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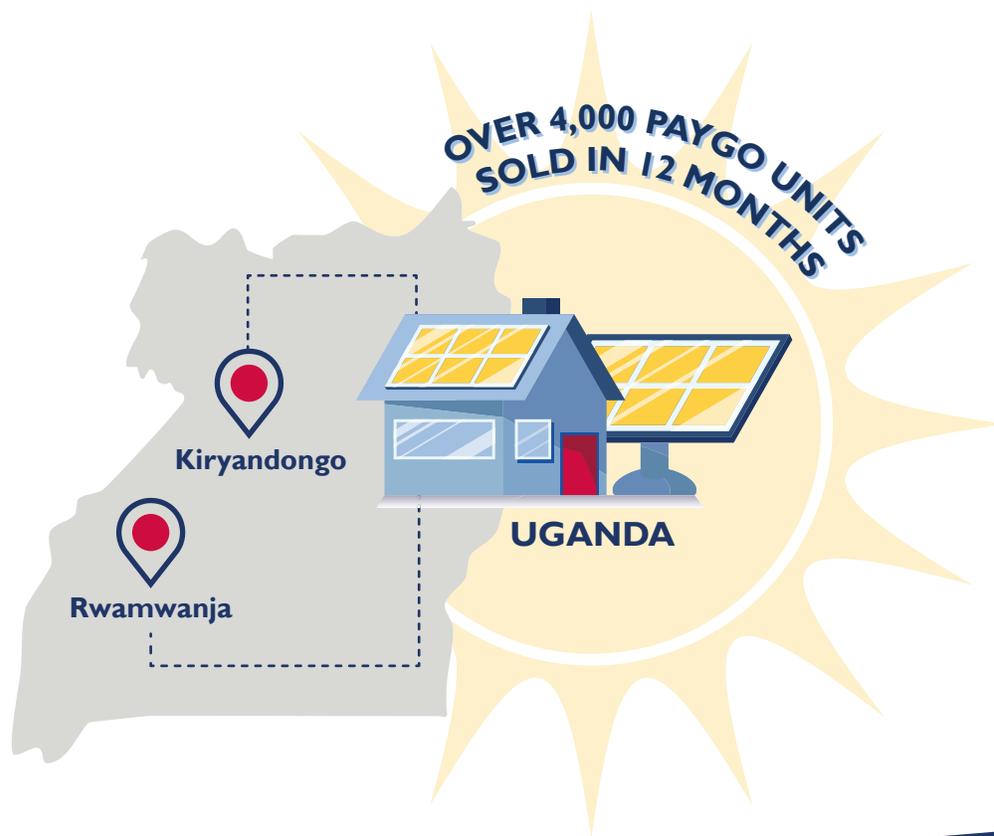
# ADVANCING ENERGY ACCESS IN REFUGEE SETTLEMENTS

## Key Lessons Learned from Three Pay-As-You-Go Solar Home Systems Providers in Uganda

Updated July 24, 2020

USAID Power Africa's *De-Risking Pay-As-You-Go Solar Home Systems* in the Uganda Refugee Settlement project is aimed to accelerate off-grid investment and energy access by incentivizing private sector Pay-As-You-Go (PAYGO) Solar Home System (SHS) companies to enter Kiryandongo and Rwamwanja refugee settlements and host communities.

From June 2019 to May 2020, three experienced companies established new operations in and around the settlements, adapted business models to local context, and sold over 4,000 units. This document captures the key lessons learned while entering the refugee market.



This project showcases Power Africa's contributions to the Smart Communities Coalition (SCC). As an SCC co-chair with Mastercard, USAID and the over 30 SCC members are improving the delivery of essential services to refugees and host communities through enhanced coordination between public and private entities and the strategic introduction of technology. SCC operates under three foundational pillars — connectivity, digital tools, and energy access.



# PROGRAM IMPLEMENTATION AND IMPACTS

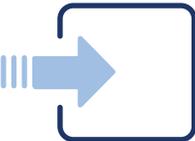
The objectives of this grants program were to further innovation and reduce the knowledge, product, financial, and risk barriers to serving refugee communities.



Repayment rates among refugees were in line with rates SHS companies observed in their wider portfolios. However, another year of results is required to assess refugee repayment rates with high confidence.

## KEY LESSONS LEARNED

### Ease of doing business



#### ENTRY TO SETTLEMENTS

**Experience:** Initial written permission from the Office of the Prime Minister was required but entry after that was unhampered  
**Key lesson:** Ensure permission is secured early to avoid delays



#### ESTABLISHING POINTS OF SALE

**Experience:** Suitable infrastructure and services were available in host communities but lacking in refugee settlements  
**Key lesson:** Recommend satellite presence in settlements for customer accessibility



#### ACCESS TO MOBILE MONEY AND MOBILE PHONES

**Experience:** Most households have a mobile phone and are familiar with mobile money  
**Key lesson:** Not possible to on-board those without mobile phones. Potential customers are quick to convert to using mobile money



#### PARTNERSHIPS

**Experience:** Forging local partnerships can compensate for lack of local knowledge  
**Key lesson:** Partner options available but forging relationships requires time. Start process early.



#### RECRUITING/RETAINING STAFF

**Experience:** Refugee settlements were challenging; host communities presented standard conditions  
**Key lesson:** Companies must foster adjustments to commission-based pay models



#### TELECOMS NETWORK

**Experience:** General network coverage is good, but significant gaps remain  
**Key lesson:** Network gaps impact repayment (most common customer complaint) and after-sales services

# Market Profile



## THE PRESENCE OF A COMMERCIAL MARKET

**Experience:** Potential for a sustainable market in both communities

**Key lesson:** Refugees rely on humanitarian stipends and lack experience with long-term credit

## HOST COMMUNITIES VS. REFUGEE MARKETS

**Key lesson:** Refugee markets slightly inexperienced with long-term credit purchases

**Experience:** High level of integration between the markets, both offer commercial potential



## DISTINCT CUSTOMER PROFILES

**Experience:** Smaller PAYGO systems appeal to a mixed market; larger systems to more defined market

**Key lesson:** Larger, more tailored systems appeal to a more defined income segment

## CREDIT CHECKS AND KNOW-YOUR-CUSTOMER PHILOSOPHY

**Key lesson:** Grantees modified customer databases to accommodate refugee IDs

**Experience:** Refugees' lack of national ID documents stymied standard credit check process



## CREDIT PERFORMANCE AND REPAYMENT LEVELS

**Experience:** Two companies' repayment rates were consistent with general portfolio

**Key lesson:** Repayment was impacted by poor payment infrastructure (e.g. mobile money, telecoms)

## PRODUCTIVE USE OF ENERGY

**Key lesson:** Smaller systems enhance communications for agricultural information (e.g. via phones, radios)

**Experience:** Larger systems linked to productive activities (e.g. refrigeration, barbers, cinemas)



## MARKETING STRATEGIES

**Experience:** All grantees made only slight adjustments to marketing strategies in refugee markets

**Key lesson:** Greater reliance on radio, customer ambassadors, and constant education

## ADJUSTING BUSINESS STRATEGIES

**Key lesson:** A level of agility is expected from PAYGO companies entering new markets

**Experience:** Minor adjustments around marketing mediums, incentive structures, local partnerships



# Grant Program Design



## MOTIVATION OF GRANTEES FOR PARTICIPATION

**Experience:** High grantee interest but wary of too many unknowns  
**Key lesson:** Grant design must directly address expressed uncertainties



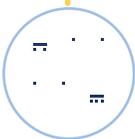
## GRANT'S EFFECTIVENESS IN DE-RISKING THE OPPORTUNITY

**Experience:** Effective in resolving the tensions between servicing Base of the Pyramid (BoP) markets and being sustainable  
**Key lesson:** Addressed the legal, informational, and cost uncertainties of the market



## THE EFFECTIVE STRUCTURING OF THE GRANT

**Experience:** The short implementation period was considered 'motivating'  
**Key lesson:** COVID-19 notwithstanding, short implementation period impacted ability to achieve targets



## ANY ADJUSTMENTS TO THE GRANT GOING FORWARD?

**Experience:** Grantees considered current design to be effective in achieving program objectives, although concerns about short implementation period noted  
**Key lesson:** A grantee suggested a more 'results-based financing' approach for financial accountability while some suggested longer implementation periods



## APPLICABILITY TO OTHER SITUATIONS

**Experience:** Refugee settlements share broadly similar characteristics, suggesting universal applicability  
**Key lesson:** Factor in Uganda's modern 'open-door,' rights-based refugee policy



## Interested in more?

Please contact Lovemore Seveni, Off-Grid Energy Specialist, USAID/Power Africa ([lseveni@usaid.gov](mailto:lseveni@usaid.gov)). Also, for the full project report, including a detailed chapter on lessons learned and recommended best practices, please download a copy from the Development Experience Clearinghouse ([dec.usaid.gov](https://dec.usaid.gov)).

## Implementing Partners

