RESEARCH REPORT

High-Tech Humanitarians

Airtel Uganda's Partnership with DanChurchAid

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Executive Summary

Uganda's national ethos of hospitality and generosity and its open-door policy for asylum seekers has led it welcome more refugees than any other county in Africa. Businesses in Uganda's settlement communities are thriving because of their 1.4 million refugees, but a massive influx of asylum-seekers from South Sudan has strained social service delivery, market access, and infrastructure.

Collaborations between private and humanitarian sectors are an increasingly attractive solution to the stresses caused by the refugee crisis. We offer an example of a successful partnership between a humanitarian group, Danish Church Aid, and an international telecom subsidiary, Airtel Uganda. Their collaboration on telecommunication access and humanitarian cash transfers is unique because it goes beyond traditional philanthropy and corporate social responsibility to support mainstream business interests.

This report explains the response to the refugee crisis in Uganda, outlines the business sectors there that are receptive to partnering with humanitarian agencies, provides a case study of the Danish Church Aid-Airtel partnership, and offers lessons to help replicate the model.

Uganda's notable response to the refugee crisis

Uganda's response to its refugee influx pays tangible dividends. While refugee arrivals can create hardships for communities, such as competition for jobs and social services, they also present opportunity.

An open-door policy for asylum-seekers guarantees their right to seek employment and move about the country. Refugees mainly settle in rural areas, where they are allotted a plot of land. Registered refugees receive food, vouchers, or cash from the UN Refugee Agency (UNHCR) and the World Food Program. They also bring their own resources to their settlement communities, helping support thriving businesses.

Cash transfers are increasingly used to provide support to refugees in Uganda. Research has shown that families receiving the transfers have better diets and their children are less malnourished children than those receiving food directly. But the system comes with challenges, such as setting up effective identity documentation and the risk of corruption.

How does the private sector engage in the refugee response?

The private sector is central to Uganda's refugee response. Industries ranging from agriculture to construction are candidates for shared value partnerships with humanitarian agencies and NGOs that pursue economic value while benefitting society.

This report details the roles of the food and agriculture, telecoms, and financial services sectors in the refugee response, and explains how they contribute to the Danish Church Aid-Airtel Partnership.

Piloting humanitarian cash transfers through a shared value partnership

Uganda's Danish Church Aid-Airtel Partnership has succeeded in delivering monthly humanitarian cash transfers to refugees in bulk through a mobile money platform, delivering about $600,000 to 24,000 beneficiaries in the Bidibidi refugee settlement in 2017.

Both side benefited from this partnership, with the telecom company gaining a tangible foothold in the Northern Uganda market and the non-profit gaining seeing clear benefits for the population of refugees it is serving.

This case study explains how such a partnership comes about and how it can be sustained by shared interests, coordinating structures, and external support.

What factors play a role in a successful shared value partnership?

The Danish Church Aid-Airtel Uganda experience provides lessons for others designing similar arrangements. What factors play a role in whether a shared value partnership will be successful?

- **Local conditions need to be right.** For the Danish Church Aid-Artel Uganda partnership to succeed, key conditions needed to be in place. These included financial and telecom infrastructure, policies on mobile money and on refugees, an effective and secure ID system, access to data on the target clientele, and structures of governance and oversight that can check abuses. Uganda meets these conditions for the most part, but has weaknesses in the last two areas.
  The lack of access to some data and the fact that refugees arrive with no records created challenges. Cooperation between external actors who take a quasi-partner role was also key to the success of the project.

- **Both parties' interests must overlap enough to take on each other's risks.** Alignment of interests is complex in private-humanitarian sector partnerships, incorporating social considerations with a less obvious and longer-term impact on the private partner's bottom line. Yet both parties must see the arrangement as a win-win.

  Support from an entity like the strategic investor-broker, UN Capital Development Fund, may be needed to help the private partner justify its participation in business terms.

- **The partnership needs a framework for coordination.** A private-humanitarian sector partnership must coordinate not only the principal implementing partners but also the other stakeholders that have a material interest. In the Ugandan case, the partnership made use of formal agreements, work plans, and a working group forum for information sharing and coordination. In effective partnerships, the NGOs must learn how to talk to the private sector and vice-versa.

- **Many other factors affect shared value partnerships.** The state of private sector development in Uganda, the mix of companies in the economy, and public policy commitments all played a role in the success of the Danish Church Aid-Airtel partnership.

For-Profit Humanitarians: IKEA's Partnership with the Jordan River Foundation

# Introduction

a. Purpose and Approach

Innovations in addressing the needs of vulnerable populations increasingly take the form of cross-sector collaborations. This case study of Uganda illustrates a sub-set of these arrangements – partnerships between the private and humanitarian sectors on the response to refugee crises in the telecommunication sector. The research project seeks to understand the nature and scope of private-humanitarian sector partnerships and under what conditions they are most likely to be effective are an effective approach. The case studies are meant to highlight partnerships that have in some ways succeeded in meeting their objectives, which go beyond traditional philanthropy and corporate social responsibility (CSR), linking up to mainstream business goals.

The research followed a qualitative methodology, including a desk review of literature on the refugee situation in Northern Uganda and semi-structured interviews by phone and in person. The researchers interviewed over 20 key informants in government, the humanitarian agencies and their implementing NGO partners, and the private sector. In-country interviews took place in Kampala and in the refugee settlement zone of the West Nile region of Northern Uganda. The roster of interviewees is on file, along with detailed notes and recordings of the interviews, but in order to protect the confidentiality of the interviewees, these individuals are not identified here.

b. The Ugandan Context

Situated in East Africa, Uganda is a low-income developing country with an estimated (2016) population of 41.5 million, per capita income of US $580,[1] and a young population growing at an estimate rate of 3.2% (2017). Ethno-linguistic diversity is moderate in African terms, with nine major ethnic groups making up the nation along with numerous other smaller groups. Nearly three quarters of the workforce (72%) makes its living from agriculture. Membership in the newly dynamic East African community signals a broadening vision of openness and innovation in the economy, although growth fell from 5.7% in 2015 to 4.4% in 2017. Uganda continues to face serious challenges including major health threats from high incidence of HIV, malaria, and others.[2] For decades, Uganda has dealt the displacement of its own population due to civil strife and the influx of refugees fleeing crises in nearby countries. Since 2016, violence in South Sudan, DR Congo, and Burundi has added to their numbers, straining local and international resources. Uganda now hosts more refugees than any other African country – approximately 1.4 million, with the largest number (estimated at about one million) from South Sudan.[3] The latter group are mainly located in West Nile region, with the major settlements lying in the districts of Adjumani, Arua, Moyo, and Yumbe. Adjumani district, now estimates its population at 242,000 refugees versus 231,000 Ugandan nationals. Nearby Yumbe district saw its population grow by 50% with the refugee influx.[4]
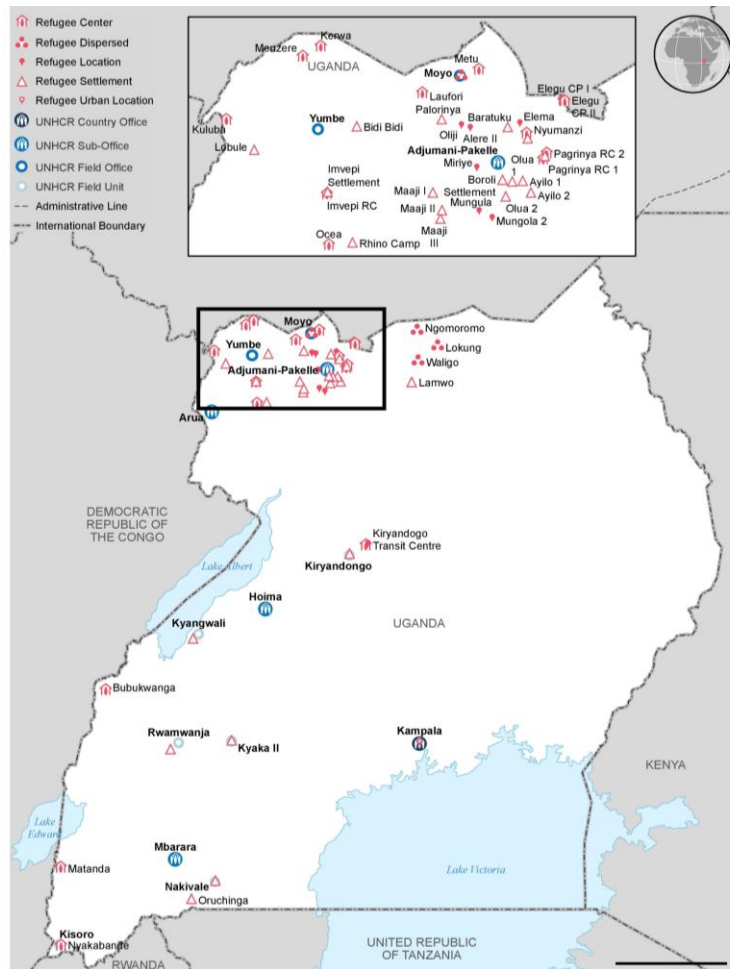
Source: *UNHCR (2017)*

The refugee influx has strained basic service delivery and livelihood opportunities. For example, education is provided through an integrated model, allowing refugees and nationals to access free education[5] at public schools. The large refugee numbers have contributed to overcrowding of schools and overstretched health and sanitation services. Yumbe district, which currently hosts the most refugees of any district in the country, has an estimated teacher-student ratio of 1:96 (as of January 2018) compared to 1:45 nationally.[6]

c. Overview

In this report, we start with an overview of the response to the refugee crisis in Uganda in Part/Section 1. We first look at the official response in terms of government policies and resources, and the support provided by the international humanitarian agencies, notably the UN High Commissioner for Refugees (UNHCR) and the World Food Program (WFP). These agencies work with implementing partners, mainly global non-governmental organizations (NGOs) including charitable institutions, to deliver refugee support. These aid efforts confront challenges such as resource shortfalls, refugees' lack of identity documents, and weaknesses in governance and oversight. Next, we look at business sectors that have proven receptive to partnerships with the humanitarian agencies. These include agriculture, telecoms, and financial services. Our case study focuses on humanitarian cash transfers (HCTs), which involve both the telecom and financial sectors. In Section/Part 2 we analyze an illustrative HCT partnership – that between Danish Church Aid and Airtel Uganda. In this case study we look at how such a partnership comes about and how it is sustained by shared interests, coordinating structures, and external support. Another agency, the UN Capital Development Fund (UNCDF), played a key role in helping broker the partnership by providing grants and technical advice. We conclude with a review of key findings and lessons.

The Refugee Response in Uganda

a. Policy and Practice

Uganda's response to the refugee influx is considered a model worth replicating for other countries.[7] Its obligations under the UN's Comprehensive Refugee Response Framework (CRRF) are embodied in the 2006 Refugee Act and the 2010 Refugee Regulations. These acts enshrine the right of access to territory and the principle of *non-refoulment*, provision of individual registration and documentation, access to social services including education and health, the right to work, and the right to establish a business.[8] Thus, Uganda is committed to an open-door policy of accepting asylum-seekers irrespective of nationality, and guaranteeing their right to free movement and to seek employment. The refugees are settled mainly in rural areas, where each family receives an allocation of land (see Box 1). An estimated 103,000 refugees (7% of the total number of refugees in the country), seeking other kinds of livelihoods, have settled in metropolitan Kampala. In return for legal residence in this urban zone, they relinquish their land allotment and related support.[9]

Implementation of the refugee policy is complicated by weaknesses in local infrastructure, social services delivery, and market access in refugee settlements.[10] The massive influx from South Sudan was not anticipated in government planning and is straining public resources. Social and political resistance inevitably arises but is episodic, in contrast to the heavy opposition to such inflows in the U.S. and parts of Europe. There is National and local formal commitment to settling the refugees on the land and helping them thrive.[11]

BOX 1: LAND ALLOCATION

Refugees in Uganda are settled in rural areas, where land is allocated to them and farming is encouraged. Some settlements are placed on state-owned land, in which case the allocations do not impinge directly on the interests of local communities. In other cases, the Office of the Prime Minister, with local government counterparts, must consult traditional leaders about allocating portions of their communities' land held under customary tenure. Until 2013, refugees were allocated plots measuring 100m². This was reduced in phases until September 2017, when officials indicated that government would no longer acquire land for this purpose – just as thousands of South Sudanese were crossing into the country to escape violence.[12]

While refugee arrivals create burdens for local populations, such as competition for jobs and social services, they also represent opportunity. UNHCR and WFP provide food, vouchers, or cash to registered

refugees, including supplemental support for certain special-needs groups such as lactating mothers or the disabled. Ugandan policy requires programs in support of refugees to adhere to a standard in which 70% of benefits are targeted to refugees and 30% to nationals.[13] Refugees also bring resources into the communities, including movable assets and flows of remittances from relatives elsewhere. Business is thriving in settlement areas, as is evident from the bustling commercial centers nearby and as also confirmed by our interviews. Existing research suggests that Uganda's approach pays tangible dividends (see Box 2).

This shared material benefit helps to explain Uganda's receptivity to refugees. This posture is usually explained as generosity, hospitality, or Ugandans' own experiences of displacement in the past.[14] This *ethos* may not be satisfying as a rationale, but nor can it be entirely discounted. Other likely factors include the political benefits of expanding the labor pool and welcoming migrants who share ethnic ties with residents, along with the sheer difficulty of stopping mass migration across a porous border.

BOX 2: ASSESSING THE ECONOMIC PAYOFF OF REFUGEES

A 2016 study on the economic impact of refugee settlements in Uganda indicated that refugees create significant economic benefits. The study suggested that these benefits are larger when refugees interact with the host-country economy around them, when they receive assistance in the form of cash that can be spent on locally supplied goods and services, and when they have access to land and other resources to produce food and generate income. The benefits increase where local producers are able to supply refugees' demands and where there is potential for refugees to supplement their income by working or establishing businesses.[15]

b. Challenges

Refugees in Uganda receive regular transfers of support for basic needs, either in kind or in cash. The balance in recent years has been shifting in favor of financial transfers. Research in Uganda indicates that refugee households receiving cash transfers (as compared to those receiving food) generally have a higher absolute expenditure on food, better diets in terms of quantity and quality, and less malnutrition among their children.[16]

Among the challenges posed in the targeting and delivery of these benefits is setting up a workable system of identity documentation (ID). The importance of ID is compounded when refugee support takes the form of an electronic cash transfer, a type of digital financial service (DFS), which involves both the telecom and financial systems (see Box 3). UNHCR issues refugees ID cards that in other countries are accepted for official purposes, but Uganda recognizes only IDs issued by the Ugandan Office of the Prime Minister (OPM).

These cards are based on biometric data collected by OPM for all family members, but can take up to four months to obtain.[17]

BOX 3: DIGITAL FINANCIAL SERVICES

Digital Financial Service (DFS) refers to a suite of financial products offered electronically. Where banking regulations permit (systems vary), licensed institutions can offer clients an *e-money* account in which digital value is loaded in return for the client's deposit of cash. Mobile operators partnered with banks offer a version of this as *mobile money*, which is backed by cash deposits and supervised by the central bank (M-PESA is the most famous example). The customer's cellphone hosts a *mobile wallet*, which can be used for transfers, merchant payments, and cashing in and out wherever mobile money is accepted. The financial institutions (paired with mobile network operators) that issue mobile money may, if regulation supports it, offer other forms of DFS to their customer by way of the mobile money account. These could include mobile bank deposits, credit, overdraft, insurance, and others.

This generalized description shows that DFS depends upon, and varies with, the details of a country's infrastructure and regulation. The key features here are *distribution* networks, customer *identity* documentation, and the overall *proportionality* of the regulatory framework. The digital aspect of mobile money means that it moves around largely without "bricks-and-mortar" bank branches. But a physical network is needed for cash-in/cash-out and certain other transactions. This physical presence can be provided affordably only through a network of *agents,* usually individuals or small shops contracted to provide the point of service ("last mile" delivery). The most effective agent networks are numerous and spread out enough to be conveniently available to all customers. Managing such a large network often requires a *master agent* or *distributor* who contracts directly with the mobile money issuer and in turn either contracts or supervises the retail agents. An important part of the distributor's (and ultimately the issuer's) job is to ensure that retail agents have the cash they need to meet customers' needs – a function referred to as *liquidity management or rebalancing.*

Mobile money providers must also comply with rigorous customer *identification* requirements imposed by financial, telecom, and anti-money laundering regulations. The core procedure, *Know Your Customer (KYC)*, is the verification of the customer's identity at account opening (and at other specified times). These procedures have often excluded potential customers such as the poor, the unbanked, and refugees who may lack valid ID – and anti-money laundering rules have grown stricter over time. Fortunately, two trends have helped mitigate exclusion. First, ID systems are in many countries being expanded and digitized. Digital identity is increasingly available and recognized as the basis for issuance of mobile phone SIM cards and opening of mobile money and bank accounts. Second, in response to international standard-setting guidance, KYC procedures are increasingly being adapted to accommodate traditionally excluded people. The goal of this shift is to balance the *safety* of the telecom and banking systems against the need to encourage *inclusion* by restraining costs and procedural obstacles. Balancing interests in this and other areas of regulation is known as *proportionality*.

The OPM ID card is the one that gives a refugee official status vis-à-vis the government, serving as the equivalent of the Ugandan national ID. But even this proved insufficient for a period in early 2017, when security measures taken by the telecom regulator invalidated SIM cards held by persons without Ugandan national ID cards. The humanitarian agencies and their partners reverted to physical cash deliveries until they were able to persuade the authorities to accept OPM refugee IDs as equivalent to national ID cards – and then worked to get large numbers of refugee SIM cards re-registered. [18] The OPM card is also sufficient as customer ID for limited purposes (including small transfers) under central bank regulations.

A second challenge in this sphere is corruption. Press stories and official reports by the UN and other agencies decry theft, bribery, and diversion of refugee aid resources. The most serious recent scandal involves the alleged inflation of the overall numbers of refugees, resulting in misappropriation of cash and in-kind transfers by Ugandan officials on behalf of "ghost" refugees.[19] A number of partial solutions have been adopted in response. Physical delivery of cash or goods is monitored and verified by local officials to ensure a match between the rightful and actual recipient. The use of cash itself – particularly digital transfers – is a tactic to reduce corruption as well as to mobilize local markets and support autonomous choice by the refugees. OPM recently took a further step, directing that all refugees should be verified in order to ensure that the overall refugee count is accurate. UNHCR is deploying its biometric registration capability in cooperation with OPM to expedite the verification process.[20]

c. Private sector industries involved in the refugee response

The response to the refugee influx in Uganda draws on public services as well as a range of private sector industries, from communications and transport to foodstuffs, agricultural supply, construction, and financial services. Goods and services from the private sector may be donated to refugees, but typically they reach these populations by way of market transactions. These include public tenders and, increasingly, direct retail sales to refugees – supported (on the demand side) by humanitarian programs. But the government and UN agencies face chronic shortfalls of resources (see Box 4) and thus the need for new approaches.

BOX 4: HUMANITARIAN RESOURCES

The humanitarian agencies play a key role in addressing refugees' needs as outlined in the UNHCR's Comprehensive Refugee Response Framework covering the global refugee crisis. As often happens with refugee crises around the world, these agencies are struggling to secure sufficient resources for the response.

For example, UNHCR said that as of September 2017, only 24 per cent of the $674.45 million requested for the South Sudan response was funded.[21] Since then, more refugees from South Sudan and the Democratic Republic of Congo have crossed into Uganda. A March 2018 assessment showed that Uganda, one of the most under-resourced UNHCR programs, has only 5% of the funding necessary for general operations available.[22]

The sectors just mentioned are candidates for *shared value partnerships* between the humanitarian agencies and NGO implementers, on the one hand, and commercial providers on the other hand. Shared value emphasizes pursuing economic value in a way that also benefits society by addressing its needs and challenges. Its proponents distinguish it from corporate social responsibility (CSR), which focuses mostly on a company's reputation, and may be unconnected to the profitability and competitive position of the core business. Shared value also takes into account the benefits of catering to consumers in lower-income and disadvantaged communities, which have not usually been recognized as viable markets. The profits from taking the lead in these markets can be substantial.[23] Below, we look at three business sectors that are active in refugee support. The examples from these sectors overlap with the DanChurchAid-Airtel partnership examined in Section 2, and they shed light on the factors that helped bring that partnership into being.

d. Food and Agriculture

Food and agriculture are central elements of Uganda's refugee response.[24] Programs in this sector are moving from a primary emphasis on foodstuff distribution toward cash transfers, support for growing and marketing food crops, and private sector partnerships. WFP, the lead humanitarian agency in this sector, has long provided food aid in kind and is experimenting with cash transfers and biometric vouchers.[25] Mercy Corps provides agricultural support under an EU program in which improved-variety seeds are distributed on a subsidized basis to agricultural input dealers who retail them at a 60% discount. Farmers in the refugee zones receive a scratch card voucher for use with a basic mobile phone. The dealers are sensitized to the needs of the refugees and encouraged to serve as a resource rather than simply acting as middlemen passing on a discount.[26]

The newer programs reflect a market systems development approach in which the humanitarian agencies work with local businesses to improve households' ability to earn an income. Thus, Mercy Corps and DanChurchAid (DCA) contract with national seed and produce companies to attract them to the settlement areas and assist in developing agent networks.[27] DCA also has an agricultural input partnership. In it, an oil seed supplier and a contract farming enterprise support production by refugees and local farmers – at the

same time securing a steady source of output for the two partner firms. The aim is to spur self-sustained oilseed production in refugee settlement areas. This arrangement is framed by contracts and a Memorandum of Understanding (MOU) that requires adherence to DCA's human rights and anti-corruption principles, and sets up a governance structure with a project steering committee at the apex.[28]

e. Telecoms

As communications play a critical role in the logistics of refugee response, the telecom industry has become an important participant. Globally, there are some five billion mobile phone subscribers. People are especially reliant on cell phones in developing countries – above all in Sub-Saharan Africa – as a result of weak overall infrastructure.[29] Over half of the 282 mobile money services operating worldwide are located in Sub-Saharan Africa, where there are some 100 million active accounts (one in ten African adults).[30] Urban areas are fairly saturated with coverage. Thus, continued growth in subscriber levels is likely to be driven by better network coverage in rural areas and operating models adapted to serving remote customers.[31] This has implications for mobile network operators (MNOs) in Uganda serving refugee settlements, which are located in rural zones.

In Uganda, the Ministry of Information and Communications Technology (ICT) and the Ugandan Communications Commission (UCC) regulate the sector. The nationwide licenses of providers such as Africell, Airtel, and MTN impose an obligation to extend connectivity on reasonable terms to the country's populated areas as a whole. Thus, for example, when government and its partners establish refugee settlements, building roads and schools there, the MNOs are expected to follow up by extending their infrastructure and coverage.[32]

Providing full and equitable coverage across cities, towns, and thinly-populated countryside is already a challenge. The refugee camps pose a still greater challenge, given that these migrants are usually poor and arrive without livelihoods or in many cases cellphones. Mobile companies must invest up front in transmission towers and distribution networks in order to serve these communities – and eventually to earn a return there. This is where partnerships between humanitarian actors and telecoms come in. UNHCR in 2017 reached agreements with MTN, Africell, and Airtel to provide connectivity for settlements in the North – including the largest, Bidibidi (see Box 5). In the course of the year, MTN and Africell built permanent towers to extend service to some 700,000 people in the Bidibidi and Imvepi settlements.[33] When the humanitarian partners contract for a given level of service – setting up a revenue stream for the MNOs – this makes the business case more plausible. If the UN agencies subsidize MNOs' network expansion, the case becomes stronger still. From

the MNOs' perspective, such decisions must be justified on commercial grounds, with external incentives and shared-value considerations pushing these decisions to the tipping point.

The case of mobile phone service in Bidibidi – the largest of the refugee settlements, established in mid-2006 – is instructive. Through late 2016, there was very limited 2G mobile connectivity in the settlement. As the influx of refugees into the settlement rapidly grew, UNHCR began coordinating with the telecoms regulator and mobile network operators (MNOs), exchanging information and discussing strategies to address the rising challenges. MNOs began investing in Bidibidi, initially with "cell-on-wheels" temporary sites. As the situation evolved, these were upgraded to more permanent structures (2G and 3G), with further commitment to expand coverage.[34]

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f. Financial Services: Mobile Money

Refugees usually have no access to banking services when they arrive. Yet financial services are essential – agricultural market development relies on credit, and sustainability of mobile phone services depends on revenue earned from money transfers and related services.

Certain financial institutions target services to unbanked and refugee populations as a core tenet of their corporate mission. This has long been true of microfinance institutions, cooperatives, and postal banks. Thus, WFP works with Postbank Uganda to provide monthly cash transfers to some 240,000 beneficiaries in the refugee settlement areas.[35] Recipients withdraw money via POS at a mobile van kiosk that visits the refugee villages. Postbank won the tender let by WFP for this service, with one of the contract conditions being the posting of a performance bond.[36] Two commercial banks (both from Kenya), are also involved in refugee cash transfers. Kenya Commercial Bank works with Ugandan NGO Interaid under a tender award, providing transfer services on a subsidized basis. Equity Bank is also involved in this area, having made financial inclusion and humanitarian support the core of its mission (see Box 6).

The experience of Equity Bank illustrates how a financial institution comes to view refugees as a viable market segment. Following a "small margin, large volume" strategy, Equity has served some 12 million customers across East Africa including unbanked and refugee communities receiving social transfer payments. In Uganda, Equity has sought business with in the humanitarian sector. It recently launched a biometric,

interoperable card aimed at refugees. A refugee can open a bank account for free by presenting an Office of the Prime Minister refugee ID (or the UNHCR ID in a limited number of cases[38]) to an agent who opens the account remotely using an online app. Equity Bank offers accounts, deposits, and transfers free of charge, while levying a fee equivalent to USD $0.20 for cash withdrawals. It has a branch in Adjumani, some 50 agents in the commercial zones of refugee camps in the district, and an estimated 600 agents across Uganda. Equity's approach does not depend on mobile network operators – it retains its own agents to provide banking services to the public. This approach, known as "agency banking" (a financial inclusion measure used in many developing countries), was not legalized in Uganda until legislation passed in mid-2017.[39]

The last few years have seen the rapid growth of partnerships between MNOs and the humanitarian sector to provide cash transfers via mobile money.[40] UNHCR by 2016 was implementing 60 of these cash transfer programs globally, amounting to some US $688 million (exceeding total in-kind assistance by UNHCR).[41] In Uganda, a UNHCR partner, the International Rescue Committee (IRC) teamed up with MTN in Bidibidi settlement starting in early 2017. This partnership targeted HCTs to 1,225 beneficiary households (both refugee and local) through MTN's bulk payment mobile money service. The agreement required MTN to upgrade its coverage – which meant, among other things, that MTN had to replace a temporary with a permanent tower. Concluding this agreement, a first for each side, took over three months due to compliance procedures. Another UNHCR implementer, Mercy Corps, engaged Airtel to provide both mobile access and cash transfers in Yumbe starting in 2016. When the rules for both SIM cards and KYC became stricter in 2017, the partners determined that mobile transfers were no longer viable, and Mercy Corps resorted to physical cash delivery.[42]

As with mobile phone service, the MNO-mobile money providers evaluate the case for their humanitarian partnerships on commercial grounds. What is the business case? The discussion immediately below provides an overall analysis, and Section 2 illustrates this with a specific example.

For the MNOs, competition is intensifying and the untapped customers for both telephone and mobile money services are in the rural areas – including a huge refugee population. The mobile money providers consider the service fees that NGOs and donors pay for humanitarian cash transfers to be an important revenue stream. The financial products developed for refugees are also likely to be suitable for low-income Ugandans, and so the opportunity exists to capture both kinds of clients. However, significant investment is necessary from the MNOs to ensure that humanitarian cash transfers can be done successfully at scale (especially where coverage and access to electricity are minimal), and heavy losses in the early years of a deployment are typical.[43] The streamlining of account opening procedures, enabled by Uganda's integration of identity and SIM registration systems and the recognition of OPM refugee IDs, has been helpful (despite the

hiccups). The incentives and assurances provided by service agreements with the NGOs and humanitarian agencies have also played a major role.

Are the refugees viable customers? Key stakeholders believe that markets in Northern Uganda have the capacity to support cash transfers, which generate local revenue and increase refugee business investments and livelihood opportunities.[44] Moreover, in neighboring Rwanda, research suggests that cash transfers help to build other forms of income, which was found to be 2.5 times higher in camps that received cash transfers than camps that did not.[45] In order to assess the refugee zone market, providers want access to data on that population, such as income levels, monthly cash inflows, sources of income, financial needs, educational levels, and familiarity with digital products. Although some scattered information is accessible, e.g. from NGOs, there is not enough current data on refugees for providers to make informed investment decisions. The rapid influx of refugees has not been matched by anything like a correlative increase in available data.[46]

Piloting Digital HCTs: The DanChurchAid-Airtel Partnership

The partnership between Danish Church Aid and Airtel Uganda illustrates how private-humanitarian sector collaborations function in delivering cash transfers to refugees in Uganda.[47] DanChurchAid, an independent non-profit organization serving the poor, was one of the first humanitarian implementing partners (IPs) in Uganda to serve its beneficiaries via mobile money transfers, starting with the second surge of South Sudanese refugees in the latter part of 2016. DCA contracted Airtel, a subsidiary of a leading international telecom (see Box 7), to provide bulk mobile money payments to beneficiaries in the Bidibidi refugee settlement.

This arrangement is one of a series of short-term (typically six-month) pilots funded by UNHCR and WFP through DCA and similar entities such as IRC and Mercy Corps. The time span is dictated by the short-term funding of refugee support through the UN system, and fits with the pilot design of the activity. UNCDF played a key role, through technical advice and funding support, in bringing about the partnership. Thus, the bilateral DCA-Airtel contract is embedded in a larger set of set of relationships, as depicted in Figure 2 below. In the discussion below, we look at the genesis, dynamics, structure, and outcomes of the partnership.

BOX 7: AIRTEL

Airtel Uganda is part of Bharti Airtel, a leading global telecommunications company headquartered in New Delhi with operations in 19 countries across Asia and Africa. As of 2017, Airtel had 11 million GSM subscribers and 10 million mobile money account holders in Uganda – giving it about a 50% share of the market. Airtel's mobile money service, Airtel Money, has a range of capabilities including money transfer (send and receive), purchase of airtime, utility payments, merchant payments, and ATM cash withdrawal. Airtel has become a strong presence in urban and peri-urban areas, and the company has been implementing a rural penetration strategy since 2016.[48]
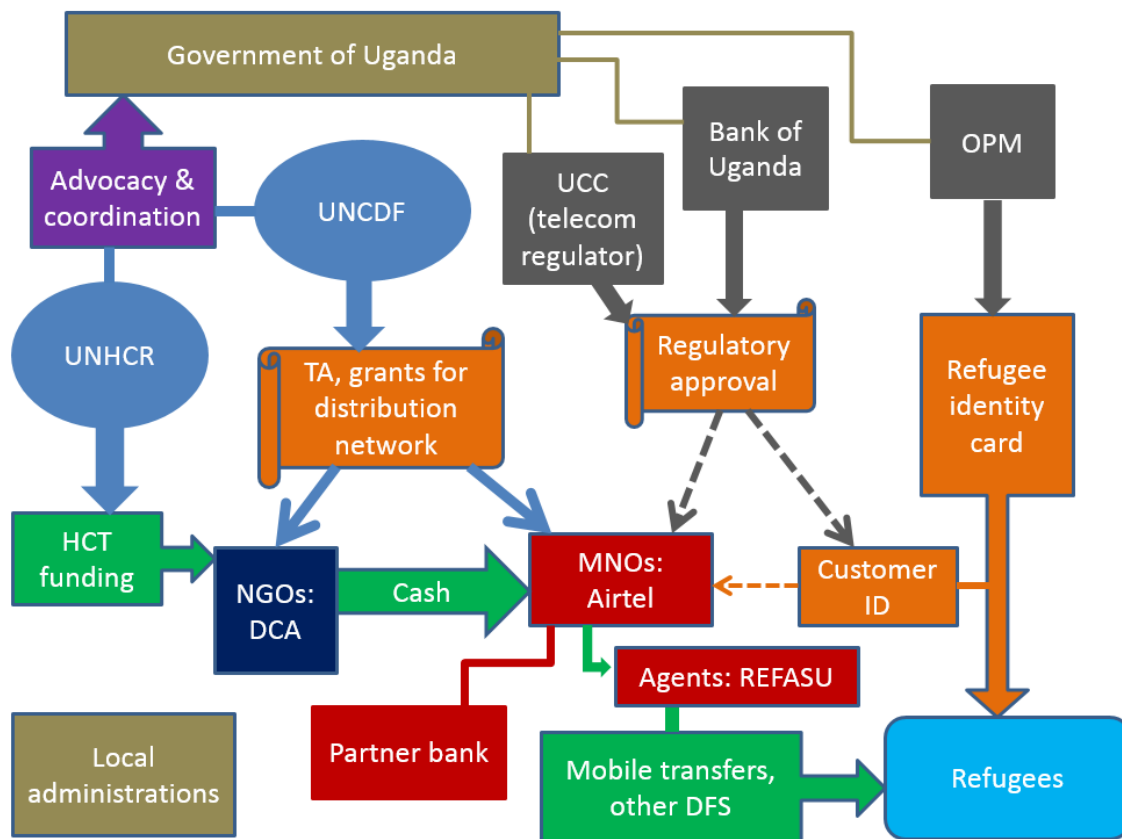
a. Startup and Key Features

The DCA-Airtel partnership aims to develop a sustainable Airtel Money distribution network in the five zones of Bidibidi to support digitization of HCTs and lay the foundation for further uptake of DFS in the settlement. Airtel is using agents to handle "last mile" delivery of services such as airtime and mobile money. REFASU, the distributor (master agent) covering the West Nile region where Bidibidi is situated, is charged with recruiting 40 agents (many of them shopkeepers) to be placed at market centers around Bidibidi. REFASU provides the agents training and liquidity management, and registers customers with Airtel. Airtel also committed to extend connectivity in the settlements and surrounding areas by building additional mobile phone towers using its own resources. The partners anticipate that this infrastructure will enable payments digitization for future interventions by WFP, UNHCR and other implementing partners.[49]

The partnership reflects the evolving needs and interests of the stakeholders. On one side, the humanitarian agencies and IPs realized that they were spending close to USD $12 million per month on food

distribution in Northern Uganda. They came to a strategic decision in 2016 to convert this in-kind support into cash transfers. They needed a mechanism to transfer small payments (mostly between UGX 15,000 and UGX 36,000 – US $4 and $9 – per person per month) efficiently and securely to a population of over 200,000 beneficiaries (projected as of mid-2018). Led by DCA, with critical input and encouragement from UNCDF, the group determined that digital payments rather than distribution of physical cash would be the most effective method.[50]

For its part, Airtel, seeking to reach new customers in the North, had begun to strengthen its electronic and cash infrastructure in order to improve service. A critical part of this was to bring on board distributors to manage the liquidity of individual mobile money agents. For example, in Bidibidi, where Airtel now has its largest deployment, the nearest bank is a two-hour drive away. So, it was essential for Airtel to devise innovative strategies to improve agent liquidity and enable large-scale disbursements.[51] A major HCT project such as that proposed by DCA and the funding agencies would need somehow to avoid (or reduce) the liquidity bottleneck. Airtel was chosen as the HCT service provider based on a feasibility study and its willingness to use flexible procedures (especially KYC – see Box 3 above). Airtel put forward a digital solution in which DCA could send its monthly transfers in bulk, using an online graphic interface and automated reporting on payments sent – without handling any physical cash.[52]

The DCA-Airtel partnership went into operation with the help of outside inducements, financed mainly by UNCDF. In response to a query from UNCDF, DCA signed on to pilot mobile cash transfers for refugees. Initially, DCA (collaborating with Mercy Corps) had to transport Airtel Money Agents from distant commercial centers in order to facilitate beneficiaries' cash-out of mobile money in the settlements. Agents frequently ran out of cash or did not have the right currency denominations to make complete payments to beneficiaries.[53] UNCDF agreed to support Airtel in augmenting the capacity of its distributor, REFASU. It provided advice on fine-tuning Airtel's service model as well as financial support (performance-based grants, loans, and guarantees) through DCA to help cover operating costs including vans, motorbikes, service centers, cash rebalancing, and salaries. This support provided a risk-reduction incentive for Airtel to enter the partnership and for the company and its distributor to intensify their push into the rural areas of West Nile.[54]

Also, external support helped address deficits in the refugees' own ability to use mobile money transfers. Among these disadvantages are the refugees' low level of general and mobile phone literacy, and the relative paucity of cellphone ownership in that population (it was estimated in mid-2017 that one phone was on average shared among four people). DCA was able to share in a grant won by Mercy Corps to procure 20,000 phones to be provided to refugees on a subsidized basis. To deal with the literacy issue, a tailored person-by-person approach would be used for onboarding customers, adding an average of 30 minutes to the process used in more conventional settings. Some related deficits had to be tackled by DCA and Airtel (see Box 8).

The DCA-Airtel partnership has confronted setbacks that called on the partners' adaptability. For example, refugees in Bidibidi have been stuck at different times without the OPM biometric ID required for SIM registration and access to mobile money. To avoid this hardship, DCA determined that it could register beneficiaries in DCA's name – granting them the benefit of DCA's KYC procedures and registration compliance – until they receive OPM refugee IDs. At that point, REFASU would issue SIM cards to the beneficiaries under their own names and individual registrations.[55]

A different approach was used to deal with regulations on mobile money agents. These require agents to have registered businesses, bank accounts, and premises. In some locations, this proved unworkable as those willing and able to serve as agents were mainly refugees who lived far from any bank branch, and as non-citizens could not register a business. Airtel found a work-around, having its master agent, which met all requirements, identify individuals capable of serving the community effectively and hire them to provide discrete services under its own agency registration.

b. Stakeholder Roles

The roles of the key stakeholders, and their interests, are charted in Figure 2 and described in Table 1. The bilateral DCA-Airtel partnership sits within a web of other relations involving government departments and regulators, the UN agencies and other members of the international community, financial institutions, mobile money agents, and the beneficiaries. It is clear from our discussions with these stakeholders that their missions link up in this area rather than keeping to discrete spheres or silos. Thus, for example, OPM sees itself as linked by a tripartite agreement to the humanitarian agencies and IPs. UNHCR and WFP liaise with OPM so that refugees identified by UNHCR can be registered with OPM, obtain their official IDs, and be entered into the UN/WFP system for food and cash transfers. OPM makes available to the financial system its approved list of identified refugees who are eligible for UN allowances.

What are the interests at stake? For government, political legitimacy – domestic and international, with emphasis on the latter – aligns reasonably well with effective performance in settling and supporting refugees. Other considerations inevitably enter in as well, including patronage, ethnic balancing, and score-settling. Apart from episodic scandals, these factors have not derailed Uganda's overall refugee response.

The motivations of DCA and Airtel, illustrative of the IPs and MNOs, are also complex. On the side of the humanitarian agencies and IPs, digitizing HCTs has considerable appeal. Electronic transfers offer a faster, more secure and more transparent means of getting help to those who need it, compared to physical cash (let alone in-kind aid). Additionally, mobile money access brings with it potential for beneficiaries' access to other

tools of financial inclusion such as digital savings, credit, utility payments, and international remittances, while encouraging refugees' spending at local merchants and thus stimulating local markets. For many refugees, this will be the first time they gain access to a variety of formal financial products.[56] A further dimension here is sustainability. Market mechanisms can, in theory, carry on after the donors leave. Sustainability also has a narrower meaning for the implementer – a digital HCT project offers an opportunity for DCA to develop its expertise in this area.[57]

For an MNO such as Airtel, profit is the dominant motive, but considerations of short versus long-term outcomes and community obligation play a role. For HCTs to be profitable for MNOs, particularly in areas where mobile money is nascent, MNOs need to reach scale in both mobile money transactions and phone (GSM) revenue. Delivering HCTs to a beneficiary's mobile money account should accelerate this process, eventually, by opening up other financial services to the recipient. But success will depend on a host of factors, including the quality of the regulatory framework.[58] More fundamentally, the providers (both MNOs and banks) are facing a lot of unknowns, since they do not have sufficient data on the potential clientele.[59] Airtel likely would not have moved as quickly into the refugee settlements without the combination of its partnership with DCA and support from UNCDF. The aid providers stepped up, with DCA (and its donors) offering a customer base, and UNCDF supplying market research, technical advice, and financial support. There were also demands made in the other direction. For example, in return for its support, UNCDF secured a commitment from Airtel to prioritize its planned investments in cellphone towers – moving the Northern settlement areas up to the top of the list.

The decision to move into the refugee markets in the North was not an easy one for Airtel. The settlement areas had little infrastructure and essentially no cellphone coverage. The business case depended on a high volume of very small transfers, and the emergence of demand for additional, more profitable, services. In the end, executives at the regional headquarters in Nairobi determined that Airtel should strive to be the "go to" provider of mobile money HCTs. It needed to pursue the mass of potential customers in Uganda's North – or cede them to a competitor.[60]

TABLE 1

Entity	Overall mandate	Function in partnership	Objective of participation	Outcome
Government				
Office of Prime Minister	Executive functions	Refugee policy, services, ID	Issue ID, facilitate refugee services, political goodwill	Issued IDs, required re-registration. But refugee count scandal emerged
Ministry of ICT & Ugandan	Regulate telecoms	Oversee MNOs, apply ID policy, encourage network extension	Communications security, inclusion	Refugee access to SIM cards, phones, mobile money

Communications Commission				
Bank of Uganda	Regulate financial institutions	Oversee mobile money providers	Systemic safety, accommodate financial inclusion	Flexibility on KYC enabled HCTs
Local administrations	Execute national policies, local voice	Local planning & coordination for refugee needs	Orderly planning & service delivery, respond to local needs, gain political goodwill	Limited success due to complex situation, limited information, constrained funding. Refugee count problem
Humanitarian/UN Agency				
UNHCR	Refugee support & resettlement	Funding of cash transfers	Fulfill UNHCR mandate in Uganda	Bulk cash transfers help refugees meet needs
World Food Program	Ensure food security	Indirect: parallel effort on food aid / vouchers. Participate in Working Group.	Advise, follow DCA-Airtel pilot	Demonstration effects
UNCDF	Support/broker investments in financial inclusion	Catalyze partnership via strategic support	Financial inclusion for refugees	Short-term success of partnership
Implementing NGO				
Danish Church Aid	Crisis & development aid to poorest	Lead NGO partner, channel UNHCR cash & UNCDF grants to Airtel, provide TA & oversight	Provide effective refugee aid, demonstrate new methods	Short-term success, demonstration effects
Other: Mercy Corps, IRC, InterAid	Crisis & development aid to poorest	Indirect: parallel effort on refugee aid. Participate in Working Group.	Advise, follow DCA-Airtel pilot	Demonstration effects
Private Sector				
Airtel	MNO and mobile money provider	Private sector MM partner	HCT business, long-term growth of client base & profits	HCT delivery, low uptake of other services, low sustainability
Agents, distributors (e.g. REFASU)	MNO agency, retail sales	HCT pipeline to refugees	Grow clientele & profits	HCT delivery, little other Airtel business
Banks	Banking	Airtel financial sector partner	Sell financial services	Small MM accounts via Airtel

c. Coordination Mechanisms

How do the various stakeholders coordinate to meet shared goals? Written understandings embodied in contracts, project documents, and MOUs aid some of this coordination. Government policy directives and roundtable discussions convened by centers of policy advice such as Financial Sector Deepening Uganda (FSDU) also have a coordinating role. OPM's coordination between government authorities, the humanitarian

sector, and the financial institutions, mentioned above, provides a further example. But the main coordinating mechanism in this area is the Technical Working Group on Cash Transfers (Working Group).

The Working Group convenes quarterly, bringing together the humanitarian agencies and NGO implementing partners. To some extent, these organizations are pushed to work together as a result of shrinking donor funding and greater pressure for efficiency. At the meetings, members present issues for discussion, sometimes planning or presenting assessments on agreed topics and sharing lessons learned. As the name suggests, the original impetus was for the donor and NGO community to develop a common approach to refugee support, including the adoption of HCTs as the preferred modality. Thus, for example, the outlines of the pilot project involving DCA and Airtel were developed in the Working Group. Cooperation has been helped by the shift in the donor community from *ad hoc* choice among known contractors to more open competition, as well as the growing number of key humanitarian and NGO staff who have banking or business backgrounds and so share common frame of reference.

Over time, participants have noticed an increase in information-sharing, more consortium bids for refugee work, and more openness to involving the private sector. Sometimes participants are invited from other entities involved in HCTs and refugee response, including government, financial institutions, and MNOs. Local governments can potentially play a helpful role through their planning and convening powers, but they have extremely constrained resources and hence no real ability to take action on their own initiative. Furthermore, ministry personnel in the local districts have essentially no voice in government's top-down system of policymaking. They are primarily occupied with implementing decisions made in Kampala.

From the business perspective, despite periodic consultations, the aid sector and government have not learned *how to talk to the private sector*. Concerns are voiced about the NGOs, whom potential partners such as the MNOs and banks tend to view as uncoordinated, moving in too many directions and making inconsistent demands. One company estimated having been contacted by 10 to 15 NGOs about different programs having to do with refugees. (It suggested government should sponsor a forum to train NGOs and bring them into some form of coordination.) The problems appear to arise mostly from smaller NGOs and their supporters in the donor community. The humanitarian agencies, who work with and through the NGOs, acknowledge that they could do more to reach out to the private sector. UNCDF tries to meet some of the need for coordination, acting as broker for public-NGO-private sector agreements, reminding all sides to keep an eye on the economic fundamentals involved, and hand-holding to keep join efforts running smoothly.

d. Risk Management[61]

An undertaking such as that of DCA and Airtel is fraught with risks – risks arising both within the partnership and from the surrounding context. As a mission-driven NGO with roots in the church, DCA faces pressure to deliver on its project objectives, but also to avoid compromising its principles. Engaging with a for-profit firm raises ethical and reputational risks for such an organization – what if the commercial partner is too aggressive in striving for market share, undermining competitors or cheating customers? DCA addresses these risks in two ways. First, in its agreements, it references its mission statement along with relevant international human rights principles and development practice guidelines. Second, DCA's internal performance monitoring and compliance systems are set up to manage such risks and enforce the standards embodied in the agreements. There is the further risk of beneficiaries being defrauded or simply unable to access funds. The NGOs mitigate these risks by training the agents and beneficiaries, and monitoring the operations – not only tracking indicators but also having staff present to assist recipients with cash-out.[62]

For its part, Airtel runs the risk of business losses first and foremost, but also faces potential regulatory and reputational hazards. The business case, hence the profit-loss prospects, were discussed above. Airtel, by its own account, is not engaged in the partnership as a matter of charity or corporate social responsibility – it must earn a return. At the outset, Airtel executives saw the venture as a good business prospect, even if profits would only be realized in the long term. And there would be reputational benefits that could enhance general goodwill and visibility.

Further, a number of risks are shared by the partners. Regulatory barriers or compliance failures could defeat the entire undertaking. One such obstacle is the mobile money provider's due diligence requirements with respect to an NGO partner in a cash transfer venture – a process that can take months to complete.[63] The issue that has arisen most often and with the greatest impact is that of customer identity documentation. Valid ID is required for SIM registration, mobile money access, and eligibility under the HCT programs. Uganda's ID system, along with KYC procedures for cash transfers and related services, provides the main tool for prevention of fraud, money laundering, and other security breaches. Correct application of the rules, and regular compliance, are in Airtel and DCA's shared interest. At the same time, flexibility is necessary to accommodate refugees who do not yet have formal ID.

Where beneficiaries or mobile money agents are unable to comply with a requirement such as registration or having a government-issued ID, the partners have taken two approaches. One is to find a temporary work-around to meet the need (see Box 8 above). The other is to seek relief from government. Thus, the humanitarian community has lobbied OPM, and through it the other government departments

involved, to allow some latitude – notably when refugee IDs were initially excluded for purposes of SIM re-registration in 2017.

e. Progress and Outcomes[64]

The DCA-Airtel partnership has succeeded in delivering monthly cash transfers in bulk to refugees, using a mobile money platform. DCA reports the following among its achievements in 2017:

- 10,387 beneficiaries were registered with mobile money services

- 24,392 beneficiaries received payments digitally

- 1,540 beneficiaries received mobile phones at subsidized rate.

- UGX 2,180,000,000 (US $ 597,400) cash value was transferred to beneficiaries digitally.[65]

The dimensions are modest in comparison to the overall refugee response effort in Uganda, reflecting the fact that the DCA-Airtel partnership is but one of a series of pilots. The experiment is ongoing, and the experience has not yet been fully documented. But it succeeded in validating mobile money transfers as an effective means of refugee support and in demonstrating to a broader community how this modality can be used successfully. The other positive outcome, according to both partners, has been the learning opportunity it has afforded them. DCA has gained experience working with an MNO partner to deliver cash transfers via mobile money, while Airtel has benefitted from West Nile region as a learning base that will help it to extend competitive services into other rural areas of Uganda.

But the experience has not been as successful in other respects. Early on, Airtel had difficulty setting up a sufficient agent network and dealing with liquidity shortfalls. This has been at least partially corrected. More importantly, the main goal of the partnership from Airtel's perspective remains out of reach. There is little sign of Airtel's (or indeed its competitors') mobile money services becoming commercially viable in the refugee settlements of the North. It is an indication of the problem that many Airtel agents in the settlements are open only on days when HCTs are received and cashed out by the beneficiaries. Delivery of monthly humanitarian cash transfers is not enough by itself to earn a return, nor has it led to uptake of other financial services using the Airtel digital finance platform.[66] Airtel and others can continue bidding for humanitarian service contracts, but these are short term (not longer than 18 months) – and demand for the service drops off when the funding ends. The prospect of the local economy generating sufficient financial flows to support demand for a profitable range of financial services remains appears to be a long-term one at best.

Lessons

What lessons should we draw from the case study? The Ugandan experience, and the DCA-Airtel partnership in particular, suggests two levels of analysis. First, we ask what factors made *this specific partnership* more or less appropriate and successful. Second, what conditions determine whether and how *private-humanitarian sector partnerships generally* will succeed, and in which sectors? The case study evidence, especially on the second question, is suggestive but not definitive.

a. Conditions and Characteristics of Successful Partnership

The case study points to three sets of factors that play a determining role.

Initial conditions

The ability to provide digital cash transfers to refugees at scale depends on a few key enabling conditions. These include the necessary financial and telecom infrastructure, appropriate policies on mobile money and on refugees, an effective and secure ID system, access to data on the target clientele (biometric, telecom, and financial data), and structures of governance and oversight sufficient to check abuses. Uganda meets these conditions for the most part, but suffers from weaknesses on the last two points. Gaps in data arise from MNOs' lack of access to OPM biometric data, along with the fact that most refugees arrive with no records.

In addition, an HCT partnership depends on cooperation from a number of external actors who take on a quasi-partner role. In Uganda, this includes public sector bodies such as the Bank of Uganda, the Office of the Prime Minister, the telecoms regulator, and the local administrations. The humanitarian agencies and financial institutions stand behind the two main partners, DCA and Airtel respectively, and the latter provides service through a network of agents on the ground. Lastly, UNCDF plays a role as catalyst for the partnership, convening the parties, offering advice based on its expertise in financial inclusion, and providing strategic grants to cover enough of the costs and risks to bring the partnership to fruition.

Choice of Partner

Partnerships in any context come into being only when the parties' interests and objectives overlap enough, and the synergies and prospective shared benefits are sufficient, for them act jointly and take on each other's risks. In purely for-profit partnerships, the logic is familiar, and expectations are to some degree quantifiable. In the hybrid private-humanitarian sector partnerships, the alignment of interests is a bit more complex, incorporating social considerations with a less obvious and longer-term impact on the private

partner's bottom line. Yet both parties must see the arrangement as a win-win. For that to be the case, external conditions and support from an entity such as UNCDF may be needed in order for the private partner to justify its participation in business terms. In the DCA-Airtel partnership, the parties clearly identified a goal – digital cash transfers providing both immediate relief and ongoing financial inclusion to refugees – that neither could have achieved on its own.

In addition to the practical capabilities each partner brought to the venture, the factor of commitment is key. A purely commercial partnership aligns economic incentives and backs these up with legal and reputational sanctions. High-level decisions are needed for each party to execute the agreement and bind itself as a corporate enterprise. Similarly, in the case study, the non-profit and for-profit partners entered their organizations into binding agreements. DCA had to ensure that its participation fit the mission and policies of the organization as articulated by its global leadership. Airtel needed the buy-in of its regional HQ in Nairobi, which decided to embrace the partnership as means of expanding its customer base and raising its profile as a provider in the humanitarian context.

Structure, Coordination

A partnership needs a framework for coordination. More than this, a private-humanitarian sector partnership must coordinate not only the principal implementing partners but also the other stakeholders that have a material interest. In the Ugandan case, this embraces not only DCA and Airtel but funders such as UNHCR and WFP, the strategic investor-broker UNCDF, key government agencies such as OPM (on an occasional basis UCC, BOU, and local administrators), and sometimes others such as international donors active in sectors relevant to refugee response. The partnership made use of formal agreements, work plans, and a forum for information-sharing and coordination – the Working Group. The working group operated at a high level, bringing in all the key players, but did not have a presence at the local administration level.

The question also arose as to whether the government and non-profit organizations leading the refugee response had a constructive way of dealing with the private sector generally. The DCA-Airtel partnership was created by leaders who saw the urgency and found a way to cooperate across sectors. But other attempts by non-profits and businesses to partner on humanitarian issues appear to have run into complications. Prospective partners found themselves blocked by coordination failures and a lack of receptivity on the other side. Effective partnership means that the NGOs must *learn how to talk to the private sector* and vice-versa.

Last, frameworks for dialogue and planning must be accompanied by a willingness on all sides to be flexible and take risks. DCA and Airtel found themselves in situations that could not be addressed within the letter of the applicable work plans, agreements, or indeed regulatory guidance. They had to find a "work-around" that would be allowed by all parties and then regularized after the fact. Anomalies are bound to arise

in refugee situations, where the refugees themselves or the services they access, are not fully compliant with the applicable rules and obligations. Rather than let this defeat the objectives of the partnership, the partners needed to be open to creative solutions.

b. Broader Motivating Conditions

It is worth considering some other background conditions that motivate and shape the kinds of partnerships discussed here. These include the state of private sector development in Uganda, the mix of companies in the economy, and other factors related to public policy commitments.

The scale and sophistication of the Ugandan private sector influence the likelihood of successful shared value partnerships. Uganda adopted a privatization strategy in the early 1990s to stimulate an economy that was substantially dominated by parastatals and recovering from years of civil war. Uganda scores high on the Doing Business and related indicators, reflecting government's commitment to a transparent and business-friendly investment climate. But it is also quite poor overall, with a large informal sector and some 90% of (formal) enterprises having less than four employees.[67] With the domestic private sector at this level of development, it seems premature to expect Ugandan firms to be engaged substantially in partnerships with humanitarian agencies and NGOs.

The business sector is led by foreign-owned companies (though foreign direct investment figures are not particularly high). These firms cluster in the telecoms, brewing and bottling, banking, building materials, energy, and agricultural production sectors. The leading FDI source countries are India and China, followed by the UK.[68] Airtel is Indian-owned. The presence of foreign investment would seem to make private-humanitarian partnerships more likely, although these partnerships have not caught on as much as CSR undertakings, let alone traditional for-profit ventures.

Direct engagement in shared-value partnerships seems to be mainly a feature of the telecom/ICT and financial sectors. Firms in these sectors compete for a mass client base including low-income, unbanked, and refugee populations. MTN and Airtel insist that their extension of mobile phone and digital cash transfer services to the refugee settlements is entirely based on commercial viability. Yet, parallel investments by UNCDF and others in such areas as distribution networks have played a vital role in making service provision to refugees commercially viable. Thus, mass outreach is part of the telecoms' business model, even if they need some external incentives to make their investments.

The banking sector is mostly a different story. The big commercial banks generally focus on large firms and high-end clients, mostly staying away from other segments of the market involving smaller transactions,

higher unit costs, and an unfamiliar clientele. But some of the commercial banks have partnered with the telecoms to provide mobile money, digital savings and credit, and now (since enabling legislation was enacted in 2017) agency banking. A leader here is Equity Bank, which has served a mass clientele in Kenya including the previously unbanked, as well as refugee communities in Rwanda. The bank is attempting to get into the refugee space in Uganda. KCB and Postbank are also active in this sphere, as are the microfinance institutions and financial cooperatives.

An additional factor that seems to make public-spirited action more likely is pressure by policymakers, regulators, and the public. For example, the MNOs, as holders of nation-wide telecom licenses, are required to serve the Ugandan population and territory as a whole on a non-discriminatory basis. The UCC urges the telecoms to meet this obligation fully. Uganda prizes its international reputation as a haven for refugees and a standout performer with respect to its international commitments under the UNHCR's new Comprehensive Refugee Response Framework Such high-level commitments, as they become entrenched in political rhetoric and (a more complex process) social norms, exert pressure in favor of refugee support. Despite the expected frictions, this pressure appears to encourage Ugandan localities to welcome refugees and to raise expectations of for-profit firms operating in settlement areas.

Notes

[1] https://data.worldbank.org

[2] https://www.cia.gov/Library/publications/the-world-factbook/geos/ug.html

[3] UNHCR figures from mid-2017 are: 1,309,738 refugees and asylum-seekers (registered by UNHCR), including 981,827 South Sudanese. http://popstats.unhcr.org/en/overview#_ga=2.250848646.1809381494.1525802757-1236045272.1519598697. These numbers have increased (unofficially) to a total of about 1.4 million including over one million South Sudanese according to press reports and interviews, in large part due to ethnic conflict in DR Congo and continued flows from South Sudan. https://www.devex.com/news/biometric-verification-to-help-improve-aid-to-refugees-in-uganda-92334?access_key=46617e7aeda809a046016097b106%E2%80%A6. GSMA (2017), *Humanitarian Payment Digitisation: Focus on Uganda's Bidi Bidi Refugee Settlement*, p. 5 (citing Sept. 2017 figures of 1,355,764 total, of which 1,021,903 S. Sudanese).

[4] *Source:* interviews.

[5] I.e., free in principle though not without attendant expenses.

[6] http://observer.ug/viewpoint/56708-can-uganda-afford-more-south-sudan-refugees.html

[7] https://www.weforum.org/agenda/2017/07/uganda-refugees-what-we-can-learn/

[8] UNHCR, Comprehensive Refugee Response Framework: UGANDA, May 2017.

[9] *Source:* interviews.

[10] https://www.devex.com/news/biometric-verification-to-help-improve-aid-to-refugees-in-uganda-92334?access_key=46617e7aeda809a046016097b106%E2%80%A6

[11] *Source:* interviews.

[12] http://www.theeastafrican.co.ke/news/Land-challenge-facing-South-Sudanese-refugees/2558-4089756-2o81rw/index.html

[13] The percentages were set jointly with UNHCR. Government of Uganda, UNHCR, and World Bank (2016), *An Assessment of Uganda's Progressive Approach to Refugee Management*, p.ix.

[14] GOU, UNHCR, World Bank (2016: 16); interviews.

[15] WFP, "Standard Project Report 2016 World Food Programme in Uganda, Republic of (UG);" J. Edward Taylor, Heng Zhu, Anubhab Gupta, Mateusz Filipski, Jaakko Valli, and Ernesto Gonzalez, "Economic Impact of Refugee Settlements in Uganda," 21st November 2016.

[16] WFP, "Standard Project Report 2016 World Food Programme in Uganda, Republic of (UG);" J. Edward Taylor, Heng Zhu, Anubhab Gupta, Mateusz Filipski, Jaakko Valli§, and Ernesto Gonzalez, "Economic Impact of Refugee Settlements in Uganda," 21st November 2016.

[17] The biometric data include photographs iris scans, fingerprints, and other details. ELAN HUMANITARIAN KYC CASE STUDIES, Electronic Cash Transfer Learning Action Network. The humanitarian agencies have also won limited official acceptance of the UNHCR refugee ID – for those who do not yet have the OPM card.

[18] MNOs also spent significant staff and agent time to re-register previously-held SIM cards, at their own expense. ELAN HUMANITARIAN KYC CASE STUDIES, Electronic Cash Transfer Learning Action Network.

[19] Sadab Kitatta Kaaya, "Uganda: MPs Want Refugee Care Out of 'Corrupt' OPM," *The Observer*, http://allafrica.com/stories/201802150112.html .

[20] Joint OPM – UNHCR Guidance Note to Field Operations: Deployment of biometric systems and verification of refugees and asylum-seekers in Uganda, February 2018.

[21] http://www.theeastafrican.co.ke/news/Land-challenge-facing-South-Sudanese-refugees/2558-4089756-2o81rw/index.html

[22] UNHCR, Uganda 2018 Funding Update as of 17 January 2018; reporting.unhcr.org. https://www.devex.com/news/biometric-verification-to-help-improve-aid-to-refugees-in-uganda-92334?access_key=46617e7aeda809a046016097b106%E2%80%A6.

[23] Porter, Michael E. and Mark R. Kramer, *The Big Idea: Creating Shared Value - Rethinking Capitalism*, Harvard Business Review, January–February 2011, http://hbr.org/2011/01/the-big-idea-creating-shared-value/ar/pr .

[24] An indication of the scale of this component is the Uganda refugee operations budgets of approximately US $20 million per year for the World Food Program and $200 million per year for UNHCR. The latter has in recent years spent roughly two-thirds of its resources on basic needs (including food security and several others).

[25] Joint OPM – UNHCR Guidance Note to Field Operations: Deployment of biometric systems and verification of refugees and asylum-seekers in Uganda, February 2018.

[26] *Source:* interviews.

[27] Mercy Corps, "REFUGEE MARKETS BRIEF: The power of markets to support refugee economic opportunities in West Nile, Uganda." A major project of this type is ReHope, funded by DFID.

[28] *Source:* interviews.

[29] GSMA (2018), *The Mobile Economy 2018*, pp. 11-12. SSA has the lowest mobile penetration of developing regions, but is expected to grow the fastest in this area over the next decade.

[30] Chironga, Mutsa, Hilary De Grandis, and Yassir Zouaoui, Mobile financial services in Africa: Winning the battle for the customer, McKinsey & Co, Sept. 2017. https://www.mckinsey.com/industries/financial-services/our-insights/mobile-financial-services-in-africa-winning-the-battle-for-the-customer

[31] Deloitte (2014), *The future of Telecoms in Africa The "blueprint for the brave*, p.4.

[32] *Source:* interviews.

[33] http://www.unhcr.org/en-us/news/latest/2017/10/59e07fe24/phone-technology-gives-refugees-uganda-cash-lifeline.html

[34] GSMA (2017), Humanitarian Payment Digitisation: Focus on Uganda's Bidi Bidi Refugee Settlement, pp. 14-16. Recognizing the importance of such developments, Mastercard and USAID announced at the January 2018 World Economic Forum the launch of a public-private coalition to to transform refugee settlements into digitally-connected communities. Mastercard Press Release, "Refugee Settlements to be Transformed Into Digital Communities For Long-Term Economic Growth."

[35] Transfers range from 31,000 to 45,000 UGX (US $8 to $11.50) are sent monthly.

[36] *Source:* interviews. WFP has been skeptical of the practicality and sustainability of mobile money-based transfers, but is reconsidering this approach. Post Bank also has arrangements with other agencies such as the International Fund for Agricultural Development; https://www.postbank.co.ug/postbank-grant-from-ifad/ .

[37] *Source:* interviews.

[38] While others interpret the rules as requiring the OPM ID in all cases, others understand it as permitting flexibility to accept the UNHCR document as a limited exception.

[39] The legislation had been pending for some time, and its passage was not particularly driven by refugee issues.

[40] Note that this is a *financial service* provided by an MNO partnering with a bank – in this instance, the MNO acting, and being regulated by the central bank, as a *mobile money service provider*. For convenience, we use the term *MNO* across the board.

[41] GSMA 2017, p. 9.

[42] *Source:* interviews.

43 *Financial Inclusion for Refugees: Laying the Foundation for a Business Case for Financial Industry Players in Uganda*, December 23, 2017 http://fsduganda.or.ug/fnancial-inclusion-refugees-laying-foundationbusiness-case-fnancial-industry-players-uganda/ ; GSMA 2017: 14-16.

44 Mercy Corps, "REFUGEE MARKETS BRIEF: The power of markets to support refugee economic opportunities in West Nile, Uganda."

45 FSD Africa, *Refugees and Their Money: The Business Case for Providing Financial Services to Refugees*, MARCH 2018, p.9.

46 FSD Uganda, *Financial Inclusion for Refugees: Laying the Foundation for a Business Case for Financial Industry Players in Uganda*, December 23, 2017, http://fsduganda.or.ug/financial-inclusion-refugees-laying-foundationbusiness-case-financial-industry-players-uganda/

47 At a time when other NGOs and MNOs were reticent in light of recent scandals, DCA and Airtel made themselves available to talk in depth about their experience – and their willingness is gratefully acknowledged.

48 UNCDF, "Uganda Project Description MM4P/UGANDA/2017/PBA/08: Improving Mobile Money Distribution Network in BidiBidi-Yumbe Refugee Settlement," June 2017. The 50% figure was reported by Airtel for the first quarter of 2017. A study for FSDU found a 42% share for Airtel in 2015, compared to 57% for MTN. Reports for 2016-17 showed Airtel gaining or drawing even with MTN. http://ugbusiness.com/1297/airtels-share-of-mobile-money-agents-grows-but-still-behind-mtn . https://www.ceo.co.ug/blog/2018/01/29/mtn-market-share-drops-airtel-surge-continues-small-players-suffer/ .

49 UNCDF Project Description, 2017. The project design is for a six-month pilot running to the end of 2017, but these activities are continuing and are to be more broadly replicated in 2018.

50 UNCDF Project Description, 2017, interviews.

51 GSMA 2017: 30-31.

52 *Source:* interviews.

53 UNCDF Project Description, 2017.

54 GSMA 2017: 30-31; interviews.

55 UNCDF Project Description, 2017.

56 GSMA (2017), *Humanitarian Payment Digitisation: Focus On Uganda's Bidi Bidi Refugee Settlement*, p.6-10.

57 *Source:* interviews.

58 "Humanitarian Payment Digitisation: Focus On Uganda's Bidi Bidi Refugee Settlement," November 13, 2017, Jenny Casswell, GSMA.

59 *Source:* interviews.

60 *Source:* interviews.

61 *Source (unless otherwise indicated):* interviews.

62 GSMA 2017: 33.

63 GSMA 2017: 36. It took IRC three months, and DCA faced a similar delay – a costly setback but not one that derailed either project.

64 *Source:* interviews.

65 DanChurchAid (2018), *DanChurchAid Emergency Response to South Sudanese Refugees – Key achievements in 2017.*

66 It is not fully clear whether there is too little demand for such services, or if the refugees are satisfying their demands by other means. If the latter is true, then DCA could perhaps claim success in meeting the short-term need and providing a bridge to longer-term solutions.

[67] World Bank 2016 data.

[68] The top ten Ugandan taxpayers identified by the Office of the President are foreign-owned; http://businessfocus.co.ug/uganda-55-economy-largely-dependent-foreign-companies/. Net FDI inflows in 2016 comprised 2.2% of Uganda's GDP (compare 0.6% for Kenya, 3% for Rwanda, and 2.9% for Tanzania); https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS .