

**JUNE 2022**



# **Patterns and Potential of Private Sector Engagement in Strengthening Refugee Livelihoods and Resilience**

Desk review for the Uganda refugee response



## Table of Contents

<b>Executive Summary .....</b>	<b>3</b>
<b>Introduction.....</b>	<b>3</b>
<b>I. Background to Private Sector Engagement.....</b>	<b>4</b>
Defining Private Sector Engagement .....	4
PSE Global Policy Frameworks .....	5
Roles of Private Sector Engagement in Refugee Response .....	7
Financing.....	7
Participation in policy dialogue.....	7
Capacity development and technical assistance.....	8
Integration in business operations.....	8
Modalities of Private Sector Engagement in Refugee Response.....	9
<b>II. Patterns and Potential for PSE in Uganda.....</b>	<b>9</b>
Enabling environment for PSE.....	9
High-potential sectors for PSE in the Uganda refugee response .....	10
<b>III. Moving Forward.....</b>	<b>14</b>
1. More cross-sectoral, equitable partnerships .....	15
2. Information sharing on opportunities, needs, and good practices.....	15
3. Flexible financing .....	16
4. Transparency and evaluation .....	16
5. Guidelines on building accountability for ethical engagement.....	16
<b>Annotated Bibliography .....</b>	<b>18</b>

## Executive Summary

In response to a demand for a more integrated, multi-sectoral, and long-term approach to humanitarian action, there has been a growing initiative to integrate private sector actors in the Ugandan refugee response.

Over the last few years, many refugee response actors have produced research and evidence on existing and potential pathways for Private Sector Engagement (PSE) in their work. The purpose of this desk review is to collate the body of literature on refugee response PSE in order to create a widely available pool of knowledge that supports evidence-based decisions and practices in the Uganda refugee response. The desk review covers 17 reports from Uganda-based refugee response implementers or relevant to the Uganda context; these can be found in the annotated bibliography in annex.

The review gleans five key points that are shaping the conversation on moving PSE forward in Uganda. There are calls for more cross-sectoral and equitable partnerships that take advantage of the varied experiences and skills that different actors bring. There is a recognized need for broader information sharing on the opportunities, gaps, and success stories of PSE in refugee response. Flexible financing that incentivizes impact and de-risks new initiatives is also promoted as an enabler of PSE. Additionally, more stringent impact assessments of PSE activities and the strengthening of an accountability mechanism that ensures ethical engagement are included in the five points. Similarities across the recommendations of reports provide encouragement for the next steps of PSE in the Uganda refugee response to shift from understanding PSE's potential to realizing it.

## Introduction

The desk review draws from more than 20 reports from Uganda-based refugee response implementers as well as additional research from their websites, covering learnings and perspectives from donors, UN entities, INGOs, and private sector actors. Through a google search of key terminologies, reports that discussed case studies, global frameworks, and opportunities for PSE in the Uganda refugee response were identified, and those published within the last 5 years were analyzed. Since not all public documents could be included, this desk research prioritized reports that detail good practices, success stories, and enabling environments that would accelerate the implementation of private sector engagement. The key resources used in this report are noted in the annotated bibliography in the annex.

Importantly, the scope of this research is limited to the Uganda refugee response specifically; activities that fall under humanitarian response more generally (i.e., assistance for natural disasters, support to internally displaced persons) are beyond the focus of this desk review. Humanitarian response refers to actions that intend to reduce suffering and save lives during and in the aftermath of natural or man-made disasters, including protection, advocacy, direct assistance, and infrastructure support.<sup>1</sup> These activities may or may not necessitate direct contact with crisis-affected populations. Refugee response – our focus – is a subset of humanitarian response that centers on actions that support displaced populations throughout the different stages of protracted crisis.

---

<sup>1</sup> ReliefWeb (2008). [Glossary of Humanitarian Terms](#).

This focus on refugee response is combined with a focus on one type of refugee response actor. The private sector is a recognized key player that leverages resources, expertise, and experience to support economic and social development. Focus on strengthening refugees' self-reliance makes their active engagement in refugee response crucial. In order to foster principled, effective, and sustainable private sector engagement in refugee response, it is necessary to align on the definitions, frameworks, and recommended modalities under which collaboration with the private sector should take place. This report explores these in turn, providing a deep dive into private sector engagement in Uganda's refugee response to identify promising areas of work, good practices, and opportunities for knowledge exchange that future learning and research should address.

## I. Background to Private Sector Engagement

### Defining Private Sector Engagement

According to the UNCDF, the private sector refers to non-state, for-profit economic entities that influence and steer local, national, and international markets. Excluded from this definition are non-governmental organisations (NGOs), independent foundations, and civil society groups. Included are small businesses, multinational companies, corporate foundations, social enterprises, financial institutions, and industry associations operating in formal and informal markets.

Private sector engagement (PSE) in humanitarian response then refers to any activities in which these actors play a role as "a supplier to aid agencies, a financial donor, a technical advisor, an innovator, or a direct provider of aid."<sup>2</sup> Importantly, there is no one method for PSE. It encompasses a range of modalities, includes various levels of engagement, and involves multiple sectors (e.g., education, energy, health, agriculture, ICT, governance, etc.).

The diversity of activities that have been raised by reports as refugee response private sector engagement puts forth a continuum along which PSE is best understood. This continuum is bookended by indirect and direct forms of engagement. Indirect PSE may refer to actors playing a supporting role in humanitarian activities such as by providing finance and resources or mobilizing policymakers. In these instances, private sector actors do not have a direct line of communication with refugees and entrust implementation activities to other entities such as government or INGOs.

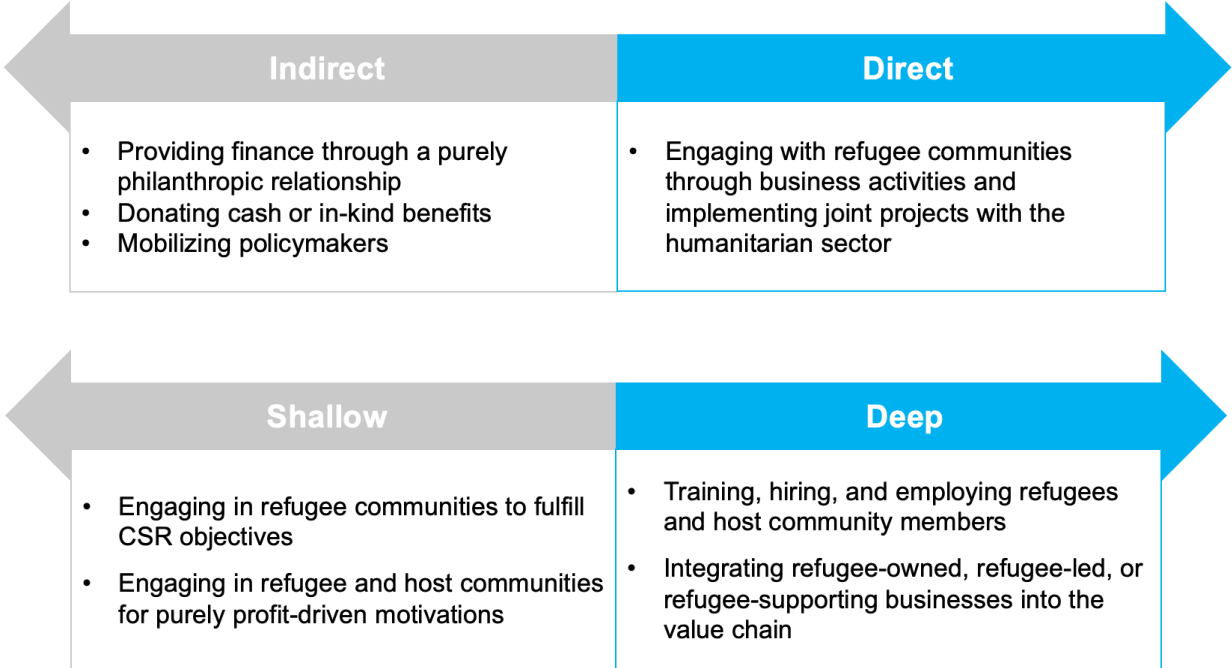
One example is when a private sector actor supports by issuing an impact bond or providing risk insurance, but has no role in designing or overseeing refugee-supporting activities. On the other hand, direct PSE includes activities in which private sector actors play an implementing role in humanitarian activities through establishing a direct relationship with target beneficiaries. This means that they may be suppliers, employers, or trainers in humanitarian contexts. Typically, direct PSE engagements span a longer time period and are more hands-on since private sector actors play decisive roles in the design and implementation of activities.

---

<sup>2</sup> Zyck and Kent (2014). [Humanitarian crises, emergency preparedness and response: the role of business and the private sector](#).

Another way to conceptualize forms of PSE that have been documented is to think of them as either deep or shallow. Shallow PSE refers to instances in which businesses engage with refugee communities as part of corporate social responsibility (CSR) activities or as a purely financial opportunity. In these cases, their presence in these communities hinges on external motivations: fulfilling a CSR mandate or increasing profits. Deep PSE refers to activities in which work in refugee communities is part of core business. Businesses make efforts to target these communities based on humanitarian motivations and may redirect their business operations and budget to reach them.

Figure 1. Typologies of PSE



Notably, both typologies – indirect vs, direct, deep vs. shallow – are not meant to label certain forms of PSE as better or worse; rather, they are useful tools to envision the direction in which approaches to PSE can progress. For example, a business may initially engage with refugees because of its profit-making potential, but with time, it may develop strong relationships that foster a deeper understanding of refugee needs and encourage them to invest in their communities for reasons other than profit. Also, the choice to implement different forms of PSE may depend on context. For example, indirect PSE in which a business contributes funds as a donor rather than products as a supplier may be favorable when there are refugee entrepreneurs who would benefit from access to startup capital. If a business were to engage directly in this circumstance, it may crowd out local entrepreneurs and do more harm than good in the long term.

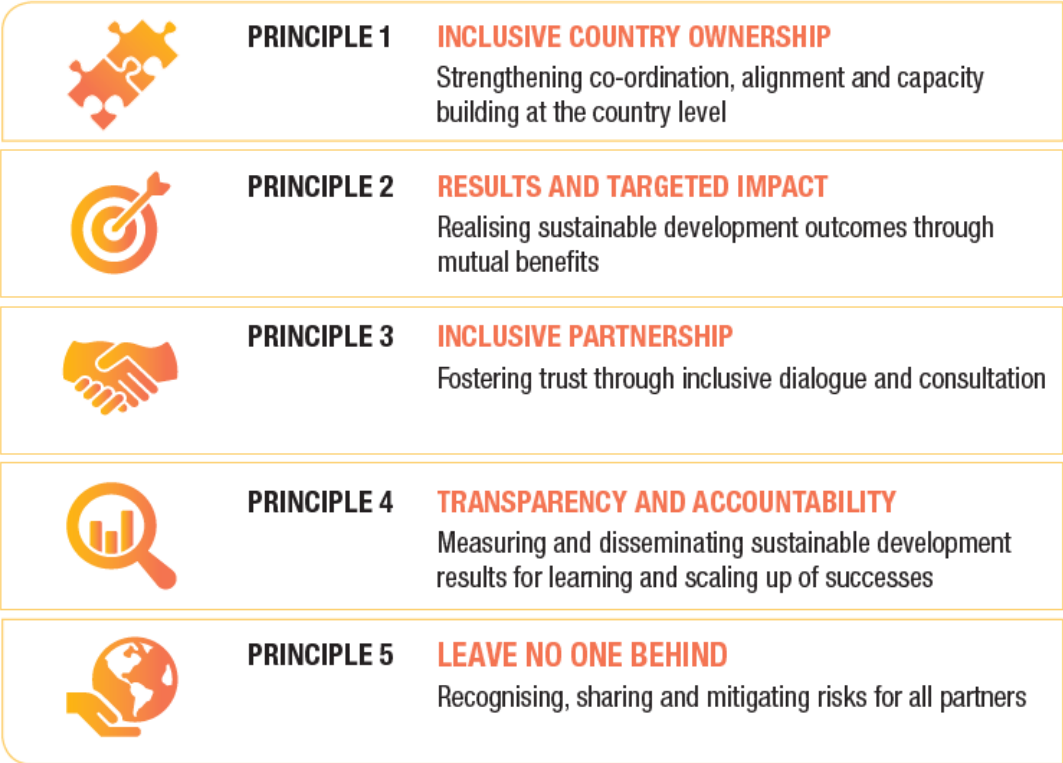
**PSE Global Policy Frameworks**

Global standards offer guidelines for successful PSE implementation. At a fundamental level, all private sector actors may refer to international standards for doing business, such as the United Nations Principles on Business and Human Rights, and the International Labor Organisation (ILO)

International Labour Standards. These standards set out basic principles for employees’ rights at work and protection from human rights abuse. In 2019, the Kampala Principles were established to specify approaches for effective private sector partnerships in the context of development. While there is yet to be a similar global framework on PSE in refugee response, the Kampala Principles provide an important starting point for considering the risks, opportunities, and objectives of private sector involvement in refugee contexts.

Traditionally, refugee response was a state’s responsibility; however, the 2018 Global Compact on Refugees acknowledged a more inclusive, cooperative, “whole-of-society” approach that creates shared responsibilities for refugee response among governments, international organisations, civil society, the private sector, and refugees themselves.<sup>3</sup> The Global Compact was formed against the backdrop of growing emphasis on the humanitarian-development nexus, which shifts the humanitarian sector towards a long-term view of impact and strives to strengthen refugees’ resilience and self-reliance. This change in mindset about what humanitarian work ought to achieve makes the Kampala Principles relevant to PSE in refugee response as well.

Figure 2. The Kampala Principles (2019)



Source: GPEDC (2019). [Kampala Principles on Effective Private Sector Engagement in Development Cooperation](#).

<sup>3</sup> UNHCR (2018). [Global Compact on Refugees](#).

## Roles of Private Sector Engagement in Refugee Response



Financing



Engagement in Policy Dialogue



Capacity Development and Technical Assistance



Integration in Business Operations

Despite the lack of international agreed upon standards on PSE in refugee response, different stakeholders have discussed and practiced varying modes of PSE that supports refugees. These include financing, participation in policy dialogue, capacity development and technical assistance, and integration in business operations. This section explores each in turn.

### *Financing*

The Refugee Investment Network<sup>4</sup> provides a useful set of definitions for understanding financing in the context of PSE in refugee response. It specifies refugee investments as:

- Investments in enterprises that are refugee-owned or refugee-led
- Investments in projects that support refugees through the provision of goods, services, or jobs, or that enable host communities to support refugees
- Debt instruments that go to such enterprises or projects, including impact bonds
- Funds that focus on late-stage ventures, growth equity, or expansion financing that are owned or led by refugees or target refugee enterprises

These investments can engage impact investors, corporations, venture capitals, donor advised funds, banks, and microfinance institutions and can take the form of blended finance. The investments can be concessional funds in which private sector actors provide loans at below market-rate terms. They can be technical assistance funds that offer grants to humanitarian actors or refugee-led organisations to strengthen their internal capacity. They may also be design-stage grants that support feasibility studies or proof-of-concept pilots for nascent organisations such as startups or incubators that serve or include refugees.

The role of finance as a form of PSE involves private sector actors as donors, meaning they are typically engaged at the beginning of projects. Depending on the type of recipient they fund, they may not have direct contact with refugee communities.

### *Participation in policy dialogue*

Private sector actors can shape policies in favor of inclusive growth and improved socioeconomic outcomes for refugees and their host communities. They can leverage their influence as key

---

<sup>4</sup> Refugee Investment Network. [The Refugee Lens: A framework to define and qualify refugee investments.](#)

stakeholders in the economy and advocate for policy change, identify and communicate the business case for investing in refugees, and specify the conditions that are necessary to improve the ease of doing business in refugee communities. While having direct access to policymakers is one way to influence policy, private sector actors can also facilitate policy shifts through participating in umbrella organisations or sector working groups that affect a government's agenda and priorities through advocacy and sharing of expertise.

### *Capacity development and technical assistance*

Private sector actors can help individuals and organisations in attaining the resources and skills necessary to effectively support refugees. They can provide basic or technical trainings to refugees directly, deliver targeted development support to organisations that are refugee-led or refugee-supporting (such as NGOs), and conduct external reviews or assessments that help steer organisations towards greater impact. Through this, private sector actors can help refugees obtain employment or advance in their jobs, assist refugee-led organisations to establish themselves or grow, and guide refugee-supporting organisations towards high-potential opportunities that optimize resources and outcomes. More importantly, they may be able to facilitate market access, which often is a barrier to refugees' ability to participate in the economy and increase income. An example of resources provided are web applications that further the digitisation of approaches used in refugee response, such as the digitisation of savings groups or of agriculture extension services. An example of trainings are financial literacy trainings in which banks or other financial institutions provide instruction on how refugees can access finance and grow incomes in their new context.<sup>5</sup>

### *Integration in business operations*

Private sector actors can transform into refugee-inclusive businesses by integrating refugees as employees, suppliers, distributors, and consumers through a lens that considers their unique needs and challenges.

Businesses can hire and supply locally. They can restructure recruitment processes and express qualifications in ways that acknowledge refugees' skills and certifications in their new context. In cases in which a lack of recognized documentation of skills still pose a challenge, businesses can employ refugees in initial low-skill positions that contain opportunities for graduation to high-skill roles. In terms of supply, businesses can use a franchise model and tap into existing supply chains to source from refugees and connect local businesses to wider markets. Through hiring and sourcing, businesses can integrate refugees into their value chain.

Businesses can include refugees as distributors. They can leverage existing knowledge and trust while supporting refugees' income generating activities. Thus, there is a clear benefit for both sides: businesses create business models that could strengthen local networks and markets and, in turn, improve their ability to reach remote markets at a lower operating cost.

Businesses can adapt or expand their product or service offerings to suit refugee needs. This allows them to grow their customer base and tap into new markets. Meanwhile, refugees are able to more readily access goods or services and improve their standards of living. This method of PSE is especially relevant for financial and telecom offerings in which banks or mobile networks

---

<sup>5</sup> Recent Learning briefs on [Financial Literacy Training](#) and [Digital Financial Literacy Training](#) provide insight in current experiences and practices in the Uganda refugee response.



can deploy new technologies or extend their footprint to promote financial and digital inclusion. By including refugees into their customer base, they also create an opportunity to test new products and services that may allow them to reach other market segments as well.

## Modalities of Private Sector Engagement in Refugee Response

Private sector actors have performed the above roles through at least three modalities: individually, as consortia, and through cross-sectoral partnerships. When businesses engage individually, they may be issuing finance, providing skills trainings, or building new branches in refugee settlements. These activities typically require the business to have sufficient resources, presence, and local know-how to reach their target audience independently. If businesses engage as part of a consortium, they work with industry peers to share resources, knowledge, and risk. These consortia may encourage PSE from new actors, small businesses, and businesses with low risk tolerance since they provide an opportunity for peer learning and split the costs of reaching stakeholders in the refugee response as well as carrying out operations. Finally, businesses may form cross-sectoral partnerships in which humanitarian actors and private sector actors develop a contractual relationship to collaborate on refugee response. The nature of this partnership may differ case by case. Humanitarian actors can work with private sector actors by supporting information gathering activities, facilitating access to refugee and host community spaces, or co-leading livelihoods projects. In all cases, these partnerships take advantage of a diverse pool of knowledge, skills, and resources, though they may be hindered by the different protocols and priorities of each participating sector.

## II. Patterns and Potential for PSE in Uganda

### Enabling environment for PSE

Uganda presents an interesting case study for PSE in refugee response since it has an enabling legal environment relative to other countries hosting large refugee populations. As a host to the third highest number of refugees in the world, Uganda has an open-border settlement policy, which provides land to refugees upon arrival as well as the right to work, start a business, move freely, and enjoy financial independence, per its 2006 Refugees Act.<sup>6</sup>

Uganda's refugee-inclusive policy is guided by several universal standards as well as refugee-specific policies. It follows the Universal Declaration of Human Rights as well as the International Covenant on Economic, Social, and Cultural Rights, which encourages states to facilitate productive employment. Specific to humanitarian contexts, it is a signatory to the 1951 Refugee Convention as well as the 1967 Refugee Protocol, which specify the rights of refugees and lay out principles of non-discrimination, non-penalization, and non-refoulement.<sup>7</sup> It also refers to the ILO's Guiding Principles, which offers recommendations for integrating refugees into the economy and promotes their inclusion in labor laws.<sup>8</sup>

More recently in 2016, Uganda adopted the Comprehensive Refugee Response Framework (CRRF), which stipulates that humanitarian action eases demands on host countries and communities, boosts refugee self-reliance, explores third-country solutions, and supports

---

<sup>6</sup> Government of Uganda. [The Refugees Act 2006](#).

<sup>7</sup> UNHCR. [The 1951 Refugee Convention](#).

<sup>8</sup> ILO. [Guiding principles: Access of refugees and other forcibly displaced persons to the labour market..](#)

conditions for viable return.<sup>9</sup> In 2017, Uganda concretized this into their national development plan by creating the Refugee and Host Population Empowerment (ReHoPE) strategy, which applies a long-term lens to refugee management and encourages activities that benefit both refugees and communities in a way that fosters a stronger connection between humanitarian action and development.<sup>10</sup> This means that when actors engage with the refugee market, they also enhance their capacity to serve rural Ugandan customers located in remote, underserved areas that often face challenges and needs that are comparable to those of refugees.

Despite these policies, there are de facto barriers to refugees’ integration into the economy. For example, high registration costs and fees for setting up businesses and accessing the formal market, absence of recognition of skills certified abroad, and costs associated with hiring foreigners, means refugees are often limited to informal labor where incomes are lower. Difficulty accessing financial services may reduce refugees’ purchasing power. Language and education barriers may limit refugees to low-skill jobs or agricultural work where there are limited opportunities for income growth. These challenges still demand improvements to policy and encourage practices that proactively engage refugees in improving their livelihoods.

In 2020, the CRRF Secretariat in Uganda began drafting a PSE integrated refugee response plan to devise a strategy for private sector development in the country’s Refugee Hosting Districts (RHDs). Research by Palladium identified the fluctuating prices and purchasing power of unstable refugee markets, lack of coordination, limited funding, and poor infrastructure as roadblocks to PSE in the Uganda refugee response. As a result, the research recommended government subsidies and cost-sharing schemes that encourage private sector entry, fluid information exchange between key stakeholders, digitisation of payments that increase ease of doing business in RHDs, and coordination with development and humanitarian partners to avoid activities that distort markets. The CRRF Secretariat has plans to put these guidelines into a strategy for PSE in refugee response within the coming year.

High-potential sectors for PSE in the Uganda refugee response



The past few years have seen increasing activity of the private sector in the Uganda refugee response. In particular, banks, energy companies, and telecommunication and network operators have piloted projects that target RHDs, helping refugees and host communities access finance, electricity, and internet (see case studies below). Banks such as Equity Bank, Centenary Bank, and Stanbic Bank have established branches within refugee settlements to provide savings accounts, loans, and financial literacy trainings. Similarly, telecom company Zuku and mobile operators Airtel and MTN have established footprint in the settlements to facilitate access to mobile money, provide internet connectivity, and sell products. In many cases, these activities

<sup>9</sup> See 3.  
<sup>10</sup> Government of Uganda (2017). [ReHoPE - Refugee and host population empowerment strategic framework](#).

are extensions of existing business operations in which RHDs serve as an additional profit-generating market and provide a new customer segment.

Reports have consistently identified existing needs in information and communication technologies (ICT), education, agriculture, energy, and financial inclusion as providing viable entry points for PSE. Particularly, the UNCDF has identified these sectors as investment priorities since they present business opportunities – in addition to an impact opportunity – for private sector actors that would become involved. While there are some ongoing PSE projects in some sectors already, a comprehensive overview of existing initiatives is out of scope for this desk review. Thus, the following section discusses high-potential activities in general, both those that may already have existing success stories and those that have yet to be practiced.

**ICT:** Much of PSE in humanitarian action in Uganda has focused on developing ICT access in refugee settlements. Private sector actors have focused on network installation, broadband service provision, delivery of voice and data communication services, and e-learning support. They have also played a crucial role in increasing financial access for refugees through extending mobile money services and expanding agent banking. This has been both a business and social impact opportunity for the telecommunications industry. Extending services to refugee settlements and hiring refugees as agents has allowed them to expand market coverage and reach a highly concentrated group of potential customers. Meanwhile, refugees can better acquire information, build stronger social ties, and increase their ability to engage in economic activities through digital financial services.

#### CASE 1: Bringing Connectivity to Refugee Settlements

Responding to the challenge of poor mobile phone coverage and internet connectivity, private sector actors have installed cell towers and satellite dishes in refugee settlements. In partnership with NetHope, the UNCDF and UNHCR appealed to mobile providers Airtel and MTN to extend their networks to reach refugee communities. Through consultations with government, NGOs, and refugees, the companies identified locations where the new cell towers would have the most positive impact, helping coordinate food distributions, promote mobile money cash transfers, and facilitate refugees' work. The new towers have also benefited Ugandans in these remote locations, fulfilling the CRRF's commitment to improve the lives of refugees and host communities alike. Similarly, the UNHCR partnered with Avanti to provide satellite broadband services in refugee settlements. The resulting internet connectivity has allowed refugees to access online job postings and obtain jobs, find family members, and receive information on humanitarian services provided throughout settlements.

Sources: [1] Africanews (2021). [Boosting self reliance among refugees through satellite connectivity](#). [2] UNHCR (2018). [For refugees and locals in Uganda, the internet is changing lives](#).

**Education:** Private sector actors could create self-guided and more accessible digital education opportunities. 60% of refugees in Uganda are children, many of whom who have been unable to continue or catch up in their schooling.<sup>11</sup> Through creating digital education modules, private sector actors can overcome barriers from schools being far away, provide instruction in various

<sup>11</sup> UNICEF, [UNICEF Uganda's emergency response to refugees](#).

languages, and create opportunities for on-demand, independent learning for both school-aged children as well as adults interested in furthering their education. Network operators, technology companies, and education-related social enterprises may be particularly relevant actors to engage.

### CASE 2: E-Learning in Refugee Settlements with Roke Telkom and Hello World

Focusing on promoting self-guided digital education, internet service provider, Roke Telkom, partnered with UK-based education-focused charity, Hello World, to establish 14 internet hubs in remote areas around Uganda. 8 of these hubs are located in Nakivale Refugee Settlement, serving as an outdoor internet kiosk where anyone from the community can access, free, unlimited, solar-powered, wireless internet. While the initial aim of the project was to improve access to education through online learning tools downloaded onto tablets provided at each hub, the hubs have served people of all demographics who come to use the free internet service for other purposes such as communicating with family back home and accessing media platforms. Notably, the internet hubs are fully owned by the communities in which they exist. Roke Telkom and Hello World partner with communities to train people in building and maintaining the hubs, teaching new skills and providing jobs. The internet hubs have provided education to 14,000 children thus far and have had community-wide impacts in improving quality of life.

Source: Roke Telkom (2019). [Roke Telkom & Hello World Partner to Build Solar-Powered E-Learning Hubs in Uganda.](#)

**Agriculture:** Given the government's policy to provide land plots to refugees for cultivation, many refugees are engaged in agricultural work. However, difficulties in accessing markets, challenges with harvest, and a lack of differentiation in the produce that is sold, result in most agricultural activities being dedicated to subsistence farming. Private sector actors can increase the income-generating potential of agricultural work by promoting commercial farming through facilitating linkages to local markets as well as regional and international markets using refugees' social networks. They can also support agro-processing that creates value addition and offers farmers the capacity to increase their earnings. Further, private sector actors can collaborate to reduce post-harvest loss by building storage facilities and supporting in packaging as well as transport logistics.

**Energy:** Lack of electricity is a common concern in refugee settlements. Energy companies can promote alternative and sustainable energies in ways that promote livelihoods, improve health, and boost protection. For example, companies can provide mini hydropower stations, sell portable solar units for household or business use, build mini solar grids for communities, provide biogas for schools and community kitchens, and help replace firewood and charcoal with briquettes. By introducing these alternative energy sources, private sector actors would increase the resilience of refugee communities and can test innovative payment schemes such as the pay-as-you-go model, which they can later roll out to other low-income market segments as well.

### CASE 3: Expanding Uganda's Pay-As-You-Go Solar Market with Mercy Corps

In 2019, Mercy Corps conducted a market systems analysis with support from the MasterCard Center for Inclusive Growth to identify market barriers to expanding pay-as-you-go (PAYGo) solar solutions to refugees and host communities. Through a case study in Bidi Bidi settlement, they identified 5 barriers: a mismatch between the products offered and what consumers desire and can afford; the seasonal fluctuations of refugees' purchasing power; high operational-costs associated with last-mile distribution, maintenance, and payment processes; target customers' inconsistent income stream creating credit risk for suppliers; and consumers' limited awareness on the options and quality standards of solar product. In 2020, Mercy Corp partnered with solar companies to implement solutions: suppliers expanded their product offerings and financing options, used subsidies from Mercy Corp to provide more suitable price offerings, tapped into local retailers as distributors, recruited sales agents from local VSLAs, and set up campaigns to increase awareness. These interventions provided proof-of-concept of the potential for expanding into refugee and host community markets and promoted access to better energy solutions to the underserved.

Sources: [1] Mercy Corps (2021). [One year on, Paying for Darkness: Strengthening solar markets for refugees in Uganda](#). [2] Response Innovation Lab (2020). [Access to Clean Energy in Refugee Settlements](#).

**Financial Inclusion:** Financial service providers (FSPs) such as banks, microfinance institutions, and mobile network operators (MNOs) have also established presence in refugee settlements by opening bank accounts for unbanked refugees, offering loans to village savings and loan associations (VSLAs), providing training in financial literacy, and implementing cash and voucher-based assistance (CVA). As U-Learn's assessment on user preferences for financial services in the Uganda refugee response indicated, mobile money has been rapidly and broadly adopted as a key mechanism through which to deliver humanitarian assistance and promote self-reliance and economic inclusion beyond what is possible with in-kind assistance.<sup>12</sup> It has facilitated digital savings and has supported innovative approaches to credit scoring by allowing mobile money data to be used for credit assessments.<sup>13</sup> While these engagements have advanced refugees' economic and financial inclusion in important ways, there are still opportunities for further engagement. FSPs can develop new financial products with more flexible terms to better meet refugees' needs and match their income cycles, support refugee entrepreneurs with startup capital and other impact investments, and increase transparency and understanding of different financial products and financial management strategies.

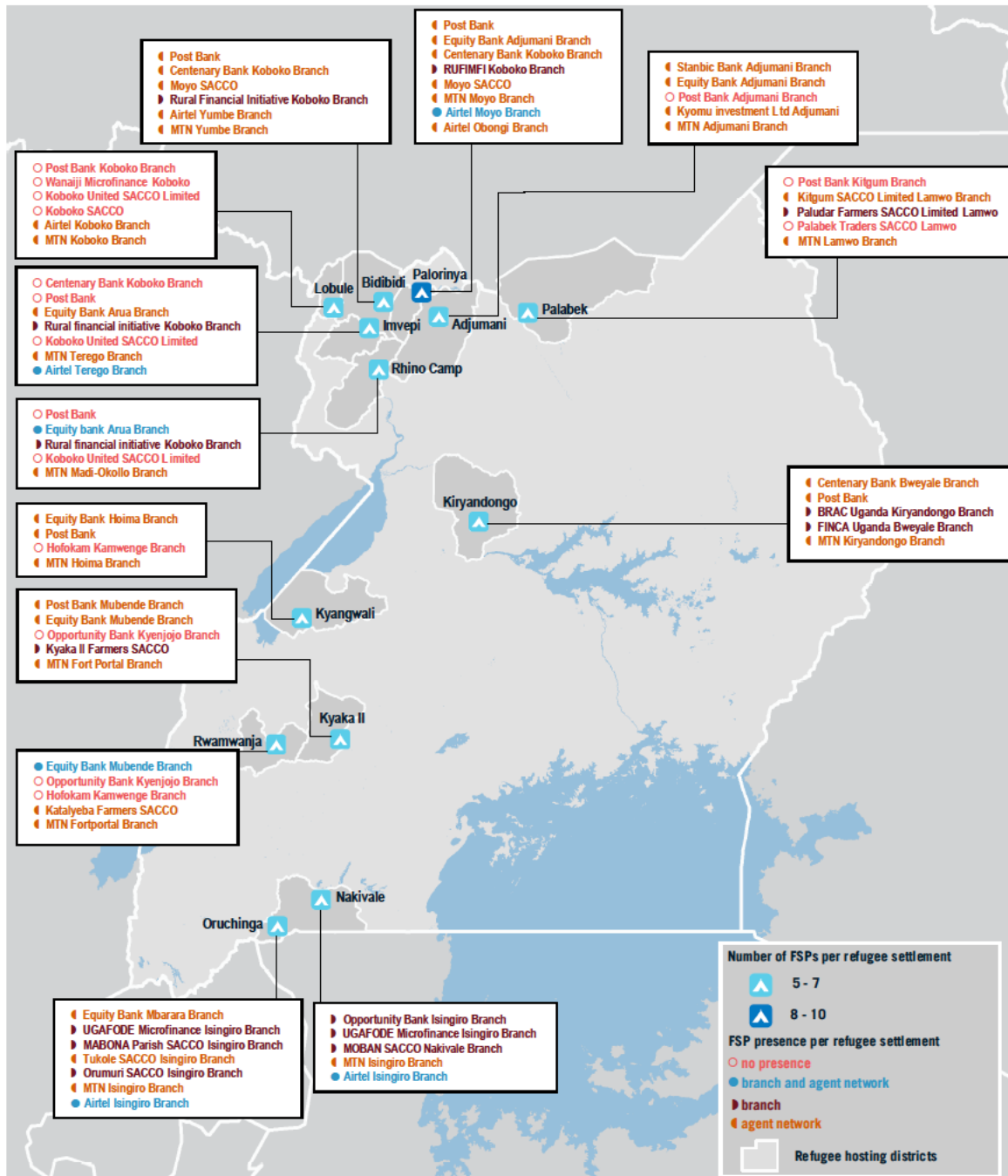
Figure 3. Map of FSPs with capacity to provide services to refugee settlements<sup>14 15</sup>

<sup>12</sup> U-Learn (2021). [Financial Services in the Uganda Refugee Response – An assessment of users' perspectives](#)

<sup>13</sup> GSMA (2021). [State of the Industry Report on Mobile Money](#).

<sup>14</sup> A recent mapping by REACH provides an overview of the capacity and experiences of financial service providers (FSPs) who work in the Uganda refugee response. The report identifies the beneficiary preferences, risks, challenges, and delivery mechanisms associated with FSPs' work. The report can be accessed here: [Digital Financial Services in the Uganda Refugee Response](#). REACH (2021). [Digital Financial Services in the Uganda Refugee Response](#).

<sup>15</sup> U-Learn has also broken down this information by settlement, accessible here: [Settlement-level CVA Infographics](#).



Source: REACH (2021). [Digital Financial Services in the Uganda Refugee Response](#).

### III. Moving Forward

Focus on five key areas will enable key stakeholders in the Uganda refugee response to unlock opportunities for PSE. Uganda’s open-door policy provides a good context in which to further PSE in refugee response since it provides refugees with basic rights and resources that support them in improving their livelihoods and quality of life. However, implementing PSE in refugee response requires further action and consideration of all the moving parts that make up an enabling

environment. The following five areas provide a starting point to advance PSE in the Uganda refugee response.

### 1. More cross-sectoral, equitable partnerships

PSE is most impactful when it leverages the unique expertise, capabilities, and resources of the private sector and the humanitarian sector. The challenge is that these sectors follow distinct protocols, are used to different standard operating procedures and language, and may have varying priorities. To enable more cross-sectoral collaboration, it is important for all participating parties to have equal footing from the outset, such that they can collectively identify the need they are responding to, the objectives they intend to meet, and the clear roles each party would fulfill in delivering a solution. This collaboration should be characterized by an explicit effort to negotiate differences in the internal processes, pace of activity, and expertise between these two sectors. For example, **humanitarian actors** could limit the paperwork and bureaucracy that typically accompany their operations. Forms, agreements, and other documents ought to be reduced to those that are most necessary, such as those for monitoring and evaluation or accountability. Also, while humanitarian actors typically operate in short timeframes due to budget cycle constraints, they may strive to implement longer term engagements that mirror the longer-term outlook that private sector actors have. In turn, **private sector actors** could learn from the humanitarian sector's knowledge on the context, needs, and protocols for working with refugees to ensure ethical engagement and Do No Harm.

Most importantly, there should be efforts to integrate the business model framework to humanitarian work. Private sector actors have mentioned how a tradition of providing hand-outs has given rise to recipient mentality, crowded out businesses, kept unsound businesses afloat, and prevented growth of a market economy. The humanitarian sector could facilitate a shift towards a market-led model of supporting livelihoods, focusing on building the capacity of refugees to pay for their own products and services, and recognizing the value proposition of their businesses and innovations. This shift may take time and may not be feasible for all refugees based on levels of self-reliance. Thus, hybrid solutions, such as initial subsidies to encourage product uptake, could be explored.

The **government** also has an important role. Policies that support refugees' right to work, freedom of movement, and right to own assets would allow private sector actors to engage with refugees as customers, entrepreneurs, or employees. Policies that support private sector actors in reaching refugee communities such as by setting up risk capital or subsidies could create incentives to deepen engagement and further understanding about target communities.

### 2. Information sharing on opportunities, needs, and good practices

A lack of evidence on PSE in humanitarian action puts the onus of creating a business case for it on private sector actors themselves. Without information on promising investment opportunities, refugee needs, and existing efforts, or pointers on where to look for this information, private sector actors may find PSE unattractive because of perceived risk and the cost of conducting their own information-gathering activities.

To create stronger incentives for PSE, **Humanitarian actors** can use their presence, experience, and network to accumulate information that would help private sector actors understand where and how to intervene, such as information on refugees' education levels, skills, and qualifications collected from local actors; insight into refugee needs, preferences, and purchasing power; data

on the connectivity, resource availability, local infrastructure, and economic activity of refugee communities; and evidence on past success stories that may be replicated or iterated on.

Platforms where private sector actors, humanitarian actors, government, and other key stakeholders can meet and share information are useful. Several of the working groups in the coordination structure of the refugee response (Cash, Environment, Livelihoods) already provide entry points for private sector partners. In addition, there are platforms, such as the [Smart Communities Coalition](#) - a public-private collaboration forum around the themes of digital tools, energy and connectivity in the refugee response – that purposefully brings together different stakeholder groups.<sup>16</sup> Finally, a number of tools are currently being developed as way to create connections between different types of stakeholders, for instance the Uganda Response Innovation Lab [humanitarian innovation ecosystem map](#) and the U-Learn [settlement-level actor mapping](#).

### 3. Flexible financing

Innovative finance can help refugee-owned, refugee-led, and refugee-supporting businesses, startups, and social enterprises. Specifically, **donors** can provide early-stage funding that helps new initiatives establish proof of concept, discrete solution funding to support the expansion of product and service offerings, results-based financing to incentivize greater impact, and de-risking tools that reduce potential loss. These funds should be smaller, context-driven, and need-based rather than large and earmarked. To facilitate the development of these funds, there should be efforts to match the right funders with the right investment opportunities through matchmaker forums or public databases of promising ventures.

### 4. Transparency and evaluation

There has been limited documentation of PSE projects and a gap in knowledge on steps to ensure accountability to refugee populations. There should be an effort to devise an assessment framework that ties PSE targets to those of national and international humanitarian objectives and provides tools for measuring impact. While the Global Compact provides a tool for measuring the impact of hosting and assisting refugees, there is yet to be a framework specific to PSE. Such a framework should include clear responsibilities for data collection and information disclosure for impact assessments, ensuring that privacy considerations meet the concerns of refugees. The **CRRF Secretariat, UNHCR, and government** may spearhead these efforts, using the former's expertise on matters relating to coordination for the refugee response and the latter's past experience with articulating a national strategy for PSE for development.<sup>17</sup> Only through documenting both good and bad practices do the high-impact pathways of PSE become clear.

### 5. Guidelines on building accountability for ethical engagement

Refugee response operates under the humanitarian principles and the Sphere standards, which require humanitarian action to reduce suffering wherever it is found and ensure the quality and accountability of humanitarian work. However, the nature of protracted crisis and the shift towards a humanitarian-development nexus mindset creates demand for new standards for refugee response that goes beyond reducing suffering and promotes refugee self-reliance. For

---

<sup>16</sup>

<sup>17</sup> Uganda's Government established a five-year [National Strategy for Private Sector Development](#) that puts the private sector at the center of the growth and development strategies of the country. The government would be able to use their knowledge on the strengths of the private sector to devise a strategy for their engagement in the refugee response as well.



example, as the duration of displacement grows, how do we ensure accountability in the long term for humanitarian actors, government, and private sector actors? As non-traditional actors engage to help strengthen refugee self-reliance and livelihoods, how could we ensure that profit-seeking objectives are not the primary motivator and that the goals of vulnerable populations are respected? How do we ensure that the intended positive impact is sustainable for refugees? The existing international guidelines for doing business and for PSE for development co-operation could provide some pointers, but it would be necessary to tailor these to address the specific ethical considerations of operating in the refugee-hosting context of Uganda. Furthermore, considerations for ensuring positive impact should coincide with the establishment of guidelines for usage of a complaints mechanism in order to respond to the potential negative effects of PSE and report any abuse. Uganda's Feedback, Referral and Resolution Mechanism (FRRM) launched by UNHCR and OPM in 2019 could provide this service. The FRRM is a centralized call centre for refugees and asylum seekers that receives complaints, feedback, and requests for information.<sup>18</sup> Trainings on response mechanisms and considerations specific to PSE cases as well as wider awareness raising of FRRM may be necessary for implementation.

The U-Learn Learning Hub is planning learning and convening activities on PSE in the Uganda refugee response in 2022 and 2023. We are currently scoping learning needs and this desk review is part of that effort.

Please contact us if you would like to discuss PSE related learning needs/support or submit a Tailored Evidence and Learning Support (TELS) request through the U-Learn website: <https://ulearn-uganda.org/tels-request/>

### **About the author**

Miu Kumakura developed this desk review while interning at the Learning Hub of the Response Innovation Lab. She lived in Uganda for a six-month fellowship that explored the humanitarian-development nexus through a focus on sustainable approaches to refugee response that proactively build resilience, support innovative thinking, and encourage self-resilience. At the Learning Hub, she assisted on projects related to refugees' financial inclusion, localization of the refugee response, and private sector engagement in humanitarian action. She graduated from Harvard University in 2021 with a BA in Government.

---

<sup>18</sup> TPO (2019). [UNHCR and Partners Launch Communication System for Refugees in Uganda 16 January 2019](#).

## **Annotated Bibliography**

### ***Private Sector Engagement for Uganda's Refugee Response.***

Palladium (2020).

This is an unpublished report that provides recommendations for developing a private sector engagement strategy for the Comprehensive Refugee Response Framework secretariat. It identifies the challenges and opportunities for private sector development in Refugee Hosting Districts through a desk review, stakeholder interviews, field visits, surveys with private sector actors, and a round table discussion. It breaks down recommendations into government policy changes, initiatives for private sector-led development, greater focus on innovation and technology, and shifts in development partners' strategies, with an overall focus on more cross-sectoral collaboration.

### ***Financial Services In The Uganda Refugee Response – An Assessment Of Users' Perspectives***

U-Learn (2021).

This assessment of user experiences and perspectives on digital financial services and assistance mechanisms informs actors in Uganda's humanitarian response and other stakeholders about the preferences of refugee communities when it comes to provision of Financial Services. The report provides a robust evidence base on the existing skills and past experiences of the target population — as well as their preferences and barriers — to accessing digital financial services. The insights into user preferences shared in this assessment ensure that interventions consider the perspectives of the populations they affect and intend to benefit prior to making decisions about shifting aid delivery modes.

### ***Bridging Profit and Purpose: How the Private Sector Can Support Displaced Communities***

Amahoro Coalition and Innovest Advisory (2021).

The brief explores 3 avenues through which the private sector can engage in refugee contexts: supporting refugees' access to tertiary education through income-sharing agreements, refugee-led investing that scale-up refugee-supporting businesses, and expanding market access for refugee-owned businesses through e-commerce solutions, it argues that all 3 interventions — expanding the talent pool, strengthening the market, and building partnerships with refugee businesses — are necessary to meaningfully impact refugee livelihoods. It offers global success stories for each intervention.

### ***Effective private sector engagement through development co-operation***

Global Partnership for Effective Development Co-operation (2019).

Using four country case studies, the report analyses the challenges, concerns, and opportunities for making private sector engagement more effective in supporting development objectives. Key concerns include the potential for market distortions, lack of guidance on measuring results and impact, and inclusion of those who are left furthest behind. The report's case study of Uganda

mapped 271 PSE projects and found that private sector actors are in the early stages of developing a shared valued approach to their business and that most PSE activities center on finance, energy, and agricultural projects. The report recommends more resources allocated to capacity development of local stakeholders in the private sector, government leadership on PSE, and more cross-sectoral dialogue on PSE and sustainable development.

**[Global Business and Refugee Crises: A Framework for Sustainable Engagement](#)**  
Huang, C (2017). Center for Global Development and Tent Foundation.

The research explores 3 ways in which private sector actors can engage refugees: hiring and sourcing locally from refugee communities, investing in refugee livelihoods, and adapting or extending products and services to meet refugee needs. With emphasis on support to both host and refugee communities, the research advises global companies to engage refugees as customers, employers, or partners and encourages humanitarian and development actors to help their private sector counterparts identify good business opportunities, apply ethical rules of conduct, and share knowledge.

**[Innovative financing – business models for humanitarian action](#)**  
Olsen, E (2019). Innovation Norway.

The paper summarizes existing literature on innovative financing that increase the quality and efficiency of humanitarian action. It identifies blended finance schemes, impact bonds, and risk financing as tested innovations and recommends further efforts to bring in impact investors through joint ventures, matching public grant mechanisms to investors' needs, and supporting the creation of new start-ups that address refugee issues.

**[Kampala Principles on Effective Private Sector Engagement in Development Co-operation](#)**  
Global Partnership for Effective Development Co-operation (2019).

The Kampala Principles defines 5 principles for effective PSE: inclusive country ownership, results and targeted impact, inclusive partnership, transparency and accountability, and leave no one behind. These principles were devised through extensive consultations with governments, businesses, trade unions, and civil society actors as well as the Business Leaders caucus. They are suggestions for development and private sector actors engaged in country-level partnerships that support national and global sustainable development initiatives.

**[One year on: Paying for Darkness. Strengthening Solar Markets for Refugees in Uganda](#)**  
Mercy Corps (2021).

The report summarizes an evaluation of Mercy Corps' intervention to strengthen the solar energy market in Uganda's Bidi Bidi refugee settlement and enhance access to off-grid solar and PAYGo products in refugee and host communities. The report details the intervention's success in partnering with two suppliers of off-grid solar units to increase sales and emphasizes the importance of collaborating with local actors to realize business opportunities as well as the potential of market-based solutions to respond to refugee needs.

**[Paradigm Shift: How investment can unlock the potential of refugees](#)**

Refugee Investment Network (2018).

This research focuses on the finance type of PSE in refugee response and presents a “refugee lens” as a tool that potential investors can use to assess and identify future interventions. While recognizing that innovative refugee investments are already being piloted, it bridges the gap between interested investors and investment opportunities by providing guidance on implementing sustainable and scalable investments that benefit refugees and private sector actors alike.

**[Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations](#)**

Fleming, J (2020). Response Innovation Lab.

The study employs 10 interviews with Ugandan business leaders to assess their attitudes towards private-INGO partnerships for community-based solutions to humanitarian issues. It finds that businesses are motivated by both profit and social impact, and already view themselves as having a responsibility to the community in which they are part of. The interviews find that hindrances for PSE stem from underlying non-profit versus for-profit tensions ascribed to differences in workflows, the private sectors’ unease with INGO activities distorting markets, and limited opportunities for cross-sectoral interactions.

**[Potential private sector involvement in supporting refugee livelihoods and self-reliance in Uganda: Annotated bibliography](#)**

Strachan, A (2021). K4D

The document reviews existing evidence of the private sector playing a role in supporting refugee livelihoods and self-reliance between 2016 and 2020. It finds that lack of access to capital, knowledge gaps on PSE opportunities, and mismatch in the priorities between NGO and private sector actors create constraints for further private sector involvement. It recommends stronger involvement of local actors in defining and assessing impact, expanded access to the resources necessary for livelihoods activities, and the creation of monitoring and evaluation guidelines for projects.

**[Private Sector and Refugees: Pathways to Scale](#)**

International Finance Corporation (2019).

The document outlines 3 enablers of PSE – flexible financing, cross-sectoral partnerships, information gathering on refugee needs – based on a survey of 110 PSE initiatives in the Middle East and Africa. Considering these enabling factors, it offers 5 pathways for PSE that go beyond funding: sharing capabilities, extending services to refugees, facilitating employment through providing job training, integrating refugees into value chains, and building new businesses through delivering tailored products to refugees.

**[Private Sector Engagement in the Refugee Response: A Business Case](#)**

Pozhidaev, D (2017). UNCDF.

The report explores Uganda's business environment and discusses key enablers for refugee response private sector engagement, productive business models and profitable strategies for implementing this work, and promising investment areas by sector for private sector involvement. The report approaches private sector engagement in the refugee response as a good business case, moving beyond a individual or community-based livelihoods approach towards a market-based approach. It raises agriculture, energy, communications and financial services, water and hygiene, and social services as key areas in which private sector actors can make a meaningful contribution while promoting their business agenda.

### **[Private Sector Engagement through Development Co-operation in Uganda](#)**

Kidomay, S; Kocaata, Z; Boehler, T; Duque Figuerira, R (2018). OECD.

The report conducts a deep dive into the status of PSE in Uganda. It finds that PSE is most common as financing, with large domestic companies as the primary actors implementing economic and hard infrastructure projects. It finds limited collaboration with micro, small, and medium enterprises (MSMEs) and limited targeting of vulnerable groups. The researchers highlight a need for a coordinated vision around PSE, stronger support for MSMEs as partners in PSE initiatives, a focus on marginalized and vulnerable groups, and the development of more options for long-term finance for PSE activities.

### **[Refugee Entrepreneurship, Business Ownership, and the Right to Work in Host Communities: A Legal Comparative Analysis](#)**

Thomas Reuters Foundation (2019).

The research takes stock of global refugee laws that support or hinder refugees' right to work, entrepreneurship, engage in business activities, and access finance. In an analysis of 8 country contexts, it finds that Uganda has a favorable policy environment for refugees but explains how de facto barriers that hinder refugees' ability to engage in economic activities in their new contexts.

### **[Resilience through Refugee-Inclusive Business](#)**

Business Fights Poverty (2018).

The report explores scalable and practical refugee-inclusive business models, providing an explanation and example of the business model in different global contexts. The business models present cases in which companies engage with refugees as employers, producers, suppliers, distributors, or customers in the areas of livelihoods, education, health and wellbeing, financial inclusion, and information and communications access. The report defines viable business models as those that deliver benefits to all parties involved, are scalable and have the potential to become financially viable, and have sufficient evidence of their impact. The report is an outcome of the 2018 Business and Refugees Challenge, which engaged key stakeholders to identify tangible methods in which to mobilize business action in refugee response.

### **[Access to more: creating energy choices for refugees](#)**

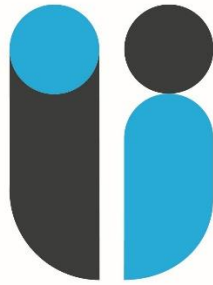
Shell, Dalberg Advisors and Vivid Economics (2020).

Through secondary research, over 50 stakeholder interviews, and in-person surveys with displaced households, host community members, and businesses operating in Bidi Bidi settlement, the report elucidates next steps to enhance energy access and energy choice as part of refugee response. It highlights the value that energy access provides to refugees' employment, health, and productivity, as well as to the everyday needs and work of humanitarian agencies and host communities. To unlock this value, the report stresses the importance of private sector engagement for diversifying energy supply, supporting a self-sustaining energy market, and scaling up. It recognizes that this requires strong collaboration with government and the humanitarian sector, who can share knowledge that would make private sector entry less risky and create policies that promote an active market where refugees are served and protected.

**[The State of the Humanitarian Energy Sector: Challenges, Progress, and Issues in 2022](#)**

Global Platform for Action on Sustainable Energy in Displacement Settings (2022).

The report clarifies the state of energy need and supply in displacement settings through interviews with practitioners and analyses of implementation programmes. It finds a gap in energy access for displaced populations as well as a shortage in available funding to close this gap. Recommendations center on increased collaboration that spurs policy change, innovative financing, local capacity building for energy delivery, and evidence gathering. The report considers the unique energy needs of households, community facilities, enterprises, and institutions and suggests that response actors put the voices of vulnerable people at the center by ensuring basic energy access for displaced populations in the short term while shifting to renewable solutions in the long term.



**U-LEARN**

---

Uganda Learning Evidence Accountability  
and Research Network  
P. O. Box 12018, Kampala – Uganda  
[www.ulearn-uganda.org](http://www.ulearn-uganda.org)

---