Case: Crosscheck accuracy and completeness of recognition of credit losses in financial statements

- ❑ Compare results to the Balance Sheet entry from related periods for Loan Loss Reserve as a % of the outstanding receivables
- ❑ Compare results to the reported value of defaults / write-offs from past contracts

Visit KPI / method pages:

- Repayment Rate
- Repayment Rate @2x
- Cohort Analysis

Visit related use cases:

- ***PQ Cohort & Trends*** CR
- ***Net Portfolio Valuation*** BS

Note: ***Customer Ownership Rate*** *provides additional insight on historical outcomes on an account / contract level*

Navigate to Guidance for Company Analysis home page →

PORTFOLIO QUALITY | 2. Historical outcomes – Repayment Rate @ 2x

Key steps:

1. **Review the historical context of the portfolio & business** as a reference for analysis
   - ❑ Review the context, size, growth rate and maturity level of the business then and now. Bear in mind the degree to which the products, pricing, regions, business model, etc. are similar or not to today.
   - ❑ Tailor the data set to be more relevant to the current business context, if you can do so while still having enough data points.[1]

2. Calculate **Repayment Rate @ 2x contract term**
   - ❑ Calculate or get report results by cohort[2]
   - ❑ Use this data to derive a **historical credit loss rate** = (1 – Repayment Rate @ outcome point)
   - ❑ Make a note of and judgement on the degree of reliability of these outcomes for evaluation of the current and future performance[3]

Visit KPI / method pages:

- Repayment Rate
- Repayment Rate @2x
- Cohort Analysis

Visit related use cases:

- ***PQ Cohort & Trends*** CR
- ***Net Portfolio Valuation*** BS

1. Example: remove data on product lines that are no longer on offer in the core business today.

2. Calculation notes and recommendations:

- *Start with calculation of results by monthly cohort; aggregate by quarterly or annual cohort if helpful*
- *Where possible, evaluate results to 1x, 1.5x and 2x to understand how actual repayment patterns compare to the contract term*
- *Optional: evaluate results to 3x the contract term to crosscheck whether any material level of collections happens past 2x*
- *Optional: evaluate by product or product category – this can be helpful in crosschecking assumptions on unit economics by product*
- *Note how many accounts a given data points relate to. Is it 50? 5000? More data points offer more reliable basis for interpretation and projection.*
- *2x is recommended as the common standard evaluation point. If selecting another time horizon (e.g. 1.5x or 3x), be sure to be able to substantiate the rationale.*

3. Consider the number of data points available, relevance of historical context to the business today and in the future, etc.

Navigate to Guidance for Company Analysis home page →

PORTFOLIO QUALITY | 3. Cohort & trend analysis - Overview

Description

Review of the performance level of portfolio quality metrics over time at a consolidated and / or cohort level. Provides critical insight into the **underlying health and sustainability** of a portfolio.

Why it matters

- Goes beyond point-in-time metrics to reveal underlying portfolio dynamics
- Helps assess whether performance is improving, stable, or deteriorating
- Informs decisions on scaling, risk, and operational improvements
- Enables early risk identification and course correction
- Forms basis for cohort-based projections on future repayment outcomes

Example of questions it can help answer:

- ❑ Are our strategies working over time?
- ❑ Are we implementing our business model well and consistently?
- ❑ How do different customer cohorts behave over time?
- ❑ Where are the early signs of stress or improvement?

Portfolio quality indicators to track at a cohort level:

- ❑ Repayment Rate
- ❑ % RAR 30 (number of accounts, value of outstanding receivables)
- ❑ Write-Off Ratio

Visit KPI / method pages:

- Repayment Rate
- Repayment Rate @2x
- Cohort Analysis

Visit related use cases:

- ***Net Portfolio Valuation*** BS

Navigate to Guidance for Company Analysis home page →

PORTFOLIO QUALITY | 3. Cohort & trend analysis – suggested areas for review

Overall Portfolio Trends

- ❑ Are metrics (e.g., Repayment Rate, RAR, write-offs) improving, stable, or deteriorating over time?
- ❑ What is the rate of change in key indicators—slow drift or rapid shift?
- ❑ Are trends consistent across geographies, product types, price plans and financing models?

Customer Cohort Performance Comparison (New vs. Older)

- ❑ Are newer cohorts (e.g., last 6–12 months) performing better or worse than older ones at similar stages of contract maturity?
- ❑ Are improvements or deteriorations sustained across multiple recent cohorts?
- ❑ Have acquisition channels, pricing, or screening and onboarding processes changed and influenced outcomes?

Cohort "Shape of the Curve" Analysis

- ❑ At what stage does deterioration typically begin (e.g., within the first 30 days, at 3–6 months, toward contract end)?
- ❑ Is there a consistent inflection point across cohorts? How is this point shifting over time?
- ❑ Are certain product types or customer segments associated with distinct "curve shapes"?
- ❑ How steep is the curve, and is the pace changing over time?

Readiness for Scale

- ❑ How are the largest cohorts by volume (accounts or receivables) performing?
- ❑ Are cohorts with larger scale of customers performing consistently with smaller cohorts, or do they show higher or lower risk trends?
- ❑ Are operational bottlenecks or resource constraints visible in these high-volume cohorts?

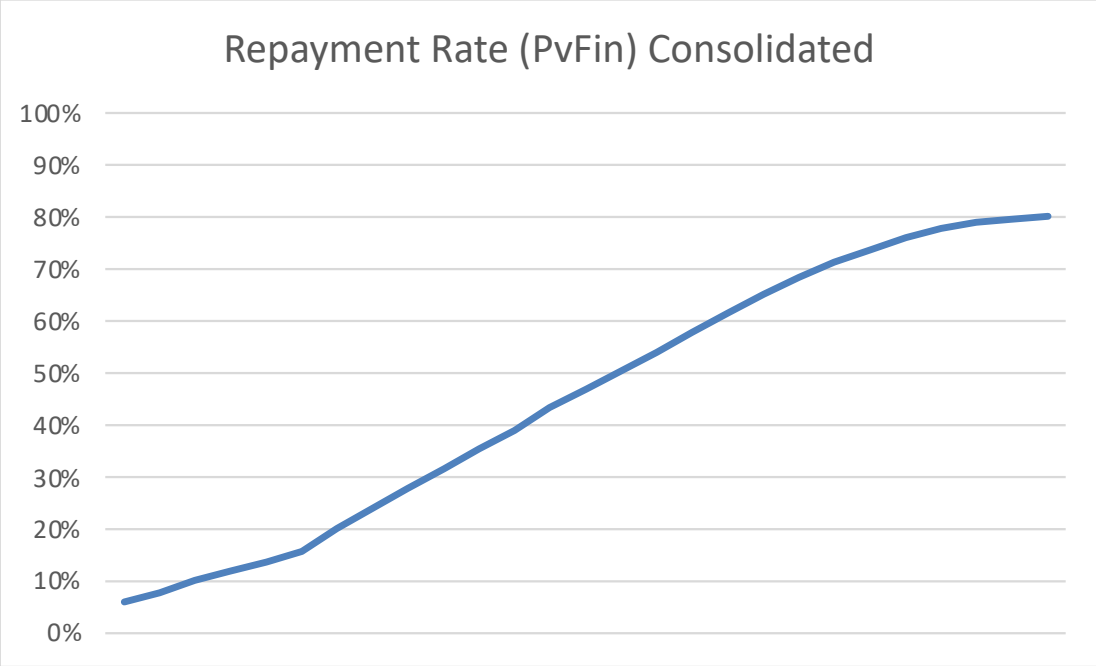
Market and Operational Context

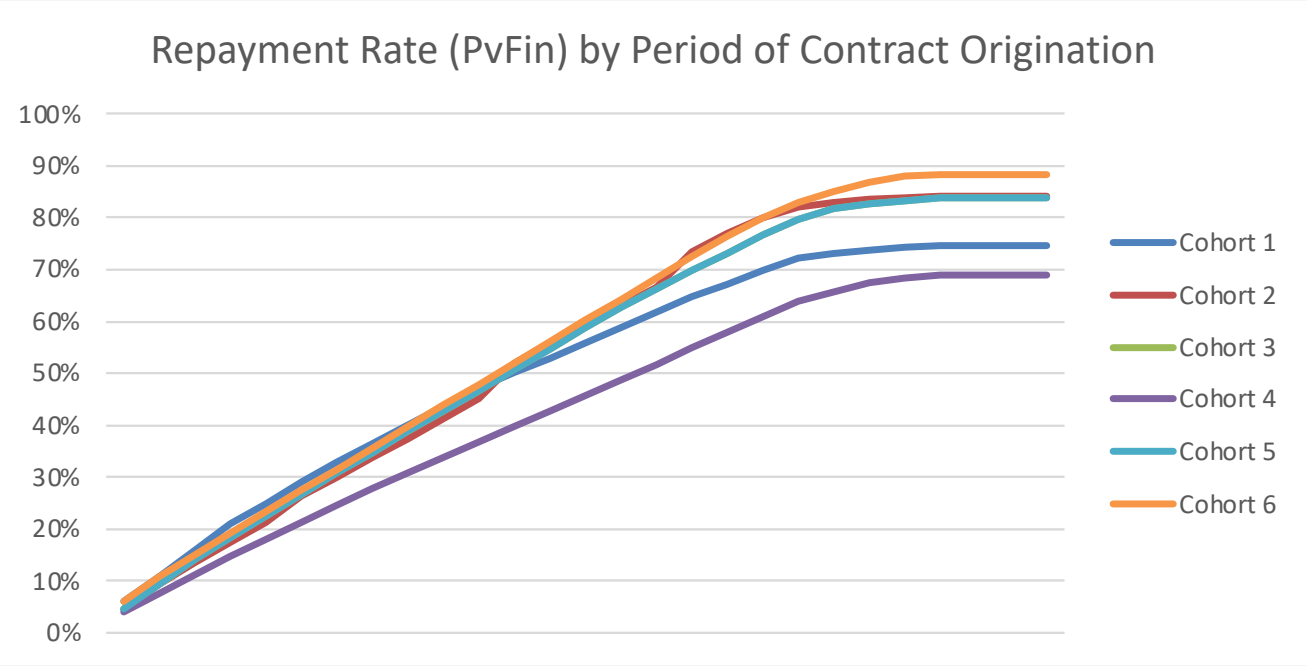
- ❑ Are there identifiable seasonal trends (e.g., harvest cycles, school terms) that affect customer cash flow and payment behavior?
- ❑ Have there been major operational changes (e.g. shifts in sales agent incentives, pricing structure changes, sales promotions) that correlate with performance differences?
- ❑ Do external factors (e.g., inflation, FX changes, weather events) explain fluctuations?

Navigate to Guidance for Company Analysis home page →

PORTFOLIO QUALITY | 3. Cohort & trend analysis example – Repayment Rate (PvFin)

Below is an example of how performance over time can be reviewed at the consolidated and cohort level for a given metric.





Consolidated view

- Helpful overall orientation – Repayment Rate (PvFin) of about 80% by final period reported
- Larger cohorts would naturally weigh these consolidated results more, giving a clear picture of final magnitudes
- We don't know if that's improving or deteriorating – it will be necessary to look at either Repayment Rate PvP for this information on a consolidated level, or review performance by cohort.

View by Cohort (Year, Quarter, Month of Contract Origination)

- Trends for cohorts 2 to 6 are consistently high around 85% to 89% at the final reported period, which is better than the overall consolidated figure.
- Cohort 6 is among the largest cohorts, driving up consolidated results at left
- Cohort 4 was the lowest performing by quite a bit. Would be important to understand why it is an outlier (1) so as not to repeat this result and (2) to know if it is reasonable to exclude when using historical data for projections.
- Slight variations in curves – ex: Cohort 1 started out well then slowed.

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PORTFOLIO QUALITY | 4. Early Performance Indicators – Repayment Rate @ 90 Days

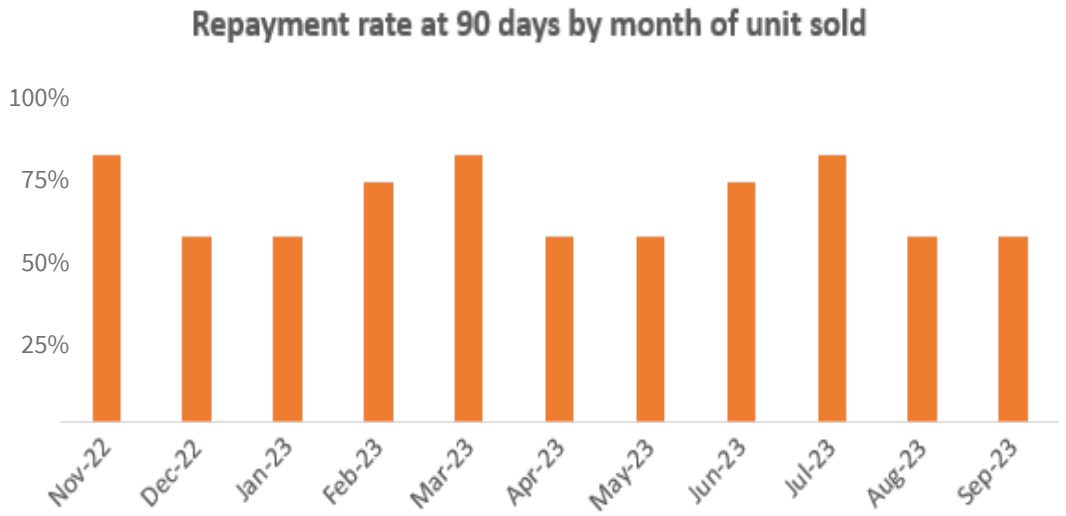
Repayment Rate @ 90 days is a powerful early data point on the quality of new portfolio development.
It identifies how each cohort is performing early on as compared to other cohorts and compared to overall targets.

Analytically useful

- First indication of performance trends vs. target performance ranges
- First indication of changes in underlying risk between cohorts
- Can be used to roughly forecast future outcomes (see more on how to use this to crosscheck assumptions on Net Portfolio Valuation)

Operationally useful

- Provides fast feedback loop or early warning signs to inform decisions and prompt remediation / response
- Translates well to team-facing targets (e.g. targeting 90% by 90 days)
- Timely enough to apply as part of the sales incentive criteria
- Good measure of success for Onboarding routines
- Difficult to manipulate



Source of report using sample data : PAYGo PERFORM Monitor

Visit KPI / method pages:

- Repayment Rate
- Repayment Rate @90 days
- Cohort Analysis

Visit related use cases:

- ***PQ Cohort & Trends*** [CR]
- ***Net Portfolio Valuation*** [BS]

Factors that may impact differences from one cohort to another

- ❑ Quality of sales and onboarding (sometimes related to sales volumes – higher volumes may stretch resources and result in poorer execution of standards)
- ❑ Change in market conditions / economic situation / seasonality
- ❑ Change in product offer or pricing
- ❑ Change in demographics of customer base (e.g. new regions)

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PORTFOLIO QUALITY | 4. Early Performance Indicators – benchmarking & target setting

1 **Benchmarking to Outcomes:** It is recommended that each company or investor conduct their own analysis of the relationship between Repayment Rate at 90 days ("RR @ 90 days") and results 2x the contract to ensure it's realistic to their market(s) and business model.

For *illustration purposes*, we have used the select composite data provided by PAYGo Lab to show what benchmarking could look like.

2 **Target Setting:** Once benchmarks to outcomes are in place, targets can be set for RR @ 90 days which correspond to the overall repayment and default results the business needs to achieve.

Visit KPI / method pages:

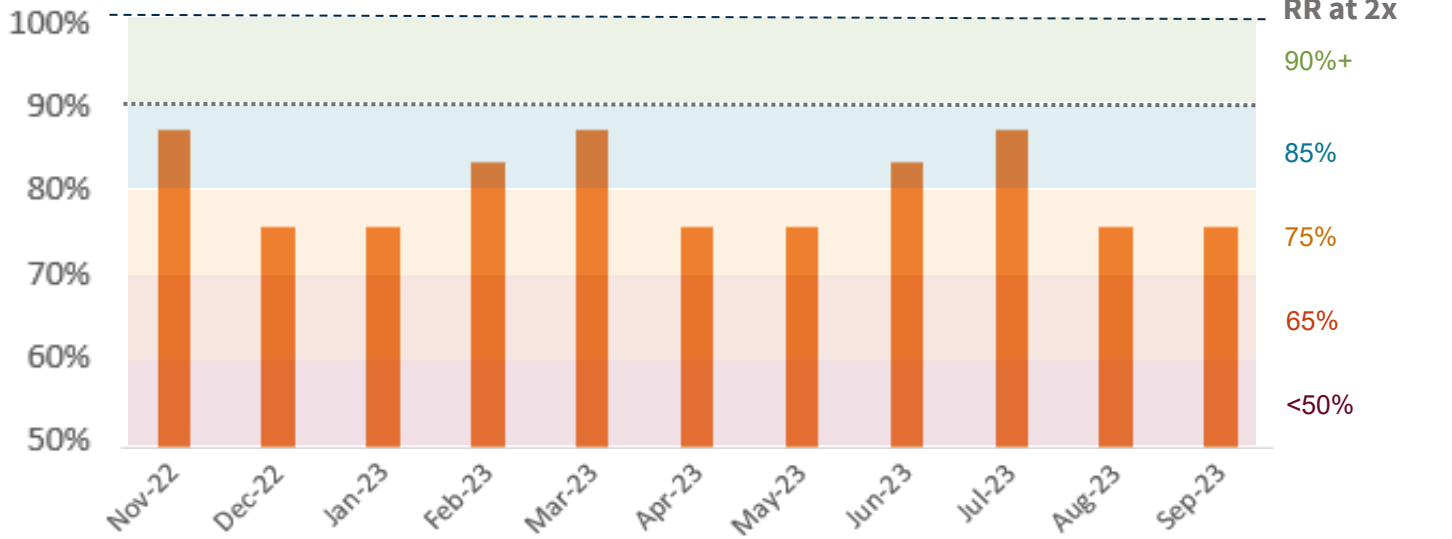
- Repayment Rate
- Repayment Rate @90 days
- Cohort Analysis

Visit related use cases:

- ***Net Portfolio Valuation*** BS

Repayment Rate at 90 Days (PvP)

by Month of Unit Sold



3 **Examples**, using the illustrative benchmarks at bottom left:

- Companies aiming for credit losses of <10% would want to achieve RR @ 90 days of 90% or better and could offer special incentives for results of 95%+
- Companies with assumed credit losses of 15% could accept results of 80% RR @ 90 days but may still want to incentivize results that are 90%+

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There are different opinions about what is an acceptable and desirable level of payment flexibility (reflected by Repayment Rates) with customer-centric and financial arguments for higher and lower levels.

> *Low-income customers value flexibility. Being able to miss payments can dramatically enhance the affordability of products.*
>
> *So long as the Repayment Rate is priced in – i.e. it aligns with the financial plan and the capital return expectations - it can work.*

> *Too many customers are being overfinanced and getting left in the dark. They should be sold smaller products on cheaper payment plans.*
>
> *Slow payers and non-payers make the capital more expensive for everyone.*

Targets and benchmarks will need to be *determined by each investor and company* to ensure that they reflect their organisation's specific social impact goals, risk tolerance level, and financial objectives.

Navigate to Guidance for Company Analysis home page →

NET PORTFOLIO VALUATION | Methods of projection, estimation and cross-checking

Area of Analysis	Topic of Analysis	Details / Purpose	New PAYGo PERFORM KPIs
Balance Sheet	**Net Portfolio Valuation**	Estimate future value of receivables (aka net receivables or portfolio) after discounting for expected credit losses	**Repayment Rate @ 2x** **Repayment Rate @ 90 Days**

*Several methods help triangulate a fair valuation on the net value of the portfolio – **items 1, 2 and 4 are covered in this release:***

1	**Expected Credit Loss Predictive Model.** *Forward-looking model applying outcomes of historical contracts based on risk classification, compliant to IFRS-9*	**Highest Predictive Standard**
2	**Cohort Repayment Projections.** *Forward-looking cohort-based projections using Repayment Rate performance data.*	**Basic Forecast**
3	**Provision Coverage Ratio.** *Check as to whether provisions at least cover non-performing accounts. [UNDER REVIEW BY TASKFORCE FOR FUTURE RELEASE IN V3]*	**Minimum Safeguard**
4	**Repayment Rate @ 90 days.** *Early indication of whether Repayment Rate from new cohorts are on track to deliver final results within range of targets.*	**Early Indicator**
5	**Provisioning Responsiveness.** *Review of whether the provisioning level moves in accordance with changes in portfolio quality metrics such as Repayment Rate and RAR30.*	**LLR Sanity Check**
6	**Review of Non-Performing Loans.** *Evaluation of the inactive or non-performing accounts that have had little to no meaningful repayment activity for an extended time.*	**Portfolio Clean Up**

Supported by existing data collected for PAYGo PERFORM Monitor and **new KPIs and methods**.

Navigate to Guidance for Company Analysis home page →

NET PORTFOLIO VALUATION | General concepts

Definition: Net Portfolio Value (aka discounted receivables) is the realisable value of the outstanding loan portfolio or accounts receivable, after accounting for forecasted repayments and Expected Credit Losses.

Purpose: Accurate estimates of Net Portfolio Value are critically important in (1) pricing / valuation of receivables (2) estimating future cash flows and (3) crosschecking whether profitability and equity are reflected accurately.

Basic formulas:

NET PORTFOLIO VALUE =
Gross Outstanding – Expected Credit Loss

GROSS CREDIT LOSS* =
Total Amount Financed – Total Amount Paid Toward Instalments

NET CREDIT LOSS =
Gross Credit Loss - (Realisable Value of Repossessed items – Cost of Repossession and Refurbishment)

Fundamental & Challenging Topic

Arriving to a fair estimate of the net value of the outstanding portfolio of receivables is fundamental for company analysis, especially for investors. Doing this well is critical for avoiding overestimates of profitability, equity and cashflow, which can result in overleveraging.

- *Expected credit losses are reflected as Loan Loss Reserve** on the Balance Sheet*
- *Changes (+/-) in the BS reserve are reflected in Bad Debt Expense on the P&L*

*Guidelines focus on Gross Credit Loss, or the portion of the Total Financed amount which is not paid at the conclusion point (using 2x contract term). Net Credit Loss (after accounting for net value of repossessions) is out of scope until further work is done to define a common practice for valuation.
See Appendix for links to information on the approach taken at Baobab+ for reference on an existing practice

***a.k.a. Loan Loss Provision, Provision for Expected Credit Losses or Provision for Bad Debt*

Navigate to Guidance for Company Analysis home page →

NET PORTFOLIO VALUATION | 1. Expected Credit Loss model (per IFRS 9)

HIGHEST PREDICTIVE STANDARD

Definition: An **Expected Credit Loss (ECL) predictive model** is a forward-looking, risk-based financial model which uses historical data to estimate the portion of the company's receivables which will ultimately not be repaid. It is based an and aligned to IFRS 9, the international accounting standard which governs accounting for financial instruments like receivables.

Purpose: To ensure that credit losses are **estimated accurately and recognized early**, reflecting the real risk in a company's lending or instalment-based business. Forms the **basis for provisioning** for credit losses (a.k.a. Loan Loss Reserve), from which you can derive the **Net Portfolio Value** (Gross Value – ECL = Net Value). Enables compliance to IFRS 9.

Basic formula:

EXPECTED CREDIT LOSSES =
PD x EAD x LGD

Calculated at the account level

- PD (Probability of Default) – Reflects the historical outcomes of accounts at a given risk level in terms of the percentage that defaulted.
- EAD (Exposure at Default) is the amount outstanding at the time of default.
- LGD (Loss Given Default) reflects the % of the outstanding which is unrecoverable after accounting for additional collections like repossession.

Fundamentals:

- Uses **risk categories** based on payment vs. contract terms (often also including time since contract start)
- Uses **historical data** to estimate future losses (PD)
- Applies a **Probability of Default (PD)** to every active contract at each point in time across its life based on its current risk category.

Out of Scope for PAYGo PERFORM v3

Due to the data complexity and company specificity required by this approach, IFRS 9-compliant ECL modeling is not included in the scope of data reporting under PAYGo PERFORM v3. It is recommended as the highest standard for the industry to continue to aim for at a company level.

See next slide or Appendix for links to the comprehensive methodology from Baobab+. See Appendix for information on the prerequisites, use cases and value proposition for advanced models and for context on IFRS 9.

Navigate to Guidance for Company Analysis home page →

Starting points – *data to gather & guidance to use for developing a strong ECL model*

Common Predictive Basis for PAYGo: Repayment Rate

A consistent finding across PAYGo companies is the high predictive power of Repayment Rate by % of contract term.

- This metric forms the foundation of many credit risk models used by companies like Baobab+, ENGIE Energy Access, d.light, and SunKing. Each company independently tested multiple indicators and found this metric to have the strongest predictive correlation for flexible PAYGo plans.
- Analysis work done by PAYGo Lab, Nithio and other sector actors—spanning data from millions of customer accounts—finds this to hold true across the PAYGo industry.

This convergence underscores repayment rate (by % of contract term) as a **sector-wide best practice metric** for modeling credit risk for PAYGo contracts.

Open-Source Tools and Guidance

Baobab+ has published an in-depth white paper that provides:

- A practical walkthrough of how IFRS-9 applies to PAYGo
- Best practices for model development, evaluation and usage
- Detailed explanation of the Baobab+ ECL methodology
- A link to a GitHub repository with open-source code and templates

This resource offers a strong foundation for other PAYGo companies considering similar modeling approaches.

Many PAYGo companies are not yet able to develop an ECL Model. ***An accessible starting point for all companies is to report and manage to Repayment Rate at the cohort level****. This enables companies to develop a simple Cohort Repayment Projection (see next section). It also puts in place the right focus areas for performance improvement and the basic data for future models.*

See Appendix for information on the prerequisites, use cases and value proposition for advanced models and for context on IFRS 9.

Navigate to Guidance for Company Analysis home page →

NET PORTFOLIO VALUATION | 2. Cohort Repayment Projections

BASIC FORECAST

Definition: A basic forecast of future Repayment Rates for each cohort out to 2x of the contract term which – when consolidated – can provide a sense-check on the realisable portion of receivables.

Visit KPI / method pages:

- Repayment Rate @2x
- Cohort Analysis

Purpose: Provides a pragmatic, low-complexity method for benchmarking, performing sanity checks on more complex model outputs, and providing initial estimates for assumptions on Net Portfolio Value and expected credit losses. Particularly useful for estimates when performance is stable, no major changes have been made in the offer or business model, and data or analytics resources are limited.

Method overview*: Derives the next unknown data point (Repayment Rate for a future month) using the simple average repayment rate result from the previous six [6] cohorts. Results are calculated out to 2x of the contract term.

Example: The Repayment Rate for Month 12 of Cohort 7 = AVERAGE(Repayment Rate of Cohorts 1 to 6 for Month 12)

To arrive at a consolidated projection, the projected repayment rate for each cohort is then applied to the total value of each cohort (financed amounts only, excluding deposits).

Consolidated Repayment Rate out to 2x = SUMPRODUCT(Cohort Repayment Rate x Cohort Value)

*Refer to upcoming Technical Guide for specifics on the methodology, calculations and for templates

Navigate to Guidance for Company Analysis home page →

NET PORTFOLIO VALUATION | 2. Cohort Repayment Projections

BASIC FORECAST

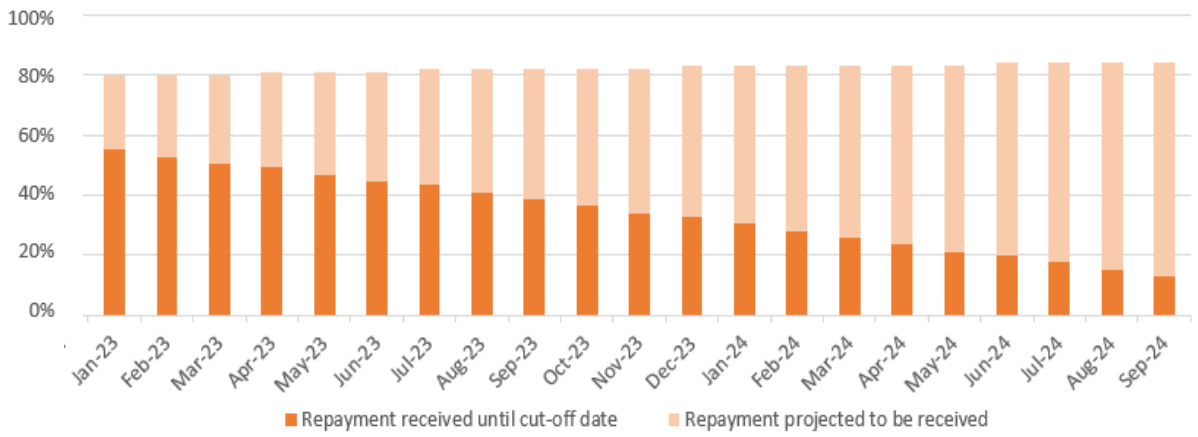
- **Strong forecasting basis.** Repayment Rate (net of prepayments) is a relevant, efficient and highly correlated basis for forecasting in general, as well as for more complex models.
- **Appropriate uses:** Good for benchmarking across companies or markets, baselining the performance of a single company or firm, and for sense-checking advanced models or other estimation approaches.
- **Known limitations of approach.** This simplified approach is useful in stable scenarios where current risk is similar to the past and expected to remain consistent in the future. It does not account for seasonality or changes in underlying risk. If conditions for new cohorts differ from the past, the projections may under- or over-estimate performance.
- **Accuracy to be back-tested.** GOGLA has not independently confirmed the predictive accuracy and reliability of this approach against actual data in different company scenarios.

Visit KPI / method pages:

Repayment Rate @2x

Cohort Analysis

Example of Monitor report view:



Live in PAYGo PERFORM Monitor

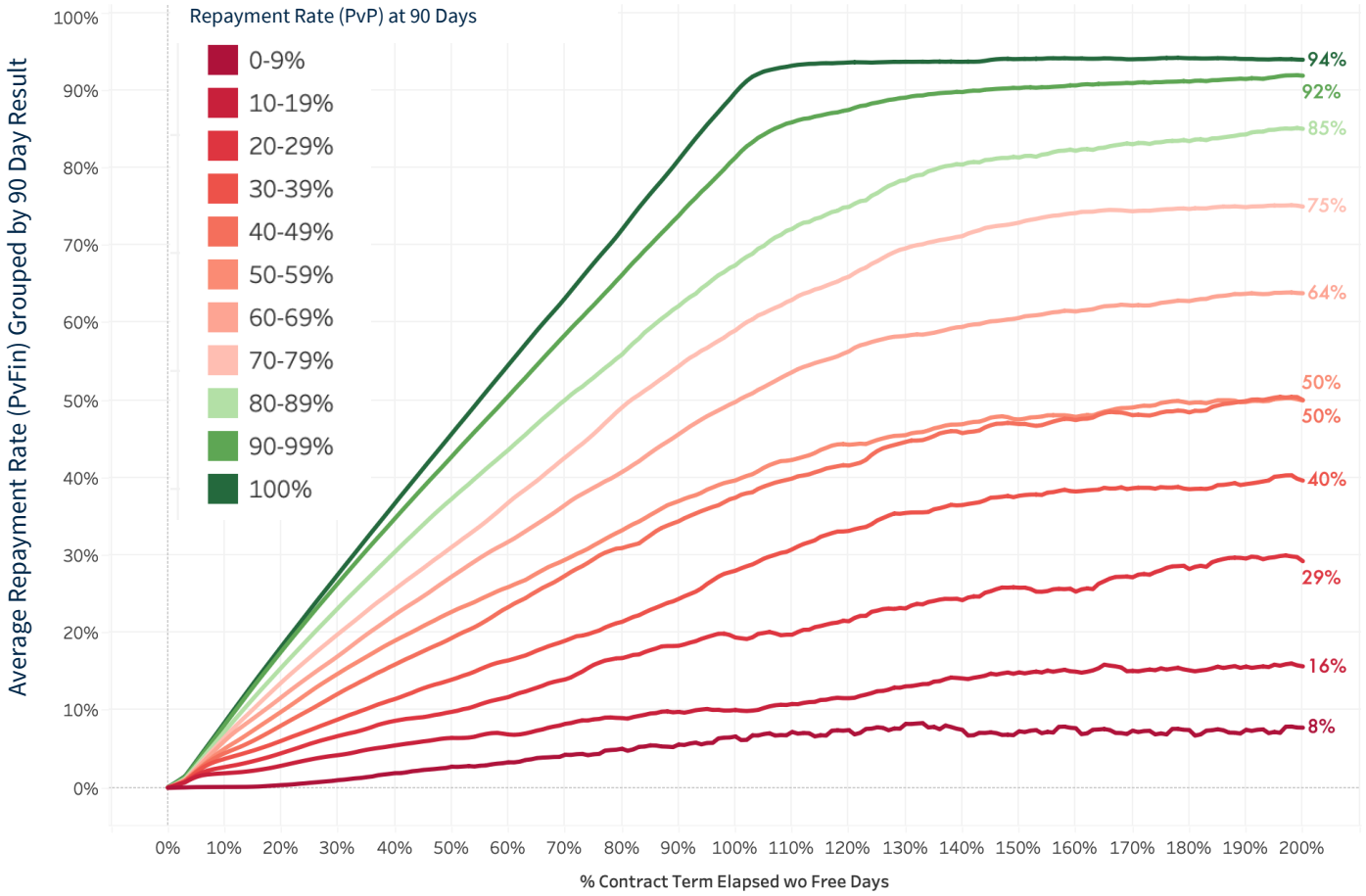
The Monitor now includes cohort-level projections using this approach.

Navigate to Guidance for Company Analysis home page →

Performance @ 90 days and Outcomes at 2x

Provided as an *illustrative* example on the link between 90-day results and results at 2x and *indicative* results from a select dataset. Results will vary across companies and over time.

Repayment Rate (PvP) at 90 Days and Performance Curves (PvFin) to 2x contract term



Benchmarking performance at 90 days to results at 2x (as per the example at left) provides a useful basis for sense-checking whether a company's new cohorts are performing at a level that will deliver on the budgeted or projected Net Portfolio Value.

Example, using the data shown at left:

- A company is targeting 80% repayment rates overall for each contract (20% credit loss). The portfolio has been valued on this basis by investors. Profit targets are dependent on managing credit losses to 20%.
- Below outlines how results at 90 days would sense check new cohort performance towards the 80% target.

Results @ 90 days	Benchmark Result @ 2x	Benchmark vs Target	Sense Check
95%	92%	+12 pp	Ahead
81%	85%	+5 pp	On track
65%	64%	-16 pp	Deficit likely

Source: PAYGo Lab data shared with GOGLA, April 2025. Composite results from select companies.

Navigate to Guidance for Company Analysis home page →

CUSTOMER SUCCESS | Customer Ownership Rate – key applications in company analysis

Area of Analysis	Topic of Analysis	Details / Purpose	New PAYGo PERFORM KPIs
Customer Outcomes	**Customer Ownership Rate**	Understand social impact, product-market fit, business model efficiency, and opportunities to expand customer lifetime value at a lower cost base.	**Customer Ownership @ 2x**

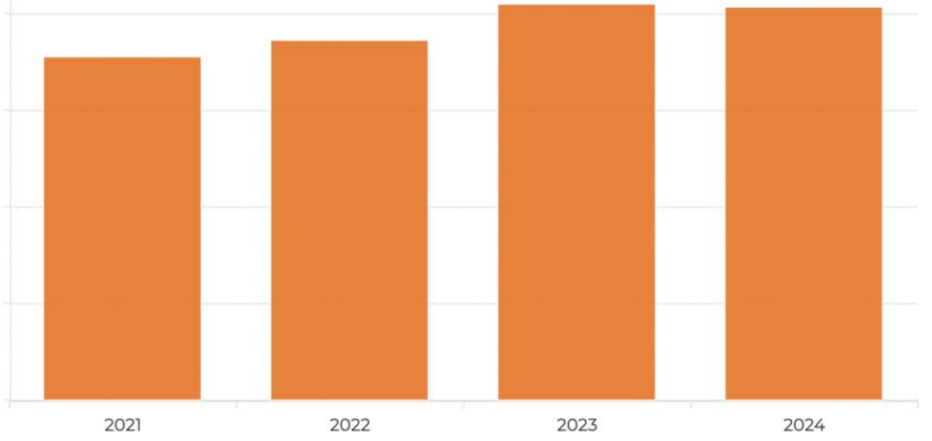
Customer ownership rate can be used to evaluate the following:

- **Product–Market Fit —** Indicates whether the product delivers sufficient functional, perceived, and economic value to sustain customer engagement and lead to full contract completion. Indicates affordability of the offer relative to customers' ability and willingness to pay.
- **Customer Satisfaction —** Reflects whether customers are satisfied enough with the product and service experience to continue paying over time, serving as a behaviour-based proxy in contexts where direct feedback is limited.
- **Business Model Effectiveness —** Provides insight into the company's ability to support customers through the full purchase lifecycle, from acquisition through repayment and ownership.
- **Customer Lifetime Value Potential —** Helps identify opportunities to grow revenue from existing customers through repeat sales or upgrades— at a lower acquisition cost and lower credit risk than first-time PAYGo buyers.
- **Portfolio Quality: Outcomes —** Serves as a high-level summary of credit performane; a high ownership rate implies a low default rate and strong portfolio health.
- **Access-to-Energy: Outcomes —** Signals whether customers are successfully reaching full ownership — and by extension, whether the company is delivering on its mission of sustained energy access.

Example from Monitor report:

Customer Ownership (%) at 2x Contract Term

among contracts reaching 2x in period



Further analysis can be done on results disaggregated by product, cohort, customer demographic details

Other related metrics:

- *Sales levels (uptake)*
- *Access rates (% unlocked)*
- *Usage (kWh/period)*

Navigate to Guidance for Company Analysis home page →

OTHER KEY TOPICS | Qualitative factors of PAYGo companies to keep in mind

Moving to PAYGo 2.0 → Customer Success = Company Success

Commitment to the customer journey and customer experience after the initial sale is not only stated but demonstrated and embedded in organizational practices, responsibilities, structures, incentives, etc.

Governance & Leadership

- ❑ Board members and managers experienced in financial services for similar customer base
- ❑ Head of Credit reporting directly to the CEO / MD
- ❑ Effective governance of credit risk (e.g. via committee) cross-department responsibility and accountability taken seriously

Customer-Centric Performance Culture

- ❑ Portfolio quality and customer success indicators included in company-wide targets (beyond revenue)
- ❑ Incentives for all team members (from CEO to agents) aligned with long-term success of customers and business.
- ❑ Culture of healthy transparency and accountability to targets and results, with a focus on implementation of solutions and strategies

Operational Excellence & Implementation Capacity

- ❑ Adaptive & effective change implementers
- ❑ Preventative and systematic approach to problem solving
- ❑ Well-defined policies, procedures, roles and responsibilities
- ❑ Strong capacity & effectiveness among & across teams
- ❑ Strong capacity planning with right level of resourcing
- ❑ Effective compliance & internal controls processes

Customer-Centric Product, Payment Plan & Services

- ❑ Clearly defined customer journey & service model
- ❑ Every customer has someone on the team responsible for their success at all points in the customer journey
- ❑ Financial product design is affordable & appropriate
- ❑ Physical product is durable, performs well, good value for money
- ❑ Information & lines of support readily available to customer
- ❑ Timely follow up on reported issues and appropriate solution set
- ❑ Zero tolerance for fraud or mistreatment of customers

Investment in Customer-Facing Teams

- ❑ Incentives aligned with long-term customer success
- ❑ Solid recruitment & onboarding practices
- ❑ Fair pay / earning opportunity
- ❑ Ongoing training and development opportunities
- ❑ Given appropriate work tools & resources to support customer
- ❑ Low turnover

See Appendix for additional resources and reference material on qualitative aspects to consider.

Navigate to Guidance for Company Analysis home page →

Overview of New KPIs and Methods

v3 Beta release

WHAT'S NEW IN v3 | How the new standards bridge the gap

The new release incorporates emerging best and better practices and specifically addresses feedback from companies and investors on the need for reliable standards that can be practically interpreted and applied to understanding company performance.

NEW METHOD

1. Cohort Analysis

Portfolio-level metrics alone obscure underlying trends, especially in growth scenarios or in evaluating whether new contracts are improving over the past. Improves interpretation of all KPIs -- new and existing.

NEW KPI

2. Repayment Rate

Two bases:

- ***Paid vs. Financed (PvFin)***
- ***Paid vs. Plan (PvP)***

Critical benchmark dates:

- ***@ 90 days***
- ***@ 2x contract term***

Provides a clear picture of how well customers are adhering to the payment schedule to date by netting out prepayments. Strong basis for predictive analytics of future outcomes.

NEW KPI

3. Customer Ownership Rate

A critical social impact topic which also has major implications on company efficiency and the trust and reputation of PAYGo in markets

1. COHORT ANALYSIS | General concepts

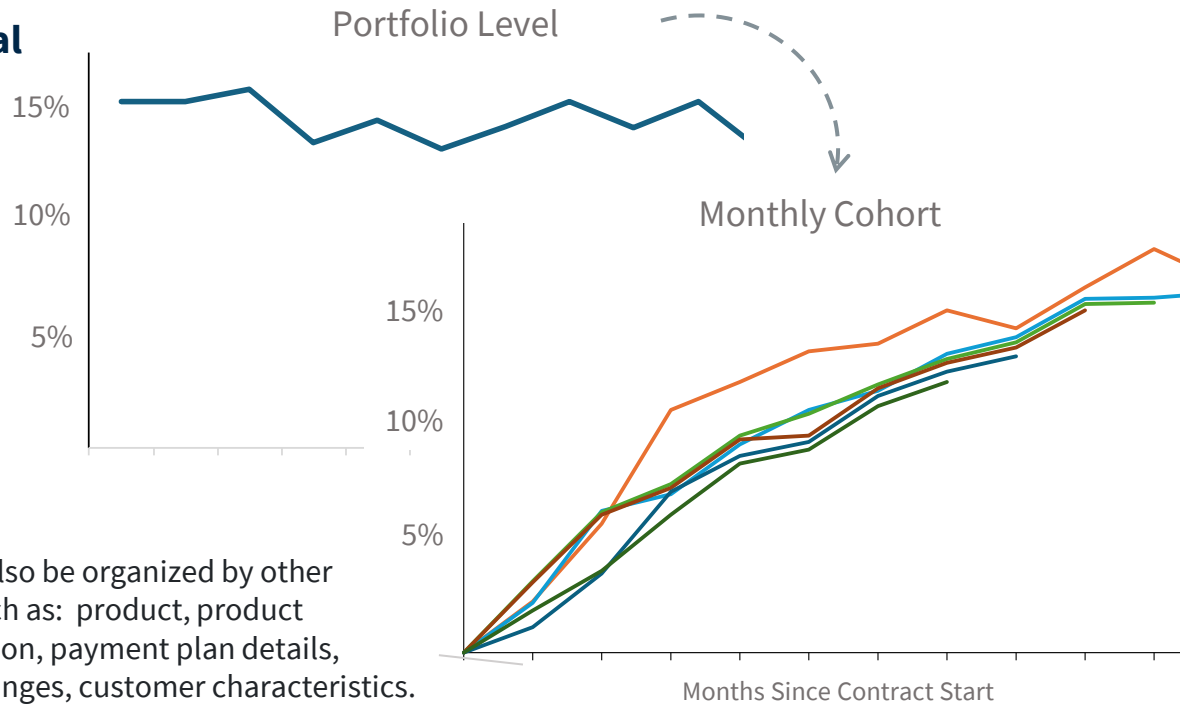
NEW STANDARD METHOD

Definition: An analytical method that organises customers or their portfolio into groups with similar characteristics. GOGLA recommends organizing cohorts based on the period in which their contract was originated (e.g. the sales month, quarter, year) – often referred to as 'vintage analysis'.*

Purpose:

- Clearly identify and project patterns in payment behavior and portfolio quality
- Reveal underlying trends that are hidden in aggregate or consolidated data
- Gain faster, clearer insight into how external factors (e.g., market conditions) and internal changes (e.g., product, pricing, team, or process shifts) affect customer performance across different sales periods
- Understand how performance evolves over time and links to key outcomes — enabling the use of "performance curves" for forecasting and benchmarking

Conceptual example:



* Cohorts can also be organized by other dimensions such as: product, product category, location, payment plan details, performance ranges, customer characteristics.

Key applications in company analysis:

Portfolio Quality CR ▶▶ **Customer Outcomes** ▶▶

Net Portfolio Valuation BS ▶▶

Important analytical method

Cohort analysis is widely-adopted among many of the largest PAYGo companies and those with more advanced analytical capacity. It's also commonly used by investor. It has direct or indirect applications for every area of company analysis in scope here.

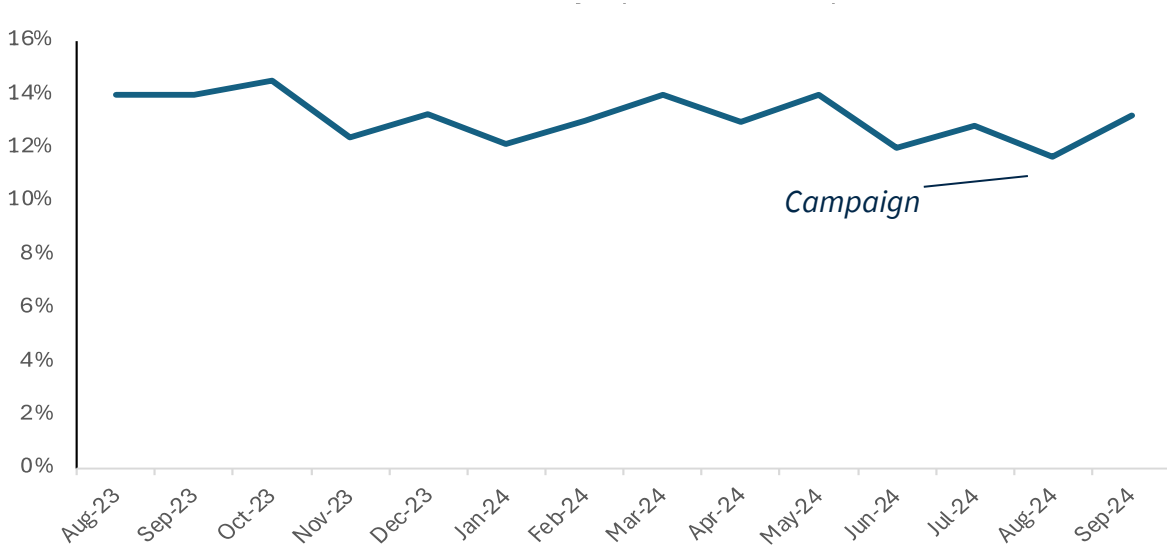
Navigate to Guidance for Company Analysis home page →

1. COHORT ANALYSIS | **Conceptual example -** % RAR30 + Write-Offs

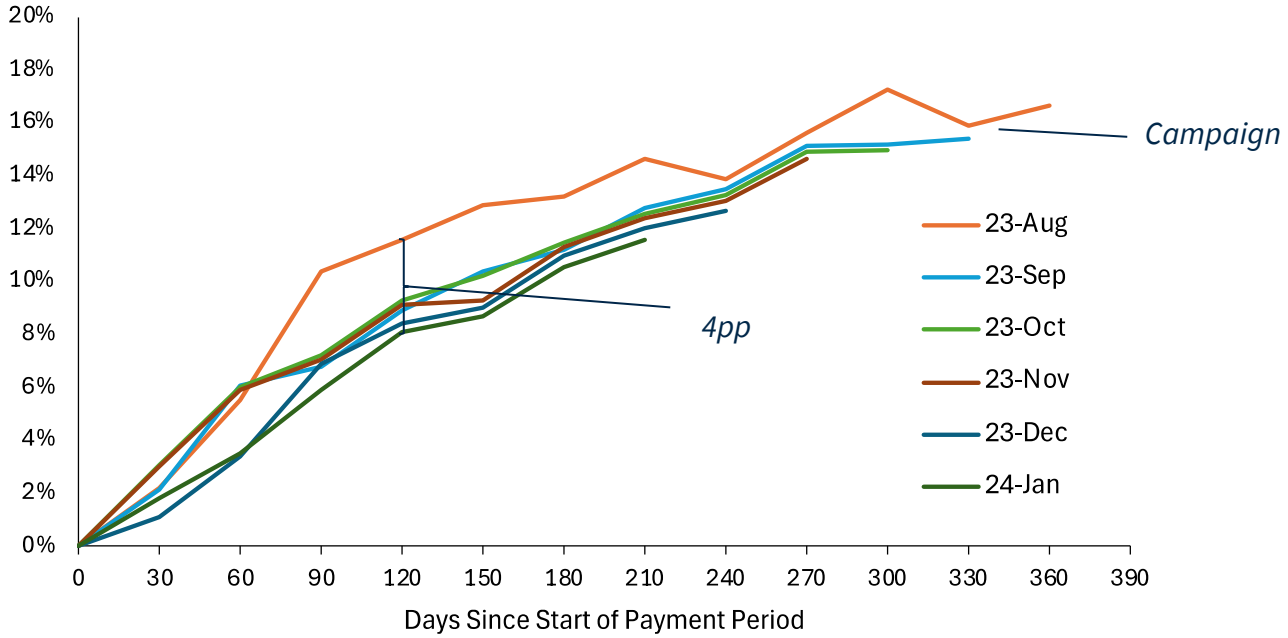
NEW STANDARD METHOD

GOGLA

MoM Portfolio Level Trend



By Cohorts – Month of Contract Origination



MoM Trend Example – Not Showing Much Dynamism

- *Monthly trends for the past 13 months show consistent results within the range of 12% to 14%, with slight improvement YoY. No discernable patterns based on month / season.*
- *A collection campaign on older contracts shows short-term impact*
- *From this we would takeaway that the level of known losses in the last 12 months + acute risk is "stable" at around 15%*

Cohort trends shows strong underlying improvements by Cohort

- *Successive improvements in each new cohort. Latest cohort is 4pp better than Aug23 at the 120-day mark.*
- *We see the impact of the campaign on the Aug23 cohort*
- *The shape of the curve shows fairly consistent increase in RAR30 over time*
- *Using the curve shape, we can intuitively estimate where these newer cohorts are headed in the next few periods if nothing changes*

This example is by days since contract payment plan start so the example could draw out operational details. For financial analysis, % of contract term helps normalise differences in contract length, etc. and is preferred

Navigate to Guidance for Company Analysis home page →

2. REPAYMENT RATE | General concepts

NEW STANDARD KPI

Definition: Measurement of repayment and portfolio quality, comparing the total instalment payments *applied* against the instalments *due,* excluding deposits and *net of prepayments for future instalments*.

Purpose: Reflects how well customers have adhered to and made progress against the due portion of their payment plan schedule, free from any distortions that might be caused by including prepayments. Useful for performance and portfolio management. Recommended basis for projections and predictive models for forecasting credit outcomes.

General formulas:

Paid vs. Financed basis =

$$\frac{\text{Payments } \textit{applied to due instalments, net of prepayments}^*}{\text{Total instalments due by end of contract}^{**}}$$

Paid vs. Plan basis =

$$\frac{\text{Payments applied to } \textit{due instalments, net of prepayments}^*}{\text{Total instalments due to date as per plan}^{**}}$$

**net of prepayments for future periods not yet due | **per original contract | all figures exclude deposits*

Key concept:

Remove prepayments from the equation for a clearer view on portfolio quality and risk than Collection Rate provides. Collection Rate is still recommended for cashflow analysis and forecasting but no longer recommended as a measure of portfolio quality.

Applications in company analysis:

Portfolio Quality CR

Net Portfolio Valuation BS

Foundational KPI

Several critical uses in portfolio quality and financial analysis, and core element of many new reporting standards.

See upcoming Technical Guide for further details on accepted calculation bases

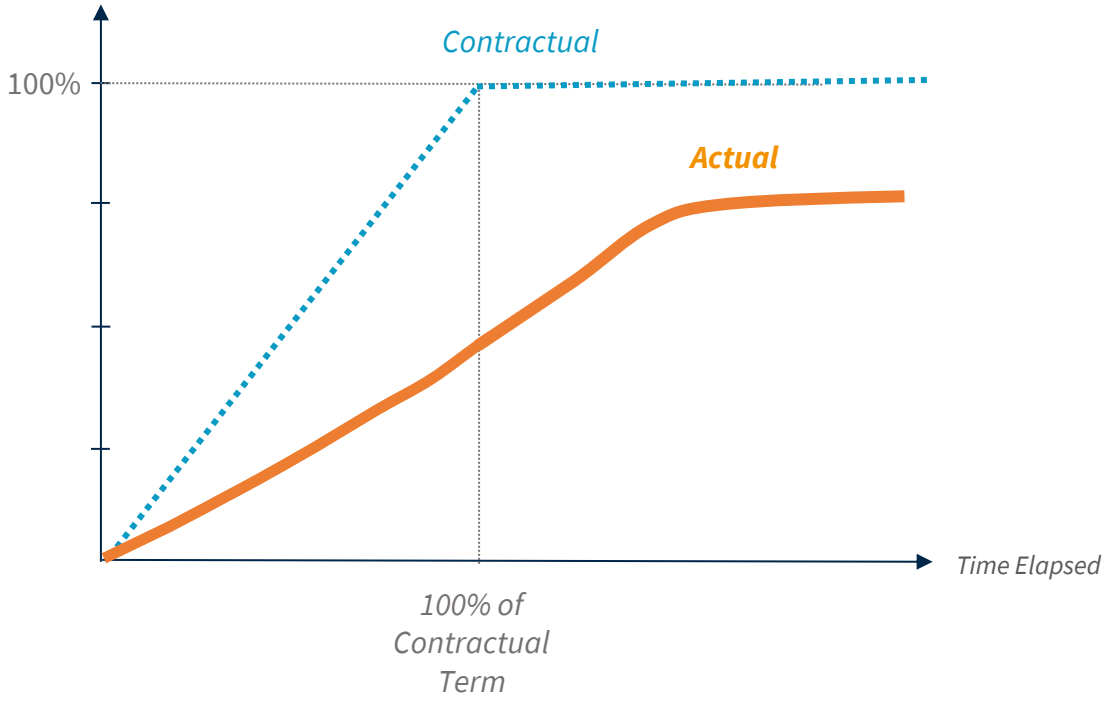
Navigate to Guidance for Company Analysis home page →

2. REPAYMENT RATE | **General concepts** – *The two basic formulas*

NEW STANDARD KPI

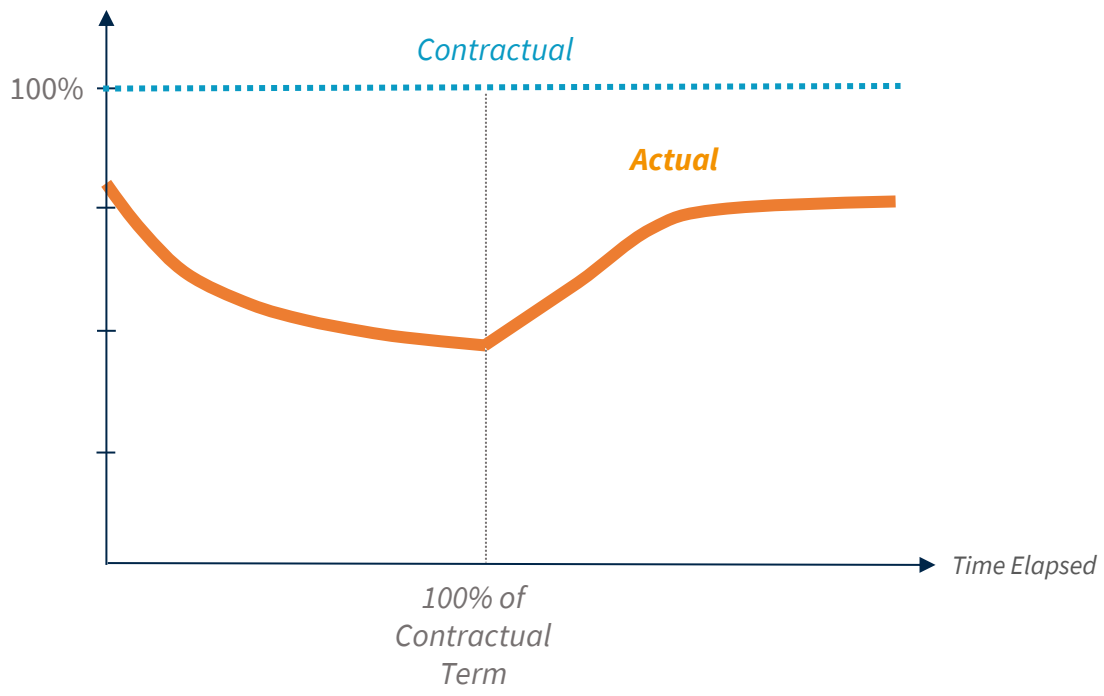
Illustrative comparison of the two bases for Repayment Rate – Paid vs. Financed and Paid vs. Plan

Repayment Rate
Paid vs. Financed
Single Cohort Performance Over Time



*Good option for **high level analysis**: outcomes, trends, projections. Often preferred by analysts for intuitive, linear progress to final target. Requires less effort to calculate since the denominator is fixed for each contract across all points in time.*

Repayment Rate
Paid vs. Plan
Single Cohort Performance Over Time



*Basis for **performance and operations management**.*

Navigate to Guidance for Company Analysis home page →

2. REPAYMENT RATE | A core KPI with several important use cases

NEW STANDARD KPI

PRIMARY APPLICATIONS:

Portfolio Quality CR

Net Portfolio Valuation BS

- **Outcomes indicator.** Repayment Rates by 1x, 1.5x, 2x original contract term gives a reliable view of the realised payments and credit losses without having to defer to internal policies on when and how write-offs and defaults are recognized.
- **Early performance indicator.** By 90 days, the KPI is strongly correlated with future outcomes; adverse trends from recently onboarded customers can be spotted early and actioned.
- **Projections.** Highly correlated basis for estimating expected repayment and expected credit loss (crosschecks on Net Portfolio Value)
- **Portfolio analysis.** Can be analysed by other business or customer dimensions or external factors to identify & address issues and to highlight and replicate successful areas.
- **Practical customer-level insights.** Actionable and relatable to the real-world, as it expresses the degree to which customers adhere to payment plan due dates over time.

SECONDARY APPLICATIONS:

- **Bad Debt Expense.** Default outcomes (write-offs) and expected future credit losses (change in provision level) flow to the P&L on this expense line. Repayment Rate information on historical outcomes (results @ 2x the contract term) and current outlook (cohort-based projections) can provide a sense check to the P&L actuals or projections.
- **Cost of Capital in Unit Economics.** The Repayment Rate at 1x, 1.5x, 2x+ gives insight into how long cash remains outstanding with customers compared to the contract terms. Assumptions on Unit Economics for Cost of Capital as part of overall cost of extending financing is more realistic when using this information (e.g. using average completion time of 1.4x the stated contract term versus assuming the CoC basis is the stated contract term).

The primary use cases are covered in the section: "Guidance for Company Analysis". The secondary applications are not in scope in the beta release.

Navigate to Guidance for Company Analysis home page →

2. REPAYMENT RATE | Results @ 2x contract term – *General concepts*

NEW STANDARD KPI

Definition: Measurement of Repayment Rate taken as at 2x of the contract term. Used as a proxy for PAYGo contract outcomes (total paid, total credit loss).

Purpose: Provides a fair basis and accurate metric for evaluation of payment outcomes of PAYGo contracts, independent of company-specific definitions, policies and practices as relates to final collected amount, default and write-offs.*

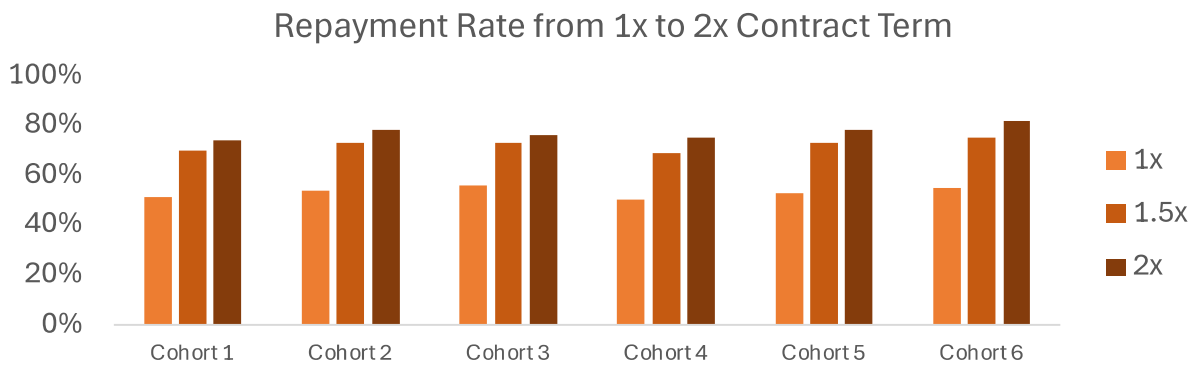
General formula:

*Data as of 2x original contract term**

$$\frac{\text{Payments applied to } \textit{due instalments, net of prepayments}^{**}}{\text{Total amount financed OR due instalments per plan}^{***}}$$

excludes deposits – considers instalments only
**excludes any free introductory period*
***net of prepayments for future instalments not yet due*
****at 1x and beyond, PvP and PvFin figures are the same*

Example from Monitor report:



Applications in company analysis:

Portfolio Quality CR

Net Portfolio Valuation BS

Straight-forward view of payment outcomes

2x the loan term provides a reasonable, comparable and common basis for evaluating outcomes in terms of total collected and total credit losses or default and supports both analysis of historical results and building solid projections.

*It may be valuable to review results to 3-4x in a given company analysis if significant payments are still being made at 2x.

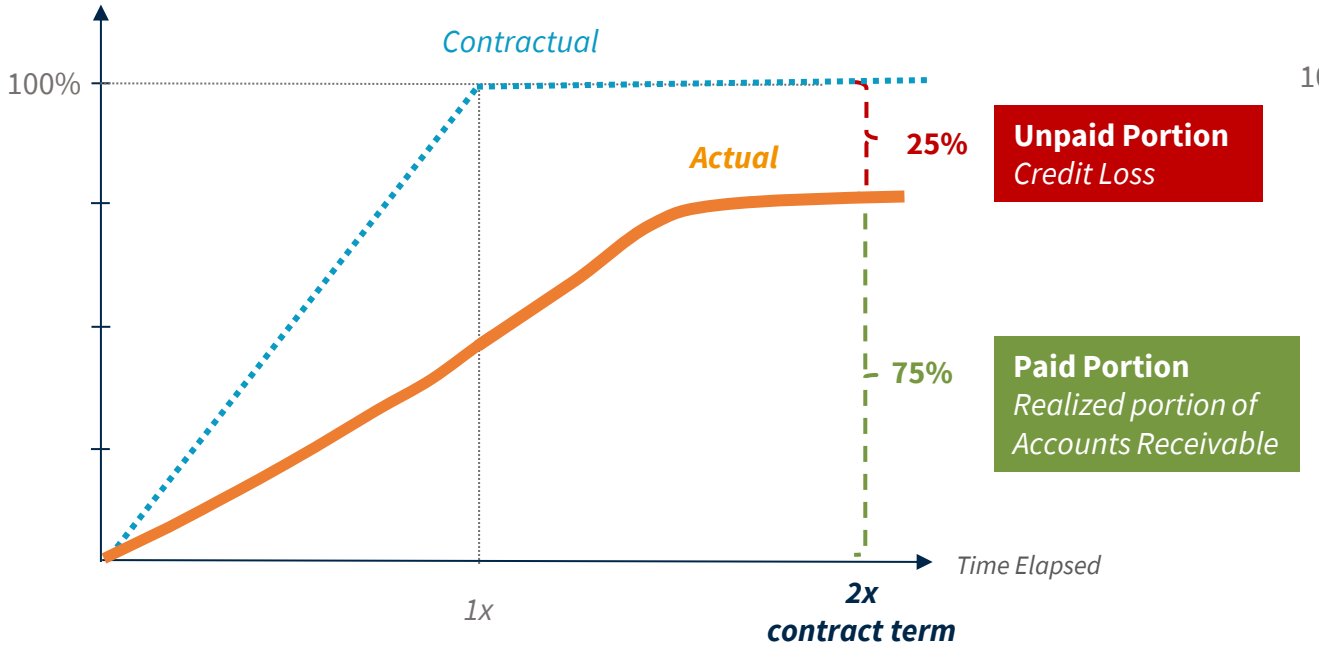
Navigate to Guidance for Company Analysis home page →

2. REPAYMENT RATE | Results @ 2x contract term – *General concepts*

NEW STANDARD KPI

Flexibility is built into many PAYGo plans to accommodate customer cashflow variability. As a result, repayment tends to extend beyond the original contract term to 1.2x, 2x and beyond. Measurements 1x are valuable but don't give the full picture.

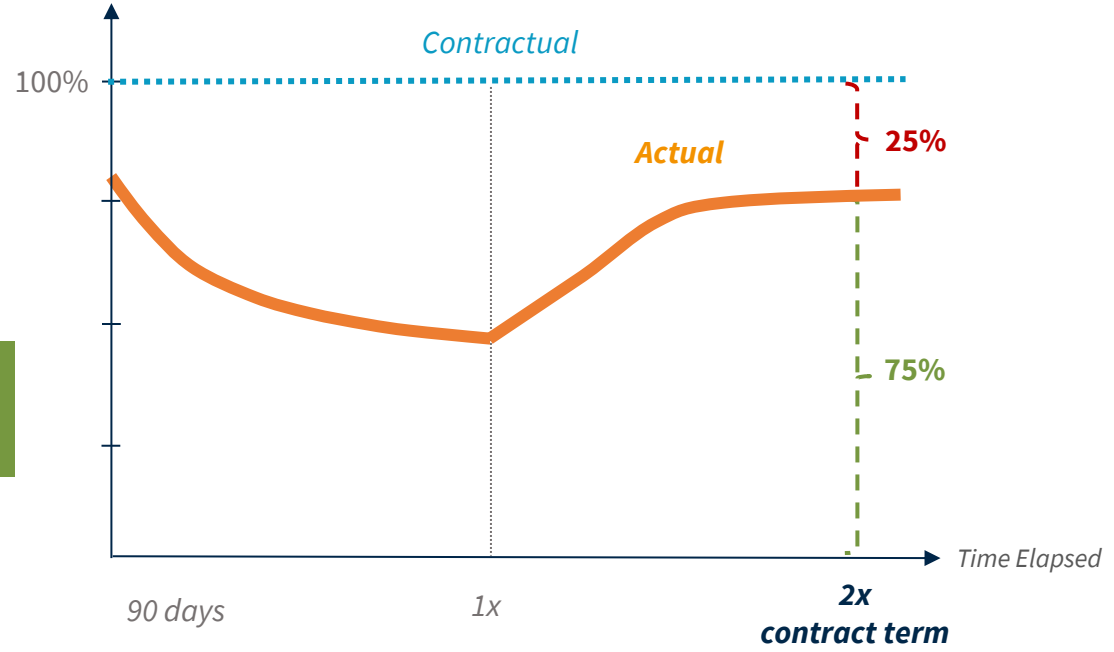
Repayment Rate (PvFin)
Paid vs. Financed
Single Cohort Performance Curve Over Time



Unpaid Portion
Credit Loss

Paid Portion
Realized portion of Accounts Receivable

Repayment Rate (PvP)
Paid vs. Plan
Single Cohort Performance Level Over Time



*It may be valuable to review results to 3-4x in a given company analysis if significant payments are still being made at 2x to better understand the dynamic. However, 2x is still suggested as the common cut-off for measurement.
Note: After 1x of the contract term, results for PvFin and PvP are the same. Total Due as per Plan is = Total Financed at this point.

Navigate to Guidance for Company Analysis home page →

2. REPAYMENT RATE | Results @ 90 days – *General concepts*

NEW STANDARD KPI

Definition: Early indicator of repayment and portfolio quality, comparing the total instalment payments *applied* against the instalments *due* as of 90 days into the payment schedule. Excludes deposits and is *net of prepayments for future instalments*. 90 -ay period excludes 'free' introductory period.

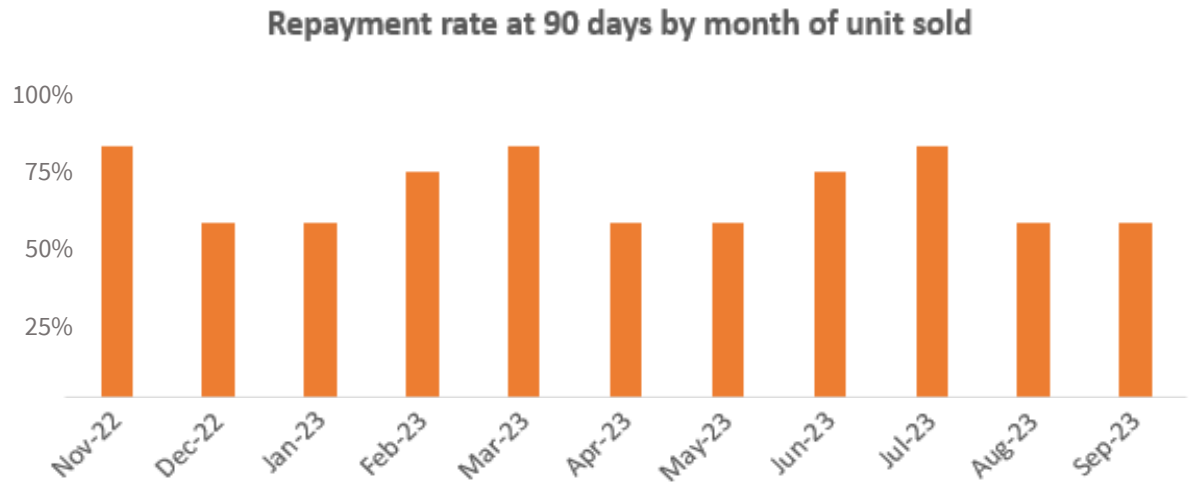
Purpose: Captures how well customers adhered to the first months of their plan, which is highly correlated to final payment outcomes. Operationally, it enables response to underperformance as early as possible, measures the effectiveness of preventative strategies and practices, and supports better and faster decisions on the offer and early customer journey. For credit risk and financial analysis, provides an early insight on cohort performance vs. target outcomes.

General formula:

$$\frac{\text{Payments applied to instalments due as of 90 days, } \textit{net of prepayments}^*}{\text{Total instalments due as of 90 days}^{**}}$$

excluding deposits – relates to instalments only
excludes 'free' introductory period throughout
**net of prepayments for future instalments not yet due*
***per contract payment plan*

Example from Monitor report:



Applications in company analysis:

Portfolio Quality CR

Fast insights, strong indications on trajectory

High correlation to results by 90 days allows for intuitive interpretation of whether new cohorts are on track to performance benchmarks and final payment rate targets. Identifies hotspots early for faster remediation. Provides fast feedback loop on changes in underlying risk.

Navigate to Guidance for Company Analysis home page →

2. REPAYMENT RATE | **Results @ 90 days** – *Relationship to Repayment Outcomes*

NEW STANDARD KPI

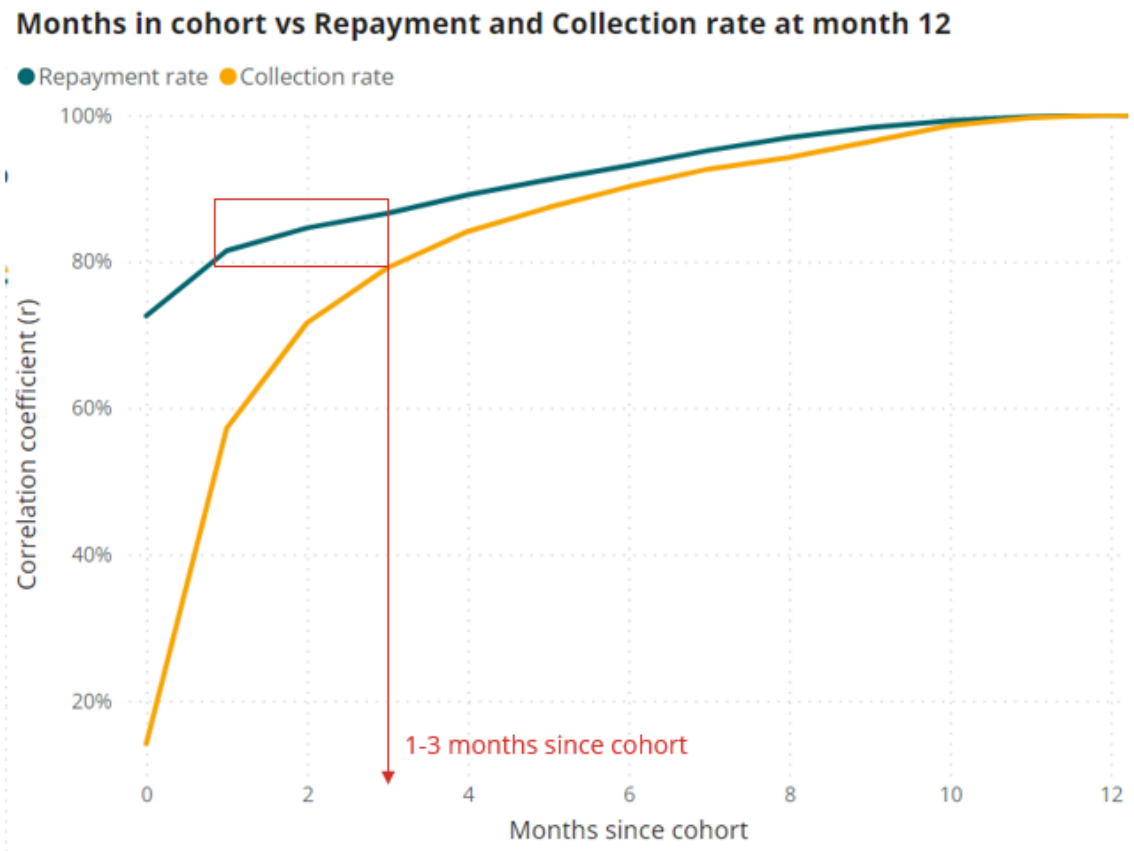
A customer's payment behaviour in the first three months is a good predictor of their payment behaviour for the contract duration – especially if we use Repayment Rate.

As seen in the analysis at right:

- **Repayment Rate is very strongly correlated to 12-month results** (80%+) by 30 to 90 days into the loan. It has strong correlation even within the first month (75%+).
- **Collection Rate is less correlated** than Repayment Rate by 30 to 90 days (70%+) and has *very weak correlation* within the first month (10% to 60%).

Correlation between repayment @90 days and @ 12 months

PAYGo PERFORM cohort analysis pilot



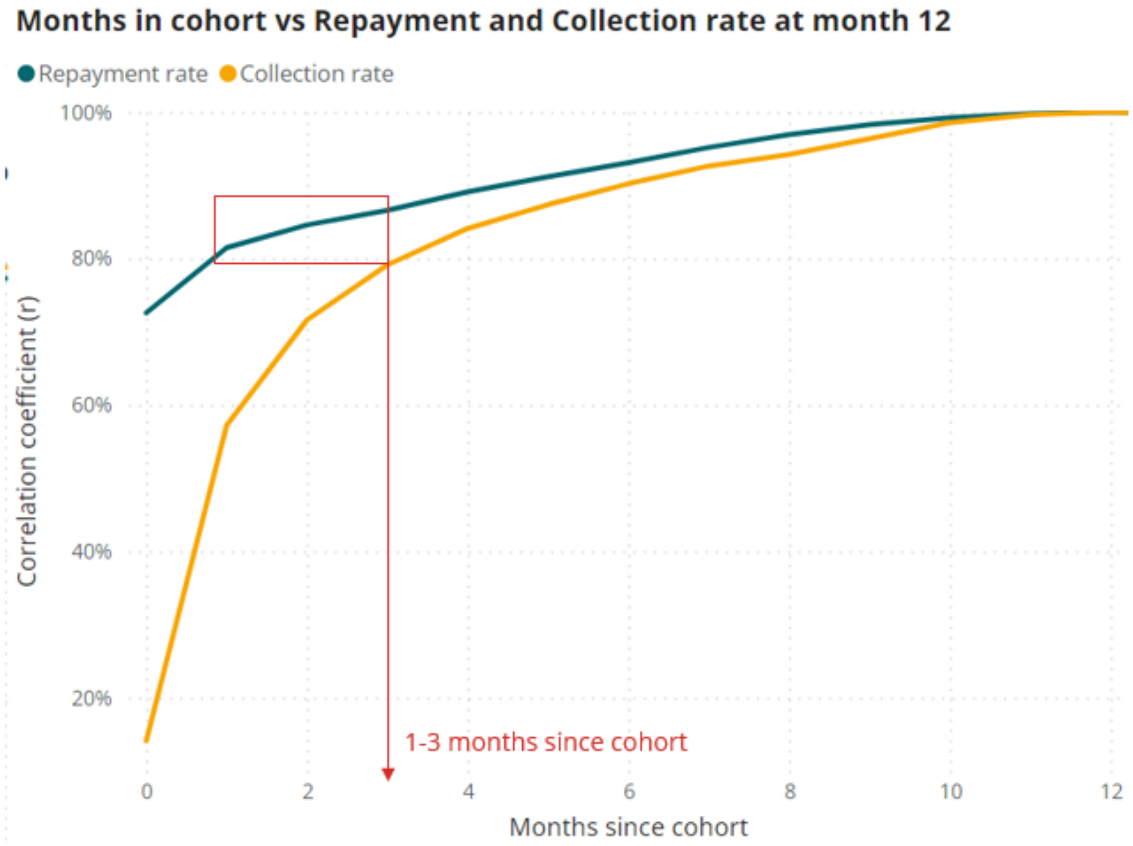
These findings are useful *indicative averages* of the participating companies and period of analysis, but *not predictive* of or for any given company.

Navigate to Guidance for Company Analysis home page →

NEW STANDARD KPI

Correlation between repayment @90 days and @ 12 months

PAYGo PERFORM cohort analysis pilot



A customer's payment behaviour in the first three months is a good predictor of their payment behaviour for the contract duration – especially when using Repayment Rate.

As seen in the analysis at left:

- **Repayment Rate is very strongly correlated to 12-month results** (80%+) by 30 to 90 days into the loan. It has strong correlation even within the first month (75%+).
- **Collection Rate is less correlated** than Repayment Rate by 30 to 90 days (70%+) and has *very weak correlation* within the first month (10% to 60%).

Note: These findings are useful indicative averages of the participating companies and period of analysis, but not predictive of or for any given company.

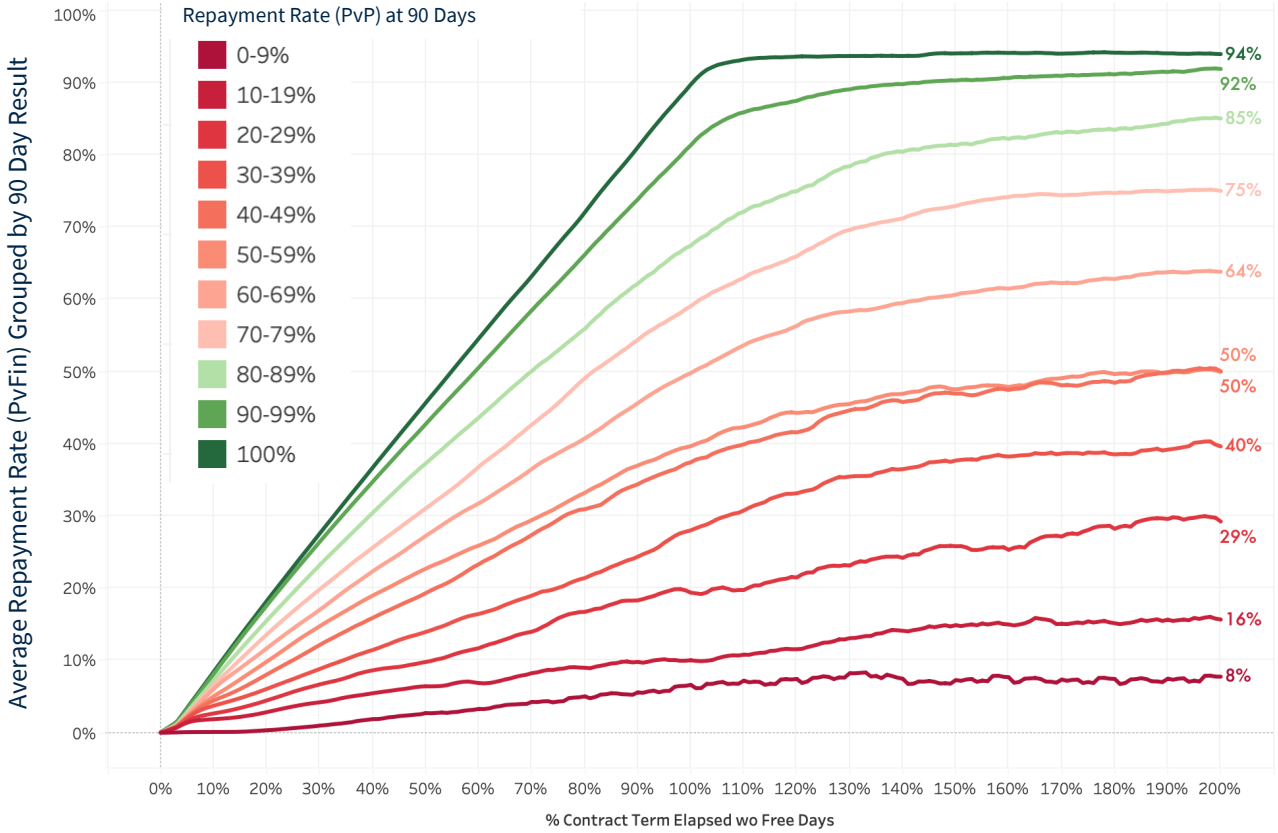
Navigate to Guidance for Company Analysis home page →

NEW STANDARD KPI

GOGLA

Benchmarking performance range @ 90 days to outcomes @ 2x

Results at 90 Days (PvP) and Performance Curves (PvFin) to 2x contract term



Adapted from: PAYGo Lab data shared with GOGLA, Apr 2025.

Across companies and contexts, results at 90 days are highly consistent with repayment outcomes measured at 2x of the contract term.

This strong relationship to final outcomes makes the **90-day metric a useful leading indicator** on credit risk and a practical, meaningful KPI for companies to incorporate into performance management systems and portfolio management escalation routines.

For example, final repayment outcomes for companies included in the dataset at left were +/- 6% of the result at 90 days. Performing this type of analysis at a company level can provide a strong basis for benchmarking and projections.

Note: These findings are useful indicative averages of the participating companies and period of analysis, but not predictive of or for any given company.

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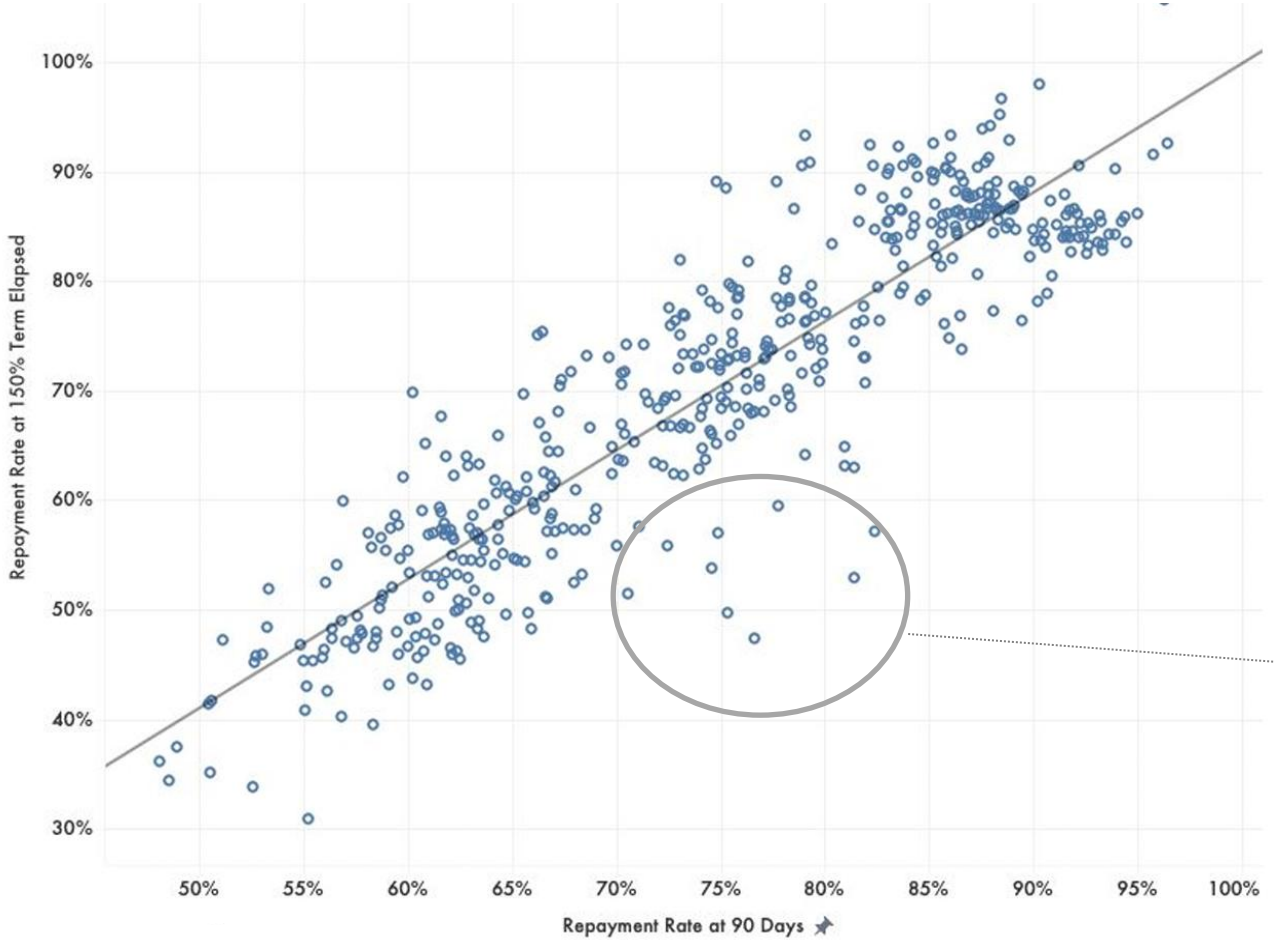
NEW STANDARD KPI

Scatter plot of results @ 90 days vs. outcomes @ 1.5x

Repayment Rate Results at 90 Days (PvP) and at 150% of Contract Term



The scatter plot at left provides details on the range of results from companies (at the level of a country firm) analysed by PAYGo Lab.

- One of the most important insights is that performance is fairly consistent, within given range.
- While there are some firms that perform better at 1.5x than at 90 days, we do not see firms turning around early underperformance to deliver top-tier results by 1.5x. Results above 85% at 1.5x were only achieved by firms who also achieved strong early Repayment Rates.
- The most extreme outliers tend to be *negative deviations* from the overall trend (examples highlighted at left).
- Results were taken at 1.5x instead of 2x in order to capture more firm-level data points.

Source: PAYGo Lab data shared with GOGLA, June 2025.

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NEW STANDARD KPI

GOGLA

Why 90 days? Balancing speed and reliability of insights.

- Later results (e.g. 120 days) are even more correlated to outcomes than 90 days but leave less room for corrective action.
- Earlier results (e.g. at 30 days) are useful for management to identify trend changes sooner so they can make decisions or corrective actions faster.
- However, for projections, results earlier than 90 days are significantly less reliable. Results before 90 days have a lower correlation to the final outcome.
- Importantly, very early Repayment Rate metrics can be artificially improved by prepayments made at the time of sale. Setting the benchmark at 90 days largely controls for this, as most customers can't afford to pay that far in advance.

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3. CUSTOMER OWNERSHIP RATE | General concepts

NEW STANDARD KPI

Definition: Expresses the proportion of contracts fulfilled (a.k.a. paid in full) by 2x of the original contract term.

Purpose: Provides a reasonable basis for evaluation of the proportion of customers who successfully complete their contracted payment plan and own the product outright, independent of company-specific definitions, policies and practices as relates to default, write-offs and formal or informal rescheduling of the payment plan.

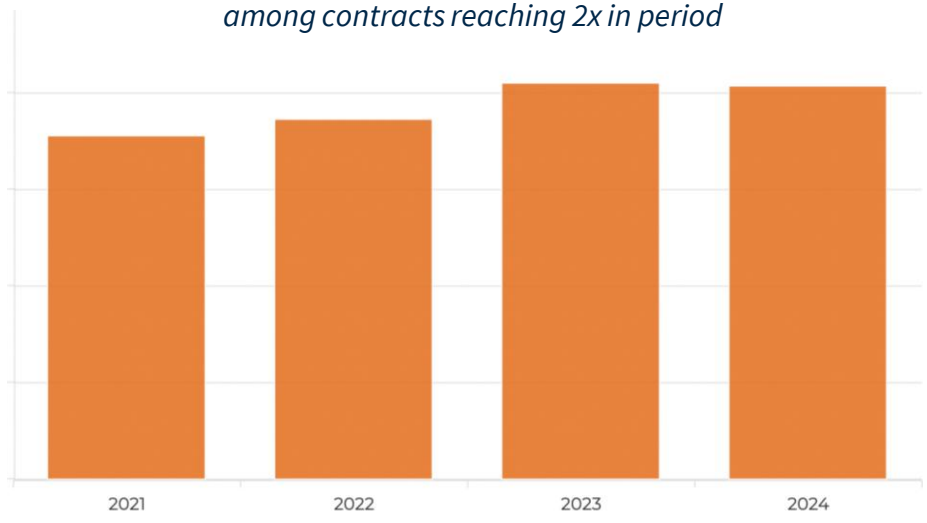
General formula:

$$\frac{\text{Total number of accounts which have fully paid by 2x contract term*}}{\text{Total number of accounts which have reached 2x contract term**}}$$

***Currently collected and reported in PAYGo PERFORM Monitor as**: Number of units that reached 200% of the contract term during the period and that fully repaid*

Example from Monitor report:

Customer Ownership (%) at 2x Contract Term
among contracts reaching 2x in period



Applications in company analysis:

Portfolio Quality [CR] ▶▶ **Customer Outcomes** ▶▶

*Customer ownership is a critical social impact issue. In company analysis, it's also a marker of **product-market fit, business model health and long-term viability**. It speaks to the realization of Customer Lifetime Value and potential for further revenue through repeat sales and up-selling at a lower Cost of Sale and Cost of Credit than new customers.*

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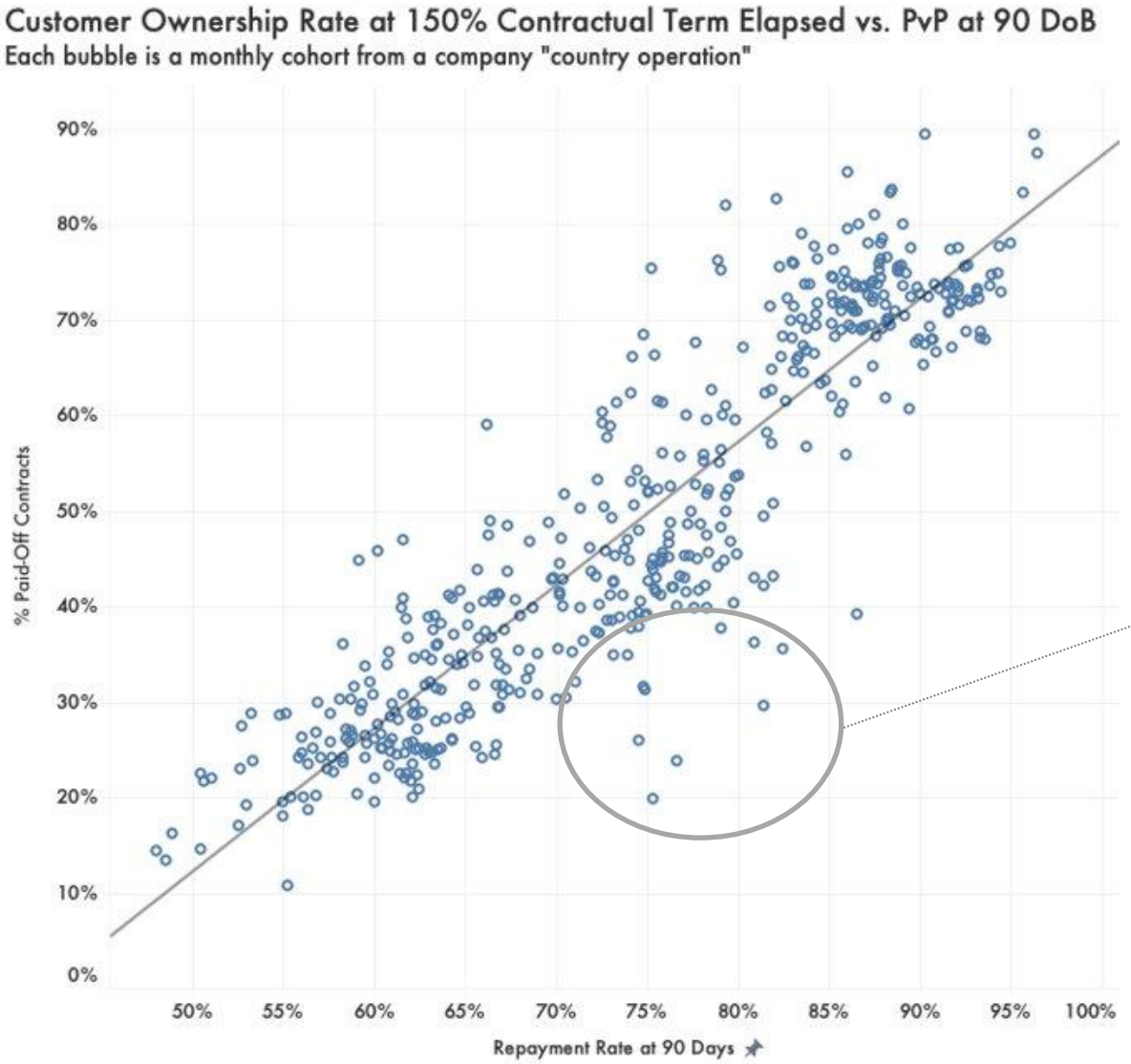
3. CUSTOMER OWNERSHIP RATE | Relationship to Repayment Outcomes

NEW STANDARD KPI



Relationship between Repayment Rate @ 90 days and longer-term Customer Ownership Outcome

- *The scatter plot analysis at left by PAYGo Lab further underscores the importance of early repayment performance in driving positive results for customers, companies and investors in terms of Customer Ownership Rates.*
- *The key takeaway: strong repayment early on corresponds to high ownership outcomes, and vice versa.*
- *While there is some variability in results across firms, that variability is limited.*
- *Some of the most extreme outliers are in fact worse results than the general trend*
- *A noteworthy insight: among the firms which had Repayment Rates of <70% at 90 days, none were able to achieve Customer Ownership Rates above 60% by 1.5x the contract term.*
- *The results at 2x may differ slightly – measurement was taken at 1.5x in order to include more firm results.*

Source: PAYGo Lab data shared with GOGLA, June 2025.

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PAYGo PERFORM Monitor

Benchmarks and Trends

PAYGo PERFORM Monitor | Background

The PAYGo PERFORM Monitor (PPM) is a market data initiative led by GOGLA and MFR to provide industry benchmarks and trend analysis to companies and investors. The data set covers 7 million active customers in 23 countries and approximately 75% of the PAYGo market. It includes PAYGo companies selling solar lanterns, SHS, solar generators, solar water pumps, solar fridges, and smartphones.

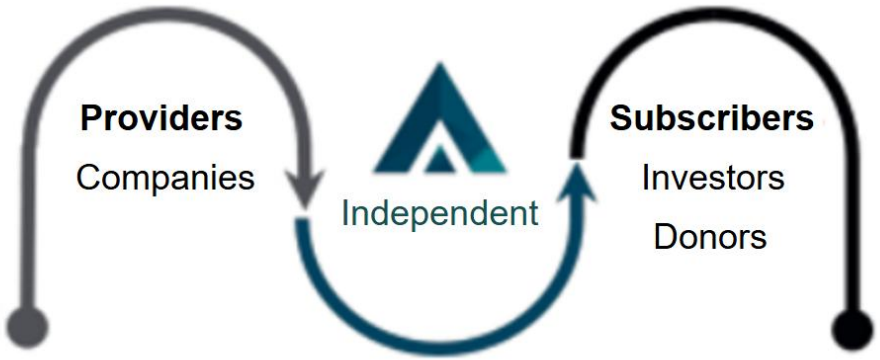
23
Countries

75
PAYGo Firms

235,924
Data Points

Companies share data and get free access to the reports and platform.

Select to be visible to all the subscribers, only your investor, or masked in aggregate.



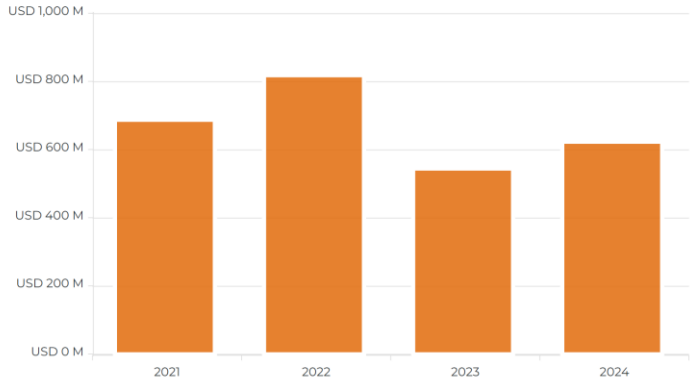
Subscribers get access to market data, granular benchmarks, and individual company results.

A tool for deal origination, due diligence, monitoring, and reporting.

PAYGo PERFORM Monitor | **Available in the Monitor -** *Portfolio and Financial Analysis*

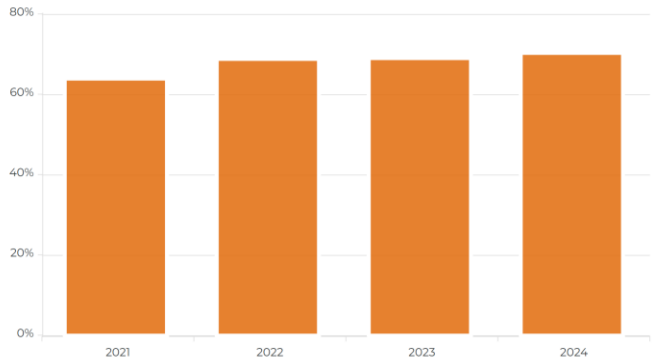
The platform collects and validates data from companies via APIs, Excel reports, and Financial Reports. It features a wide range of KPIs covering portfolio, financial, and social performance, including*:

Outstanding Receivables (USD)



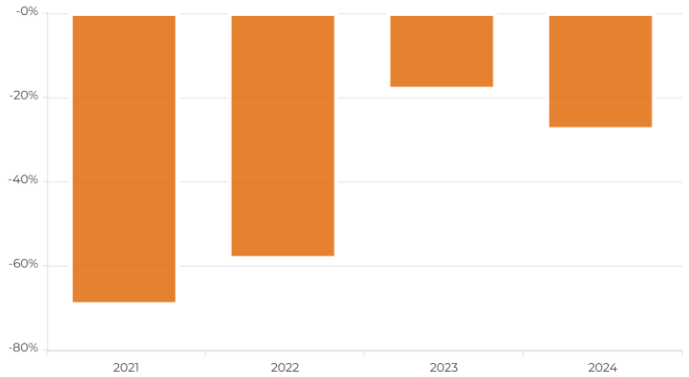
- *Outstanding receivables*
- *Growth in outstanding receivables*
- *Number of customers*
- *Average contract balance*
- *% of customers, PAYGo & Cash*

Collection Rate (%)



- *Collection rate*
- *RAR 30 + write-off ratio*
- *% of units fully repaid at 1x, 1.5x, 2x contract term*

Profitability (EBT margin, cashflow)



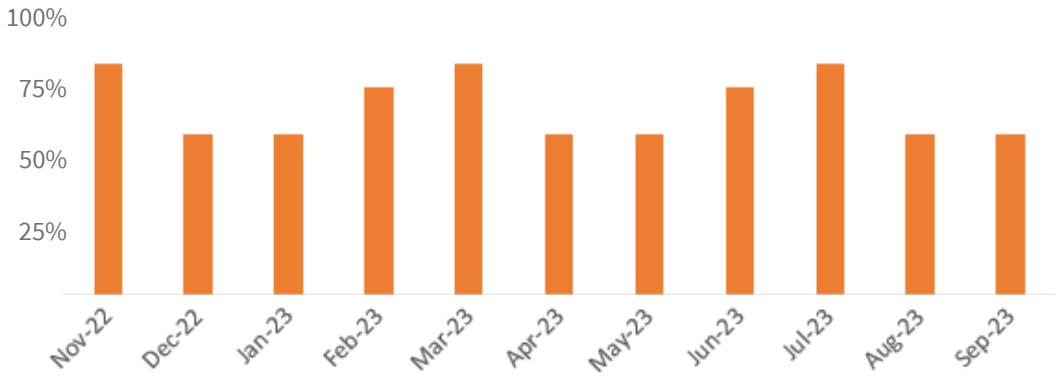
- *EBT margin (cashflow)*
- *Equity to assets ratio*
- *Liquidity <90 days / Total cost*
- *% cashflow from subsidies*

**The above highlights select KPIs available on the Monitor; the full list of KPIs and metrics expands beyond those listed here.*

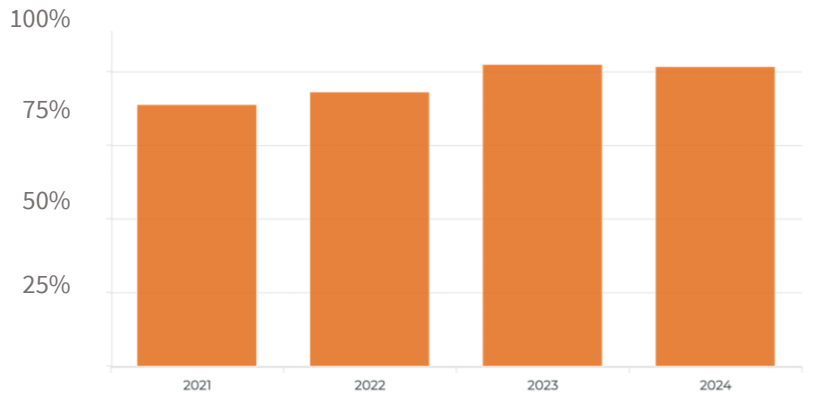
PAYGo PERFORM Monitor | Available in the Monitor – *v3 (beta) KPIs and Cohort Analysis*

To provide the most meaningful benchmarks, cohort data are available by country, monthly vintage, product category, and company size.

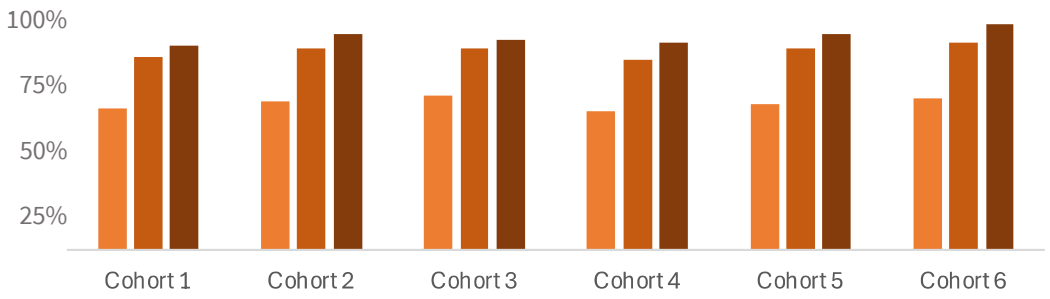
Repayment Rate at 90 days by cohort



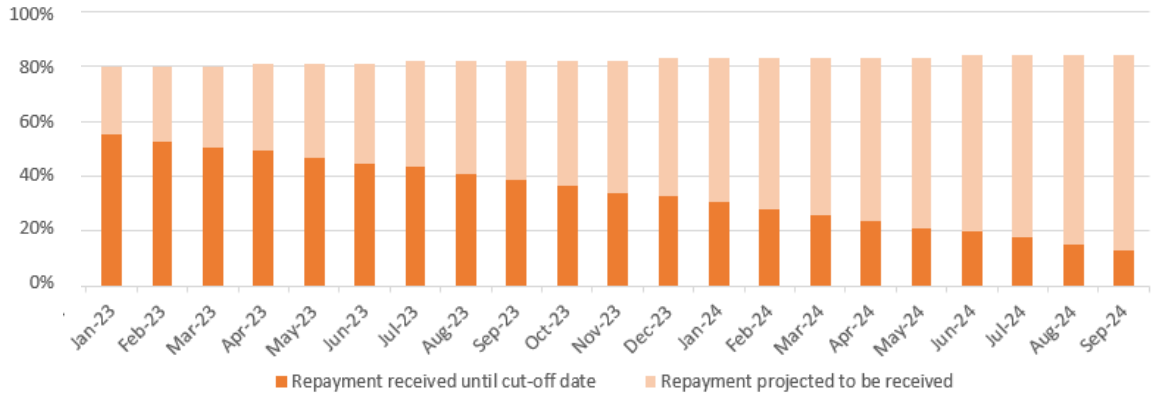
Customer Ownership at 2x Contract Term

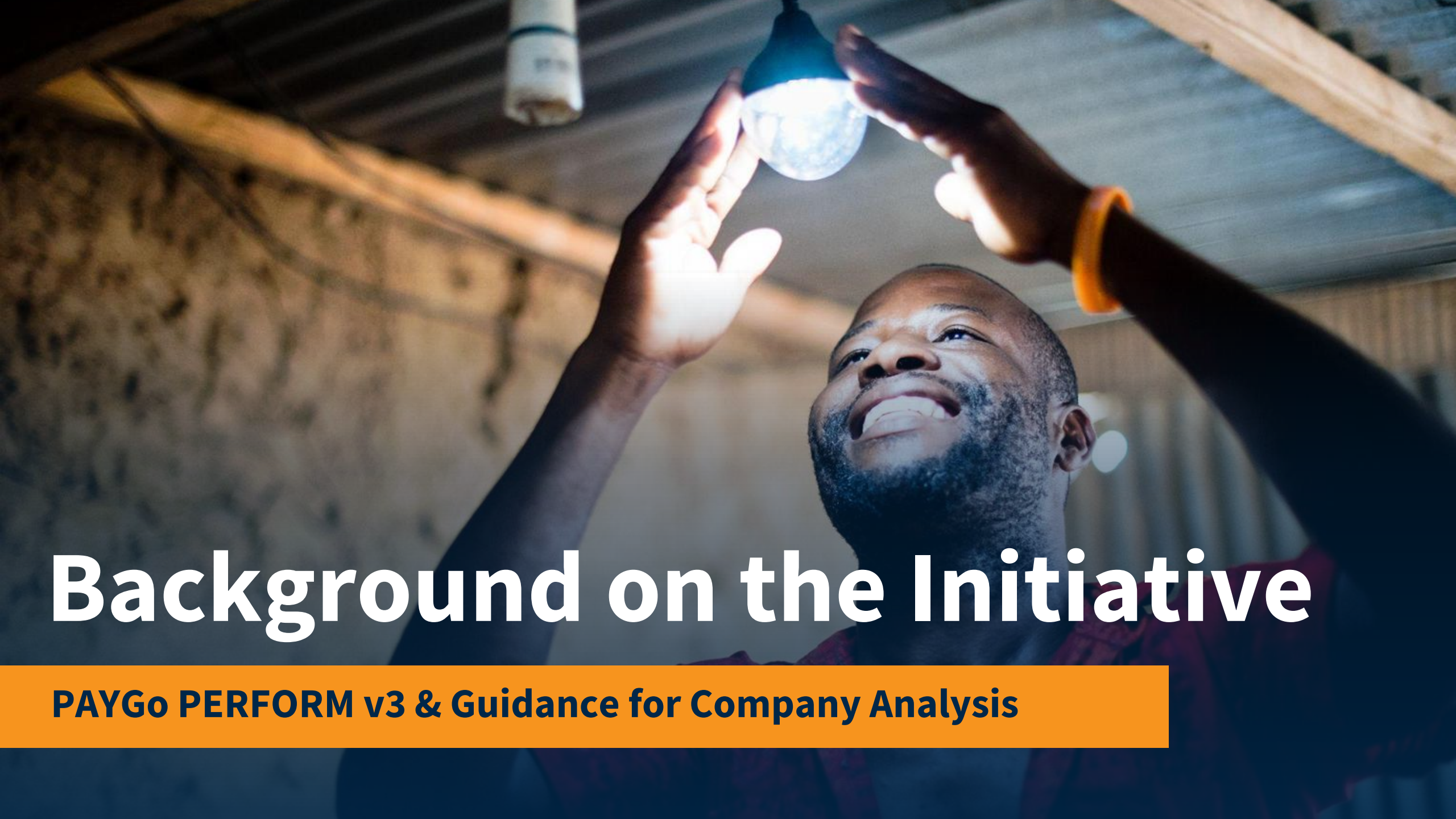


Repayment Rate from 1x to 2x Contract Term by Cohort



Cohort Projected Repayment Rate to 2x*





Background on the Initiative

PAYGo PERFORM v3 & Guidance for Company Analysis

The PAYGo PERFORM KPIs

The initiative was launched in 2018 to define an industry standard of financial and operational KPIs for PAYGo companies, with these objectives:

Common language

Create a clear and common framework for analysis and comparison.

Insights

Enable benchmarks and results that drive actions to improve consumer satisfaction, portfolio quality, & profitability.

Transparency

Encourage reporting and improve the understanding of company performance and needs.

Investment

Create tools to facilitate investment and increase capital flows to the sector.

Started in partnership with Lighting Global (WB) and CGAP, the initiative led a participatory process to define KPIs 1.0 and KPIs 2.0. As the custodian of the industry standard, GOGLA has led an industry taskforce to update the KPIs to v3.

Successes of v2

- **Buy-In:** support for the KPIs and trust in the Monitor.
- **Engagement:** adoption of KPIs and use of the data.
- **Insights:** pioneering data on industry-wide performance (and challenges)

Opportunities from Emerging Practice

- **Powerful new KPIs:** clearer indicators of portfolio quality.
- **New methods:** cohort analysis and forward-looking projections.
- **Shift to PAYGo v2:** industry call to action to strengthen PAYGo.

Issues in the v2 Standard

- **Ambiguity of KPIs & use cases**: leading to misinterpretation or misapplication.
- **Hidden problems:** Portfolio-level reporting and analysis masked issues, especially in high-growth scenarios.

Challenges for v3

- **Standardisation:** of the wide array of evolving KPIs and methods.
- **Utility:** meeting the diverse needs of companies and investors.
- **Overcoming inertia:** demonstrating the value and providing clear actions to adoption.

> *We need a **simple, reliable** set of Portfolio Quality indicators that relate to outcomes – **how much will we collect at the end of the day**?*

> *Accounting practices are too varied and unregulated to be taken at face value. Investors need data apart from the financial statements to **verify and validate actuals and projections**.*

> *Our key areas of focus are on **cashflow forecasting** and analysing the **discounted value of receivables** after accounting for credit losses.*

> *Customers paying for and using the product 6 out of every 10 days is **not sustainable for the industry or achieving our mission** of energy access.*

> *We need to be able to **identify payment problems early on** so we can identify and support new customers who are struggling and **systematically address issues like quality of sales and onboarding**.*

> *It's important but often difficult to **crosscheck different data sources and KPIs for consistency**. Is the full picture realistic, aligned and 'telling the same story'?*

PAYGo PERFORM v3 provides enhanced performance insights to support ***informed and confident financial management and investment, strengthen credit risk and portfolio management, encourage healthy growth, and align incentives for long-term value creation.***

- The v3 release introduces clearer, more reliable KPIs and standards to enable consistent, transparent analysis of company performance—focusing on *portfolio quality and repayment as key indicators of financial health and long-term viability*
- The new release addresses specific pain points and gaps in existing standards and draws on emerging best practices and insights since the release of v2 in 2021
- The release also includes guidance and tools to help investors and companies apply new and existing standards to real-world use-cases in company analysis

Further reading on the investment context here: *After the Dip: Off-Grid Solar's Defining Moment.* Drew Corbyn and Laura Fortes. GOGLA. 15 April 2025

PAYGo PERFORM | Design and selection criteria for KPIs and reporting standards

These criteria form the basis of PAYGo PERFORM v3 release

Consumer-centric

Incentivising positive outcomes for consumers.

Clearly shows how a company is achieving its impact goals.

Low risk of creating negative incentives for pushing sales.

Simple

Intuitive and easy to measure and calculate.

Is low-cost and universally possible.

Reliable

Independent of (variable) accounting methods.

Low risk of misinterpretation or manipulation.

Comparable

Enables like-for-like comparisons / benchmarks between companies and portfolios.

Recognising the different stages and sizes of portfolios / companies.

Is not skewed by growth (or similar dynamic).

Actionable

Provides actionable insights to companies and investors.

Responsive

Quickly adapts to market or operational shifts to provide near to real-time insights.

PAYGo PERFORM v3 | Company analysis – *Applications of PAYGO PERFORM data*

The final v3 release is planned to include a wider set of KPIs and more comprehensive Guidance for Company Analysis

Reporting Area	Topic of Analysis	Details / Purpose
Credit Risk Management	**Portfolio Quality**	Analysis of historical repayment and credit loss performance and outcomes
		Cohort and trend analysis
		Early indicators on new portfolio performance
Balance Sheet	**Net Portfolio Valuation**	Estimate future value of receivables (aka net receivables or portfolio) after discounting for expected credit losses*
Cash Flows	**Customer Payments**	Analyse and project customer payment amounts and timing
P&L	**Bad Debt Expense**	Review credit losses on the P&L for accuracy (actual and projections)
Unit Economics & Pricing Models	**Total Cost of Credit / Default**	Confirm unit margin viability in overall cost structure, profit targets
Customer Outcomes	**Customer Ownership Rate**	Social impact, product-market fit, business model efficiency, and opportunities to expand customer lifetime value.

Proposed additions for future scope

PAYGo PERFORM v3 | Product suite included in new release

GOGLA has led an industry taskforce to update the performance monitoring standards and methods to v3. The following products are being developed for investors and companies:

PAYGo PERFORM KPIs v3

The list that serves as the industry standard will feature:

- The existing KPIs, updated and refined.
- New KPIs.

Guidance for Company Analysis

Provides companies and investors with guidance on how to apply portfolio quality KPIs in specific use cases in financial analysis.

Additional resources under development:

Web-based KPI toolkit
Updated Technical Guide
Additional templates and tools

Let’s work together!

info@gogla.org
www.gogla.org

Appendix

Additional Supporting Information & Resources

EXTERNAL RESOURCES | Insights, analysis and guidelines related to company analysis

PAYGo PERFORM products and resources:

- *PAYGo Accounting Brief*
- *PAYGo PERFORM KPIs and Technical Guides*
- *PAYGO PERFORM Guidance for Company Analysis*
- *PAYGO PERFORM Monitor*

Other guidelines on company analysis and credit risk management:

- *Benchmarking KPIs for Last Mile Distribution*, Global Distributors Collective (GDC) | 2024
- *Getting Repaid in Asset Finance: A Guide to Managing Credit Risk* | CGAP | 2021

Resources on using repayment rate to project a forward-looking view of outcomes:

- *Towards a Predictable Profitability*, Baobab+ | 2025 | Guidance on IFRS 9 predictive model methodology
- *Simple & Efficient Metrics for PAYGo Companies*, EDFI | 2024 | Guidance on simple cohort projections

Thought pieces on defining success for companies and investors in the PAYGo sector:

- *Revitalizing Off-Grid Solar*, Bankole Cardoso (Delta40), Audrey Desiderato (Mirova), Christopher Emmott (Acumen Fund) | 2025
- *PAYGo Funders Can Turn the Tide*, PAYGo Lab | 2024
- *From PAYGO 1.0 to PAYGo 2.0*, PowerAfrica | 2023
- *Strange Beasts: Making Sense of the PAYGo Solar Business Models*, CGAP | 2018

NET PORTFOLIO VALUATION | 1. IFRS 9 Expected Credit Loss model

HIGHEST PREDICTIVE STANDARD

WIP

Additional Background and Context

Value Proposition of Advanced Predictive Models. Well-designed ECL models offer:

- **High accuracy**: Predictions can align with actual outcomes within <1% variance.
- **Adaptability**: Can be calibrated by geographies, customer segments, or products.
- **Standards alignment**: Fulfill international accounting requirements under IFRS 9.

Prerequisites for Developing ECL Models. Before investing in advanced modeling, companies should assess whether they meet key conditions:

- Availability of historical data with final repayment outcomes
- Sufficient volume of data (more accounts = better model performance)
- Analytical tools and capacity for model development and validation
- Good judgment around assumptions and macroeconomic adjustments

When to Consider Building an ECL Model

An ECL model is especially valuable—and in some cases necessary—when:

- Compliance with IFRS 9 is required (e.g. by auditors, investors, lenders)
- Accuracy of the model is critical and there is low tolerance for variances, such as when:
  - Profit margins are tight (e.g. deviation of actuals to target by >2 pp would make product or business unprofitable)
  - The company scale is large enough that inaccuracies would materially impact EBIT (e.g. deviance of 5pp on a 10 Million portfolio = 500K in unplanned expenses)
  - Strict covenants are in place from lenders, investors or funding agencies

Goal: Avoiding "Bad Surprises"

IFRS 9 was a direct response to inadequacies in accounting standards revealed by the 2008 financial crisis. Particularly: (1) recognition of credit losses only after they had been incurred and (2) cycles of under-provisioning during growth periods and the "cliff-effect" of sudden loss recognition during downturns.

These dynamics are familiar pain points to companies and investors in the PAYGo industry. Adoption of IFRS 9 -compliant estimations on future credit losses is an important step in up-leveling credit risk management and transparency and accuracy in financial reporting for the industry.

Navigate to Guidance for Company Analysis home page →