

# Technical Brief: Informing the Uganda refugee response Common Cash Approach

## Recommendations from recent CVA evidence

### Background

Under the [Grand Bargain](#),<sup>1</sup> international donors endorsed a shift towards greater use of cash and vouchers in providing humanitarian assistance. Aid agencies committed to making humanitarian aid more efficient.<sup>2</sup> The rapid growth of sectoral and multi-sectoral cash and voucher assistance (CVA) programming in Uganda underscores the need to harmonize approaches across actors and sectors.

[The 2020 Uganda Common Cash Approach Paper](#) drafted by the Uganda Inter-Agency Cash Working Group (CWG), laid a basis for exploring existing models for cash implementation and opportunities for harmonising CVA approaches. The common approach recommends that any cash-based programming in Uganda be collaborative, inclusive, context-specific, and demand-, rather than supply-driven. Finally, it seeks to explore policies and frameworks to support joint efforts such as contracting financial service providers<sup>3</sup>, targeting, implementing, monitoring and safe interoperability of systems and data exchange to improve service delivery and visibility of CVA operations.

To inform and further the Common Cash Approach (CCA) in Uganda, research and learning was conducted in 2021 - 2022 to fill evidence gaps. Three pieces of research and 2 pieces of learning were published:

1. Research: REACH November 2021, Assessment of Financial Service Providers: Cash and Voucher Assistance in Uganda. Looks at the supply side of financial services by assessing the capacity and experience of FSPs to deliver cash, accessible [here](#).
2. Research: U-Learn January 2022, Financial Services in the Uganda Refugee Response: An Assessment Of User Perspectives. Considers the perspectives of refugee settlements and host communities to understand user demand for financial services, accessible [here](#).
3. Research: FSD Uganda, March 2022, Rebuilding Livelihoods in Displacement Endline Report. Examines the demand (financial lives and coping strategies of refugee households) and supply sides (gaps and opportunities for providers to intervene) of the financial services space, accessible [here](#).
4. Learning: U-Learn, November 2021, Financial Literacy Training In Uganda's Refugee Response. Provides an overview of FLT practices and experiences in Uganda, accessible [here](#).
5. Learning: U-Learn February 2022, Digital Financial Literacy Training In The Uganda Refugee Response. Provides an overview of what DFLT is already in place, accessible [here](#).

In February 2022, key stakeholders convened to discuss this new evidence and make recommendations on the way forward for the Uganda refugee response Common Cash Approach, recordings available [here](#).

The intended audience for this technical brief are CVA donors, policy makers, implementers including humanitarian actors and Financial Service Providers (FSPs), and the Inter-Agency Cash Working Group (CWG).

<sup>1</sup> In May 2016, representatives of 18 donor countries and 16 international aid organizations from the United Nations, international non-governmental organizations (INGOs) and the Red Cross and Red Crescent Movement (RCRCM) agreed to a 'Grand Bargain'. The Grand Bargain outlined 51 commitments aimed at improving the efficiency and effectiveness of international humanitarian aid. <https://interagencystandingcommittee.org/grand-bargain>

<sup>2</sup> Under Commitment 3: increase the use and coordination of cash-based programming.

<sup>3</sup> For example: leverage synergies in Financial Service Providers' (FSP) contracting such as piggybacking existing relationships, synchronizing charges, take advantage of efficiencies in economies of scale and for appropriate.

## Section 1. Summary of evidence

The findings are presented in five sections: (i) preferred transfer modalities (ii) the state of financial and digital literacy, (iii) Know Your Customer (KYC) requirements (iv) Financial Service Providers (FSPs) interoperability in cash transfers and (v) complaints and feedback mechanisms. This technical brief focuses on the major delivery modalities that present the most opportunities for a Common Cash Approach: mobile money and bank transfers.

### 1. Preferred transfer modalities



Findings from CWG/U-Learn 2021 research show that most refugee and host community (HC) members prefer cash over in-kind assistance, as it grants them agency, dignity and flexibility.<sup>4</sup> Findings also show that user preferences and delivery feasibility rank as follows: (1) Mobile Money, (2) Over-the-Counter (OTC) Cash, (3) Bank Transfers, (4) Prepaid/Smart cards.<sup>5</sup> Generally, all delivery mechanisms come with their own challenges. Refugees and host communities are most impacted by barriers related to basic and digital literacy, long distances and, when using financial services, low income.

Mobile money and bank transfers provide flexibility on when and how refugees and host communities use CVA. Both enable beneficiaries to save money in a secure location, make electronic transfers and payments, and enjoy additional financial services. Both can be used outside of humanitarian assistance.

#### Mobile money

The majority of refugees (64%) and host community (75%) members use mobile money, and in both communities, men own accounts more than women.



Mobile money is the preferred mechanism for receiving assistance at settlement-level according to communities. However, while mobile money is the preferred modality for cash transfers, the FSDU report shows that some refugees do not have mobile phones and SIM cards registered in their own names, in part due to the Know Your Customer (KYC) Identification requirements for SIM card registration.<sup>6</sup> A lack of stable internet for both MNOs and users and poor mobile phone network coverage inhibits widespread uptake of mobile money cash transfers.

In all 13 refugee settlements, there is at least one Mobile Network Operator (MNO) with an agent network inside the settlement, but even when an agent network is available, given the size of certain settlements, refugees still need to travel several kilometres<sup>7</sup> to access an agent.<sup>8</sup> Few MNO agents are empowered to sell SIM cards, open accounts and resolve common problems: while basic issues can be resolved with local agents, for issues like SIM card loss or PIN resets, local agents often could not help and advised users to visit a larger support centre, costing users time and money.

#### Bank transfers

The 2021 CWG/U-Learn study shows that 17% of refugees and 15% of host community members have a bank account. Half of all refugees who currently own a bank account use it to receive humanitarian assistance, 46% withdraw cash and 22% deposit cash into their bank accounts. Bank accounts are not typically used outside of aid amongst refugees and are rarely cited as being a preferred delivery mechanism.

<sup>4</sup> It is not possible to provide a representative sample of those who prefer CVA over in-kind.

<sup>5</sup> Bank Transfers and Smart Cards are often interlinked and it was noted that refugees sometimes find difficult to distinguish between the two modalities.

<sup>6</sup> While almost equal proportions of refugees prefer direct or OTC cash (40%) and mobile money (39%), host communities favour mobile money (49%) while direct and OTC cash is the second choice (37%).

<sup>7</sup> Furthermore, data indicates that to obtain a SIM card, replace as lost SIM card, open a mobile money account or access support, users may have to travel even further.

<sup>8</sup> The majority of mobile money users in the refugee response subscribe to MTN Uganda, followed by Airtel Uganda, which is particularly popular among host community respondents.

Refugees perceive bank accounts as expensive to set up and use; to mitigate this, humanitarian actors often cover the costs associated with opening a bank account.<sup>9</sup> A recent survey by [Collaborative Cash Delivery \(CCD\) Network](#) shows that the cost of bank transfers is 10 times higher when compared with the cost of mobile money transfers.<sup>10</sup> Similar to MNO agents, scarcity of local bank agents further drives up costs for users, who need to find transportation to reach banks.

The process of opening and maintaining a bank account is seen as hard to understand. Women (refugees and HC members alike) are more than twice as likely as their male counterparts to report that literacy issues discouraged their access to and use of bank accounts.

For bank agents with experience in facilitating humanitarian cash distributions, it is often easier to manage liquidity and float requirements during humanitarian cash transfers period compared to regular non-humanitarian operations. Despite this, only a third (38%) of FSPs reported conducting any special outreach<sup>11</sup> to increase access to their services and thus become more attractive to humanitarian actors and the refugee community as a service provider.

## 2. State of financial and digital literacy

### Financial literacy:

The ability to understand and use basic, mostly personal, financial skills such as budgeting and saving.

### Digital literacy:

"[t]he ability to use digital technology, communication tools or networks to locate, evaluate, use and create information"

### Digital financial literacy:

multi-dimensional concept whereby an individual has "the knowledge, skills, confidence and competencies to safely use digitally delivered financial products and services, to make informed financial decisions and act in one's best financial interest."

Low levels of basic and digital literacy and numeracy heighten barriers to access and use of financial mechanisms. Low literacy plays an important role in influencing preferences and comfort. Only a third of refugees (34%) and HC members (35%) are literate. Inequalities are higher in refugee communities than host communities and amongst women, indicating a more urgent need for trainings that target refugee women.

Financial and digital literacy trainings are do not reach everyone: according to the CWG/U-Learn research, 34% of refugees received financial literacy training, while 39% of host community members received digital literacy training.

The 2021 [Financial Literacy Training \(FLT\) Learning Brief](#) and [Digital Financial Literacy Training \(DFLT\) Learning Brief](#) show that when trainings are delivered they use a variety of approaches, curriculums, and standards. In terms of training coverage, it is noted that in certain settlements there is duplication of those targeted for trainings, while in other settlements there are gaps.

Refugees and host communities feel that further training is necessary, particularly for women, and is welcomed by communities. Data indicates that training would increase knowledge, skills and confidence, that could help reduce user reluctance to engage with transfer mechanisms, possibly altering preferences.<sup>12</sup>

## 3. Know Your Customer (KYC) requirements

Globally, FSPs are required by law to capture detailed bio data and situational data on a prospective customer before account opening, a process referred to as Know Your Customer or KYC. To fulfil this requirement, applicants are required to provide

### Types of ID:

- 1) UNHCR issued attestation card
- 2) OPM issued refugee ID
- 3) OPM-issued attestation card

<sup>9</sup> The user must leave a certain balance, there are monthly fees, fees for withdrawing, etc.

<sup>10</sup> Unpublished Uganda CCD data

<sup>11</sup> Special outreach includes engaging specially trained staff to conduct trainings for persons with disabilities, as well as making house visits inside the settlement for older persons and those who have difficulty moving

<sup>12</sup> For example, respondents report that the difficulties surrounding literacy associated with banking are to blame for the lack of popularity of the tools.

detailed identification documents and often meet stringent identity proof.

In 2019, the data-sharing partnership between the Uganda Communications Commission (UCC) and the UNHCR enabled refugees and asylum seekers to register SIM cards in their own name using the Refugee ID - or a government-issued attestation letter in the absence of a government-issued Refugee ID. However, data shows that KYC requirements vary between MNOs and banks, and despite recent collaboration between UCC and the UNHCR/OPM on tackling this issue, KYC issues remain.<sup>13</sup> The issues encountered with KYC go beyond a specific delivery mechanism and can very easily become a barrier to prospective clients of an FSP.<sup>14</sup>

Humanitarian partners report that OPM-issued refugee ID card are incompatible with UCC requirements.<sup>15</sup> FSPs often times asks for more documents than stipulated by UCC guidelines. Inconsistencies in ID requirements can prevent MNOs from registering new users in time to receive scheduled cash transfers. As a result, it is a common practice to borrow IDs to obtain SIM cards. Since IDs are also needed to cash out money from mobile money accounts (i.e. to withdraw cash), this may raise security issues.

#### 4. FSPs interoperability in cash transfers

Interoperability is the ability of information systems to exchange data and enable sharing of information. Interoperability does not mean pooling all data or collecting additional categories of information. It does not entail data registered in one system being automatically shared across all other systems. Interoperability is about a targeted and intelligent way of using existing data to best effect while at the same time ensuring full respect of fundamental rights, in particular data protection requirements.<sup>16</sup>

Lack of interoperability, both agent interoperability and wallet interoperability substantially undermines the value of digital payments on the side of the FSPs or the user by increasing costs and being inconvenient. Without interoperability, digital payments are possible only when a merchant and a consumer are using the same provider, which reduces the number of acceptance points where customers can transact as well as the share of each merchant's customers that are able to pay digitally.

The 2021 REACH report shows that many FSP agents perceive humanitarian cash programmes as interesting business opportunities. The majority of FSPs (59%) report that their institution had partnered at least once with a humanitarian organisation to deliver cash in their district in the past two years.<sup>17</sup> FSPs operating in the refugee response have been mapped per settlement in the [settlement-level CVA infographics](#).

FSPs commonly earn a commission per processed transaction. Transaction fees set by FSPs are subject to negotiation and dependent on the agency and the operation in question, including its scale and volume. FSP transaction fees generally do not differ by location or delivery mechanism used and follow three main pricing models for the sending organisation:

1. A flat fee per transfer (MNOs were reported to charge considerably lower fees than banking institutions);
2. A percentage of the value transferred (Savings Credit and Co-operative Societies (SACCOs) and MFIs most commonly reported charging according to a percentage per transfer, with percentages ranging widely from 1% up to 10% of the amount transferred);
3. Fees change in proportion to the amount transferred, according to a tiered system.

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<sup>13</sup> UNHCR has given UCC access to the refugee data to enable MNOs to leverage the KYC or Customer Due Diligence information

<sup>14</sup> Detailed description of Know Your Customer regulations can be found here: <https://www.swift.com/your-needs/financial-crime-cyber-security/know-your-customer-kyc/kyc-process>

<sup>15</sup> Assessment of Financial Service Providers – Cash and Voucher Assistance in Uganda, pg. 41.

<sup>16</sup> Definition for interoperability as [provided by the EU](#)

<sup>17</sup> In the West Nile region (WNR), FSPs most often reported non-digital cash delivery as most suitable for delivering cash inside the settlements, while in the south-west region (SWR) digital methods, such as mobile money and bank accounts, were seen as most suitable by 70% of interviewed FSPs.

In the absence of full agent and wallet interoperability among FSPs, humanitarian organisations cannot verify transactions before sending cash across multiple banks /network operators which increases the risk of sending cash to the wrong recipients and compromises on accountability processes for cash transfers. While this can be mitigated by having individual contractual agreements with different banks/network operators, it presents an additional layer for humanitarian organisations to consider while contracting the FSPs.

In a similar fashion, FSPs can send bulk payments across their own clients and also to another operator, However, recipients of cross network operators have four days to redeem their “token” money. The limitation in the timeframe for liquidating the token has been a major barrier to cash transfers. Given that refugees face network, electricity challenges etc., by the time they realize the token money has arrived the transferred cash has expired and reverted to sender. In such cases, where a refugee should go to cash out at the sending network agents, most refugees go their respective network agents and are confused on the process of redeeming their tokens. Such challenges could be well managed if full interoperability is realized among banks and mobile network operators.<sup>18</sup>

## 5. Complaint and feedback mechanisms

Feedback and complaints mechanisms exist for all cash delivery mechanisms, but they vary in terms of convenience and accessibility. Users face difficulty understanding product fees, terms, conditions of financial products and services and terminology; they prefer to address their complaints in person and in plain and simple terms, which can mean walking or hiring transport to reach mobile money agents who are most often not the closest, local agent. Beneficiaries often travel long distances to reach their nearest bank branch or larger MNO office, which costs both time and money.

## Section 2 – Recommendations<sup>19</sup>

The Common Cash Approach in Uganda is made up of multiple models and seeks to harmonise, coordinate and contextualise cash assistance within the varied Ugandan settlements. Success would mean inclusivity, consideration of user preferences, time and cost efficiency.

In line with existing national cash coordination structures<sup>20</sup>, it is increasingly urgent to build pathways to address immediate and urgently needed financial inclusion as well as longer-term refugee resilience through the development and implementation of **the Common Cash Approach, whereby stakeholders, including FSPs, NGOs, donors, and governments are encouraged to work together and build on existing ways of working.**

The following recommendations are a result of evidence collected in 2021-2022. If implemented, these recommendations will advance the Common Cash Approach objectives in the Uganda refugee response. They are organised by actor group.

### Recommendations to donors

Through the Grand Bargain, donors have committed to the Common Cash Approach. Donor support is critical to advancing the Common Cash Approach. The main donors for CVA and financial inclusion in the Uganda refugee response are ECHO, FCDO and USAID. Many more donors have bilateral agreements with humanitarian organisations to provide assistance using cash.

**Recognize that the Common Cash Approach is the agreed upon roadmap** for CVA and financial inclusion. Donors new to CVA in the Uganda refugee response should consult this document first and be cognizant of the fact that as donors, they are a major driving force to pushing this agreed agenda forward.

<sup>18</sup> The Cash Working Group appreciates that the national switch, currently under discussion by the Bank of Uganda will help alleviate some of the wallet interoperability challenges currently being faced.

<sup>19</sup> Recommendations are based on the 2021-2022 research and learning resources (listed on page 1), including the CVA workshop, held in Kampala in February 2022.

<sup>20</sup> Led by OPM and UNHCR

**Support the discussions on a national platform for data sharing and system interoperability at a national level** through the CWG by

- Co-facilitating discussions on the development of a national platform for data sharing and system interoperability at a national level
- Facilitating collaboration between senior-level management of UN agencies
- Facilitating data sharing agreements between CWG members alongside discussions on data protection
- Support research to fill evidence gaps

**Recognise that CVA coupled with financial and digital literacy are pathways to financial inclusion and self-reliance.**<sup>21</sup> Donors can help drive this resilience agenda by:

- Adopting the CWG minimum standards for FLT
- Ensuring that M&E is focused on outcomes (content and learning) and not outputs (number of trainings or participants).
- When FLT is a component of another programme, ensuring that it comes with a clear mapping of existing training and implementers, to avoid duplication.
- Emphasising the urgency of scaling up digital literacy training and digital financial literacy by integrating it in all CVA programming and beyond.

**Facilitate and support new partnership opportunities between FSPs, policy makers and the CWG.** Donors are instrumental in changing the perception between FSPs and end-users. They can shape new partnerships and business opportunities to increase the business case for refugee clients, provided that the necessary protection and do harm measures are in place.

## Recommendations to policy makers

Policy makers in the CVA space include Government (OPM, as well as UCC and Bank of Uganda (BoU)), UNHCR, and [Uganda Bankers Association](#) (UBA).

**Make banking and mobile money KYC requirements clear for all actors concerned, especially last-mile refugees.** Developing and disseminating a clear and simple resource (a flyer or poster for instance) that lists accepted KYC documentation as defined under Ugandan law, and is translated into local languages, will decrease misunderstanding. This could be developed both for refugees looking to obtain SIM cards or open bank accounts, and for refugees looking to become local FSP agents.

Developing a simple KYC explanatory resource will foster a mutual understanding between FSPs on what KYC documentation is required. It can then be:

- Distributed at the settlement level to users seeking to obtain a SIM card to take with them to MNO/banking agents to ensure their documents are in line with regulations and accepted;
- Cascaded to FSP agents on the ground and systematically integrated in the agent trainings (MNO, bank, others) to mainstream KYC questions as they relate to refugees;
- Shared with those who support refugees (complaint desks, protection desks, FRRM, etc.).
- Shared with actors starting new CVA programmes.

**Collaborate with the UCC and the banking community to streamline KYC verifications.** The 2019 data-sharing partnership between the UCC and the UNHCR and the change in mobile money KYC policy has contributed to a significant increase in mobile money transactions in the settlements.<sup>22</sup> A similar strategy could be applied to financial service providers. Collaboration between the BoU, UBA and UNHCR/OPM can streamline the KYC verification process for FSPs at scale to reduce manual intervention and delays in the current KYC verification process for refugees opening bank accounts.

**Encourage and promote full interoperability amongst Banks and MNOs** to the extent possible while still promoting a healthy competition, to promote a cash-lite community, increase financial inclusion as well as improve efficiency by avoiding duplications e.g. in the use of POS machines.

<sup>21</sup> <https://ulearn-uganda.org/financial-literacy-training-in-ugandas-refugee-response-learning-brief/>

<sup>22</sup> FSDU's end line report reported that mobile money usage climbed up from 29% in 2019 to 61% in 2021.

## Recommendations to CVA Implementers (humanitarian actors and FSPs) with support from the CWG

### Place end users at the centre of CVA design.

- **Provide and promote a choice model;** a model that allows recipients of cash to select how they would like to receive cash transfers based on their circumstances and available opportunities; in doing so, expand the options available to recipients by expanding the variety of FSPs contracted to provide cash transfers.
- **Assure clear communication with end users of CVA** that is well understood by all people involved in CVA delivery, including on topics such as the amount of the transfer, intended use of the cash to be provided and project length.
- **Involve end users of CVA in all steps of the CVA cycle** (from selection of the modality, creation or validation of selection criteria, to distribution and monitoring evaluation).
- **Develop a communications strategy when a CVA solution is used for the first time** in a given location (notably mobile money and banking solutions).
- **Think through the setup and running costs** to ensure that costs borne by refugees are reasonable in the short but also in the long term, once the programme ends<sup>23</sup>.

**Harmonise the use of CVA delivery modalities at settlement level.** Use existing delivery mechanisms when it is both possible and in line with beneficiary preferences. This can avoid the creation of parallel systems and modalities at the settlement-level as these complicate cashing out for users.<sup>24</sup> The choice of a delivery mechanism should also take into account other actors' operations.

- Base CVA modalities decision making processes on existing evidence such as the [settlement level CVA infographics](#).
- If after careful deliberation, a new delivery mechanism is preferred, combine its introduction with communication strategy.

**Increase partnerships between FSPs and humanitarian actors.** In collaboration with humanitarian actors implementing CVA, FSPs can deliver specific and tailored programmes (activities and services), for instance on digital literacy skills and digital financial literacy skills through targeted projects in a sustainable way.<sup>25</sup> Co-creating these programmes with humanitarian actors will create an ethical framework to mitigate risks and ensure that programmes do no harm (i.e. mitigate risk of abuse from profit-driven actors promoting services to people with limited literacy).

**Mainstream the incorporation of FLT<sup>26</sup> in all CVA programming.**<sup>27</sup> The CWG has developed a learning brief on FLT in the Uganda refugee response; interventions should also be aligned with the Strategy for Financial Literacy in Uganda as advised by the coordinator (Bank of Uganda). The development of FLT minimum standards (on length, frequency, number of participants, and core curriculum modules) will support implementation, quality assurance and harmonisation of practices during implementation.

- FLT that accompanies digital transfer modalities should include a **focus on Digital Literacy and DFLT**.<sup>28</sup> Through targeted DFLT, users build up experience and skills, and increase their confidence in digital CVA. These skills can be used during and after CVA programming and shared horizontally between community members.
- **Ensure that FLT is inclusive of women and last mile refugee groups (including people with disabilities):** ensure training times or length are in line with what works for women, ensure that training locations and facilities are accessible and that reasonable accommodations are put in place to reach last mile refugee populations.

<sup>23</sup> For example, strategic long-term agreement with FSPs, not one-off service contract with a short duration

<sup>24</sup> User preferences must be considered alongside: 1) the policy and political environment; 2) market functionality; 3) organizations' operational capacity.

<sup>25</sup> This can become particularly effective when these programmes are bundled with the FSP's financial service offering to consumers, thereby provoking repeat usage of digital services and increasing digital inclusion. An example of this could be an FSP offering tailored digital literacy programmes to new customers during SIM card distribution activities, and providing continued support throughout the CVA programme.

<sup>26</sup> FLT learning brief: <https://ulearn-uganda.org/financial-literacy-training-in-ugandas-refugee-response-learning-brief/>

<sup>27</sup> Training is welcomed by communities who feel that it would increase demand for financial services, and could be scaled-up through horizontal knowledge-sharing within communities.

<sup>28</sup> Digital Financial Literacy Training Learning Brief <https://ulearn-uganda.org/digital-financial-literacy-training-in-the-uganda-refugee-response-learning-brief/>

## Recommendations to financial Service Providers

Financial Service Providers in the CVA space include banks (PostBank, Centenary Bank, Equity Bank, EcoBank, Stanbic Bank, among others) and mobile network operators (MTN, Airtel).<sup>29</sup>

**Increase understanding on the business case of working with refugee customers.** Tailor services in currently underserved areas through existing or new partnerships with humanitarian actors in the area.<sup>30</sup>

**Increase focus on direct relationships with refugees.**<sup>31</sup> See cash transfer recipients as potential clients who have an array of financial needs beyond the life-span of a specific humanitarian project. Collaborate with humanitarian actors to understand the context and specific client needs (especially of vulnerable populations) to build up expertise and ensure user protection.

**Collaborate with BoU and Uganda Bankers Association to increase interoperability.** FSPs stand to benefit by expanding the use of their banking system to other users thus increasing their revenue, reduce costs they would otherwise incur in setting up a large network of agents (including increasing number of female agents) and expand the type of acceptance points customers can pay using merchant payments. Collaboration between BoU and UBA can identify more interoperability options based on a strong business case that involves FSPs. This can also provide avenues of utilizing data from reports to inform future intervention plans (ex: BoU Annual report, Finscope Survey report and Financial Capability Survey report). Planning should include mitigation measures to ensure fair and transparent ways of working (ex: mitigate against free-riding on competitor infrastructure).

**Empower local agents of MNOs and Banks.** MNO and bank agents are on the ground in remote locations and their on-ground presence should be strengthened in terms of density and liquidity quality.

- Empower agents to resolve common problems to help users avoid incurring transportation costs and spending time travelling. This could be done by increasing the agent training and follow-up, including on KYC requirements and on feedback and complaint mechanisms. Empowering more agents should go hand-in-hand with mainstreaming safeguards against potential abuse and customer protection measures.
- Increase agent liquidity to assure the system can meet demands.
- Clarify and communicate on requirements for refugees to become agents.

**Provide feedback and complaint mechanisms that are easily accessible and are user centred.**<sup>32</sup> Prioritise users when it comes to resolving disputes, filing complaints and providing follow-up support.

- Make sure that complaints and feedback mechanisms are simple for the users and in a language they can understand.
- Support hotline agents so that they are able to resolve a wider array of problems (forgotten PIN, lost SIM card, etc.).
- Provide link to the regulator help desks to address respective complaints. <https://www.simplifymoney.co.ug/>
- In addition or alternatively, explore a second easily accessible feedback and complaints mechanism, for instance roving agents who visit beneficiaries when the hotline cannot resolve an issue, or increasing the number of physical agents in settlements that are able to resolve problems.

<sup>29</sup> See [2021 REACH report](#) and [settlement-level CVA infographics](#)

<sup>30</sup> This can include: increasing knowledge on business strategy and segmentation, targeted subsidies/financing tools to mitigate potential risks, and piloting innovative approaches to common cash delivery. In turn, these actions can increase service delivery to low-income individuals by lowering the costs of onboarding and monitoring for suspicious transactions.

<sup>31</sup> The current FSP pricing models used in Uganda are based on fees for processing large humanitarian transfers. FSPs usually are contracted in a tendering process that often rewards the lowest bidder. This means that FSPs that use these models do not see cash transfer recipients as potential clients who have an array of financial needs beyond the life of the specific intervention.

<sup>32</sup> Hotlines are offered by FSPs as a way to resolve user problems and report complaints. However, data shows that this method cannot resolve all problems and beneficiaries are often told to travel to their closest agent.

## Recommendations to the Uganda Inter-Agency Cash Working Group (CWG)

The CWG is the coordinating body for Common Cash Approach in the Uganda refugee response; it is a coordinating forum that seeks to promote harmonization of cash-based interventions and approaches in the humanitarian response by creating an enabling environment for strategic engagement with the CWG partners, private sector and Government. The following recommendations will help move that approach forward and the CWG Group is committed to reviewing its TOR and workplan in accordingly.

**Seek long-term solutions to make concrete progress on the humanitarian development nexus.** When possible, employ a market systems approach to offer relevant financial services for the long term on a commercially viable basis.<sup>33</sup> To achieve financial inclusion, users need to be able to go beyond payment and cash-out transactions by taking advantage of the multitude of services available (savings, loans, etc.). This can lead to continued access to financial services for host communities and increase the chances of continued use, even after the programme ends.

**Support the scale up of digital literacy training.** Recent evidence has demonstrated that digital literacy skills are very low amongst the refugee population while digital financial services are rapidly gaining traction. Concerted efforts are made to harmonise and increase financial literacy training efforts in CVA programming, but digital literacy and digital financial literacy training are lagging behind. The CWG can accelerate efforts by gathering existing evidence, such as on curricula and training approaches, and highlight good practices to support implementers and facilitate a scale up.

**Lead on collaboration and knowledge management efforts on CVA programming at both national and local levels.**

- To support harmonising work at settlement level, the CWG can take lead in **joint assessments** at the settlement level. A pilot project in one settlement could be launched to test joint assessments' feasibility.
- If sharing of raw data is not feasible, alternatives to explore can include increased **sharing of information** that is used to make decisions (the CWG can support by scaling up its knowledge management function), and agreeing core indicators that all actors can plan to collect (ex: template assessment survey, joint KPIs).
- Explore new partnerships, such the Humanitarian Open Street Map Team, to further map FSPs the geographical distribution.<sup>34</sup>

**Continue the process of integrating FSPs into the CWG** to include their opinions, needs and recommendations in CWG discussions to support a user-centred co-creation process, foster open communication and develop sustainable strategies.<sup>35</sup> In addition, a dedicated regular exchange platform between the CWG and FPS, could allow for more in-depth discussion.

Together with UNHCR, WFP and OPM, lead on discussions to **explore the creation of a national platform for data sharing** to improve coordination, visibility, and increased collaboration in cash. In the short-term, **piggy-backing on existing contractual agreements** can be encouraged through the development of piggy-backing guidelines to guide agencies on the process of using another organization's contractual processes.

Bring together selected humanitarian and private sector stakeholders to **move discussions on the development of interoperable systems and data sharing agreements forward** to allow harmonisation of data management, access to beneficiary identification to avoid duplication of assistance, and achieve common assistance tracking.

To anticipate the creation of a national platform for data sharing and the actualisation of interoperable systems, the CWG through UNHCR can **build up data protection knowledge and expertise** to lead on the development of data protection and data sharing protocols and guidelines for all partners

<sup>33</sup> Many refugees and refugee-hosting communities use mobile money to pay bills, send money, buy airtime; banks and other FSPs can be used to access loans. These delivery mechanisms offer financial services and a secure way to save money.

<sup>34</sup> More information available here: [https://www.hotosm.org/projects/mapping\\_financial\\_inclusion\\_in\\_uganda](https://www.hotosm.org/projects/mapping_financial_inclusion_in_uganda)

<sup>35</sup> FSPs deal directly with end users and are faced with registration challenges, user questions, and designing operational strategies to ensure sufficient cash liquidity during large distributions.

implementing CVA.<sup>36</sup> This could be further enhanced through trainings to CWG members on data sharing protocols and guidelines.

In collaboration with the Child Protection Working Group and regulators, **clarify existing guidelines and standardise practice on supporting unaccompanied minors through CVA.** Currently, there is no harmonised practice for supporting unaccompanied minors (16-18 year olds) through CVA programming; creating a clear guideline for this demographic would be an effective testing ground for future harmonisation efforts.<sup>37</sup>

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<sup>36</sup> Data collection should follow basic principles of data minimization, (collect as little as possible and only as much as necessary), transparency (being honest and open about what user data will be used for), data security (confidentiality, data access restrictions) and finally, storage limitation (how long data will be stored). Data protection also means having clear data management agreements between partners who may share data between them to safeguard these data protection principles. See: IFRC Practical Guidance for Data Protection in Cash and Voucher Assistance: <https://cash-hub.org/wp-content/uploads/sites/3/2021/01/CVA-Data-Protection-Guidance-final.pdf>

<sup>37</sup> For inspiration, see: Mapping for Protection (International Rescue Committee) <https://www.alnap.org/system/files/content/resource/files/main/1559138467.IRC%20-%20CVA%20for%20Protection%20vf.pdf>

## Annex 1 - Settlement level infographics

For each of the 13 refugee-hosting districts, CVA infographics on the presence of FSPs, user preferences and current delivery modalities were created. These pull together multiple sources of data:

- Assessment of Financial Service Providers: Cash and Voucher Assistance in Uganda (REACH) November 2021
- Financial Services in the Uganda Refugee Response: An Assessment Of User Perspectives (U-Learn) February 2022
- Uganda Cash Working Group
- UNHCR
- DRC
- WFP

Following multiple drafts, the infographics were presented at the Cash Working Group CVA harmonisation workshop in Kampala on February 24<sup>th</sup> to both in-person and online participants who were invited to complete the information. Following the workshop consultation, the infographics were sent to settlements to complete information on missing FSPs and delivery modalities in use.

The infographics were finalized mid-March 2022 and shared with CVA practitioners around Uganda. Contact for comments or additions: [eunice.mwende@wfp.org](mailto:eunice.mwende@wfp.org)

Settlement-level infographics, as of March 2022, can be found through the following link: <https://ulearn-uganda.org/data-on-financial-service-providers-in-uganda-settlement-level-infographics/>

## Annex 2 – Details about the use mobile money and bank transfers

### A. Mobile Money

**How mobile money is used by beneficiaries:** The majority of refugees (64%) and host community (75%) respondents use mobile money. In both host and refugee communities, men own accounts more frequently than women. A majority of those who currently do not have mobile money accounts would be interested in having one. Mobile money accounts used for humanitarian assistance are largely used to receive, withdraw and send money; host communities also use mobile money accounts to save.<sup>38</sup> Both refugees and host communities use mobile money accounts outside of humanitarian assistance: to pay bills, make transfers to other people, and to purchase airtime and food items from vendors who accept mobile money.



**Preferences for mobile money:** Mobile money is the preferred mechanism for receiving assistance at settlement-level according to both host and refugee communities.<sup>39</sup> Reasons for this preference include the ease of accessing mobile money accounts, cashing out at proximate agent locations and its discreet nature. This means that mobile money is likely to be appropriate for people who have trouble travelling long distances (older persons, pregnant women, or persons with disabilities).

**Barriers to using mobile money:** In all 13 refugee settlements surveyed, there was at least one Mobile Network Operator (MNO) who reported having an agent network inside the settlement.<sup>40</sup> While mobile money agent services have improved in the past two years, most agents are situated at the main centre or 'base camp' in settlements. Agents located within settlements enable day-to-day transactions, although given the size of certain settlements, refugees may still need to travel several kilometres. Furthermore, data indicates that to obtain a SIM card, replace a lost SIM card, open a mobile money account or access support, users may have to travel even further.

Barriers to using mobile money include identification requirements (KYC) for SIM card registration, despite recent progress with the UCC and UNHCR to allow attestation cards to be used. Other barriers

<sup>38</sup> Unpublished data from U-Learn study on user preferences.

<sup>39</sup> While almost equal proportions of refugees prefer direct or OTC cash (40%) and mobile money (39%), host communities favour mobile money (49%) while direct and OTC cash is the second choice (37%).

<sup>40</sup> The majority of mobile money users from both communities subscribe to MTN Uganda, followed by Airtel Uganda, which is particularly popular among host community respondents.

include high transaction charges (which includes a mobile money tax passed in 2017) incurred especially for cash out and bank-to-wallet transactions, low basic and digital literacy levels<sup>41</sup> and insufficient income to buy a mobile phone. From the MNO perspective, a lack of stable internet for both MNOs and users and poor mobile phone network coverage inhibits widespread uptake of mobile money cash transfers.

Agent assisted transactions are common, with several MNO agents admitting to helping older or illiterate persons to complete transactions on their phones. Agents who provide services for MNOs at settlement-level tend to be small, sole-proprietor businesses with limited capital<sup>42</sup>. Few MNO agents are empowered to sell SIM cards, open accounts and resolve common problems: while basic issues can be resolved with local agents, for issues like SIM card loss or PIN resets, local agents often could not help and advised users to visit a larger support centre, costing users time and money.

## B. Bank transfers

**How bank transfers are used by beneficiaries:** In the 2021 CWG/U-Learn study, only 17% of refugees and 15% of host community members reported having a bank account. Half of all refugees who currently own a bank account report to be using it to receive humanitarian assistance, 46% withdraw cash and 22% deposit cash into their bank accounts. This differs from the main uses reported amongst the host community, who use bank accounts to withdraw and deposit (49% each) or to save (47%).

**Preferences for bank transfers:** Bank accounts are not typically used outside of aid amongst refugees and were rarely cited as being a preferred delivery mechanism. Less than half of individuals without a bank account reported wanting one although a minority of unbanked individuals thought having a bank account would add value to their financial transactions. From the provider perspective, banking is convenient: once beneficiaries have bank accounts, transfers can be made quickly and efficiently.

**Barriers to bank transfers:** Bank accounts are perceived as expensive to set up and use.<sup>43</sup> Scarcity of local agents further drives up costs for users, who need to find transportation to reach banks. Some actors in Uganda have tried to overcome the barrier of inadequate banking infrastructure by using the agent banking model.<sup>44</sup> The process of opening and maintaining a bank account was seen as hard to understand, especially when compared to mobile money accounts. Women in both communities are more than twice as likely as their male counterparts to report that literacy issues discouraged their access to and use of bank accounts.



The Financial Institutions (Amendment) Act (2016), makes provisions for Agent Banking. Commercial banks in Uganda agreed to form a shared agent banking system.<sup>45</sup> Agent banking empowers commercial banks to appoint agents to provide banking services such as deposits, withdrawals and more on their behalf. Agents can be local shopkeepers, kiosk owners, supermarket attendant or anyone in the community who has been authorized by the bank to be an agent.<sup>46</sup>

## Annex 3 – detail on KYC requirements

ID requirements for opening bank accounts vary between banking institutions and MNOs.<sup>47</sup> FSPs accept the UNHCR attestation card for the head of household when it is combined with an OPM-issued attestation document.<sup>48</sup> Some banks only accept the refugee ID issued by OPM, others only accept the

<sup>41</sup> This can leave users open to fraud attempts, thereby undermining consumer trust and confidence in the technology.

<sup>42</sup> To ensure liquidity after cash distributions, MNOs and banks use a system that establishes so-called "super-agents"<sup>42</sup> who are a network of vetted liquidity managers contracted to assist agents with cash replenishment.

<sup>43</sup> Must leave a certain balance, there are monthly fees, fees for withdrawing, etc.

<sup>44</sup> An extension of services traditionally offered in bank branches whereby third parties (agents) offer these services on behalf of a bank.

<sup>45</sup> Through their umbrella body – Ugandan Bankers Associations

<sup>46</sup> <https://agentbanking.co.ug/who-we-are/>

<sup>47</sup> Banks in Uganda are legally able to decide what documents they require for KYC compliance.

<sup>48</sup> A UNHCR-issued attestation card is not usually accepted by banks and MNOs while the OPM-issued attestation card is accepted. Both attestation cards list all household members and if these forms of ID are used to open accounts, only the head of household

OPM-issued attestation card, and some accept or require both. For banks accepting only the attestation card, this means only the head of household can open a bank account, limiting inclusion. For MNOs, differences also exist. MTN accepts both the UNHCR attestation card and the refugee ID issued by the Office of the Prime Minister (OPM) to open a mobile money account in lieu of a Ugandan national ID or foreign passport. Airtel, on the other hand, reportedly only accepts the OPM refugee ID for opening an account because this ID lists only one individual while the attestation card can include dependents. If an attestation card is used, the mobile money account is in the name of the head of household.

Finally, there is no agreed upon approach for supporting unaccompanied minors through KYC requirements and throughout CVA programming.

## List of acronyms

<b>BoU</b>	Bank of Uganda
<b>CCA</b>	Common Cash Approach
<b>CVA</b>	Cash and Voucher Assistance
<b>CWG</b>	Cash Working Group
<b>DFLT</b>	Digital Financial Literacy Training
<b>FLT</b>	Financial Literacy Training
<b>FSP</b>	Financial Service Provider
<b>HC</b>	Host Community
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MNO</b>	Mobile Network Operator
<b>OTC</b>	Over the Counter (Cash)
<b>OPM</b>	Office of the Prime Minister
<b>UCC</b>	Uganda Communications Commission
<b>WFP</b>	World Food Programme
<b>KPI</b>	Key Performance Indicators
<b>UBA</b>	Uganda Bankers Association
<b>FSDU</b>	Financial Sector Deepening Uganda
<b>FRRM</b>	Feedback, Referral and Resolution Mechanism