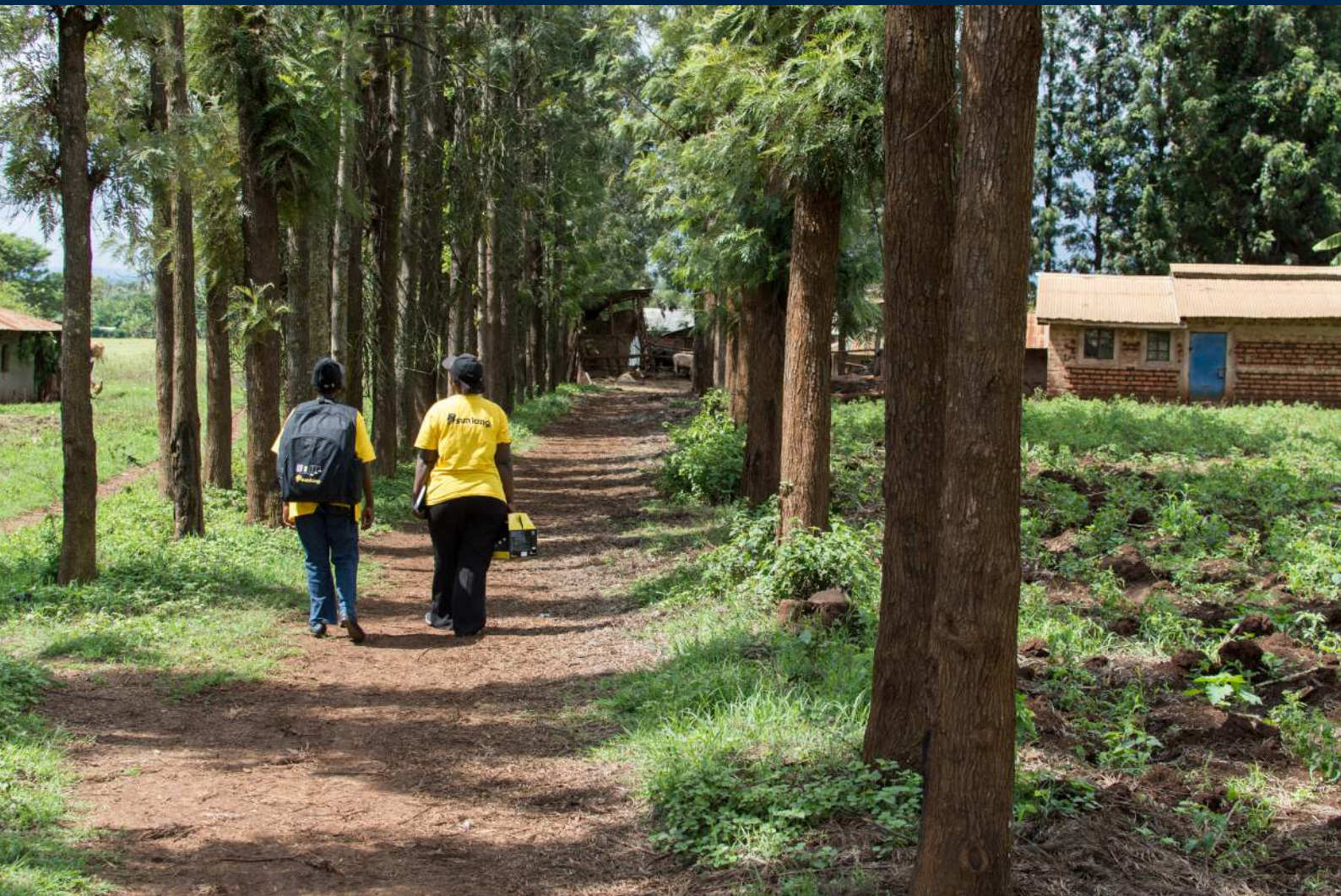




# Agent models and management: the key to good consumer protection and credit risk management



# Executive Summary

**The agent-based model - the core of many off-grid solar (OGS) providers - has enabled companies to reach remote base-of-the-pyramid customers, who otherwise wouldn't have been able to take the first step on the energy ladder. Agents are the primary consumer touchpoint, are at the centre of distribution operations, and often fulfil a plethora of both sales and aftersales activities. The way in which they are managed, incentivised and treated can therefore have a significant effect on consumer protection. Ensuring effective and responsible agent practices remains a challenge for the OGS industry due to reasons such as the decentralized nature of operations, high agent turnover rates and potential for low agent morale. Making improvements - and unlocking benefits for customers, agents, and businesses - requires support from the full ecosystem of stakeholders.**

This briefing note shares the findings from research undertaken with agents and companies in East and West Africa. It provides good practices and recommendations that OGS companies can draw upon to build, improve and maintain the most effective agent model for their operational context.

A dual-lens approach is applied to the agent management cycle, as the agent-company relationship (recruitment, training, incentivisation and management of agents) has a direct impact on the agent-customer relationship (promotion and sales, ability-to-pay assessment and aftersales services). The briefing note provides guidance for companies at each stage of the cycle.

Companies are encouraged to examine whether their policies are functioning in practice and ensure that the interests of the company and agent are aligned. Investing in training as an ongoing process is important to ensure agents are well aware of CP principles and what is expected from them, and capturing high-quality data to measure KPI's helps companies to manage and monitor

the agent workforce. Further, companies should be aware that some incentivisation schemes that seem to increase sales on paper, may in reality increase consumer protection and repayment risks. Balanced incentivisation schemes with compensation models that reflect the agent responsibilities throughout the customer journey are essential, and a clear path for progression can help agents feel valued, reduce turnover and achieve better business results.

As the agent is such an integral part of the entire OGS industry, they deserve the same respect and care that has been afforded to consumers until now.

With this briefing note, we hope to give OGS companies a starting point to explore the strengths and gaps that exist in their own agent-based model and encourage the industry to work together to improve company performance, build strong credit risk management practices, and uphold consumer protection standards.

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## **Disclaimer**

The information in this briefing note aims to provide helpful information on the subject matter. GOGLA and the authors are not responsible or liable in any manner for any damages resulting from use of information in this briefing note.

# Agents, consumer protection and company performance

Since its launch in 2018, a growing number of companies and investors have adopted the Consumer Protection (CP) Code by making a Commitment or Endorsement,<sup>1</sup> showing that the industry recognises the importance of CP and that what is good for consumers, is good for business and the sector as a whole. While much progress has been made across the industry to mitigate the product, financial, and service risks to customers, challenges remain. As the key interface with consumers, effective agent models and management sits squarely among these:<sup>2</sup> how can companies effectively recruit, train, manage, and compensate the agents who play such an essential role in successful customer and company outcomes?

This briefing note, informed by research carried out during 2022, aims to share new insights about the common challenges and risks found in agent-based models and shine a light on good practices and opportunities emerging within the Pay-As-You-Go (PAYGo) OGS sector. The research and findings are just one part of [a long-term impetus among off-grid solar companies and investors to further improve performance in CP.](#)

## The agent at the centre of off-grid solar business models

Agent-based sales and service models are dominant in the PAYGo OGS industry, with agents at the centre of distribution operations and often fulfilling a combination of sales, installation, collection and aftersales responsibilities. Whilst there is no single model/definition of an agents' role in the industry, they are always a primary customer touchpoint, and undoubtedly the crux of responsible sales, fair treatment of customers, good credit risk management and customer service – and by extension, good consumer protection.

When managed well, OGS agents are motivated by the impact solar products can have, are able to support consumers in making sound assessment of their ability to pay, and communicate pricing plans and product features clearly and effectively. Where motivation, incentivisation or training are perhaps lacking, the implications for consumer protection – and consequently, portfolio quality – can be significant. Our research identified numerous cases where agents reported low morale, having only low stake in the company success, and felt incentivised to short-term consumer outcomes with non-sales related activities either undervalued or under-compensated.



**I... loved how the company agents made it easy for me to acquire the products and how they explained all the instructions to me. They were so friendly and professional.**

OGS customer<sup>3</sup>



**An OGS agent is a stakeholder, an intermediary, and a beneficiary.** Often with a similar profile to a company's target customer, the job can (and should) be a career opportunity for an agent. Nonetheless, s/he can be both an asset and a liability to an OGS company – understanding what affects agent motivation, attitude and behaviour is therefore critical for OGS companies and can affect consumer outcomes, portfolio quality and brand reputation.



**I wish the company would think more about our career. I've been here for a long time and I am still not yet integrated. It's discouraging, I don't see my role changing even as I see the company grow.**

Sales agent, West Africa



1 See Commitments & Endorsements.

2 The GOGLA Consumer Protection Working Group (CPWG) recognises the importance of good agent models and management for CP and agrees that there is a long-term impetus among companies to continue to improve.

3 Customer quotes throughout this briefing note are from data gathered by 60 Decibels as part of GOGLA's study of Consumer Insights during COVID-19, 2020, unless otherwise stated.

## Agents, consumer protection and company performance

Other studies have demonstrated a clear link between customer satisfaction, reported customer payment rates and product/service challenge rates. Furthermore, new insights into portfolio quality<sup>4</sup> via the [PayGo PERFORM Monitor \(PPM\)](#) show that many companies in the PAYGo industry have an opportunity to improve their portfolio quality. Improving the way companies manage and execute their agent-based operations is one way through which better credit risk management, consumer protection and company performance may be achieved. But faced with competing priorities, companies doing so deserve support from the full ecosystem of stakeholders.

The briefing note takes lessons from adjacent sectors (financial inclusion, mobile money etc.), and examines each stage of the agent management cycle and role. The practices shared are drawn from the interviews as well as existing data (e.g., from [Consumer protection third-party assessments](#)), highlighting the frictions identified between consumers, agents and companies; the associated risks; and the good practices that can help to mitigate or avoid them. The findings have been discussed by the GOGLA Consumer Protection Working Group (CPWG), which has reaffirmed a commitment to focus on evaluating the strengths and weaknesses within existing agent-based models, and sharing lessons from failures and successes to benefit the sector as a whole.

### About the research

The research that has informed this briefing note sought to understand the experiences of OGS agents and their colleagues via interviews with representative samples of agents and agent-facing staff. The research aimed to identify both positive and negative elements of the agent model, better understand good practices and extract recommendations based upon the responses.

The research was conducted by the independent rating agency [MFR](#) during the second quarter of 2022, with support from four companies in East and West Africa. In total, researchers spoke to 172 agents (26 one-to-one interviews and 22 focus group discussions (FGDs)), and 23 agent-facing staff members.

For the purpose of this research an 'agent' is considered to be a commission-based, external role within OGS company operations.

The supporting companies are each committed to improving consumer protection within their business as well as the industry as a whole. They represent a cross-section of PAYGo models, with different product types at different price points and with different payment options. The group demonstrated a range of agent and supervisory functions and differing agent compensation schemes. All data was aggregated and anonymised so that staff and agents were confident that they could speak openly without attribution.

<sup>4</sup> Data from the PPM indicate that average collection rate across PAYGo OGS companies was 62% in 2021, though some companies have significantly higher results, and some significantly lower.

# Agents, consumer protection and company performance

## Agent models in adjacent sectors

The PAYGo OGS sector is not the only industry to rely on a widespread use of agents. Other sectors that serve similar consumer segments likewise rely on agents for at least some of the same activities – sales, collections, customer service and education, and more generally being the customer-facing representative of an organisation – especially in more remote, rural locations. Three sectors adjacent to OGS share many commonalities and offer useful examples for the OGS agent model: last mile distribution, financial inclusion, and mobile money.

Agent models can facilitate outreach to more remote and rural areas, enable rapid scaling of operations, and may require less upfront capital and investment. Below is a brief summary of the key attributes of the agent models used in three adjacent sectors:

**Last mile distributors (LMD)** focus on selling and distributing various household and consumer goods (sometimes including OGS products). LMD agents enable companies to reach remote and rural areas and represent the most common distribution channel for such goods. The agents can be local “village entrepreneurs” who sell a range of products but sales volumes are typically low. An alternative model involves a dedicated salesforce of LMDs who cover a wider geographical area and have significantly higher sales than the local counterparts.

**Financial inclusion (FI)** agents are typically small village shopkeepers who can provide a mix of services such as credit, deposit, bill payments, and other financial operations on behalf of a financial institution. Such agents play only a small role in the financial inclusion sector, with the majority of client relationships handled by dedicated full-time field staff. In most financial institutions, agents play a limited role in finding leads, and sometimes in collecting client information, while employees

collect additional information, verify it, and make the loan decision.

**Mobile money (MM)** agents are most commonly local operators with a stand-alone kiosk or shop, for whom MM represents their primary economic activity (though they may also be shopkeepers for whom MM represents a side activity). They typically perform two key activities: register consumers and provide cash-in/cash-out (CICO) operations. The agents are often visibly branded, with prominent and large signage displaying the mobile network (or in some cases, multiple networks) whose services they provide.

One striking element from these adjacent sectors is the strength and prevalence of the agent model in the LMD and MM sectors, where agents represent the primary distribution channel for providers – something they share in common with PAYGo solar. This is not the case for FI agents, who typically only represent a minor aspect in the sector’s operations.

On the surface, OGS and LMD appear to be the most similar – individuals who move around over a relatively large area to market and distribute small and medium-sized household goods aimed at low-income rural households. Both must be reasonably knowledgeable about the technical aspects of the goods they sell, be able to install them (if necessary), and may be the point of contact for aftersales service. Both are also backed by company resources, whether call centres providing customer care and warranty repair providers. And yet, they have a key difference that’s instructive – the vast majority of LMD purchases are paid at sale, whereas a growing volume of OGS solar is paid on credit (PAYGo), typically over months and even years. And while LMD is moving in this direction as a means of increasing sales volume, the sector has little experience in this area and can learn more from the experience of PAYGo than vice versa.

Figure 1 - PAYGo OGS and adjacent industries - Credit vs Cash sales



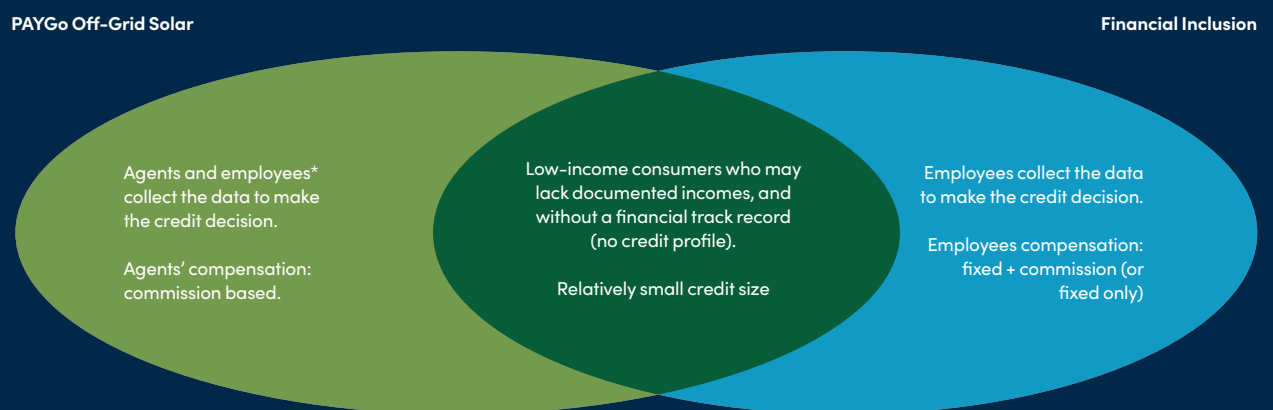
# Agents, consumer protection and company performance

The agents in the MM sector are in many ways an example of success – providing very broad outreach and ensuring that there’s a kiosk nearby for almost any user, while simultaneously providing a decent livelihood to a broad class of new MM entrepreneurs, many of them women. But the model has important differences from PAYGo – the relationship between client and agent is strictly transactional, with no long-term obligation to make regular payments or collect them. And while fraud exists and can be a serious issue for consumers and MM providers alike, successful agents build their businesses on a reputation of trust, with consumers knowing that they can rely on that agent to handle their MM needs with care and support – and for the agents, those repeat consumers become the core of the business. Meanwhile, those MM agents with the right skills and motivation become the backbone of the MM network, building a successful business that grows alongside the MM enterprise itself – a symbiotic relationship in every sense. Also, the cash-in/cash-out services provided by MM agents are cash transactions (fee charged at the moment of the operation), as opposed to credit. Some MM providers offer digital loans to customers; however, agents do not play a significant role in this credit

service, and the loan decision is usually based on transactional data and algorithms.

Finally, the credit relationships that FI companies have with their customers bear arguably the greatest similarities to PAYGo, and so it would seem that FI agents that handle credit transactions would be the closest of all to a PAYGo agent. And yet, agents handling credit is an unusual case even for FI agents, most of whom handle various non-credit needs, such as deposits, cash-in/cash-out, and provide technical and customer service support. Thus, in an industry where agents are a small minority, the FI agents who handle credit are a minority within a minority. Some of their lessons may be useful, but the far more relevant lesson may be their rarity. Over decades of FI experience, outcomes have shown that trusted, closely monitored, and well-compensated field staff are the key to an institution’s success. A credit officer’s job is a demanding one, but it comes with a significant degree of prestige, and with major career prospects to boot – there are several CEOs of microfinance institutions who themselves started as credit officers.

**Figure 2 – Differences and similarities between PAYGo OGS and Financial Inclusion agent models**



\*A call centre-based credit officer often undertakes the know-your-customer (KYC) process to make the credit decision, but in practice agents can influence the information given by customers, which can undermine the KYC process and increase risks of over-indebtedness among consumers.



<sup>+</sup>In Sub-Saharan Africa, RAR30 and Write-off ratio in the financial inclusion industry are about 14% and 4 times lower respectively than in the PAYGo Off-grid solar industry (source: ATLAS and GOGLA, 2019–2022, 43 PAYGo OGS country firms and 307 Financial Institutions).

<sup>^</sup>In this diagram, the assumption is made that credit is still typically used for consumptive use in the PAYGO solar industry. However, PAYGO solar is increasingly moving towards use of credit for productive use of energy.

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**Building good  
agent models  
in OGS**

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# Building good agent models in OGS

**What do agents in the OGS sector do? How are they recruited and trained? How are they incentivised to earn? And what do they actually do in their job - even if those tasks may, in practice, be different from those outlined in a contract? More specifically, what are the implications of the real-world agent role on consumer protection? What practices are positive and deserve wider emulation, and which are damaging and should be avoided?**

The following section applies a dual-lens approach to the agent management cycle – examining first the agent-company relationship (how agents are recruited, onboarded, managed and incentivised) and then the agent-customer role (how agents promote products, assess ability to pay, and undertake post-sale activities) – in a broadly chronological manner.

This briefing note makes recommendations for effective and responsible agent practices at each stage for both the management of agents and the execution of their role. Nonetheless, there are also some good practices that can be seen as overarching recommendations that will improve all aspects of the agent management cycle.

1. Training should be an ongoing process for customer-facing agents. Training should therefore cover all principles within the CP Code, and be ongoing, standardised, in-person as well as app-based, and improved based on feedback and review. An internal audit function can help companies ensure that the intended

agent-processes (recruitment methods, training, sales methods etc.) are functioning in practice. For example, while companies may intend for the call-centre to be the primary point of contact for aftersales service, in practice customers may first go to the sales agent with whom they have a relationship. Understanding the gaps between policy and practice is the first step to improving implementation.

2. Companies are encouraged to invest in capturing high quality data to measure against KPIs, including agent sales, conversions, portfolio quality, clawbacks and turnover, average income per agent.
3. The interests of agents should be aligned with the interests of the company – clear roles and responsibilities should be combined with effective tools, internal systems and compensation models. Companies might also need to test different models (e.g., hybrid fixed vs variable compensation) in different regions/markets, as what works in one area may not be appropriate in another.

**Figure 3 - The agent management cycle and agent roles. The agent-company relationship will directly impact the agent-consumer relationship – getting the first right will positively impact the second.\***



\*N.B. Not all companies will have agents involved in each stage of the agent roles highlighted in the diagram above – and the actual execution of each stage may differ from company to company. For instance, aftersales services and repossessions (highlighted in orange) may be less common amongst agent's activities.

## Building good agent models in OGS

### Safeguarding agents as well as consumers

The OGS sector must view the consumer-agent relationship holistically, broadening its perspective to consider the interests of its large agent workforce, on which the business model and consumer protection is so dependent. Agents are often a similar demographic to the target OGS consumers, and as such may have similar vulnerabilities that companies should seek to safeguard against. Protected, satisfied agents will be better positioned to ensure protected, satisfied consumers.

Beyond the operational aspects outlined throughout this briefing note, companies are also encouraged to ensure that they consider the safety and security of their agents, including modes of transportation, working hours, personal safety equipment (especially if required to undertake installations), and loneliness/isolation. Further, to ensure that women are given the same opportunities to succeed as their male counterparts, companies should consider gender-based risks and cultural limitations that might impact women agents and take additional measures to overcome these.



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**Establishing an  
effective agent-company  
relationship**

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# Establishing an effective agent-company relationship

**Happy agents lead to happy customers. Building the right relationship with agents and fostering an environment that creates trust, belonging and mutual respect is key to establishing high-performing agent models. How companies recruit, train and incentivise agents, and what ongoing support they give affects how satisfied agents are in their job, and ultimately, the service they deliver to customers.**

## Recruiting effective agents

Recruiting agents within the OGS sector is particularly challenging. The combination of high growth and high agent turnover means that recruitment is often an ongoing process for OGS companies with a constant pressure of meeting hiring targets. Added to this is the challenge of recruiting agents in rural areas who – similar to the target customer-base – may also have low levels of education and literacy and where workforce experience is limited. Our research also highlighted the issue of agents working on behalf of several OGS companies clandestinely and in parallel. Recruiting agents from the same community and social strata as the target consumers ensures that agents speak the same language as consumers and have an easier time establishing rapport, but also means that OGS companies are required to take additional measures to ensure that training and tools are accessible to agents who may have low levels of literacy (including financial and digital literacy). Several agents interviewed during the research were unable to read/write.

Although a variety of recruitment methods are employed by OGS companies, there appear to be some commonalities within the sector including for example, recruitment via community groups and meeting places, door-to-door, and

recommendations from local leaders. Agents recruited via community groups benefit from an existing network and are likely to be trusted within the community.<sup>5</sup> Recruiters can benefit from due diligence provided by recommendations from local leaders, though should be aware that this may exclude some prospective candidates due to cultural norms (e.g., men may be more likely to recommend men, or overlook women due to the perceived acceptability of women riding motorcycles, working alone or undertaking technical aspects such as installations).

The responsibility for agent recruitment typically rests on regional staff or senior agents in a particular area. During multiple interviews, many such individuals reported that the pressure to meet recruitment targets was high and sometimes led to recruitment of individuals that lacked the requisite skills and/or motivations. Companies should be aware of this risk and monitor the quality of agents hired – seeking to balance recruitment targets with quality. Allocating a budget for agent recruitment will also allow the recruiters to cast the net beyond their immediate network and travel to meet with potential candidates. Doing so was also seen to show that the company takes the process seriously and that the job on offer is of value to the candidate.



© Village Power

<sup>5</sup> For example, one agent-recruiter interviewed expressed a preference for religious pastors, who can leverage the high existing trust they have with their communities.

# Establishing an effective agent-company relationship



**If you sell well, you can make good money and become somebody tomorrow, and the company can hire you as an employee with a contract.**

Agent recruiter, West Africa



**Initially the training was perfect in around 2017, we used to be trained for 10 days, including three days practical sessions with a senior. Now it is online training and sometimes it doesn't work well due to tech challenges.**

Sales agent, East Africa



## Recommendations for better agent recruitment

The following practices can help OGS companies implement robust processes for agent recruitment and ensure that new agents are selected for their motivation and performance quality:

- 1. Agent outcomes should be monitored to ensure that recruitment is adequately balancing quality and quantity.** Individuals conducting agent recruitment can be assessed on the performance and quality of work hired agents achieve, via KPIs that measure agent turnover, sales and portfolio quality of agents recruited by an individual or team. Where trade-offs are required, it is better to focus on recruiting fewer, but higher quality, agents.
- 2. HR departments can be more closely involved in agent recruitment processes.** Agent-recruiters require training and supervision too, which is best undertaken by HR professionals who can transfer the relevant skills. This may include the development of a guide for agent recruitment and regular monitoring and coaching.

## Optimising training for high-performing, responsible agents

Agent training should be a continuous process for any consumer-facing role in an OGS company. The high turnover of agents – especially in the first six months – shows how critical those early months are. Agents that don't succeed, or lack the support they need as they learn the role, may feel disillusioned and deflated leading them to quit or fall inactive.

In-depth onboarding training (perhaps structured around a probationary period during which recruits receive extensive coaching and mentorship), as well as regular updates and

training assessment are essential. Across the companies that participated in this study, a spectrum of approaches to training content and delivery methods were evident. This included both in-house and external training provision; in-person and app-based courses; as well as tiered approaches strengthened by on-the-job coaching and shadowing. Code of conducts and do's and don'ts were also being used by companies to provide a training framework and to help emphasise the unique role that agents have in their interaction with vulnerable consumers.

Agents that we spoke to appreciate that they are increasingly being issued with smartphones, through which continuous training is delivered. For companies, this ensures that agents' progress on training can be monitored from head office, but also requires them to support agents in the use of the applications where necessary.<sup>6</sup> While app-based training can be catalytic for continuous education, knowledge transfer, and monitoring, it was clear from the discussions that agents value in-person training too, and may be discouraged if they experience difficulties with some online methods. Good practice therefore shows that a variety of in-person, app-based and coaching style training methods could work well.

When it comes to content, training for new agents might include a list of Do's and Don'ts, such as examples for encouraged and prohibited behaviour. For example, agents are encouraged to have patience in educating customers on the usage and maintenance of products, use courteous and respectful language, and help customers troubleshoot basic issues in a timely way, e.g. finding the TV signal. Whereas this list of Do's and Don'ts can be seen as the lightest-touch approach,

<sup>6</sup> At one company, when the sales app was introduced, agents were instructed to download and use it, but without training. Low levels of digital literacy meant some agents were unable to use it, and left dependent on others to help them. As a result sharing login credentials and posing security and privacy issues.

# Establishing an effective agent-company relationship

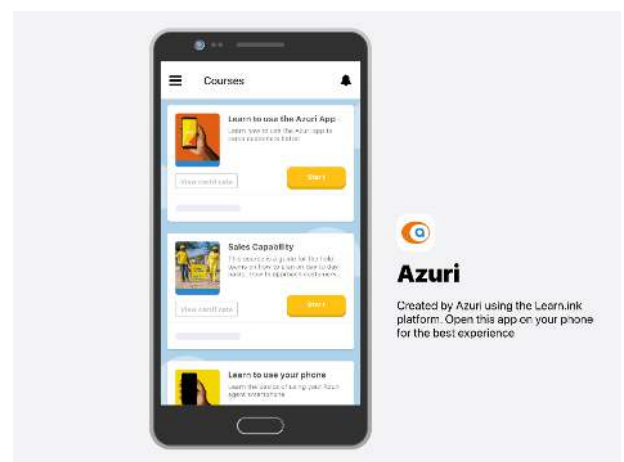
companies are recommended to design training around a Code of Conduct which is more detailed, structured and formalised. The Code of Conduct should define the standards for professional consumer-facing behaviour that will largely reflect the Consumer Protection Principles.<sup>8</sup>

Companies are also encouraged to conduct a refresher training whenever updates in product and/or pricing occur. In case companies make use of a sales app, they should make sure the app contains up-to-date information on this.

Some training practices – by act or omission – may pose risks both to the company and its consumers. In one case, an agent described ‘learning by doing’ – installing systems with no training at all. Insufficient or inadequate training may pose safety risks to agents (e.g., incompetent to conduct installation), product risk to customers (e.g., if they have not been adequately educated on product usage and maintenance), and financial risk to both customers and companies (e.g., due to incorrect or inadequate assessment of ability to pay leading to default). Training should therefore be comprehensive on product specifications, sales and collections process, consumer protection practices and installation.

Delivering high-quality training to all agents may be a challenge for OGS companies, especially in remote areas. However, training can only be meaningful if attendance and completion of (online) trainings is correctly monitored. Companies are therefore also encouraged to ensure allocation of resources for the monitoring of training.

**Figure 4 – Apps such as LearnInk<sup>7</sup> and EduMe are increasingly used by companies to support training for OGS agents**



## Case study: Training pathways

One OGS company that participated in this study has designed and implemented a tiered training approach whereby the level of training undertaken relates directly to the responsibility an agent has. New and inexperienced agents are only permitted to install smaller, non-complex SHS and are only allowed to install more complex systems (e.g., with TVs, satellite dishes) after they have reached a minimum level of experience and completed the requisite training.

A similar tiered approach was seen in another company's ‘training pathway’ – a model

in which agents begin as scouts, before progressing through various levels of training to earn full agent responsibilities and income potential. Scouts are trained by shadowing more senior agents as well as undertaking an online course. Once complete, they receive access to the company sales software/app and are able to build their own sales pipeline whilst receiving ongoing mentorship and coaching and regular online training modules. Any change in internal policy or process, no matter how small, requires agents to retrain before resuming sales.

<sup>7</sup> See [Training a PAYG solar agent network through mobile microlearning](#).

<sup>8</sup> An example can be found from a Kenyan OGS company [here](#).

# Establishing an effective agent-company relationship

## Recommendations for highly trained agents

1. Companies should make sure that **onboarding training for consumer-facing and sales agents includes guidance on all relevant CP Code principles and indicators**, including ability to pay assessment, fair and respectful treatment and privacy of customer information.<sup>9</sup>
2. **All consumer-facing staff should undergo refresher courses for all training content**, at least on an annual basis. Where possible, training should be conducted in person, in local languages, include practical examples of CP Code implementation, and where relevant use role-play exercises and quizzes and other interactive models.
3. **Complement in-person training with a dedicated app**, to support continuous learning and so that agents can easily follow sessions, get up-to-date information on product updates, and training sessions can't be easily skipped.<sup>10</sup>

## Contracts and compensation structure

The relationship between company and agent is a critical determinant of an agent's behaviour. Codifying this in a contract including within it the terms of the agent's compensation is considered best practice – affecting the motivation and perceptions on professional development opportunities within the company, that will ultimately (and crucially), affect how the agent deals with customers.

Nonetheless, due to the multiplicity and transient character of sales agents in the OGS sector, not every agent is provided with a contract. Not having a contract that clearly outlines the role, responsibilities and compensation structure, in turn makes it more difficult for agents to gain confidence that the company provides them with a career path, leading to low agent morale, high turnover, and by extension consumer protection risks.

Commission-only compensation models are used in the OGS sector to incentivise performance. The most common models now have components based on both sales volume and repayment quality. Both aspects create consumer protection risks that need to be managed. Volume-based incentives may encourage agents to focus on selling systems that have higher commissions (e.g., higher-priced products) and selling to more

customers, sometimes via unauthorised methods – faking sales, or lending to the consumers to effectuate the purchase. Meanwhile, incentives (both positive and negative) linked to customer repayment behaviour may encourage agents to pressure customers to repay or sometimes to simply lend them cash to make the payment.



**I have to pay for the customer to maintain my portfolio.**

**I paid for a client to reach my target, I told the client to repay me, and I will not help them unless they repay me.**

Agent comments in FGD interviews



Balancing the volume and payment-quality incentives is a challenge common to nearly all providers and often leads to complex formulas that are difficult for agents to understand. Even when they do, the discrepancy in time-periods (e.g., repayment incentives linked to sales completed months ago) is of dubious effect when agent turnover may itself be measured in months. Perhaps the biggest risk to consumer protection appears when excessive reliance on commissions encourages agents to focus more on meeting short term sales targets and less on the customer relationship.

Agents that participated in the research also reported frequent under-reimbursement of critical expenses, most commonly transportation costs and airtime. Often, these are paid retroactively or only if the sale is completed. Furthermore, while customers may have access to toll-free numbers for aftersales support, many simply go to the sales agent they know and trust, causing agents to use their own airtime that's rarely compensated. In the research, under-reimbursement was arguably the most common issue mentioned by agents – undermining agent morale. Some agents also reported "feeling obliged" to make a sale, despite poor consumer-product fit, in order to amortize transport costs with sales commission.

<sup>9</sup> See GOGLA's Consumer Protection Briefing Note – Personal Data Privacy, GOGLA (2022).

<sup>10</sup> See guidance how to select the best online training platform.

# Establishing an effective agent-company relationship



**Fuel is a problem. I just started, I travel long distances. Sometimes you have a customer far away and important, you have an appointment but when you [don't get the] fuel request, you are stuck and you can lose your customer because of that. Without the fuel you can't move.**

Sales agent, West Africa



There are many ways to structure incentives for agents. In some cases, agents will receive a fixed base salary and a variable bonus after a minimum number of sales has been achieved. From their side, agents have clear preferences in terms of incentives, above all, having commissions paid immediately after receipt of the down payment as for most agents money today is worth more than money tomorrow. But an even greater driver for a prospective agent is the ability to earn an income large enough to make a living.

Despite the challenges, there are clear examples of good practice that have emerged in the off-grid solar industry. The incentive structure for agents at one company is designed to ensure responsible selling, with commissions for sales volume paid immediately, operating alongside regular payments based on portfolio quality. At another, commission on early repayments ('top-ups' within three months of installation) is regarded as a motivation to look for high-quality customers, with greater ability to pay. Another company recently introduced an incentive system for agents which bases their rates of sales commission on agents' individual portfolio quality - to motivate and retain agents engaged in responsible selling. This mixed incentive model is seen by companies as encouraging not only honesty and high-quality information from agents, but also reactivity from agents in cases of technical problems. Finally, companies might retrospectively cancel sales commissions in cases of a missed first payment, minimising the likelihood of agents focusing solely on sales volume and ignoring customer quality.

## Fixed vs variable salary: learnings from Financial Inclusion sector

Examples, case studies and guidance<sup>11</sup> on incentives schemes that have been working well in Financial Inclusion can serve as inputs for the design of incentive schemes in the PAYGo OGS sector.

For example, research on incentive schemes in Financial Inclusion indicates that when the variable part of the field staff or agents' compensation is too high compared to the fixed part (if any), adverse selection phenomena will occur, and only extreme risk seekers will be attracted by the job (in absence of better alternatives). A recent analysis of

Human resource development practices in the financial inclusion sector found on average that 45% of field staff earn incentives, and that more than two-thirds of the Financial Institutions offering incentives limit the variable component of compensation to 40% or less for field staff. The variable component is largest among unprofitable organizations. The SPTF/CERISE standards of Client Protection for Financial Inclusion indicate that when front-line employees' salaries are comprised of a fixed and a variable portion, the fixed portion must represent at least 50% of total expected salary.



# Establishing an effective agent-company relationship

## Recommendations for effective contracts and fair compensation schemes

- 1. Companies should provide all agents with a contract/formal arrangement**, that includes 1) the tasks the agent will undertake and remuneration 2) list of mutual rights and obligations of the company and agents 3) terms of agency 4) Code of Conduct, that among other things, obligates agents to abide by the CP Principles.
- 2. Agents should be adequately compensated for all activities that are inherent to their role**, even if not explicitly outlined in the contract, and reimbursed for expenses. Depending on the model, this might include aftersales technical support, follow-ups, installation, transportation and meal allowances. The optimal, longer-term approach should be to make contracts explicit and exhaustive regarding the agent role, and specifying a clear compensation/reimbursement structure for every activity.
- 3. The contract and the company's HR policy should include a periodic assessment on the overall performance of agents**, with positive rewards or additional bonuses for excellent performance that goes beyond just sales to include feedback from customers, repayment rates and supervisor or mentor assessment.

## Monitoring the agent function

Overseeing a network of independent customer-facing agents across a large geographic area is an exercise in knowing what they do, how they do it, and importantly, understanding their perspective and motivations. Beyond knowing these at the level of the individual, effective monitoring needs aggregation of this information at the team, regional, organisational levels.

When speaking to agent supervisors, some reported difficulty in monitoring agents who are geographically dispersed, and in areas of weak or unstable phone signal. If an agent network is not monitored adequately as a result, there is a risk that agent behaviour that violates good consumer protection practices may not be discovered in time, increasing potential risks to OGS consumers.

Monitoring is primarily done to review agent's performance – agents' sales volume, repayment rate of their customers, and so on. These are also the key inputs to compensation formulas,

and important for both the organisation and the agents to understand them consistently. In order to facilitate this, standard KPI's and one-on-one interviews with agents can be used to help identify potential problems early. However, an important learning from this research is that the goal of monitoring is less about catching agents who behave poorly (though this too is important) and more about fostering their sense of belonging and working as a team, and using those opportunities to convey and reinforce healthy consumer protection practices. Doing so would pay meaningful dividends in improving both the organisation's efficiency and the customer experience.

Regular in-person meetings with agents were identified as good practice that helps agent supervisors monitor large and dispersed groups of agents, identify underlying issues early, and build company culture. These meetings can be used as an opportunity not only for monitoring, but also to discuss targets, customer issues, share instructions, carry out training, and generally foster 'team spirit'. Usually held monthly, such meetings don't have to be done for all agents each time – one company in the study has had considerable success doing agent interviews on a sample basis, which when done with rigour, can dramatically increase understanding of agent issues while requiring significantly fewer resources.

## Recommendations for effective agent monitoring

- 1. Schedule regular in-person meetings with the sales agents** in the team to improve feedback and monitoring mechanisms, but also foster team-spirit and establish company culture.
- 2. Where services are outsourced (e.g., agents' network, stock distribution, aftersales support, repossessions), the supplier should be monitored periodically** and its performance measured to ensure alignment with consumer protection principles, by providing periodic reports also on agents' behaviours (sanctions, dismissals, etc).

## Agent retention and professional development

Some companies have built a good work culture that gives agents a viable livelihood and job satisfaction. This results in agents remaining with the company and performing their tasks well –

## Establishing an effective agent-company relationship

delivering good results for the company and their customers. However, there are also cases where agents are dissatisfied with their job or only took it because of lack of alternatives. The result of both is high turnover – agents leave because they're not satisfied, or because something better comes along. The agent supervisors interviewed for this research reported high turnover rate among OGS agents, significantly higher than the 16.3% average agent turnover rate observed in Financial Inclusion. Turnover is also essential to cost and risk management, with evidence of more profitable Financial Institutions having lower turnover than less profitable ones.<sup>12</sup> Examples of methods to monitor turnover are available from financial inclusion.<sup>13</sup>

Agents who were dissatisfied with their role often cited lack of a plausible career path as an important factor. Comparatively, efforts to create career growth opportunities for promising agents are viewed positively by the agents who have taken them. In one company, a high-performing agent can be promoted to a full-time agent supervisor role, charged with supporting and supervising agents. In two other companies, full-time collections staff are mainly drawn from sales agents; in some cases, agents who'd left the sales role came back when offered this position. However, despite being effective motivators, these career paths are too few to work for the very large number of sales agents that OGS companies employ.



**When I joined the company, there was a lot of hiring, but many left to do something else. I'm the oldest. I stayed because I like my job. But the company should find a way to reward the agents who work well, to have a salary to encourage the others to work well. We have no health insurance, nothing. The company has difficulties when people leave the company.**

Sales agent, West Africa



Companies can also motivate agents through schemes that use sales and performance metrics – grading them as, for example bronze, silver, or gold. The higher levels can qualify an agent for a special bonus, higher compensation rates, company merchandise or other benefits. But one doesn't have to rely on incentives alone – simply treating agents to something special can boost morale



**There was a promotion for agents, like surprise vouchers for supermarkets – this was good motivation.**

Sales agent, West Africa



What makes an agent a good or great one is not just measured in sales rates or conversions. There are intangible qualities as well – such as rapport and empathy with customers, actual and perceived honesty, and the ability to sense trustworthiness in others. The value of such agents to a company is so high that it's important to identify, encourage and support them to stop them leaving of their own accord – or even being poached by a competitor.

Having a staff position whose role is specifically designed to support sales agents can itself be useful as a tool to help improve retention. While the title can vary, these individuals are the agents' primary link to their employer. With a significant amount of agent dissatisfaction stemming from not feeling part of – or belonging to – a team, an empowered and suitably funded support position that is an advocate of the agents, can make the difference. They can be the ones to pay for transportation or provide a motorbike; they can guide the agents through (sometimes complex) incentive schemes and highlight what remains to be done to get that month's bonus. As widely acknowledged in the interviews, many agents don't so much leave as fall away through inactivity. This would be an ideal opportunity for such support staff to reach out and be an agent advocate (with the possibility of fixing an underlying issue), instead of the company focusing on replacing that person, and sacrificing the sunk recruitment and training costs.

<sup>12</sup> See *Human Resource Development Practices in the Microfinance Sector*, p. 28-29, European Microfinance Platform (2021).

<sup>13</sup> See *The Universal Standards for Social Performance Management Implementation Guide*, p. 191-192, SPTF (2017).

# Establishing an effective agent-company relationship

Sometimes, it's not about failing to advocate for the agents, but simply not interfering in their sales in the first place. When an organisation has other sales channels, it has to be especially aware of cannibalisation where sales channels overlap. To the company a sale is a sale, but to the agent who just saw his prospective customer nabbed by another unit, it's a lost commission and a hit to morale.



**Some PoS walk-ins are not walk-ins – they had some education from an agent, but they walk in and buy, denying the agent the commission. Sometimes consumers are asked to change their lines at the shop, so as the shop staff snatch leads away from the sales agents.**

Sales agent, East Africa



## Recommendations for improved agent retention

1. **Companies should as much as possible define a clear career path for new agents**, and perform regular (such as biannual) appraisal of agents – with the goal of clarifying where they are in their career path, and what they need to do to get to the next stage. Any opportunities for talented agents to at some point take a salaried role with management prospects should be made clear.
2. Companies should use clear sales and performance targets for incentives – and **don't delay pay-outs or rewards when those are achieved**, as well as providing promotions and morale boosters. Defining loyalty rewards for agents who stay with the company for a long time is advisable.
3. **Agent turnover and feedback should be systematically tracked to identify issues and trends**. All agents leaving the company or falling inactive should undergo an exit interview if possible. Results from the interviews should be regularly consolidated and analysed to identify key issues.



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**Ensuring effective and  
responsible practices in  
the agent role**

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## Ensuring effective and responsible practices in the agent role

The previous section looked at the company-agent relationship and how this affects agent performance and consumer protection risks through the different stages of agent management. In this section, attention turns to the consumer-agent interface and the typical role of an agent: promotion and product demonstration; visiting potential customers; assessing ability to pay; supporting the verification process; and in some cases product installations, payment collections, and repossession.

### Promotion and sales

How an agent undertakes their sales role is arguably the most critical aspect for consumer outcomes. A badly executed sale could put a customer in a situation of owning a product which is unaffordable or not suited to their needs, and having paid a non-returnable deposit, lead to default and repossession. Our research identified several factors that may increase consumer risks, including low literacy among both customers and agents; price changes not always communicated to agents effectively; and a mismatch in working hours between agents and call centre staff, which could impede sales (because of the need for a verification call between call centre and customer) or increase the risk of agents taking shortcuts to save a sale.

There are many qualities that make a good sales agent, who has the consumer's best interest at

heart, including patience, a focus on customers' needs and genuine ability to pay, and an emphasis on providing high-quality information to customers, especially on product capabilities, details of instalment plans, and consequences of missing payments. Simply put, a good sales agent does their best to make sure that customers understand both the product and the terms of the PAYGo contract. On the company side, these qualities may be complemented by vetting and welcome calls that act as a real safeguard – with call centre staff ensuring they are speaking to the prospective customer, that the customer's understanding of the product and pricing is real, and that the answers provided on assessment of ability to pay are trustworthy. Companies should ensure, however, that the call centre operating hours align with periods in which agents carry out sales activities (including evening and weekend shifts).



## Ensuring effective and responsible practices in the agent role

**Figure 6 - Typically in OGS companies, an agent is reliant upon the availability of a call-centre to complete the sales process. The figure below shows what each may be responsible for, though this varies across companies:**

1	(Sub)Agent	Promotion and gathering leads
2	Agent	Share product, pricing and service information with potential customers. Support customer in working out ability to pay / affordability, and evaluate ability to make the down-payment. Enter customer information into CRM software/app.
3	Call Centre	Vetting call to verify identity, understanding of T&Cs, willingness to purchase systems and collect information on capacity to pay.
4	Call Centre	Credit assessment and other verifications. Approval (or not) of sale.
5	Agent	Provides support in making the down-payment.
6	Agent	Issues the product/system and if necessary, makes installation. (This may also be undertaken by specially trained technical staff, but who may depend on the agent to assist with directing to customer home).
7	Call Centre	Issues a welcome call to the new customer, to reaffirm installation, usage instructions, and determine any issues.

Good practice also observed amongst companies is the digitalisation of the sales processes. Some management apps designed especially for the PAYGo/last-mile distribution industry also allow for efficient scheduling of travel and appointments, and tracking one's own sales performance and remuneration.<sup>14</sup> Digitalisation or use of apps may also include giving agents real-time access to information about products and pricing, available stock, and location of prospective customers – all of which can change frequently in a dynamic market. Successful deployment of such apps can lead to higher agent satisfaction and performance. Nonetheless, companies implementing a digitalised system must also consider how to ensure agents possess sufficient digital literacy, have access to an adequate smartphone, and that the app supports an offline mode for areas of weak network connectivity.

Implementation of internal audits within companies serve as an opportunity to better understand the gap between policy and practice, in order to identify improvements related to the agent role. This is especially valuable in PAYGo businesses, given the physical distance between where the customer-agent interaction takes place, and company premises.

### Recommendations to support agent sales

- 1. Agents' practices in the field should be standardised as much as possible.** For example, a script for agents stating the key terms and conditions to be verbally highlighted during consumer interactions can be helpful for agents and also enhances consumer understanding. Any such script should be designed so as to be easy to use during the sales pitch, and can be supported with visual materials to help the customer too.
- 2. Companies should ensure as much alignment in operating hours of agents and supporting functions** (e.g., call centre and installation technicians) as possible. This may mean extending call centre hours further into the evening and weekends, to align with periods when customers are home.
- 3. Regular, randomised, and unannounced audits of consumer-facing field practices and of vetting calls should be company practice,** to ensure uniformity of language, fair treatment of consumers and avoid incorrect rejections of potential customers.

<sup>14</sup> See [Global Distributors Collective Digital Service Catalogue](#).

# Ensuring effective and responsible practices in the agent role

## Delegation of the agent role: the use of sub-agents

Sales agents face a difficult task. Working alone in remote and rural areas, they need to travel large distances to promote, demonstrate and sell products – sometimes in areas where they lack the social network upon which recommendations are often built. From the agent’s perspective, one solution is a type of sub-contracting of the agent function, particularly to collect potential leads, and be able to make enough quality sales to make a living. In 2018,<sup>15</sup> we learned that the use of such ‘sub-agents’ or ‘scouts’, with whom companies have little or no contact, was not uncommon in OGS models. In such situations, consumers can be exposed to severe risks when sub-agents masquerade as agents.

Thankfully, new evidence indicates that the situation is improving. Staff interviews suggest a clear understanding of the spectrum of practice – from the permissible (agents recruiting scouts to help identify potential customers) to the impermissible (sub-

agents masquerading as agents, answering questions about products and payment options, or conducting primary assessment of ability to pay, etc.). Some companies have sought to mitigate the consumer protection risks, regulating the usage of sub-agents, registering their details and encouraging their referral role – with the agent responsible for compensating the scout for the referral. In one case, the role of scout has been formalised within the business model as an entry position, with training conducted by ‘shadowing’ of agents, after which there is a promotion path to becoming a sales agent.

Different solutions can be designed to fit the needs of local context. The guiding principle here should be that all individuals who take on a meaningful role in representing the company should be known to, and registered with the company and should abide by the Code of Conduct, including through training, incentives, and sanctions.

## Assessing ability to pay

Assessing ability to pay (A2P) is a critical part of the agent role. When done inadequately – in an informal or non-standardised manner and/or without any dedicated training – it poses considerable risks to vulnerable consumers who want a product that they cannot really afford, and who may struggle to understand the contractual terms, costs and obligations of a payment plan.

The participating companies demonstrate good practice<sup>16</sup> with several layers of safeguards in place to mitigate these risks. Practices typically involve a light-touch primary assessment by the agent, supplemented by a vetting call from a centralised call centre and where relevant or possible, a credit bureau check.

The PAYGo and the Financial Inclusion industries share the challenge of extending small credit amounts to low-income customers without

documented incomes and financial track record. Reasonable levels of portfolio quality have been achieved in Financial Inclusion also thanks to methodologies that allow assessing the ability to repay of such customers. Guidance is available from examples of [financial and non-financial evaluations](#) and repayment capacity analysis.<sup>17</sup> The commitment and alignment of interest of the agents is essential for assessment methodologies to be effective and avoid the risk that agents may influence what the consumers will answer to the call centre to increase the chances of the sale being approved.

## Recommendations for better agent-led A2P assessments

1. **Companies should always train and monitor agents to conduct a capacity analysis**, which may include factors such as real household income, expenses, existing debt and any upcoming events that would affect these

<sup>15</sup> See [Consumer Protection Insights](#), GOGLA (2018).

<sup>16</sup> See the CP Principle: Responsible Sales and Pricing [here](#).

<sup>17</sup> See [The Universal Standards for Social Performance Management Implementation Guide](#), p. 135-136,140, SPTF (2017); and [The Client Protection Pathway Preventing Over-indebtedness Implementation Series 2](#), SPTF (2021).

## Ensuring effective and responsible practices in the agent role

responses. This assessment should be formalised and standardised across the organisation, in a way that is appropriate to its products, payment model and target customers.

- 2. Effectiveness of A2P implementation by agents should be monitored** by regularly reviewing cases where a customer is rejected during the verification call (i.e. when the sale has been almost concluded).
- 3. The A2P process should always be supported by verification from staff**, who are trained to ensure that the customers themselves are the ones speaking (to catch agents impersonating consumers) and ask the customer to explain key details of the contract and payment plan (rather than to merely confirm understanding). The verification or vetting process should be a meaningful, respectful and sensitive interview of the customer to meet a high threshold of satisfaction that the customer understands the terms of the agreement, and can pay for the product without undue burden.

### Collections

Particularly in remote areas with poor connectivity and a lack of mobile money penetration, it is common for agents to contact customers to remind them to pay, inform them when a payment is late, or in some cases to visit in person and support with making the payment. In some companies, this falls de facto to the sales agent, who depends on timely payments for their sales commission, but who may not be specifically remunerated for this part of the job. In other companies, the collection role is a separate position, either handled by so called collection agents, or salaried staff in a call centre.

In cases where sales agents also perform collections, companies should be aware of the consumer protection risks and ensure that agents are well aware on how to do this responsibly. Our research highlighted cases of potentially aggressive behaviour from agents, such as removing the product battery, threatening to call the police, or confiscating identity documents. Such behaviours should be avoided at all cost. If agent commissions are not adequately balanced between sales and repayments, agents might also be financially incentivised to push customers to pay. Companies should be aware of possible unintended consequences of compensation schemes and ensure that all interactions with

customers are done by appropriately trained staff or agents; and that customer privacy is protected, meaning that any such discussion does not take place in public or with other parties present without the permission of the consumer.<sup>18</sup>



**Agents have to visit the consumers to encourage repayment or ensure there is no problem with the kit - sometimes consumers do not know how to contact the call-centre. If you don't go to see them, consumers do not repay.**

Sales agent, East Africa



Finally, separating collections as a distinct role may benefit agents as well as improve repayment rates. Collections agents (or dual-role sales and collection agents) who participated in this research reported valuing the ability to work from home and the more regular income from collections, compared to the greater unpredictability of sales.

### Recommendations for responsible collections

- 1. Ensure the responsibilities for collections are clearly communicated to both agents and consumers.** Where possible, implement a clear delineation between the sales and collection functions. In areas of weak connectivity or that are particularly remote, agents should be provided with guidance on how to respond to customers who need help to make a payment, and the company should have mechanisms in place for agents to communicate concerns or needs.

### Aftersales service

Consumers often see the agent who sold them the product as their main point of contact, despite other customer-service channels available to them. Therefore, when a customer encounters a problem with their system or payments for whatever reason, they are often inclined to contact the sales agent first. Agents reported either handling such situations themselves, which may include visiting the customer, or calling on company technical staff. Their role may thus be minor (e.g., forwarding the complaint) or more involved (handling the issue

<sup>18</sup> Data from GOGLA's pilot Lean Data Consumer Protection Survey with 60 Decibels found that 99% of customers who had had a conversation related to delayed payments, sanctions or other potentially socially awkward conversation with the company said privacy had been respected.



## Ensuring effective and responsible practices in the agent role

or accompanying a technician to the customer's location). Companies that, by design, manage aftersales services via a dedicated call centre may therefore have a blind spot to the aftersales activities undertaken by agents, who as a result go uncompensated. Understanding such gaps between policy and practice is key to improving not only the agent experience but also minimising consumer protection risks.

The primary consumer protection risks in this area pertain to good consumer service.<sup>19</sup> Agents who are not trained in aftersales services or if these are outside of their formal role and responsibilities (and especially when they aren't compensated), may negatively affect the OGS provider's responsiveness to customer requests. Even if the agent's role is limited to simply forwarding requests to the proper channels, it is still a role that should be recognised and appropriate tools put in place to ensure a speedy resolution for customers, such as having a dedicated service line for agents handling customer issues.

Companies are increasingly reliant on centralised call centres that improve customer service and enable better control, while at the same time reducing (often uncompensated) burden on agents. Nonetheless, there is a need to consider the extent to which, in practice, this is dependent on changing consumer behaviours. One OGS company is trying to accomplish this by educating new customers about the first-responder role of the call centre during the customer welcome call, thus trying to instil the culture of using the call centre for services (rather than agents) in consumers right from the starting point of sale/installation.

### Recommendations for customer care

1. Companies should evaluate how customers **access aftersales services** (especially outside of formal channels) and invest in processes that maximise service to customers. When agents are involved, ensure there is minimum time wastage for customers and that agents are appropriately trained and compensated.
2. Toll-free numbers to call centres with well-trained support staff should be easily visible on all products, manuals and other consumer-facing materials. **Customers should be**

**advised that the call centre is the first and best channel for resolving aftersales issues.**

Where appropriate, call centre hours should be expanded to outside typical business hours.

### Repossession

Although not commonly a task formally attributed to agents, some participants in the research reported an involvement in repossession activities. At a minimum, this involves accompanying the repossession team to the customer's location – which takes time and may require transportation costs. Moreover, since the sales agent is often the individual who is physically closest to the customer, sometimes part of the same community, their role can be significant even if not formally acknowledged.



**They require me to accompany the repossession staff to the field to show them where we installed so they can do the repo, but the problem is that I will not be paid to accompany them, mostly at the same time I need to go elsewhere to make a sale. We do not feel that we are partnering with them in any way because we are not consulted.**

Sales agent, East Africa



As with aftersales and collections services, companies are encouraged to evaluate the extent to which agents may be involved (informally) in such areas of operations, and ensure that their responsibilities are acknowledged, trained and compensated.

### Recommendations for responsible repossession

1. If repossession is necessary, the company should ensure provision of in-person support to the agent by a specially trained FTE who can ensure the safety of both the agent and the customer.

19. See the CP Principle: Good Consumer Service [here](#).

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**Where next for  
agent models in  
off-grid solar?**

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## Where next for agent models in off-grid solar?

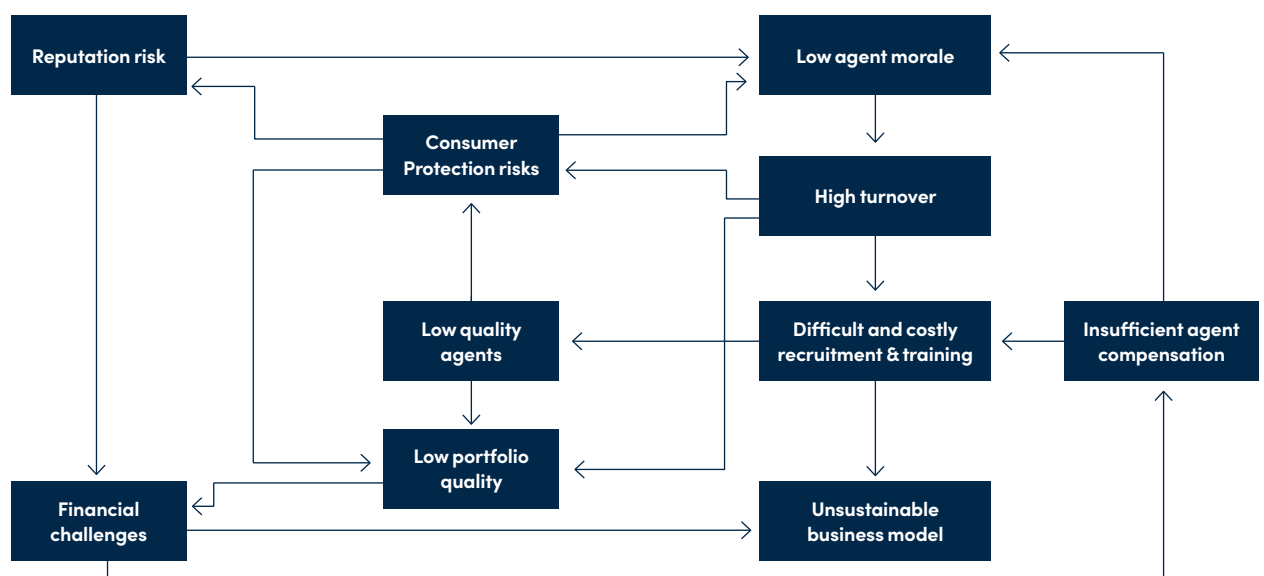
Agent networks in the OGS sector are perhaps the most important customer touchpoint we have. The current dominant model emerged organically, driven by financial, supply chain and human resources factors. In remote off-grid regions, commission-based agents are an obvious way to find new customers, make sales, provide support and chase up late payments. PAYGo agents represent an opportunity to bring decent jobs and skills to people in rural areas, but at present this is not being fully realised. OGS agents bear a lot of responsibility, but without adequate support, training, compensation, and a clear career path, the model may be relatively unsustainable with customers, agents and companies paying the price for short-termism.

PAYGo sales agents working for OGS companies serve a particularly challenging function, that is crucially different from agents (or increasing 'gig-economy' workers) in other sectors selling consumer goods. The consequences to retail consumers of poor service, behaviour or intent from the latter are time-limited - it is a transaction, not a relationship. By contrast, an OGS sales agent is the key intermediary typically serving the most remote customers, with all the challenges associated with that, and offering a transformative product or service that also comes with significant and complicated financial obligations. If not done well, the risks to vulnerable consumers may be increased.

The research that informed this briefing note uncovered some common issues of low morale

and a view of the job as transient, and confirmed with companies high agent turnover that may perpetuate a negative feedback loop (see figure 7). Turnover is indeed as much a symptom as a cause, and fixing it means addressing the underlying problems. From the interviews, we've learnt that agents may sometimes feel frustrated and undervalued or isolated working alone in remote areas, while often playing a key role in the entire customer journey. Moreover, the job security, remuneration and perception of opportunities does not always meet their expectations. OGS companies should endeavour to ensure that each individual within their agent network feels valued, part of a team, has access to support and training, and has a stake in the company via a pathway to a fulfilling career if they should want it.

Figure 7 - The agent turnover feedback loop



# Where next for agent models in off-grid solar?

High agent turnover comes with high operating costs (in recruitment, training and oversight), increased risks to consumers,<sup>20</sup> and can affect the morale of company staff too. Solving the underlying issues can therefore be seen as a worthwhile investment, and initial evidence from companies that have done so indicates the positive effect it can have on customer satisfaction and portfolio quality – leading to stronger, more profitable businesses.

Consumer protection and the agent experience are intrinsically linked. While the interests of consumers have been increasingly central to the industry's agenda for some years, the sector needs to broaden this lens to consider the interests of the large agent workforce, on which the business model and consumer protection is so dependent. Building on the existing model and making improvements to fill the gaps between policy and practice needs commitment from companies and support from investors and donors.

## A way forward for agent models and management in OGS



**[I] believe in solar energy and hope to 'become someone' with this job.**

**[I] will not recommend working at [the company], and hope to find something else.**



These are just two quotes among many hundreds generated from the interviews in this research. They reveal a contrast between on the one hand the unharnessed potential – for agents and providers – of providing meaningful and lucrative opportunities to people from the same segments and communities as OGS consumers, and on the other, the disappointment and disaffection that is unfortunately too common.

Some of the concerns around the existing model merit further research and innovation – and ultimately, the aim is to reduce agent turnover and increase job satisfaction. As in the financial inclusion sector, PAYGo may need to evolve to a more staff-based model with higher costs, better training and lower turnover driving better portfolio quality – and indeed, some companies are already experimenting with a hybrid fixed/variable compensation model. This may increase the operating costs but yield stronger returns and revenues, and ultimately, greater impact, in terms of safeguarding quality energy access for consumers AND ensuring better jobs in an under-employed rural workforce. The sector will need support from development partners and funders for such a transition, including R&D grants in the short-term, and subsidies to achieve scale.

As shared in this briefing note, there is plenty of good practice across the industry – with much to emulate and commend. Beyond the recommendations stated previously, there are some high-level principles of best practice that should underpin all operations vis-a-vis a company's use of agents:

### Five principles of good practice

1. All activities that are a reasonable part of the job should be clearly defined and adequately compensated and expenses reimbursed.
2. Training is an investment not just in the agent, but in the company.
3. Incentives should balance the promotion of quality sales, hard work and stable income without encouraging complacency. Hybrid fixed and variable compensation can increase agents' commitment and is more than compensated by lower risks and better portfolio quality.
4. Data is to be embraced and improving the monitoring of KPIs such as agent turnover, ratios of consumers to agents, collection rates and write-offs per agent, and others is encouraged. Such data should be made available widely across the company and should be a core part of the management and monitoring of the workforce.
5. Respect is the greatest of virtues. While the CP Code's Principle of 'Fair and Respectful

<sup>20</sup> Although limited, this research heard reports of customers being defrauded and agents pocketing their payments, misleading them into buying systems that they cannot afford, or misrepresenting important aspects of the system and contract they're signing up to. Even in a single case, such incidents can have a damaging impact on consumers and erode trust in a company and the industry as a whole. Whether full time employees or agents on contract, both are representatives of the company – and neither customers nor journalists looking for a negative story are likely to make the distinction.

## Where next for agent models in off-grid solar?

Treatment' refers to the customer, it applies to the agent too. Any agent is an integral part of the entire business – and should be valued and treated as an individual with a meaningful stake in the success and ethos of the company.

Some OGS companies are already actively evaluating their agent models and experimenting with different training and incentivisation schemes. There are cases of companies using employed staff in their sales and customer-facing functions, or a mix of payroll- and commission-based agents – evidence of the shift already underway to a focus on sustainability, consumer protection and portfolio

quality. Regardless, there are vital questions to address, which companies may choose to investigate in pilots or 'sandbox' activities, to creatively develop and test solutions that go beyond the recommendations in this briefing note – what works in one market may not necessarily work in another. The GOGLA Consumer Protection Working Group is committed to working together to learn from experiences and share insights into what may or may not work well in the pursuit of a sustainable, scalable model that protects consumers, supports agent careers, and builds profitable companies.



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