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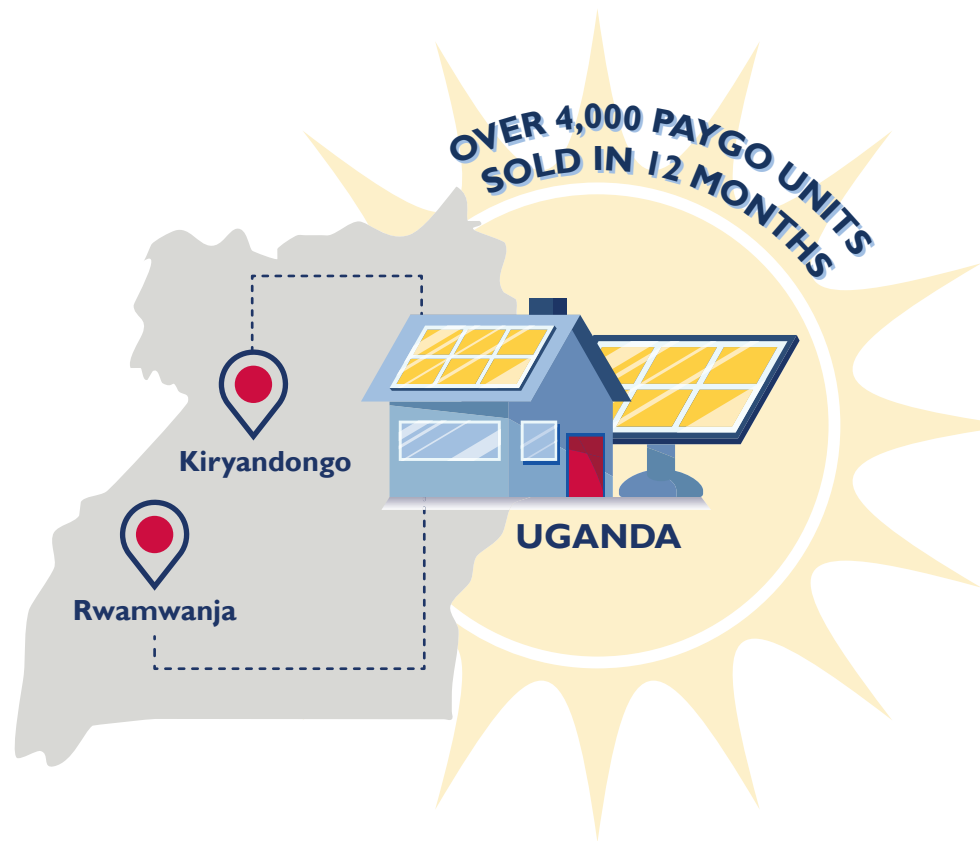
ADVANCING ENERGY ACCESS IN REFUGEE SETTLEMENTS

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

Updated July 22, 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.

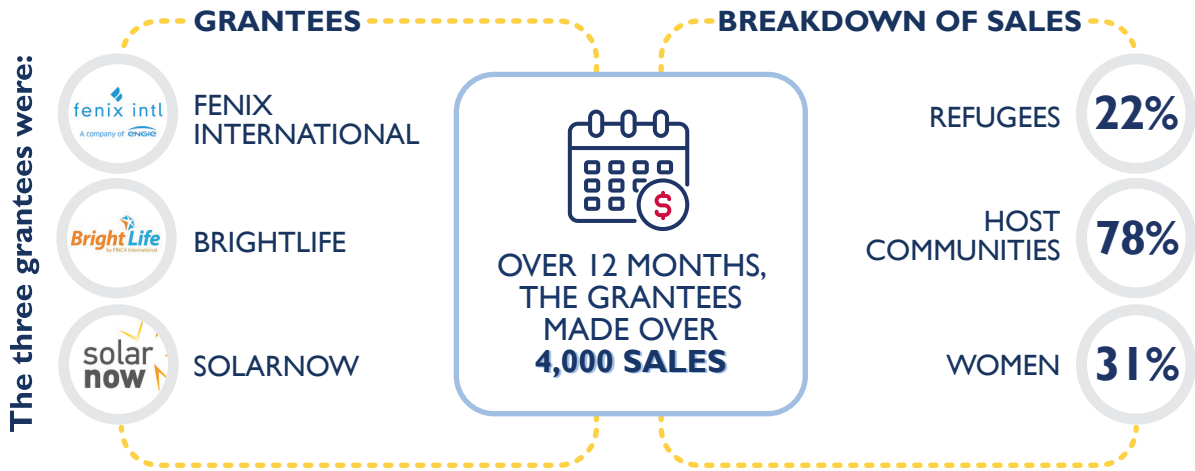


This project showcases Power Africa's contributions to the Smart Communities Coalition (SCC). As an SCC co-chair with Mastercard, USAID and the over 30 SCC members are improving the delivery of essential services to refugees and host communities through enhanced coordination between public and private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



PROGRAM IMPLEMENTATION AND IMPACTS

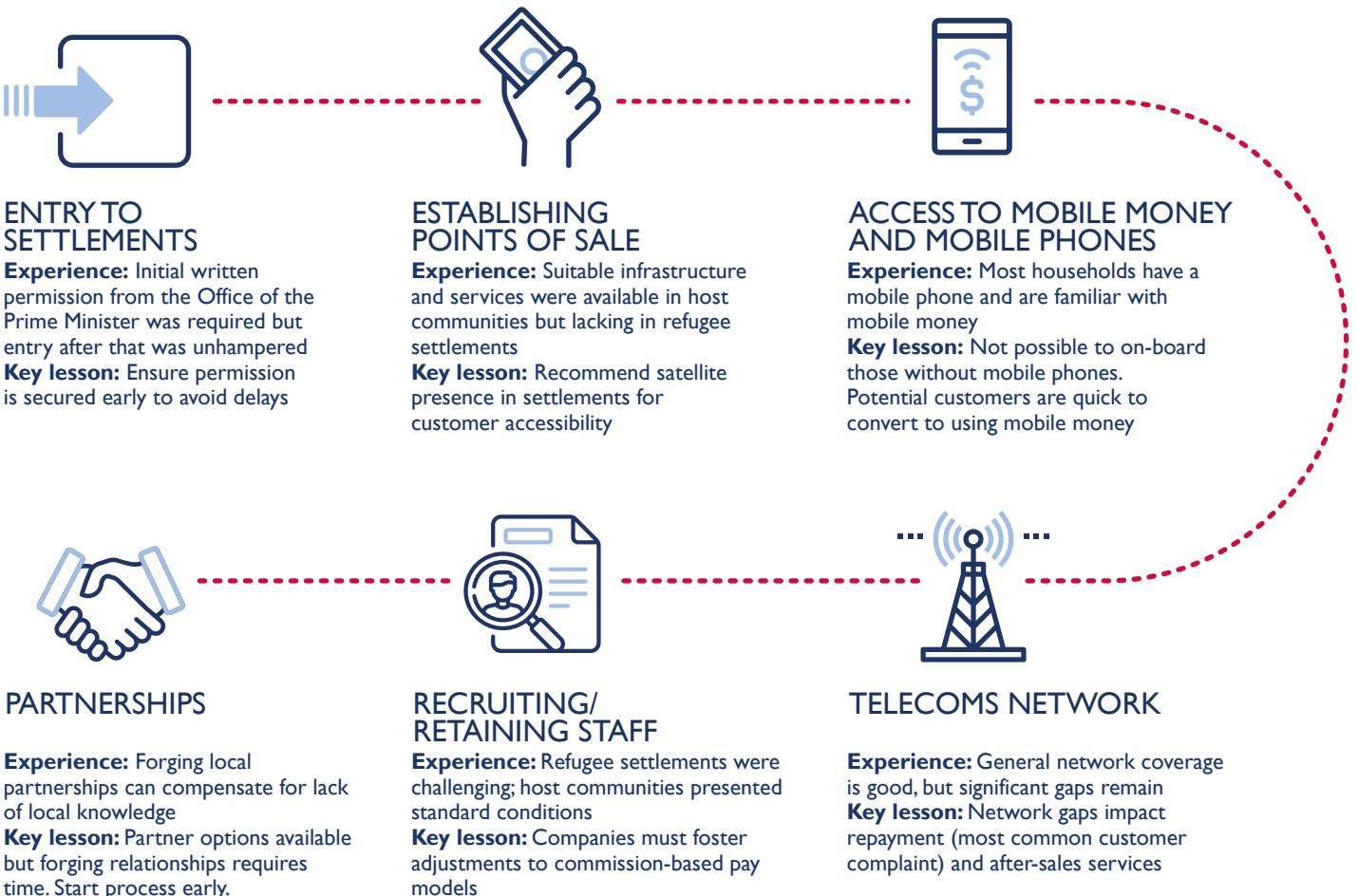
The objectives of this grants program were to further innovation and reduce the knowledge, product, financial, and risk barriers to serving refugee communities.



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





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)

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

PRODUCTIVE USE OF ENERGY

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). 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).

Implementing Partners

