# SMART COMMUNITIES COALITION



2018 YEAR IN REVIEW

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### **MESSAGE FROM POWER AFRICA AND MASTERCARD**

The number of refugees and internally displaced people across the globe continues to grow – jumping 16% in 2017 – while funding for humanitarian assistance declines. In its latest financial update for 2018, the United Nations High Council for Refugees (UNHCR) reported a funding gap of \$4.3 billion, representing over 50% of its required annual budget, and the funding outlook for 2019 is no better. The call to action is clear: leaders in government, civil society, and the private sector must engage quickly and assertively to bring innovative approaches that provide basic services, hope, and opportunity for economic development for refugees and displaced populations.

In January 2018, the U.S. Agency for International development (USAID) and Mastercard, along with over 30 humanitarian and private sector partners, launched the Smart Communities Coalition (SCC) to advance commercially sustainable solutions to energy access, connectivity, and digital infrastructure in refugee settlements and their host communities. By recognizing the dynamic nature of refugee economies, SCC is opening new avenues for private sector solutions to meet essential humanitarian needs while offering greater choice and dignity to millions of individuals.

Since its inception approximately one year ago, SCC has deployed the collective expertise and resources of its membership to develop innovative pilot projects addressing energy, health, and financial inclusion; stimulate the expansion of local, refugee and host-owned businesses; and build a knowledge base around emerging business models in areas like off-grid connectivity and digital identification.

SCC represents a strategic and coordinated effort between public and private sector partners to work hand-in-hand in support of commercial solutions to humanitarian response that accelerate progress toward creating economic opportunities for some of the world's most vulnerable populations. We are excited about the progress we have made and look forward to what we can accomplish in the year ahead.



Andrew M. Herscowitz Coordinator USAID Power Africa



Tara Nathan
Executive Vice President,
Humanitarian & Development
Mastercard

The Smart Communities Coalition (SCC) is improving the delivery of essential services to refugees and host community members by enhancing coordination between public and private entities.







#### **SMART COMMUNITIES COALITION AT A GLANCE**

The **Smart Communities Coalition (SCC)** is a public-private effort seeking to transform the operating model in refugee camps and settlements. Co-chaired by Mastercard and USAID's Power Africa, and comprising more than 35 members, SCC organizes and mobilizes stakeholders according to their core strengths to address three fundamental pillars: connectivity, digital tools, and energy access.

#### **Focus Settlements**

**Kenya:** 470,088 refugees, down 3.5% from previous year

- Kakuma,
- Kalobeyei

**Uganda:** 1.19 million refugees, up 12% from 2016

- Bidi Bidi
- Kiryandongo
- Rwamwanja

#### **Objectives**

- Increase efficiencies in camp management and service delivery
- Empower refugees to provide for themselves and their families
- Equitably address the needs of host community members in and around targeted settlements
- Improve stability in conflict afflicted regions

#### **Principles**

- Employ an "ecosystem" approach to technology deployment
- Build public-private models
- Integrate existing efforts and refugee response frameworks

#### **Technology Pillars**



#### Connectivity

Mobile phone and internet access offers critical information and connection to family support networks.

#### **Expected Results in 2019**

- SCC will launch its Digital Agents for Energy+ pilot in Kenya's Kakuma settlement. Working with 20 micro-entrepreneurs and 5 small, refugee-run businesses, the pilot will trial a new digital tool to streamline the last-mile distribution of energy products for refugee markets.
- The United States African Development Foundation (USADF) will award grants to 7 locally-owned businesses serving the SCC focus settlements and host communities. Funding will be used to expand the use of technologies aligned with the SCC pillars.
- SCC will initiate a grant program to de-risk market entry for Pay-As-You-Go (PAYGO) solar home system (SHS) companies to launch operations in two SCC focus settlements. Grantees will create minimum 15 new jobs and reach 10,000 new customers, while establishing a long-term presence for sustainable impact.



#### **Digital Tools**

Digital tools open up new education, training, livelihood and information opportunities.



#### **Energy Access**

Access to energy enables better livelihoods, enhances personal safety, and reinforces regional stability.

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#### **MEMBERS AND COLLABORATORS**















































































#### **CURRENT SCC ACTIVITIES**

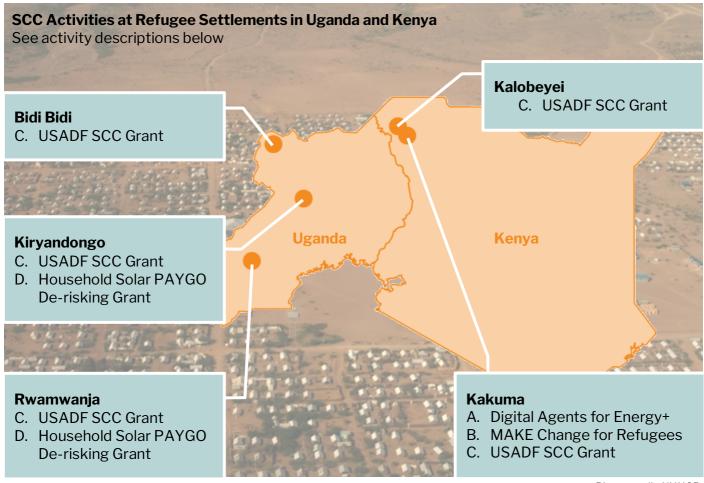


Photo credit: UNHCR

#### **SCC** Activities

- **A. Digital Agents for Energy+:** Strengthens local small businesses and entrepreneurs to act as last-mile distribution points for clean energy products in Kakuma. By deploying a Mastercard application that connects suppliers with local youth empowered to sell and service products, refugees and host community members will more readily access affordable, reliable energy. Seeking to bridge the humanitarian and development divide, the Norwegian Refugee Council and International Trade Centre will target 20 micro-entrepreneurs and 5 small business owners to receive training and market-building support. Activities are anticipated to kick off in mid-2019.
- **B. MAKE Change for Refugees:** Incentivizes established micro-grid developers to engage with informal, refugee-run micro-grid operators. Micro-grid infrastructure will be advanced in Kakuma through commercially sustainable models, by building on learnings from a micro-grid previously established by GIZ (the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) in Kalobeyei settlement. Power Africa and SNV (Netherlands Development Organisation) will provide analysis and implementation support that will improve the availability and reliability of mini-grid power in the settlement and camp. Activities are anticipated to kick off in 2019.

- C. United States African Development Foundation (USADF) SCC Grants: Bolsters community-level private sector action by helping local business to improve the quality and scale of their services in refugee settlements and host communities. Through a special SCC grant window with Power Africa, USADF will support up to ten refugee and host-owned businesses in and around focus SCC settlements in Kenya and Uganda. Grants up to \$100,000 will be awarded for businesses to expand innovative efforts to address energy access gaps while leveraging the internet and digital tools. Grants are anticipated to begin in the first half of 2019.
- **D. Uganda De-Risking Pay-As-You-Go (PAYGO) Solar Home Systems Grants:** Enables market entry for established PAYGO energy companies to sell products in refugee settlements. By defraying market entry costs, Power Africa improves the business case for building a long-term presence in Uganda's Rwamwanja and Kiryandongo settlements. This targeted grant approach will keep product costs at the market-rate in order to demonstrate the viability of commercial distribution models for off-grid energy products in protracted humanitarian settings. Awardees are expected to create at least 15 new jobs and reach at least 10,000 new customers during the grant phase, while establishing a sustainable operation. Grants are anticipated to begin in mid-2019.

#### **Bilateral Member Collaboration**

**Energy and Digital Finance Advisor:** Mercy Corps and USAID Power Africa engaged an Energy and Digital Finance Advisor to support PAYGO market-building and technical assessments through the Mercy Corps Innovation Centers in Bidi Bidi and West Nile.

**Cookstove Distribution and Sales Agent Training:** Training staff from Fenix were deployed to Mercy Corps' offices in Yumbe, where local entrepreneurs were trained to sell off-grid lighting and clean cooking products. In partnership with Mercy Corps, the newly trained sales agents were offered discounts on efficient cookstoves. As a small first step, this tests the market and opens the door for larger, public-private partnerships down the road.

#### **LESSONS FROM THE PREVIOUS YEAR**

SCC represents a strategic and coordinated effort between public and private sector partners to work hand-in-hand in support of commercial solutions to humanitarian response that accelerate progress toward creating economic opportunities for some of the world's most vulnerable populations. Below we share key learnings from our first year, and describe how we are adapting our approach to increase our efficiency and impact.

#### The Private Sector Needs Tailored Information

Through frequent engagement with private sector technology companies, SCC has heard a common refrain: We'd like to work in refugee settlements, but can refugees actually pay for services? At the same time, numerous market studies, such as the International Finance Corporation's "Kakuma as a Marketplace", have uncovered vibrant, informal economies that point to legitimate business opportunities for these companies.

To bring these opportunities to the fore, SCC created Market Profiles, highlighting the latest data on purchasing power, refugee skill sets and energy and mobile access in SCC's target settlements and their host communities. These profiles will help the private sector better understand the opportunities and challenges of working in refugee settings, and spur further research and investment.



#### **Local Presence is Critical**

As SCC ramps up activities, having Kenya and Uganda SCC experts in place to catalyze action and engage stakeholders and members becomes critical. As such, SCC engaged two expert staff in Nairobi and Kampala to lead stakeholder engagement, and facilitate pilot implementation, and reinforce its capacity to drive results in 2019. These new SCC in-country coordinators, with expertise in areas such as market analysis and commercial strategy, will coordinate SCC activities on the ground and identify new opportunities for member engagement.

# **Innovative Concepts Require Incubation**

As SCC quickly moved from announcement to inception, it became clear that advancing innovative pilot concepts requires extended periods of time for incubation, research and refinement. The humanitarian sector is characterized by both urgent challenges and innovative ideas for how those challenges can be overcome. However, developing and piloting such concepts requires timely, concrete resources and funding that are not available at an early stage. SCC is establishing a set of factors that will typically distinguish those concepts ready for piloting from those requiring further incubation and advocacy and outline ways in which SCC can support their development.

# **Humanitarian Actors are Ready to Bridge Sector Silos**

Non-governmental organizations, international donors, and businesses often advance their humanitarian, development, or commercial objectives along separate tracks. These siloed efforts stifle collaboration and limit the benefit and collective impact of joint activities. As SCC was designing interventions, these siloed efforts slowed progress on advancing new activities that didn't fit neatly into the humanitarian or development teams of various organizations, specifically from potential pilot seed funders. SCC is exploring opportunities to engage donors, foundations, and impact investors in bridging sectors that have been slow to integrate despite their common goals. Going forward, this work will be critical to bringing new innovations from concept to pilot.

#### **LOOKING FORWARD**

In 2019, SCC will continue to advance innovative pilot projects, spearhead advocacy initiatives, refine membership engagement, and join forces with new strategic partners.

#### **New Pilots**

SCC secured approval from Uganda's Rural Electrification Agency to support the development of micro-grids in and around Uganda's Rwamwanja refugee settlement. Selected based on their potential to power productive uses and small business, these projects will also incorporate connectivity services and market building activities.

Mercy Corps launched two Innovation Centers in Uganda's Bidi Bidi settlement. These centers will spur livelihoods development and market integration by hosting leading local and international organizations in the information and communications technology and agricultural sectors. SCC will work with Mercy Corps to support businesses to market test their products and models through the Innovation Centers.

# Influencing

While SCC is action-oriented, we also recognize the need to lay the groundwork for the technologies and business models of the future. Leveraging the expertise of our membership, SCC will engage leaders in government and the humanitarian sector to deepen the base of knowledge around transformative topics such as digital identification and market-based models for energy inclusion.

# **Member Engagement**

Drawing on lessons from our first year, SCC is refining our structure and approach to member engagement and knowledge management. This process will bring greater transparency to the onboarding of formal members and the selection of pilot projects. It also seeks to ensure that all SCC members are able to engage the coalition in meaningful mutually beneficial ways.



SCC held an inaugural design workshop in Nairobi in March 2018 (photo credit: iDesign)

# **Strategic Partnerships**

As a coalition built on cross-cutting innovation, SCC strives to maintain a diverse set of members in terms of pillar and sector focus and organization size. Furthering the comprehensive nature of our membership, SCC will incorporate new strategic members including donors, financial institutions, and technology leaders.





