

Collection Incentives for Sustained PAYGo Energy Access in Mozambique

Early implementation experience from the +ENERGIA Facility in Mozambique

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RBF Programs Often Pursue Competing Objectives, with Customer Repayment at Their Intersection

Background: why measuring and incentivizing repayment matters for program design

1 Rapid sales and disbursement

Many funders want rapid connections and disbursement.

This prioritizes sales volume over customer screening because the reward is linked to the sale rather than repayment.

2 Inclusion of poorer households

Programmes are asked to reach customers with the lowest and least predictable incomes.

This directs portfolios towards customers with the most limited and least predictable repayment capacity.

3 Extension to remote and rural areas

Governments push electrification where companies would not go on commercial grounds.

This increases costs: distribution can add more than 50% to a system's landed cost, while collections are most expensive in low-density areas.

Additional Challenge: Programs typically have short implementation timelines

Where the objectives converge: customer repayment.

Consumer financing is what extends access, and it is more expensive and riskier for companies than cash sales. Repayment rates are fundamental to a commercially viable market: they decide whether companies stay solvent and investors stay in. Industry-wide, the collection rate reported for 2024 was about 62%.

Where sustained energy access is determined: continued customer repayment.

A system that is repossessed or locked does not provide access. Energy access is sustained when the customer continues paying and the product remains unlocked. A grant that reduces consumer-finance risk should therefore not only reward outreach/sale but also long-term access.

Earlier RBFs Built the Market Through Sales Volume; Their Lessons Point to Also Rewarding Repayment

Market evolution: from sales-led incentives to portfolio quality

**Connection
incentive**

100% of the reward was paid at installation, with no incentive linked to continued repayment

**Customer
repayment**



Instalments run 12–24+ months and tend to weaken after the first months. However, early payment data predicts the long term: industry data show strong correlation between repayment rate at 90–180 days and at full contract term.

RBF / PAYGo 1.0

Performance focused on activations and units sold, with commissions paid at the point of sale. Incentives rewarded volume, while customer screening and follow-up remained secondary.

PAYGo 2.0

The company operates as a credit provider: it assesses affordability before the sale, supports customers throughout the contract and measures success through portfolio quality rather than sales volume alone.

+ENERGIA approach

The Collection Incentive rewards repayment performance, while diagnostics and training strengthen company capabilities. The Geographic Incentive provides additional support where affordability is weakest.

Market Experience Shaped +ENERGIA's Collection Incentive

Companies had already identified the collection problem; +ENERGIA responded to it rather than inventing it

Feedback gathered from PAYGo companies during the +ENERGIA Facility's design consultations in Mozambique

1

Sales Agents Remained Customers' Primary Point of Contact

After the sale, agents remained the primary contact for most customers, although their formal responsibilities and incentives had already ended.

2

Full Sales Commission Paid upon Installation

With commissions averaging approximately USD 5 per connection, companies had limited scope to incentivise sustained post-sale follow-up.

3

Splitting Commission Payments Helped, but Had Limited Impact

Some companies paid commissions in instalments after 3, 6 or 12 months. This improved alignment, but collection rates remained below expectations.

4

Post-Sale Customer Follow-Up Increased OPEX

Call-centre outreach and SMS reminders strengthened customer engagement but increased the operating cost per customer.

68%

of 5–10 Wp PAYGo systems sold up to 2023 had collection rates of 40–50% (98% of units; 30-month contracts; instalments USD 5.00–8.50). By region: South 72–78%, Centre 44–47%, North 41–44%.

The Collection Incentive Adds 30% of the Base Grant When Six-Month Repayments Reach at Least 70%

Mechanics of the collection incentive

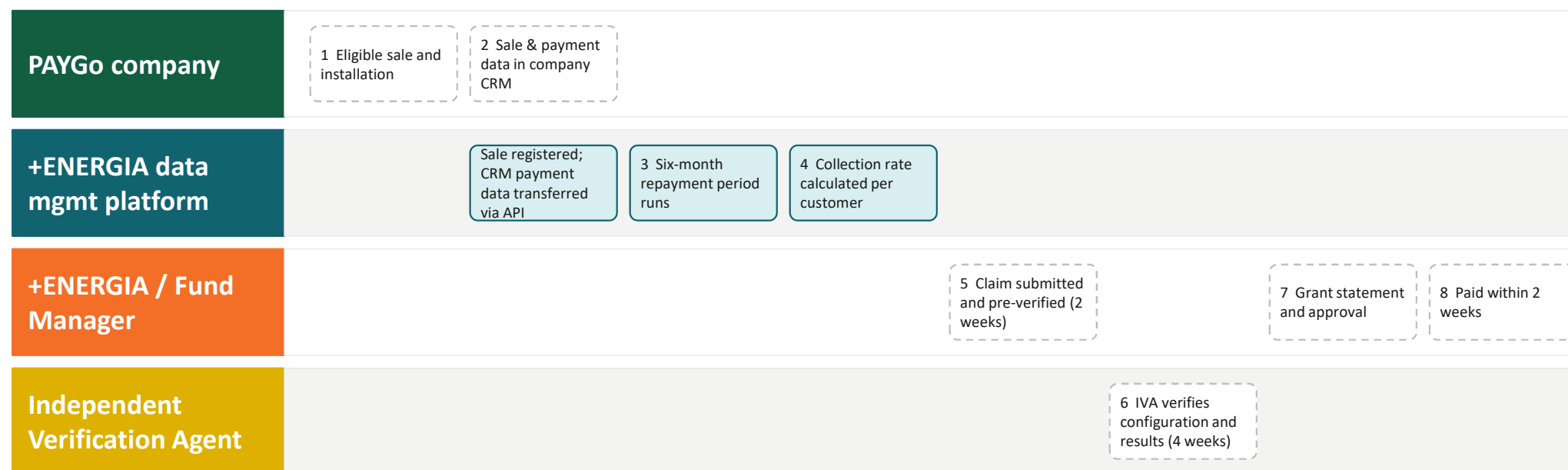
Base Grant	Geographic Incentive	Collection Incentive	Definition of Collection Rate
At installation Per eligible and verified SHS, disbursed following confirmed sale and installation at the customer's premises	+15 to +45% Of the Base Grant, determined by district and disbursed with the Base Grant	+30% Of the Base Grant, claimable six months after the sale if the customer has paid at least 70% of the amount due during that period	Definition of Collection Rate Payments received during the six-month assessment period <hr/> Payments contractually due during the same six-month period Eligibility threshold: $\geq 70\%$ Assessed per customer on the data platform; the threshold may be raised over time.

Worked example (index: amount due in the six months = 100)



The Platform Automates the Collection Check, While People Retain Review, Verification and Approval

Roles and responsibilities from verified connection to incentive disbursement



☐ Automated on the data platform
 ☐ Manual review, verification or approval

+ENERGIA data mgmt platform monitors every customer through API integration with the company's CRM, eliminating manual uploads of payment data.

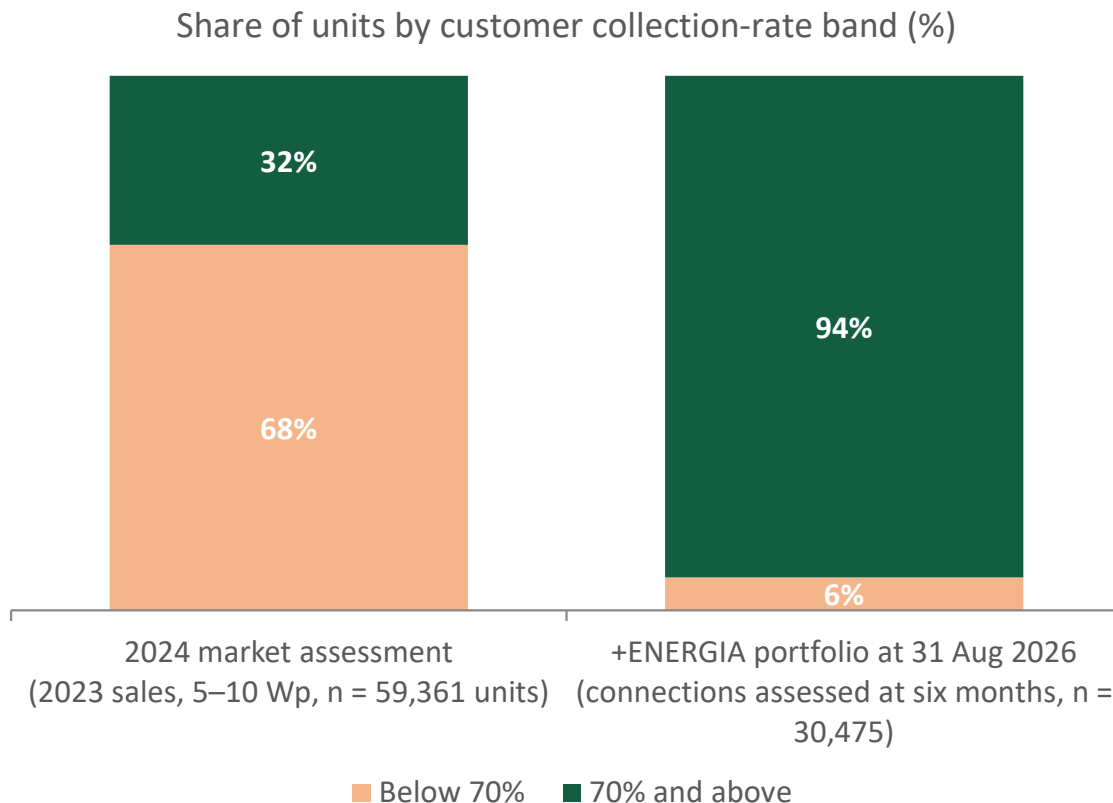
The Collection Incentive Forms Part of an Integrated Package of Grants (RBF and Catalytic Grants), Prefinancing and Technical Assistance

The Facility rewards the outcome and, in parallel, builds the capabilities companies need to achieve it

Results-based grants	Prefinancing	Needs Assessment, Training, and TA through Catalytic Grants							
<p>Base Grant per verified sale and installation</p> <p>Geographic Incentive for harder-to-reach districts</p> <p>Collection Incentive for ≥ 70% repayment at six months</p>	<p>Inventory prefinancing against expected grants, replenishable once drawn down</p> <p>Purpose eases the working-capital strain of consumer financing</p>	<p>Company diagnostics Independent assessment of each participating company across six dimensions, using red, amber and green ratings to inform a tailored business- development plan:</p> <table><tr><td>Leadership & governance</td><td>Core operations</td></tr><tr><td>Corporate finance</td><td>Credit management</td></tr><tr><td>Gender</td><td>Environmental & social</td></tr></table>	Leadership & governance	Core operations	Corporate finance	Credit management	Gender	Environmental & social	<p>Training program offered to companies before TA</p> <p>Credit Management Culture, organisation, credit screening, customer management</p> <p>Energy Access Finance Financial modelling, projections, unit economics</p> <p>Core Operations: Sales & Growth Customer understanding, market strategy, sales KPIs, team management</p>
Leadership & governance	Core operations								
Corporate finance	Credit management								
Gender	Environmental & social								
<p>Supporting companies to move from PAYGo 1.0 to PAYGo 2.0</p>		<p>1.0 — a sales company: success is units sold; screening is minimal; the call center pushes late payers.</p> <p>2.0 — a credit company: success is loans repaid on time; affordability is assessed before the sale; the customer relationship runs throughout the contract; agent incentives follow collections, not only sales.</p>							

Collection Performance : Most Small Systems Were at 40–50% in the 2024 Market Assessment, While 94% of Assessed Connections Met the 70% Threshold

Contextual reference points use different metrics and repayment periods and do not constitute a before-and-after impact assessment



Looking behind the numbers

Metric	Before: portfolio-level collection-rate bands by product size. Today: share of individual connections meeting the $\geq 70\%$ test in their first six months.
Data	Before: 2023 PAYGo sales of the companies consulted. Today: Connection data received from company CRMs via API and payment data assessed for all connections
Period	Before: 2023 sales assessed mid-2024. Today: connections assessed at six months, cut-off 31 August 2026; most +ENERGIA sales are still recent.
Spread	Share ranges from 73% to 100% across companies.
Timing	The 2024 bands reflect 6–18 months of repayment on 30-month contracts. The +ENERGIA test covers only the first six months, when collection is typically strongest, so timing may explain part of the difference.
Actions	Re-run six-month test on pre-incentive cohorts from the same CRM data and assess matured cohorts over the medium and long term, for a like-for-like comparison and an evaluation of long-term impact.

Early Lessons: Strong Alignment with Company Priorities, Alongside Risks in Data Quality, Cost and Customer Inclusion

Implementation insights for RBF fund managers

Alignment

Making an additional incentive equivalent to 30% of the Base Grant conditional on six-month repayment performance rewards portfolio quality alongside connection volume. Companies supported the approach because it **reinforced investments they were already considering** in agent incentives & follow-up, call centers and customer selection.

Data quality decides eligibility

Accurate calculations depend on a clear customer-level payment schedule and reliable integration between company CRM systems and the data platform. Because inconsistencies may only emerge during claim processing, the **mechanism requires robust implementation** with correction, appeal and audit-trail procedures.

Cohort discipline

Recent sales must be reported separately from customers who have completed the six-month assessment period. Combining mature and immature cohorts can distort the portfolio's actual collection performance.

Operating cost, both sides

Distribution adds over 50% to the landed cost of an entry-level SHS (about USD 54 in 2024), so the **mechanism should not add unnecessary additional cost**. That's why the facility automates the collection test, which limits the additional verification cost.

Affordability and inclusion

A 70% **collection incentive** may encourage companies to prioritize customers with more predictable payment capacity, potentially excluding underserved HH with irregular incomes. The **geographic incentive** helps offset additional costs and risks associated with serving harder-to-reach areas, but it does not address differences in affordability or repayment capacity where companies apply uniform pricing and financing terms across the country.

Selection Risk: An Open Question Rather Than a Finding

The available **data does not yet show whether companies are excluding lower-income customers to protect their collection performance**. Monitoring customer inclusion, geographic differences in repayment performance, and sustained access beyond the six-month threshold remains a priority to identify and manage potential trade-offs between portfolio quality and inclusion

Priority Questions for Continued Monitoring and Discussion

Priority questions for the next assessment and discussion

1 Cohorts & trends

How does repayment performance evolve across successive sales cohorts? How well does performance at six months predict longer-term outcomes?

2 Variation

How does performance vary by company, product size, contract length and geographic district? Does the Geographic Incentive affect these differences? Does it help companies expand into harder-to-reach areas while maintaining adequate portfolio quality?

3 Who is served

Is the customer profile shifting towards steadier incomes? How can we refine the design to better balance portfolio sustainability and inclusion?

4 Verification costs

What additional verification would a refined Collection Incentive require, and would the benefits justify the incremental cost?

5 Beyond six months

Does meeting the 70% threshold at six months predict eventual repayment completion? Is 70% the right threshold to incentivize sustainable access?

6 Sustained access

After two to three years, are systems still active, functional and fully paid? How can long-term access be incorporated into incentive design despite short program implementation periods?

Our Position: Collection Incentives Belong in PAYGo RBF Design, and We Will Strengthen the Evidence Base

Where +ENERGIA stands, and what it commits to

Collection incentives have a valuable role to play in PAYGo RBF design. In Mozambique, the mechanism has not added significant complexity or delayed disbursements, and companies have welcomed its introduction. The next challenge is to ensure that incentives for strong repayment performance also support inclusion, rather than inadvertently discouraging companies from serving poorer and more vulnerable customers.

What +ENERGIA commits to

Compare

Continue comparing collection performance across cohorts, companies, products, contracts and geographies, including pre-incentive baselines and longer-term repayment outcomes.

Collaborate

Work with the industry to align data and definitions with PAYGo PERFORM KPIs, enabling consistent benchmarking and shared learning.

Share

Share evidence, lessons learned and potential trade-offs to inform the design of future grant incentives that balance portfolio sustainability and inclusion.

Thank you

Questions welcome in the moderated discussion.

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