

Assessing the Needs of Refugees for Financial and Non-Financial Services - Uganda

Final Report

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Disclaimer

The analysis and recommendations of this report do not necessarily reflect the views of the Grameen Crédit Agricole Foundation (GCAF), the United Nations High Commissioner for Refugees (UNHCR), or the Swedish International Development Cooperation Agency (Sida). This is an independent publication and reflects only the views of its authors.

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Acronyms

AMFIU	Association of Microfinance Institutions in Uganda
AML	Anti-money laundering
BoU	Bank of Uganda
CGAP	Consultative Group to Assist the Poor
CRRF	Comprehensive Refugee Response Framework
DCA	DanChurch Aid
DFID	Department for International Development
DFS	Digital Financial Services
DRC	Democratic Republic of Congo
FGD	Focus group discussion
FSDU	Financial Sector Deepening Uganda
FSP	Financial service provider
GCAF	Grameen Crédit Agricole Foundation
GDP	Gross domestic product
GNI	Gross national income
GoU	Government of Uganda
HDI	Human Development Index
ID	Identity Document
IGA	Income generating activity
JICA	Japanese International Cooperation Agency
KCCA	Kampala Capital City Authority
KYC	Know-your-customer
MFI	Microfinance institution
MOBAN	Moral Brotherhood and Neighborhood
MSME	Micro, small and medium-sized enterprise
NDPII	National Development Plan II
NFIS	National Financial Inclusion Strategy
NGO	Non-governmental organization
OPM	Office of the Prime Minister
PRIDe	Promotion of Rice Development
ReHoPE	Refugee and Host Population Empowerment
RUFI	Rural Financial Initiative
SACCO	Savings and credit cooperative
SCS	Savings cooperative society
Sida	Swedish International Development Cooperation Agency
SME	Small and medium-sized enterprise
SPTF	Social Performance Task Force
STA	Settlement Transformative Agenda
UBOS	Uganda Bureau of statistics
UCC	Uganda Communications Commission
UGX ¹	Ugandan shilling
UMRA	Uganda Microfinance Regulatory Authority
UN	United Nations

¹ USD 1 ~ UGX 3,800 (May 2018).

UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
USD	United States dollar
VSLA	Village savings and loan association

About Grameen Crédit Agricole Foundation (GCAF)

Initiated in 2008 by the Groupe Crédit Agricole, in partnership with Prof. Muhammad Yunus, Founder of the Grameen Bank and Peace Nobel Prize 2006, the Grameen Crédit Agricole Foundation (GCAF) aims at contributing to the fight against poverty in developing countries by financing microfinance institutions and social business enterprises. It provides loans, equity, guaranties and technical assistance to its partners. Initially the Foundation received an endowment of 50 million euros. Currently the Foundation works with 70 partners in 33 countries.

About the Swedish International Development Cooperation Agency (Sida)

The Swedish International Development Cooperation Agency (Sida) is a government agency working on behalf of the Swedish parliament and government, with the mission to reduce poverty in the world. Through its work and in cooperation with others, Sida contributes to implementing Sweden's Policy for Global Development. The goal of Sweden's international aid work is to improve the living conditions of people living in poverty and under oppression. Sida's work is governed by the annual appropriations and the strategies for development co-operation with countries, regions and themes designated by the Swedish government. Sida decides over about half of the Swedish foreign aid. Bilateral development assistance, between Sweden and another country, is conducted by Sida, while the Foreign Ministry decides mainly about the support channeled through multilateral organizations such as UNDP, UNICEF, WHO and the World Bank. Sida's mission also includes support to reform cooperation in eastern Europe, allocated by a special appropriation, and humanitarian assistance to people in need.

About the United Nations High Commissioner for Refugees (UNHCR)

UNHCR, the UN Refugee Agency, is a global organization dedicated to saving lives, protecting rights and building a better future for refugees, forcibly displaced communities and stateless people. UNHCR leads international action to protect people forced to flee their homes because of conflict and persecution. The organization delivers life-saving assistance like shelter, food and water, helps safeguard fundamental human rights and develop solutions that ensure people have a safe place to call home where they can build a better future. It also works to ensure that stateless people are granted nationality. UNHCR works in 130 countries around the world on behalf of 67.7 million people.

About Microfinanza

Microfinanza is a fully independent company registered in October 2000 as an Italian Limited Liability Company providing qualified services and technical support to the microfinance sector worldwide. Microfinanza targets both the offer and the demand sides: financial service providers and MSMEs, migrants, refugees, youth entrepreneurs, women in households and vulnerable people excluded from access to finance. Microfinanza has developed and implemented more than one hundred and fifty interventions in Sub-Saharan Africa, Asia and South East Asia, Middle East and North Africa, Central Asia and the Caucasus, Latin America and the Caribbean, the Balkans and Europe.

Executive Summary

Introduction. The Swedish International Development Cooperation Agency (Sida) and United Nations High Commissioner for Refugees (UNHCR) have developed a **joint program to facilitate access to credit for income generating activities and consumption for the refugee population and their host communities in Jordan and Uganda**. The two agencies selected the Grameen Crédit Agricole Foundation (GCAF) as a partner for the initiative and, as a first step, commissioned a country assessment in Jordan and Uganda in order to assess refugees' demand for and access to financial and non-financial services as well as the challenges and opportunities they face. This report presents the findings from the demand assessment in Uganda.

Methodology. The assessment is primarily based on original data collection through direct consultations with refugees as well as financial service providers (FSPs) and other relevant stakeholders. In particular, it involved **interviews and focus group discussions with a total of 111 refugees** (47% women and including refugees mostly from South Sudan and the Democratic Republic of Congo, but also from Burundi, Eritrea, Rwanda, and Somalia) in the capital Kampala (12%), the Bidibidi settlement in the Yumbe district in the West Nile sub-region (50%), and the Nakivale settlement in the Isingiro district in the South-West sub-region (38%) as well as interviews with 20 stakeholder entities. The assessment also relies on the review of secondary sources. Since direct consultations only involved a limited number of refugees, the data and information collected are not meant to provide statistically significant results. Furthermore, due to the lack of comprehensive socio-economic data for the whole refugee population, it was not possible to randomly select a representative sample. Consequently, **findings from the direct consultations with refugees within the scope of the assessment cannot be translated onto the whole refugee population**.

Contextual Framework. Uganda (population of around 44 million) is experiencing positive and slightly increasing growth rates and has managed to reduce its poverty level significantly even if around one-fifth of the population is still estimated to live under the national poverty line. The **backbone of the economy is the agricultural sector**, which engages four-fifths of the working population (primarily smallholder farmers). The predominant agricultural production systems include annual cropping and cattle schemes (mainly in the North, including the West Nile) and the coffee-banana systems (mainly in the South and South-West). **Access to productive land varies significantly** across the different regions and population groups depending primarily on the prevalent land tenure system. The country's rapidly growing population is putting increasing pressure on land resources and the allocation of land to refugees becoming more difficult.

With almost **1.5 million registered refugees**, Uganda is the third largest hosting country in the world (and the largest in Africa) in absolute terms. The **great majority** (almost three-quarters) **are South Sudanese**, who are followed by Congolese from the Democratic Republic of Congo (DRC) as well as a more limited number of Burundians, Somalis, and Rwandans. **Two-thirds of the refugee population** (primarily from South Sudan) **are hosted in the West Nile and Acholi sub-regions in Northern Uganda**, while the remaining share resides in the South-West (17%), Mid-West (8%), and Kampala (7%). **Most refugees live within a total of rural 30 settlements**, while self-settled refugees primarily reside in Kampala. Finally, with 60% children and 3% elderly refugees, **37% of the population are of working age**.

Uganda has a long history of hosting refugees from neighboring countries and is recognized for having **one of the most liberal and progressive refugee policy and legislative frameworks in the world**. The framework (mainly the 2006 Refugees Act and the 2010 Refugees Regulations) generally promotes a self-resilience and development-oriented approach to refugee assistance, providing refugees with the freedom

of movement as well as with the right to engage in formal and informal employment opportunities and business activities and to own moveable assets and lease/rent immovable property. Refugees also have the right to use (albeit not own) land; in fact, within settlements, refugees are allotted either government or community owned land. The framework supports the integration of refugees in host communities and refugee matters in national, regional and local development plans. Based on the national framework and existing coordination mechanisms, in 2017, the Government of Uganda adopted the **Comprehensive Refugee Response Framework**, a multi stakeholder mechanism led by the Office of the Prime Minister and facilitated by UNHCR that seeks to bridge emergency and development assistance.

In recent years, Uganda records a **general improvement in the level of financial inclusion**, with three-fifths of adults having an account in 2017. The growth in the use of mobile money accounts is particularly strong. Financial access has generally improved also for the lower income and rural population as well as for women. However, the share of those saving with as well as borrowing from a financial institution has declined. The Uganda has a fairly large and competitive microfinance sectors, with some **70 microfinance institutions** (MFIs) and **1,900 savings and credit cooperatives** (SACCOs). There is a growing interest in the refugee market segment on part of the formal financial sector, even if initiatives to reach out and actually include them are yet in the initial stages. Furthermore, while the National Financial Inclusion Strategy does not specifically target (or mention) refugees, residents in rural areas - where the majority of refugees live - are among the priority groups. Finally, **from a regulatory point of view, financial institutions can determine what types of ID to accept or not accept**. Actual know-your-customer (KYC) requirements of individual FSPs hence depend on the perceived risk of prospective clients (including refugees).

Key Findings - Human Capital. The **South Sudanese make out the greater part of the refugee population and most live in a phase of initial displacement** having been in Uganda (namely the West Nile) for less than two years. While some refugees from DRC have also arrived more recently, **most Congolese as well as refugees from other countries of origin** (notably Burundi, Eritrea, Rwanda, and Somalia) have been in the country (namely in the South-West and Kampala) for several years and hence **live in a situation of stable/protracted displacement**. Most interviewed refugees, almost all (97%) of working age, live in relatively large households and with an average of 7 dependents. The **level of economic/financial independency is high** (also for women). Most refugees have a **relatively modest educational background**. While a very small share (5%) of interviewees has completed post-secondary levels of education and would qualify for more skilled professions and employment, 45% have only completed primary school and 8% have not attended school at all.

Key Findings - Social Capital. While interviewed refugees most commonly socialize with and rely on fellow refugees (who, in Nakivale and Kampala, also include refugees of other nationalities than their own), half also regularly interacts with and seeks support from Ugandans. Interactions through structured savings groups and village and savings and loans associations (VSLAs) are also common (45%), especially for women. **Social bonds are generally important for the livelihood strategies of most refugee households**, both within and beyond settlements. Concrete support from international and Ugandan agencies and non-governmental organizations (NGOs) is also relevant for some respondents (particularly in Bidibidi). Within such a context, **agencies/NGOs** (as well as aid disbursements) **can function as a powerful bridge between refugees and formal financial actors/channels** and hence play a key role in paving the way for initiatives targeting the formal financial inclusion of refugees.

Relations with Ugandans are generally positive even if the access and use of land can be a source of conflict (especially in the West Nile). Informal and semi-formal groups can, however, play an important role in managing land-related disagreements. While **language can be a barrier to interaction for refugees in**

the South-West (especially those from francophone countries), most South Sudanese refugees in the West Nile speak the same languages (as well as share a common transborder history) with their host communities. Finally, at the national level, the **generally conducive and welcoming regulatory environment supports the creation of positive relations** between the refugee and the host communities.

Key Findings - Professional Capital. Given the conducive regulatory framework allowing refugees to work as well as move around without restrictions, **refugees are able to exploit their professional capital and current employment and self-employment levels are quite high** (also among women and especially in Nakivale). In fact, only 18% of respondents do not work or have their own business. Those who work are **primarily engaged in their own business activities** (72%), even if usually of limited dimensions as a complement to subsistence farming and assistance. Self-employment is particularly high in Nakivale (86%) and slightly higher for women (76%). Salaried employment is rare and usually limited to cash-for-work opportunities provided by NGOs. The **most common area of activity is trading** (40%), **followed by agriculture** (32%). These were also the primary areas of engagement in the countries of origin. Even if **most refugees within the settlements engage in subsistence farming**, only some are able to engage in agriculture as a business activity (i.e. if they are able to access land beyond their allotted plots). Farming (and livestock breeding) is also usually combined with other economic activities.

Key Findings - Economic/Financial Capital. In line with the professional engagement on part of most interviewed refugees, **self-employment is the most common source of income**. Farming and livestock breeding also represent a revenue source for one-fifth of respondent households. Even if all refugees living in settlements receive in-kind food rations, **only a limited number of household (mostly in Bidibidi) rely on cash assistance**. Nevertheless, the **average monthly household income of UGX 100,000 (~USD 26) is very low**, especially when considering that most households are relatively large. Overall, monthly earnings in Nakivale, a more mature and diversified economy, are more than double the amounts grossed by households in Bidibidi.

Even if income levels are very low, the capacity to save is very high (also among women), with three-quarters of respondents saving some money on a regular, mostly weekly, basis. Regular savings have allowed a good number of households to accumulate at least modest sums of money. Some households also have other types of assets in Uganda, mostly moveable assets such as livestock and enterprise equipment. Although most refugees in the settlements are allocated plots on which they build at least temporary housing, they do not own these structures or the land. Finally, while two-fifths of households report current debts (more so in Nakivale than in Bidibidi), **levels of current indebtedness are** (except in a couple of cases) **manageable**, with an average debt of UGX 540,000 (~USD 142) and debt over monthly income ratio of 4.1.

Key Findings - Future Aspirations, Challenges and Opportunities. **Only a very small portion** (3%) of interviewed refugees **has concrete plans to resettle abroad** (i.e. they have started the official resettlement process, mostly towards joining family members or other relatives abroad). In fact, the majority of refugees in the South-West are long-term settlers with no intention to go back or settle elsewhere. **Requested and actual resettlements are very rare also at the national level.** **Future aspirations** on part of interviewed refugees **are primarily related to gaining economic independency, mainly through the setting up their own businesses** (also women and especially in Nakivale). In fact, almost four-fifths of respondents have plans or ideas to start (or develop) their own business activity and a good share of those with a plan has already taken some measures to achieve their goals; mainly by having saved some money, but also by having undergone training. While one-quarter plans to save more money order to achieve their goals, **half are in need of credit in order to realize their business objectives.**

In fact, the **lack of business credit is emphasized as the primary obstacle** refugees face when seeking to engage in employment or business activities. Frustration over limited or insufficient funds are particularly vocal in Nakivale. Other important challenges include transportation (with concerns regarding distances, accessibility and costs), lack of markets (for isolated settlements), and certain regulatory restrictions (such as ID and administrative requirements and the recognition of competences and skills). **With specific regard to agriculture, the primary issue is access to land** (especially in the West Nile).

Notwithstanding these challenges, consulted refugees manifest a remarkable spirit of entrepreneurship and ‘appetite’ for business. Entrepreneurially oriented refugees identify a number of areas with potential business opportunities. These include primarily activities related to agri-business (mostly in Bidibidi) and general trade (especially in Nakivale). With specific regard to the agri-business activities, drivers of development include land availability (namely in the South-West), cash crops (both within and beyond settlement markets) and food processing.

Key Findings - Access to Financial and Non-Financial Services. With **rather limited access to formal financial services** (and more limited than in their countries of origin), interviewed refugees **frequently rely on informal and semi-formal sources**. Most depend on savings groups and VSLAs (the presence of which is widespread throughout the country) for both savings (65%) and credit (52%), but also friends and neighbors for credit (54%). The **intense informal and semi-formal financial practices point to a situation of actual need**. Furthermore, individual and peer group bonds represent the backbone of refugees’ financial networks and these practices play a role in consolidating and shaping social connections within communities (which is the core of many informal, and semi-formal, economies worldwide).

However, the **amounts of credit available from informal and semi-formal sources are generally considered as insufficient to meet their needs**. Furthermore, the few existing formal options are either not able to meet demand or are far away. In addition to challenges with regard to physical access (i.e. distances and logistics), refugees also find it hard to cope with collateral (as they cannot own land) and ID requirements. Refugee respondents are **mostly geared towards business loans**, ranging from UGX 1 million (~USD 260) to UGX 5 million (~USD 1,300). There is a **general preference for individual loans**, with a modest interest in group loans (especially in Nakivale), even if some consulted refugees are used to pool resources in groups in order to access funds and other support (such as agricultural inputs). While the concept of fair pricing is not always clear, respondents are **willing (as well as used) to pay interest**. Apart from business credit, interviewed refugees also call for formal savings and money transfer services. Finally, **mobile wallet accounts are well known and appreciated** by a good share of respondents (also for savings). Such accounts could hence play an important role in the financial inclusion of refugees in Uganda. The **parallel provision of non-financial services** – primarily business management training as well as support to reinforce existing savings group and VSLA structures - are also considered important for an effective and sustainable financial inclusion. In particular, financial education initiatives should target the strengthening of financial capabilities – intended as capacity to set strategies for facing financial needs – of a person (or group/association).

Summary Conclusions. There is a **widespread demand for financial services** on part of refugees from different countries of origin and hence represent a **potential market for FSPs, especially microfinance actors**. Consulted refugees have a **strong entrepreneurial spirit and ‘appetite for business’**, being actively engaged in various types of occupations and sectors. They rely on a conducive regulatory framework, large and well-structured settlement economies (with older settlements like Nakivale being more mature and diversified than new settlements like Bidibidi), as well as an important social capital (including both fellow refugees, also of other nationalities, and Ugandans). The **relationship between the economic realities of refugee settlements/communities and main market stakeholders can be an important driver for the**

economic viability of the activities of refugees, especially with regard to agri-business.

Currently, however, **access to formal financial services is limited, primarily due to physical inaccessibility**. FSPs are usually far from where refugees live and relatively hard to reach. Consequently, **most refugees intensively rely on semi-formal and informal services, pointing to a situation of actual need**. The use of savings groups and VSLAs is widespread and these groups and associations can serve as an important 'point of entry'. The availability of funds from informal sources is limited and the call for formal business loans is great. While the practice of borrowing is common, **levels of current debts are relatively manageable** for consulted households. Despite generally very low levels of income, **three-quarters of respondents regularly save some money**. Even if only a limited number of interviewed refugees are supported as households (or in their business) endeavors by **international and Ugandan agencies and NGOs**, these agencies/NGOs **could play an important role in bridging refugee access to formal financial actors/channels**. Finally, while relations with host communities are generally positive (despite some conflicts over access to land), tensions could arise from targeted refugee interventions that risk exacerbating a sense of competitiveness between refugees and low-income Ugandans (who lack access to many of the same services as refugees). Consequently, **FSPs should not create exclusive 'refugee' products, but rather seek to increase their physical accessibility and adapt already existing product features, methodologies, and processes**.

Recommendations. A sound approach to the financial inclusion of refugees should seek to support the connection with and the coordination among the different actors and initiatives involved within the three economic spheres or dimensions of the financial inclusion 'value chain'; namely: (i) the endogenous economy; (ii) the assistance/handout (non-market or redistributive) economy; and (iii) the exogenous (market) economy. The **adoption of a holistic and coordinated approach** is crucial in order to meet the complex set of livelihoods needs of refugees (and low-income Ugandans) - and hence pave the way for the building of assets and economic autonomy - through the **provision of a set of different and complementary financial and non-financial services**. While **'credit-ready' refugees** (namely those with an already existing profitable business activity) **should be given immediate attention by FSPs, those who are not should be supported with savings measures** (also through already existing savings groups and VSLAs) and also with access to other services such as remittances. The building of savings should be **complemented by the provision of non-financial services, especially financial education and business management support**, which is crucial for promoting a solid savings and financial culture, improving financial capabilities, supporting business profitability, and gaining client trust. Within this framework, **humanitarian and development agencies and international and national NGOs have an essential role to play** (especially during the preparatory phase) in assisting FSPs in identifying, reaching out to, training, and accompanying potential clients. I.e. the assistance/handout (non-market or redistributive) economy can serve as an effective link between the endogenous economy (at the refugee/community level) and the exogenous economy (at the market level).

To these ends, the Consultant proposes the promotion of a holistic framework **involving a multitude of actors at various levels**, including not only FSPs at the micro level, but also support structures at the meso level, policy and regulatory bodies at the macro/national level, and donor agencies and organizations at the global level. The Comprehensive Refugee Response Framework could serve as an important platform in this regard. In particular, the Consultant recommends the adoption of a **step-by-step process of promoting proximity through various delivery channels, provision of support services** (for both refugees and FSPs and other market level stakeholders), **and innovation and development of financial services**. This involves support to savings experiences that already exist through savings groups and VSLAs as well as provision of financial education and business support program promoted by international and national agencies and NGOs within assistance/handout (non-market or redistributive) economy - possibly with the support also of informal social intermediaries (such as savings groups / VSLAs and community leaders) within the

endogenous economy – and market systems support. These efforts require a parallel process of improving the proximity of service delivery on part of FSPs (either by physical branches or through mobile money accounts and services).

The ***involvement of actors at various levels would – alongside the provision of technical assistance to FSPs and other market system support - effectively serve as a risk sharing mechanism towards encouraging the engagement of FSPs.*** On part of the FSPs, serving refugees should not, and need not, involve the development of specific ‘refugee’ products. In order to prevent potential sources of conflicts with host communities, but also to ensure economies of scale by enlarging the potential market, it is rather advisable to, apart from improving proximity of services, ***focus on adapting existing product features, methodologies, and processes*** (such as eligibility criteria and KYC procedures as well as assessment criteria for credit clients), ***and ensuring a solid link between financial and non-financial services.*** It is generally also recommended to adopt a prudential approach of ***progression from group to individual lending.*** The proposed holistic framework should ideally also include ***advocacy initiatives*** (through the CRRF) to support intended efforts within the financial sector.

1 Introduction

The Swedish International Development Cooperation Agency (Sida) and the United Nations High Commissioner for Refugees (UNHCR) have developed a joint program to facilitate access to credit for income-generating activities and consumption for the refugee population and their host communities in Jordan and Uganda.² The aim of the program is to assist refugees in transitioning beyond reliance on economic assistance programs, help them and their hosts cope with shocks, reduce exposure to risk and stimulate economic activity at community levels. The two agencies selected Grameen Crédit Agricole Foundation (GCAF) as a partner for the initiative, which will be providing debt funding to selected financial service providers (FSPs) in the targeted countries and manage a technical assistance facility.

As a first step in the set-up of the technical assistance facility, the three organizations decided to undertake a country assessment (hereinafter the ‘assessment’ or the ‘assignment’) in Jordan and Uganda through Microfinanza (hereinafter the ‘Consultant’), in order to assess refugees’ demand for and access to financial and non-financial services as well as the challenges and opportunities they face.

This report presents the findings from the demand assessment in Uganda and is structured around six categories of analysis, namely: human capital; social capital; professional capital; economic/financial capital; future aspirations, challenges and opportunities; and access to financial and non-financial services. It also provides a background in terms of relevant contextual aspects and concludes with recommendations towards addressing refugees’ needs for financial and non-financial services.

² The 1951 UN Convention Relating to the Status of Refugees (hereinafter the ‘1951 Refugee Convention’) defines a ‘refugee’ as a person who “owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it”. More generally, the UNHCR describes a refugee “as someone who has been forced to flee his or her country because of persecution, war, or violence” (<https://www.unrefugees.org/refugee-facts/what-is-a-refugee/>).

2 Methodology

The assessment is based on both original data collection and the documentary review of secondary sources. The collection of primary information and feedback involved **direct consultations with a total of 111 refugees** (47% women) in the capital Kampala (12%), the Bidibidi settlement in the Yumbe district in the West Nile sub-region (50%), and the Nakivale settlement in the Isingiro district in the South-West sub-region (38%). Refugee consultations included:

- **Focus group discussions (FGDs) with refugees** to solicit feedback on the need and preference for financial and non-financial services, strategies to access needed services, business/employment challenges and opportunities, etc. The assessment involved the organization of four FGDs (one women only, one men only, and three mixed groups) with a total of 64 refugees in Kampala, Bidibidi and Nakivale.³ While half of the 64 participants were from South Sudan, the FGDs in Nakivale and Kampala also involved refugees from the Democratic Republic of Congo (17), Burundi (10), Rwanda (4) and Somalia (1).⁴ 63% of the FGD participants were also interviewed on an individual/household basis. The FGDs were structured around a series of guideline topics and questions (attached in Annex 1).
- **Structured interviews with individual refugees / refugee households** to collect more targeted information on the social and economic capital, household finances, level of indebtedness, etc.⁵ A total of 73 refugees (including 42 South Sudanese, 15 Congolese, 8 Burundians, 5 Rwandans, 2 Eritreans and 1 Somali) were interviewed in Kampala, Bidibidi (only South Sudanese), and Nakivale.⁶ Among the individual respondents, 55% also participated in one of the five FGDs. The individual interviews were based on a standard questionnaire (see Annex 2).
- **Structured interviews with refugee entrepreneurs/businesses** to collect information on the main organizational, strategic, economic and financial aspects. A total of 15 interviews were held with existing refugee enterprises in various sectors of activity, including 7 in agriculture (i.e. farming and livestock breeding). These comprised 2 enterprises in Kampala, 6 in Bidibidi (including 3 agricultural activities) and 7 in Nakivale (including 4 agricultural activities). Interviewed enterprises included 6 enterprises with female owners (including 4 in agriculture) and 7 with male owners (including 2 in agriculture) as well as 2 businesses owned by gender-mixed groups (namely 1 hair salon and 1 farming activity in Nakivale). Information collected during the enterprise interview was also based on a standard questionnaire (one for non-farming and one for farming activities as attached in Annexes 3a and 3b).⁷

³ Discussions in the Bidibidi settlement were held with one all-female and one all-male group, while the two FGDs in the Nakivale settlement and the FGD in Kampala were gender-mixed.

⁴ In Kampala, in addition to the nine refugees (all but one female), three Ugandans (one female and one male) also participated in the discussion (not included in the total number of FGD participants).

⁵ The FGDs and individual interviews are to be considered complementary, as the latter sought to solicit more personal information (such as the level of income, indebtedness, etc.) that is not readily shared with others within the context of FGDs.

⁶ Attempts to reach out to additional respondents from the Eritrean and Somali (as well as Ethiopian) communities were largely hampered by difficulties with interpretation in Nakivale.

⁷ While the complete enterprise interview questionnaire is quite detailed, the interviews primarily relied on the collection of summary data (i.e. overall amounts of start-up capital, revenues, etc.) in order to understand the 'bigger picture' of the business activity (rather than the individual product/service streams, etc.).

Table 1. Consulted refugees

Overall	Bidibidi	Nakivale	Kampala	Overall, women	Bidibidi, women	Nakivale, women	Kampala, women
FGDs (# who did not participate in individual/household interviews)							
64 (24)	30 (9)	25 (14)	9 (1)	32 (9)	15 (2)	9 (5)	8 (2)
Individual/household interviews (# who did not participate in FGDs)							
73 (33)	41 (20)	21 (10)	11 (3)	38 (15)	21 (8)	8 (4)	9 (3)
Enterprise interviews (# who did not participate in FGDs)							
15 (14)	6 (6)	7 (7)	2 (1)	6 (5)	2 (2)	2 (2)	2 (1)
Total number of consulted refugees*							
111	56	42	13	52	25	15	12

* Namely the number of 'unique' respondents (i.e. respondents participating in both individual/household interviews and FGDs or enterprise interviews have only been counted once).

The original information collection also involved *interviews with FSPs* (at micro level) *and other relevant stakeholders* (at global, macro, and meso level) to discuss the challenges and opportunities with regard to the financial inclusion of refugees as well as refugee employment and income-generating activities. During the course of the assignment, the Consultant met with a total of 33 individuals from 20 entities. The complete list of interviewed stakeholders is attached in Annex 4.

Finally, in addition to original data collection, the assessment also relies on the *documentary review of secondary sources*, including: (i) UNHCR reports and documentation on refugee numbers, livelihoods, assistance, etc.; (ii) relevant assessments, studies and publications of other donors and international organizations as well as national institutions; (iii) macroeconomic and financial sector and inclusion data; and (iv) pertinent policies, strategies and regulations at country level. See also Annex 5 for a complete list of references.

Limitations. Firstly, it is important to note that the data and information collected through the interviews (and FGDs) with such a limited number of refugees are not meant to provide statistically significant results. Furthermore, due to the lack of comprehensive socio-economic data for the whole refugee population, it was not possible to randomly select a representative sample. For the organization of the interviews (and FGDs), the Consultant relied on the precious support from national and international non-governmental organizations (NGOs) providing various types of assistance to refugees. Since more economically/financially autonomous refugees are commonly less likely to seek assistance, respondents might include an over-representation of the more assisted/vulnerable refugees. Consequently, *findings from the interviews (and FGDs) cannot be translated onto the whole refugee population*. Nevertheless, with a total of 111 refugees consulted, the interview (and FGD) outcomes seem to at least point to some relevant issues related to refugees' need for financial and non-financial services as well as the challenges they face.

Secondly, *information related to the economic/financial situation of private individuals/households or enterprises are highly sensitive and not always easily, or honestly, shared*. Even if specific figures were solicited on a one-on-one basis through the interviews, some respondents might not want to disclose the amount of income, savings, debt, etc. Unwillingness to share such information might not only be linked to respect for one's own privacy, but also depend on someone's belief that declaring 'too much' might lead to reduced assistance (and/or, in the case of remittances, that their money might be traced and they might face legal consequences). This is a methodological limitation that hampers the reliability of data not only for this assessment, but also for other similar studies.

3 Conceptual Framework

In 2017, UNHCR and the Social Performance Task Force (SPTF) compiled a set of guidelines for FSPs intending to serve refugees with financial services. As presented in Table 2 below, these guidelines define the variety of needs for financial services of refugees according to their **phase of displacement**.⁸

Table 2. Refugee displacement phases and financial services needs

Phase of displacement	Indicative needs for financial services
Phase 1 – Arrival	Survival cash for food, housing, and medical services as well as repayment of debt incurred during escape.
Phase 2 – Initial displacement	Savings products, remittances, microcredit for consumption, health insurance.
Phase 3 – Stable/protracted displacement	Savings products, microcredit for consumption and business, mortgage/home improvement loans, transactional accounts for cross-border payments, remittances, health insurance.
Phase 4 – Permanence	Savings products, microcredit for consumption and business, pension plans, insurance products. If return/resettlement is the ultimate goal: savings for journey, transferrable credit history, transferable pension schemes.

Source: UNHCR and SPTF (Hansen, Lene), *Serving Refugee Populations: The Next Financial Inclusion Frontier – Guidelines for Financial Service Providers*, March 2017.

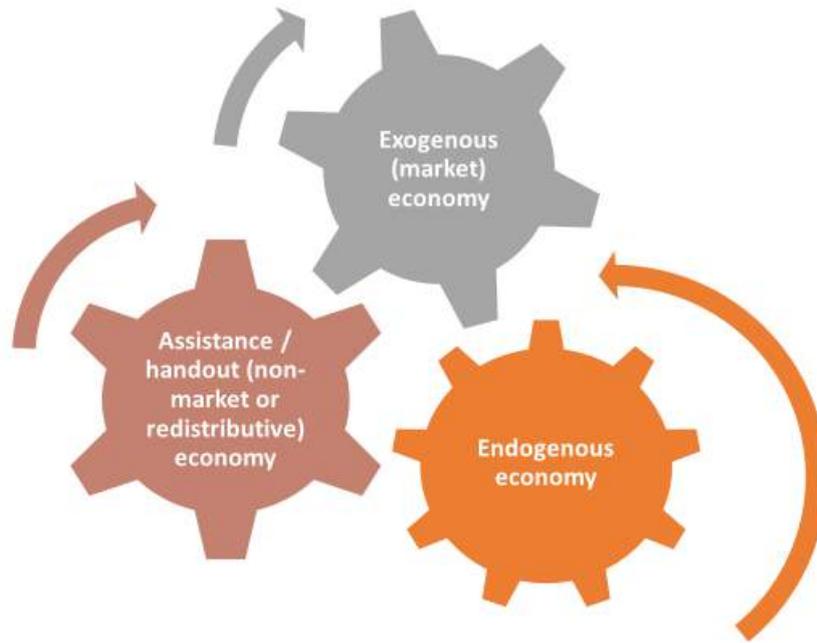
When assessing the profiles of refugees and seeking to understand their specific financial needs, it is important to consider their **past and present experiences as well as their future aspirations**. This approach mirrors the same process that a sound creditworthiness assessment should follow when analyzing any credit request, i.e. the recovery – to the extent possible – of information on the personal history (past) of the applicant, her/his present capital, and proposed initiative (future aspirations). Furthermore, refugees – as any human being – have different needs and aspirations, which should be addressed through a holistic approach able to provide diverse financial and non-financial solutions. The paths to economic independence vary and hence also the needs and preferences for financial and non-financial services.

Finally, interactions and relations within and beyond a community, especially in marginalized contexts and among vulnerable groups of people, can be considered from the point of view of three different economic ‘spheres’ or ‘dimensions’ that coexist and overlap; namely: (i) the **endogenous economy** at the refugee community (or group) level; (ii) the **assistance/handout (non-market or redistributive) economy** at the level of donors, agencies and NGOs assisting and supporting refugees; and (iii) the **exogenous (market) economy** at the market level, which includes interactions with actors (such as FSPs, but also suppliers, etc.) governed by the workings of the market. In this regard, the assistance economy, through the provision of various support services (such as training and cash-based interventions), could play a key role in facilitating the connection between the endogenous economy at the community (or group) level and the exogenous economy at the market level. If adequately adapted, assistance interventions could for example support refugees in becoming potential ‘credit-ready’ microfinance clients.⁹

⁸ Another study identifies three phases in which refugees integrate themselves into their economic surroundings – namely survival, settlement, and success. See Kim Wilson, *The Fletcher School, Tufts University Roxani Krystalli, Feinstein International Center, Tufts University, Financial Inclusion in Refugee Economies*, 2018.

⁹ These considerations are inspired by the works of Karl Polanyi (and subsequent studies in economic anthropology) as well as by the Consultant’s experience with refugees in other countries. On economic systems of redistribution, please refer to Polanyi, K., *The great transformation, 1944*. On enclave economies see Sanders, J.M., Nee, V. (1987) *Limits of ethnic solidarity in the enclave economy, American Sociological Review*, 52, 745-773.

Exhibit 1. Economic spheres or dimensions



4 Contextual Framework

4.1 Macroeconomic Context

Uganda, a country with a population of around 44 million people, is classified as a ‘low-income’ country by the World Bank and as a ‘low human development’ country by the United Nations Development Programme (UNDP). Over the past years, its economy has experienced **positive and slightly increasing growth rates** as well as a general improvement in its human development index (HDI). While **unemployment** levels are very low (i.e. below 5%) in some sub-regions (including the West Nile), they are much higher (i.e. around 15-20%) in other parts of the country (including Kampala).¹⁰ Reduction in **poverty** levels has been impressive over the past decades, even if around one fifth of the population is still estimated to live under the national poverty line.¹¹

Table 3. Key macroeconomic and demographic data: 2016-2017

Key macroeconomic data	2012	2013	2014	2015	2016
GDP growth (annual %)*	3.837	3.587	5.106	5.188	4.657
GNI per capita growth (annual %)*	-0.04	0.01	1.58	2.33	1.17
Human Development Index (value)**	0.478	0.483	0.488	0.493	n/a

Sources: *World Bank, *World Development Indicators*; **UNDP, *Human Development Index*.

While **agriculture** employs four fifths of the working population (and 64% are engaged in subsistence agriculture),¹² it contributes one quarter of the GDP.¹³ The remaining share derives from services (52%) and industry (23%).¹⁴ In 2015, the **informal economy** was estimated to represent as much as 43% of the GDP and 70% of the labor force.¹⁵ Finally, in terms of **business environment**, Uganda is ranked 122 out of 189 countries in 2018 by the World Bank Group’s Doing Business Index, above the regional average for Sub-Saharan Africa.¹⁶

4.2 Agricultural Context

Background. Agriculture is the backbone of Uganda’s economy and a key driver within the Second National Development Plan (NDPII) for the 2015/16-2019/2020 period.¹⁷ Predominant agricultural production systems include annual cropping and cattle systems (mainly covering the Northern, West Nile and Teso regions with unimodal rainfall patterns) and the coffee-banana systems (covering the Southern and South-Western parts of Uganda with bi-modal rainfall patterns). Coffee is Uganda’s key agricultural export, accounting for one fifth of the total export earnings, followed by grains, sugarcane, cotton, tea and tobacco.¹⁸ The country’s major staple crops include cooking banana, cassava and maize. The agricultural development roadmap of the Government of Uganda (GoU) is outlined in its Agriculture Sector Strategic Plan for the 2015/16– 2019/20 period¹⁹ and focuses on four main pillars, namely: (i) increasing production and productivity of agricultural commodities and enterprises; (ii) increasing access to critical farm inputs; (iii) improving access to markets and value addition; and (iv) strengthening agricultural service institutions

¹⁰Ugandan Bureau of Statistics.

¹¹World Bank Group, *The Uganda Poverty Assessment Report 2016*.

¹²DFID and Cities Alliance, *Uganda: The role of the informal economy in city growth – Policy brief for decision makers, 2015*.

¹³Uganda Bureau of Statistics, *Annual Report 2017*.

¹⁴CIA World Factbook.

¹⁵DFID and Cities Alliance, *Uganda: The role of the informal economy in city growth – Policy brief for decision makers, 2015*.

¹⁶World Bank, *Doing Business*.

¹⁷Office of the Prime Minister (OPM), *NDPII 2015/16-2019/2020, June 2015*.

¹⁸Government of Uganda (GoU), Ministry of Agriculture, Animal Industry and Fisheries, *Draft Agriculture Sector Strategic Plan 2015/16 – 2019/20, 2016*.

¹⁹GoU, Ministry of Agriculture, Animal Industry and Fisheries, *Draft Agriculture Sector Strategic Plan 2015/16 – 2019/20, 2016*.

and related infrastructure. Priority commodities include bananas, beans, maize, rice, cassava, tea, coffee, dairy, fish and livestock (meat), while cocoa, cotton, oil seeds and palm oil are the four strategic export commodities.

Smallholders²⁰ make up the majority of Uganda's farming community, constituting about 85% of the total farming population.²¹ These farmers generate most of their income from growing crops and rearing livestock on less than one hectare of land, often practicing subsistence agriculture for family consumption with the surplus going to immediate markets. Smallholder farming practices are often rudimentary, labor-intensive and dependent on natural weather patterns. They face numerous challenges and constraints, including production risks (weather vagaries, pests and diseases), limited access to improved inputs and farming practices, lack of credit to improve or increase production and productivity, poor market infrastructure, limited market information, and low and/or fluctuating market prices.

Farming in Uganda's **Northern and West Nile regions** is predominantly characterized by smallholder farmers growing a mix of staple food crops (cassava, millet, maize, beans and sesame) along with livestock (goats, sheep and some cattle) and fishing. The region has two rain seasons annually: first, shorter rains (March–May) and a longer main rain season (August–December). Key value chain players include small and medium-sized private produce buyers and off-takers and primary processors of key food commodities including millet, cassava, maize, sesame and honey. The presence of agro-input suppliers is slowly on the rise as farmers explore production of high-value food crops on a semi-commercial scale, whilst extension services are mainly provided through government agencies. Challenges mirror those of smallholders countrywide, with poor infrastructure as well as limited access to improved inputs, markets (and market information) and credit.

The **South-Western** parts of the country have the highest concentration of smallholders (31%), with the average land holding per smallholder estimated at 0.8 acre.²² Banana (plantain), millet, beans and sweet potato are the main staples, whilst rearing livestock (dairy and goats) is also predominant amongst the smallholder community. The region has two main rain seasons in March–May and August–November and fairly good climatic conditions all year round. Banana, potatoes, millet, beans and milk are the most common agricultural commodities and most of them represent significant activities across the value chain (production through the market). Key markets include the main urban centers in the west (Mbarara, Masaka) as well as other towns further out, including Kampala and cross-border (Rwanda, Tanzania and DRC). Produce buyers (crop commodities) and processors (milk) range from small to medium and large-sized enterprises, all sourcing from individual smallholder producers across the various value chains. The milk value chain is comparatively well developed to support the numerous smallholder (dairy) co-operatives and partnership linkages with commercial processors (including GBK, Pearl and Paramount dairies).

²⁰ Smallholders are defined as farming households with up to five hectares of land or who have less than 50 heads of cattle, or 100 goats/sheep/pigs, or 1,000 chickens. Anderson, Leach & Gardner for CGAP, *National Survey and Segmentation of Smallholder Households in Uganda - Understanding Their Demand for Financial, Agricultural, and Digital Solutions*, April 2016.

²¹ Uganda National Farmers Federation.

²² Smallholders are defined as farming households with up to five hectares of land or who have less than 50 heads of cattle, or 100 goats/sheep/pigs, or 1,000 chickens. Anderson, Leach & Gardner for CGAP, *National Survey and Segmentation of Smallholder Households in Uganda - Understanding Their Demand for Financial, Agricultural, and Digital Solutions*, April 2016.

Table 4. Regional production of selected crops

Crop	Production [Metric tons]				
	Central	Eastern	Northern	Western	Uganda
Maize	449,859	1,108,554	308,798	497,745	2,361,956
Finger millet	13,734	106,838	78,572	77,784	276,928
Sorghum	2,678	133,318	177,088	62,716	375,795
Rice	2,173	128,195	43,719	16,649	190,736
Beans	167,276	98,834	251,221	411,945	927,278
Banana (Food type)	929,534	333,851	26,015	2,728,587	4,017,986
Banana (Sweet type)	11,319	3,117	4,630	17,447	36,514
Banana (Beer type)	98,984	5,266	981	137,614	242,845
Cassava	409,812	1,061,186	983,124	440,189	2,894,311
Sweet potatoes	312,402	847,140	292,932	366,295	1,818,769

Source: Uganda Bureau of Statistics (UBOS), National Agriculture Survey, 2008/09.

Land Issues. About 65% of Uganda’s total land coverage is suitable for agriculture, although only 27% is arable land.²³ **Access to productive land varies significantly** across the different regions and population groups depending primarily on the prevalent land tenure system. There are four main forms of (legally recognized) land tenure systems in Uganda, i.e. (i) customary, (ii) leasehold, (iii) freehold, and (iv) *mailo* (a customary form of freehold land). 80% of land-holdings in Uganda are under customary tenure although there are various forms of customary tenure systems across the different regions (depending on ethnicity and/or tribe) which determine how individuals access (purchase), use and dispose of land.²⁴ In Northern Uganda (including the West Nile and Karamoja) the customary tenure system is prevalent and highly communal, whilst in the Western and South-Western parts (Ankole, Toro and Kigezi) the freehold system is predominant with both individuals and government holding significant land access rights. The majority of Uganda’s rural and smallholder farming population are customary tenants – though most are not yet legally (formally) registered – and this in part is responsible for the production and productivity challenges related to land access and security of tenure (e.g. destruction of wetlands, deforestation and land degradation).

Internally, the country’s **rapidly growing population and limited land resources** have led to an increase in conflicts related to land ownership, access and use. There are a growing number of cases of encroachment on gazetted lands (forests, national parks and government reserves) as well as inter-ethnic and inter-tribal conflicts relating to access to land for agriculture, pasture and water across the country. The huge refugee influx into Uganda in recent years could also potentially spark conflicts with the host communities given Uganda’s decades-old policy of allocating plots of land for refugees to farm and live on (see Box 1 in Section 4.3 below). In the past, the GoU – through the Office of the Prime Minister (OPM) – has been able to negotiate with communities and access / gazette land for settlement of refugees. This is, however, becoming a challenge particularly within existing settlement areas where there is already considerable strain on the existing (land) resources.

4.3 Refugee Context

Refugee Population.²⁵ Uganda has a long history of hosting refugees from neighboring countries. The enormous influx of refugees in recent years resulting from the South Sudan crisis as well as the emergencies in the Democratic Republic of Congo (DRC) and Burundi, has made Uganda the third largest

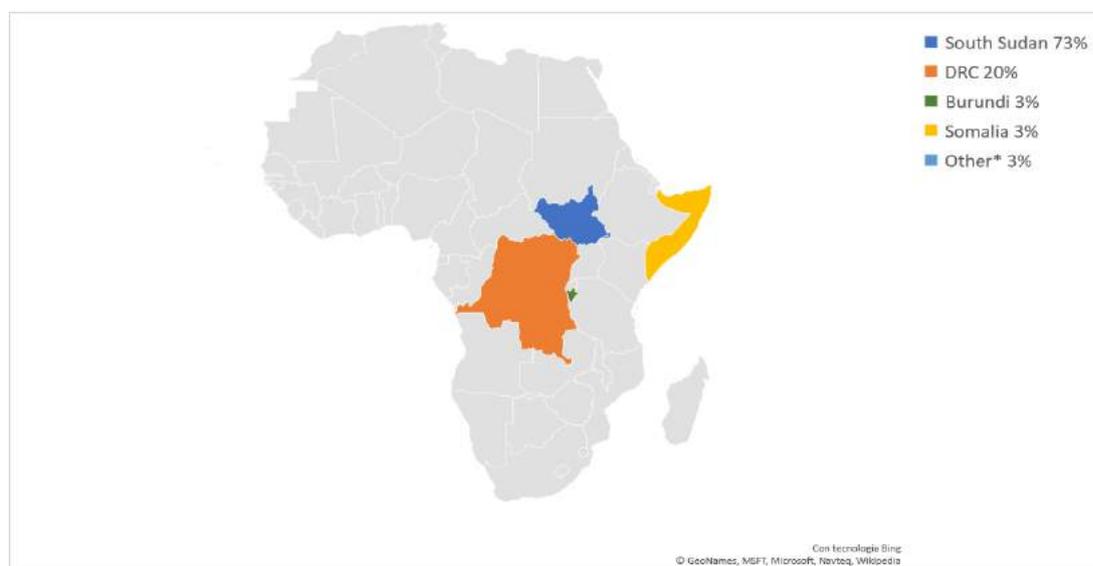
²³ USAID, *Uganda Land Tenure and Property Rights Country Profile, 2010*.

²⁴ USAID, *Uganda Land Tenure and Property Rights Country Profile, 2010*.

²⁵ Unless otherwise indicated, numbers have been taken from the *Government of Uganda (GoU) and UNHCR managed ‘Uganda Refugee Response Portal’*.

hosting country in the world (and the largest in Africa) in absolute terms (i.e. when considering the total number of refugees).²⁶ As of March 2018,²⁷ Uganda hosts a total of **1,462,886 registered refugees** (51% female). The **great majority** (almost three quarters) **are South Sudanese**, followed by Congolese (DRC) as well as a more limited number of Burundians, Somalis and Rwandans. **Two thirds of the refugee population** (primarily from South Sudan) **are hosted in the West Nile and Acholi sub-regions** in Northern Uganda, most notably in the districts of Yumbe, Arua, Adjumani and Moyo, where they also represent a good share of the total population (refugees are even in slight majority in both Adjumani and Moyo). The other refugees reside in the South-West (17%), Mid-West (8%) and Kampala (7%). **Most refugees live within a total of 30 rural settlements**.²⁸ The largest of these, the Bidibidi settlement in the Yumbe district in the West Nile, was established as recently as 2016 at the culmination of the South Sudanese crisis and now hosts one fifth of the refugees in the country. At the other end of the historical spectrum, the oldest settlements (i.e. Nakivale and Oruchinga in the Isingiro district in the South-West) were established in 1960 and 1961 and still host more than 100,000 refugees. **Self-settled refugees** (including 55% of the Somalis) **primarily reside in Kampala**. Finally, with 60% children and 3% elderly refugees, **37% of the population can be considered to be of working age**.²⁹

Exhibit 2. Refugees' countries of origin



* Other countries of origin primarily include Rwanda³⁰, but also Eritrea, Ethiopia and Sudan.

Source: Government of Uganda and UNHCR, Uganda Refugee Response Portal.

²⁶ UNHCR, *Comprehensive Refugee Response Framework Uganda: The Way Forward*, October 2017.

²⁷ At the beginning of 2018, a number of officials from the Office of the Prime Minister (OPM) were suspended on charges of, among others, having mismanaged funds following from the alleged collusion with donor agency staff to inflate refugee figures *The Guardian*, 'They exaggerated figures': Ugandan aid officials suspended over alleged fraud, 8 February 2018. As a result of these charges, OPM and UNHCR have started a verification and biometric registration exercise in April 2018. Furthermore, following the great influx of refugees from DRC in recent months, some settlements are still in the process of registering refugees. For example, in the Kyaka II settlement in the Kyegegwa district and the Kyangwali settlement in the Hoima district, registrations were still pending for some 17,000 and 15,000 respectively in March 2018. *Uganda Refugee Response Monitoring Settlement Factsheets*.

²⁷ Registered numbers as of December 2017, hence before the major influx of new refugee arrivals from DRC (estimated at around 15,000 up until March 2018).

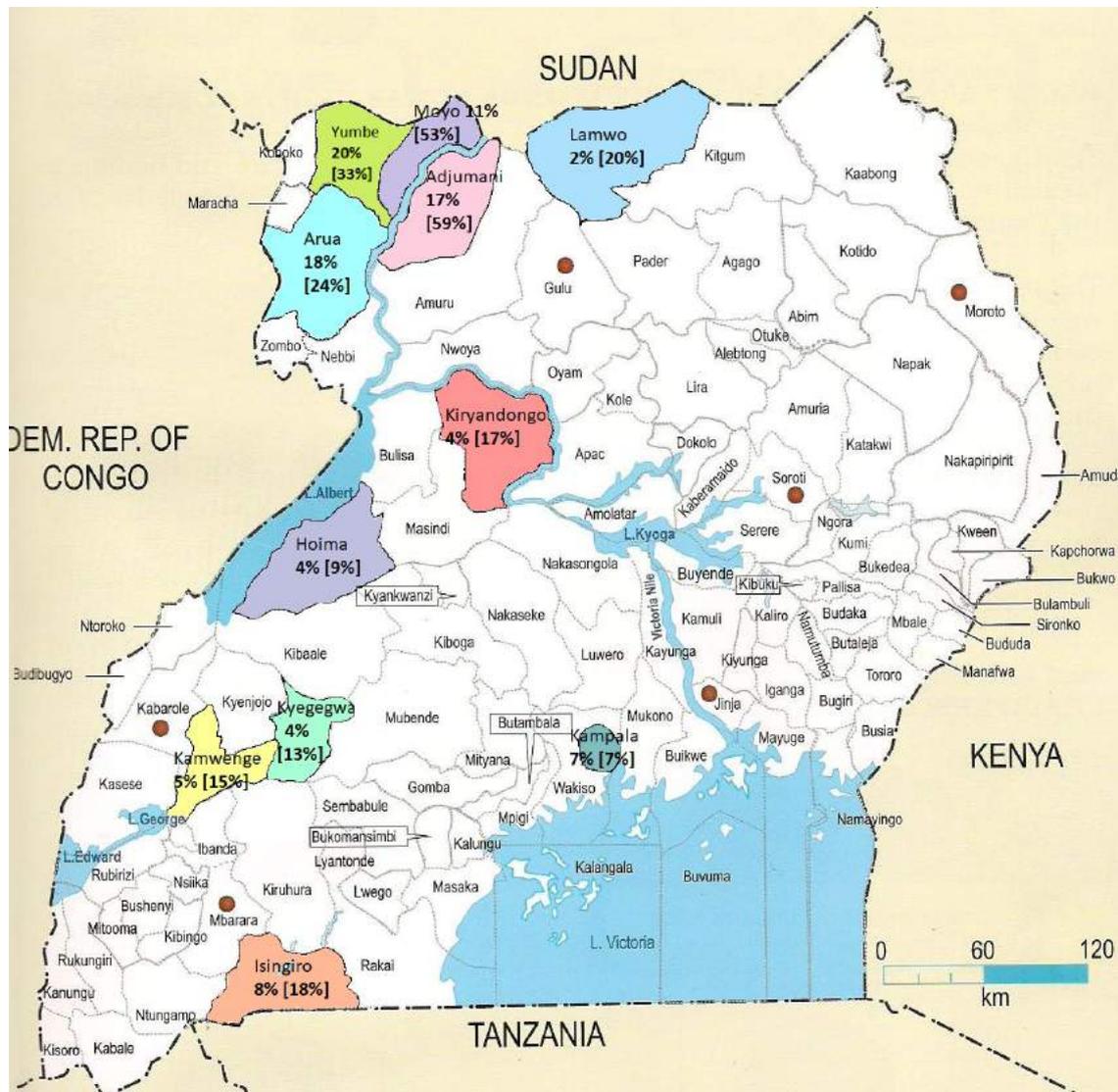
²⁸ Refugees are free to move in and out of these settlements, while private sector players as well as donor agencies and NGOs need permission from – or sign a Memorandum of Understanding (MoU) with – OPM in order to operate or carry out activities within settlement boundaries.

²⁹ However, the labor participation pool (i.e. including only those of working age who are able and willing to work) is likely to be smaller.

³⁰ Most Rwandan refugees have been in the country for decades and can hence be considered to have permanently settled (primarily in Isingiro, Kampala, and Kyegegwa).

Exhibit 3. Location (District)

■ Yumbe 20% [33%]	■ Arua 18% [24%]	■ Adjumani 17% [59%]	■ Moyo 11% [53%]
■ Isingiro 8% [18%]	■ Kampala 7% [7%]	■ Kamwenge 5% [15%]	■ Hoima 4% [9%]
■ Kiryandongo 4% [17%]	■ Kyegegwa 4% [13%]	■ Lamwo 2% [20%]	■ Other <1%



% figures in brackets represent the refugee population as a % of the district population.

Source: Government of Uganda and UNHCR, Uganda Refugee Response Portal.

Policy and Regulatory Framework. As commended also by a 2016 report of the World Bank Group,³¹ *Uganda has one of the most liberal and progressive refugee policies and legislative frameworks in the world.* This framework, which generally promotes a self-resilience and development-oriented approach to refugee assistance, is primarily based on two main pieces of legislation. The first one, the **2006 Refugees Act**, establishes that, in addition to entitlements under international conventions (including the 1951 Refugee Convention), refugees also have the right to, for example: (i) means of identification and freedom of movement both within and – through the issuance of travel documents – beyond Uganda’s borders; (ii) access to basic social services (including education and healthcare); (iii) engage in formal and informal employment opportunities and business activities; and (iv) own moveable assets and lease/rent immovable property (see also Annex 6). The second one, the **2010 Refugees Regulations**³², includes further provisions concerning, for example, (i) the use of land (see also Box 1 below) and (ii) the integration

³¹World Bank Group, *An Assessment of Uganda’s Progressive Approach to Refugee Management* 2016.

³²The Refugees Regulation 2010 No.9.

of refugees in host communities and of refugee matters in national, regional and local development plans. With regard to the latter, the **NDPII** for the 2015/16-2019/2020 period, as part of one of its public sector management objectives (i.e. the enhancement of the national response capacity to refugee emergency management), targets the formulation of a specific strategy for refugees – namely the **Settlement Transformative Agenda (STA)**³³ – as well as development interventions in refugee-hosting districts – primarily through the **Refugee and Host Population Empowerment (ReHoPE)** programming framework.³⁴

Box 1. Use of Land

The 2010 Refugee Regulations (art.65) stipulate that: (i) refugees within settlements “shall have free access to use land for the purposes of cultivation or pasturing”, but “have no right to sell, lease or otherwise alienate the land that has been allocated to them”; and (ii) refugees beyond settlement borders can “acquire or dispose of his or her occupancy or leasehold interests in land”, but cannot “acquire or hold freehold interest in land”. Within settlements, refugees are allotted either government or community-owned land, which refugees build houses on and use for (mostly subsistence) farming. The dimensions of allocated plots vary, but have in recent years generally been reduced from 100x100 to 50x50 to 30x30 meters per household following the increasing influx of refugees from both South Sudan and DRC.

Based on the national framework and existing coordination mechanisms, the Government of Uganda adopted the **Comprehensive Refugee Response Framework (CRRF)** in March 2017. The framework bridges emergency and development assistance and is based on five mutually reinforcing pillars of engagement, namely: (i) admission and rights; (ii) emergency response and ongoing needs; (iii) resilience and self-reliance; (iv) expanded solutions; and (v) voluntary repatriation. The ‘resilience and self-reliance’ pillar incorporates both STA and ReHoPE. The CRRF Steering Group, led by the GoU through the Office of the Prime Minister (OPM) and facilitated by UNHCR, is a multi-stakeholder forum with participation from line and sector ministries, local authorities, humanitarian and development donors, international financial institutions, non-governmental organization (NGOs), academia, private sector, as well as refugee and host community representatives. The mechanism is considered to be working well as a joint attempt under OPM leadership and increasing GoU ownership, even if, in the opinion of a couple of interviewed global-level stakeholders, there is room for improvement (“*We share and agree on the problems, but perhaps not on the solutions*”; “*Private sector engagement is currently very limited – that’s what’s missing in the CRRF*”). Furthermore, the CRRF is currently seeking to further promote engagement at the local government (namely district) level in both planning and implementation (to this end, the Ministry of Local Government will eventually be co-chairing the Steering Group). Finally, key challenges within the ‘resilience and self-reliance’ area have been identified as (i) limited access to capital for investment as well as (ii) small allocated land plots, (iii) little support for postharvest handling, and (iv) limited options for non-farm livelihoods.³⁵ The CRRF roadmap for the 2018-2020 period also points to “*limited business support services, micro-credit and vocational skills training opportunities for non-agricultural livelihoods*”.³⁶

³³ One of the pillars of the STA is sustainable livelihoods for refugees and host communities to promote socioeconomic transformation and growth.

³⁴ This framework, set up by the Government of Uganda in collaboration with UNHCR and other humanitarian and development partners, seeks to address the nexus between humanitarian and development assistance by designing and implementing innovative approaches to protracted displacement in a harmonized and cohesive manner. Here as well, the main goals include also the fostering of sustainable livelihoods for refugees and host communities in order to contribute to socio-economic growth and increased individual income. In this regard, OPM guidelines require at least 30% of the beneficiaries of any development intervention to be from the host community.

³⁵ UNHCR, *Comprehensive Refugee Response Framework Uganda: The Way Forward*, October 2017.

³⁶ GoU, *Road Map for the Implementation of the Comprehensive Refugee Response Framework in Uganda: 2018-2020*.

4.4 Financial Inclusion Overview

Level of Financial Inclusion. Between 2014 and 2017, Uganda recorded a *general improvement in the level of financial inclusion*. In 2017, three fifths of adults had an account, with mobile money accounts more common (and with greater growth), also in rural areas, than accounts with a financial institution. Financial access generally improved also for the lower-income and rural population as well as for women. However, the share of those saving with and borrowing from a financial institution declined (especially in rural areas and for lower-income population³⁷ with regard to credit, and for women with regard to savings with the use of formal services generally skewed towards the higher-income urban and male population). An increasing part of the population also made use of digital payments (see Box 2 below), with very little difference between urban and rural areas.

Table 5. Financial inclusion

Indicator	2014	2017
Account (% age 15+)	44.4	59.2
Account, rural (% age 15+)	43.5	58.2
Account, women (% age 15+)	36.6	52.7
Account, lower income (% age 15+)	28.8	47.3
Account with financial institution (% age 15+)	27.8	32.8
Account with financial institution, rural (% age 15+)	26.7	31.7
Account with financial institution, women (% age 15+)	23.1	27.1
Account with financial institution, lower income (% age 15+)	15.4	23.7
Mobile money account (% age 15+)	35.1	50.6
Mobile money account, rural (% age 15+)	34.2	50.1
Mobile money account, women (% age 15+)	29.0	43.0
Mobile money account, lower income (% age 15+)	21.3	39.6
Borrowed from a financial institution (% age 15+)	15.7	13.7
Borrowed from a financial institution, rural (% age 15+)	15.4	13.3
Borrowed from a financial institution, women (% age 15+)	13.9	13.4
Borrowed from a financial institution, lower income (% age 15+)	12.6	8.8
Saved at a financial institution (% age 15+)	16.8	12.7
Saved at a financial institution, rural (% age 15+)	15.9	12.1
Saved at a financial institution, women (% age 15+)	14.6	10.6
Saved at a financial institution, lower income (% age 15+)	8.6	8.1
Made or received digital payments (% age 15+)	40.5	54.7
Made or received digital payments, rural (% age 15+)	39.5	54.1
Made or received digital payments, women (% age 15+)	32.9	47.6
Made or received digital payments, lower income (% age 15+)	24.8	43.6

Source: World Bank, Global Findex.

³⁷ Defined as the bottom 40% of the population in income terms.

Box 2. Digital Financial Services

The *use of mobile banking services in Uganda is on steady growth path*. Growth is primarily driven by mobile phone operators themselves rather than by the mobile banking services of registered banks. A variety of mobile money services are provided, including transfers and savings as well as credit (the first loan product, MoKash, was launched in 2016)³⁸. The 2016 Financial Institutions (Amendment) Act provides the legal basis for several services, including agent banking, and the regulatory framework generally fosters the financial inclusion through digital financial services. The sector is *nevertheless faced with some challenges*. In 2016, at the time of the presidential elections, mobile money platforms were shut down for national security reasons.³⁹ A similar restriction on access to SIM cards was adopted in early 2018 following alleged criminal activities with the support of mobile phones. Restrictions to obtain a SIM card and access mobile phone services generally affect refugees (and other foreigners) more than Ugandans given the additional controls of the means of identification. Finally, discussions are currently ongoing with regard to a proposed 1% tax on all mobile money transactions (as well as an increase of the excise duty from 10% to 15%),⁴⁰ which could significantly affect the market. Despite these limitations, however, Uganda is a dynamic market for digital financial services (even if at a slower pace than its neighboring countries Kenya, Tanzania and Rwanda).

Policy and Regulatory Framework. Uganda's *National Financial Inclusion Strategy* (NFIS) for the 2017-2022 period⁴¹ is structured around five main objectives, namely to: (i) reduce financial exclusion and barriers to access financial services; (ii) develop credit infrastructure for growth; (iii) build digital infrastructure for efficiency; (iv) deepen and broaden formal savings, investment and insurance usage; and (v) protect and empower individuals with enhanced financial capability.⁴² While the strategy does not specifically target (or mention) refugees, residents in rural areas (where the majority of refugees live) are – along with women and youth – among the priority groups. Limited access to formal financial services as well as limited availability of infrastructure and access channels in rural areas are identified as among the most important gaps. Targets include increasing the use of formal financial services (including mobile money) to 80% by 2022.

The *Bank of Uganda* (BoU) regulates banks and deposit-taking institutions as well as, together with the Uganda Communications Commission (UCC), mobile money service providers. As of 2017, the *Uganda Microfinance Regulatory Authority* (UMRA) regulates tier 4 institutions, namely savings and credit cooperatives (SACCOs) up to a UGX 1.5 billion (~USD 400,000) threshold in savings, non-deposit taking microfinance institutions (MFIs), money lenders, as well as village savings and loans associations (VSLAs) and savings groups. This means that all types of financial institutions are now required to register.⁴³

³⁸Intermedia and Bill and Melinda Gates Foundation, *Financial Inclusion Insights, UGANDA wave 4 report, FII tracker survey, 2017*.

³⁹C. Bold, R. Pillai, CGAP, *The impact of shutting down mobile money in Uganda, 2016*.

⁴⁰Daily Monitor *Taxes on mobile money to stifle financial inclusion, 2 May 2018 (page 34)*.

⁴¹Bank of Uganda (BoU) and Ministry of Finance, *Planning and Economic Development, National Financial Inclusion Strategy: 2017-2022, October 2017*.

⁴²The NFIS in turn builds on the 2011 Financial Inclusion Program, which focuses on the areas of (i) financial literacy, (ii) financial consumer protection, (iii) financial innovations, and (iv) data and measurement. Furthermore, with regard to the first area, the 2013 Financial Literacy Strategy targets the provision of financial education especially to youth (through school and universities) and rural communities as well as through the workplace and the use of media. *BoU, Strategy for Financial Literacy in Uganda, August 2013*.

⁴³ For VSLAs and savings groups it is enough that they register with the community development department at the district level. The procedure is relatively simple and includes the submission of a list of the members and copies of their IDs and the payment of a small fee of around UGX 25,000-100,000 (~USD 7-26).

Box 3. ID Requirements

According to the 2010 anti-money laundering (AML) regulations (Section 7),⁴⁴ financial institutions are to adopt “customer identification requirements and procedures which lay down all information necessary to establish to the financial institution’s satisfaction the identity of each new customer” and that “evidence of identity shall be deemed satisfactory if... it is reasonably capable of establishing that the applicant for business is the person he or she claims to be”. Schedule 1 of the regulations further states that: “Positive identification should be obtained from documents issued by official or other reputable sources such as passports or identity cards, drivers license, or a voter’s roll card”. **From a regulatory point of view, financial institutions can hence determine** more or less on their own **what types of ID to accept or not accept**. Depending on the perceived risk of prospective clients, some financial institutions adhere to strict (and self-imposed) KYC requirements by accepting only passports and national IDs (which refugees do not have), while driving licenses or refugee IDs or attestations suffice for others. With specific regard to refugees, some financial institutions (mostly banks) seek additional clarifications or ‘no objections’ from the BoU “in order to err on the side of caution” before accepting forms of identification other than passports and national IDs.⁴⁵ However, in the words of a meso level stakeholder, while “KYC [know-your-customer] issues are the greatest concerns for FSPs, it is now decided on a case-by-case basis, but it can’t be on a case-by-case basis”. Once the biometric refugee verification and registration process currently underway has been completed, the biometric ID card could potentially serve as an acceptable and generally recognized form of ID for refugees. Discussions with UNHCR/OPM are also ongoing towards assuring connectivity between the new biometric ID cards and a limited part of the underlying database in order to allow for FSPs to verify information on, for example, place of residency. Similarly, one of the ‘gaps’ identified by the NFIS is that FSPs (including mobile money operators) cannot verify national IDs. The strategy also recognizes that the ‘one-size-fits-all’ KYC approach is inappropriate for the opening of accounts and hence aims to provide greater flexibility.

Financial Institutions. In November 2016 the financial sector included **25 banks, 4 credit institutions, 5 deposit-taking MFIs, 70 MFIs, 1,900 SACCOs, 200 money lenders and 7 mobile money service providers** (as well as a good number of insurance companies and pension/retirement funds and schemes).⁴⁶ The larger and more sustainable MFIs offer a relatively broad range of financial services. These institutions are also in fierce competition with each other, especially in urban and semi-urban areas. While institutions in tier 1 through 3⁴⁷ are primarily concentrated in urban areas, they are expanding into rural areas where tier 4 institutions have a historically stronger outreach. A few banks are downscaling their operations to reach lower-income clients, as some MFIs are scaling up and diversifying their portfolio.

The **formal financial sector is slowly equipping itself to be able to serve what is perceived as a potentially promising market segment, i.e. refugees**. With the support of a meso level structure (see below), a number of FSPs (mostly banks) are seeking to better understand the needs and characteristics of the refugee population and how to reach out to them. **Some banks** have already entered the market via digital support to distributions of ration on part of the World Food Programme (WFP) and other implementing partners. For example, in March 2018, Post Bank launched a pre-paid card for WFP beneficiaries in the Kiryandongo settlement and similar initiatives are being implemented also by Centenary Bank, Equity Bank and Stanbic Bank. Centenary Bank is also offering some services (savings and cash-in and cash-out) to refugees in settlements close to its branches through the use of mobile vans. **A couple of MFIs** have also started piloting the provision of some products for refugees, but the scope is still limited. Finally, **one South Sudanese MFI** – the Rural Finance Initiative (RUFi) – followed some of its clients into the West Nile when conflicts broke out. RUFi registered in Uganda in 2017 and, as of March 2018, provides credit⁴⁸ through two

⁴⁴The Financial Institutions (Anti-Money Laundering) Regulations, 2010 No. 46, 12 November 2010.

⁴⁵ One bank apparently also applied for the possibility of recruiting refugee agents who do not comply with the standard requirements of being enlisted as an agent (i.e. at least one year business licence and six months bank account).

⁴⁶Bank of Uganda (BoU) and Ministry of Finance, Planning and Economic Development, *National Financial Inclusion Strategy: 2017-2022*, October 2017.

⁴⁷ BoU defines tier 1 as commercial banks, tier 2 as credit institutions, and tier 3 as depositing taking MFIs.

⁴⁸ At the time of writing, RUFi offers three different credit products, namely: (i) group loans to smaller groups with three to five members; (ii) individual business loans; and (iii) agricultural loans.

branches in Koboko. Although it primarily serves refugees, one fifth of its around 400 clients⁴⁹ is from the host community. There is hence a growing interest in the refugee market segment on part of the formal financial sector, even if initiatives to reach out and actually include them are yet in the initial stages.

Support Structures. The umbrella body for MFIs, microfinance practitioners and other stakeholders is the **Association of Microfinance Institutions Uganda** (AMFIU). It has over 100 members and seeks to promote the capacity building and setting of standards on part of its members through a number of different initiatives and partnerships and advocacy services. In addition, **Financial Sector Deepening (FSD) Uganda** is an initiative funded by UK's Department for International Development (DFID) that seeks to promote greater access to financial services by targeting in particular low-income households (notably women) and micro, small and medium enterprises (MSMEs). Its primary pillars of activity include (i) policy, legal and regulations; (ii) innovative financial services; and (iii) research. One of the focus areas within the second pillar specifically targets the financial inclusion of refugees. In December 2017, FSD Uganda, together with UNHCR, hosted a roundtable with FSPs (as well as mobile money operators) to discuss concerns over KYC issues, lack of socio-economic data, delivery channels and financial literacy. Following these discussions, it is currently carrying out a regulatory review (especially of KYC requirements) as well as seeking to collect socio-economic data on refugees to allow for more informed decision-making on part of FSPs.

⁴⁹Reliefweb.

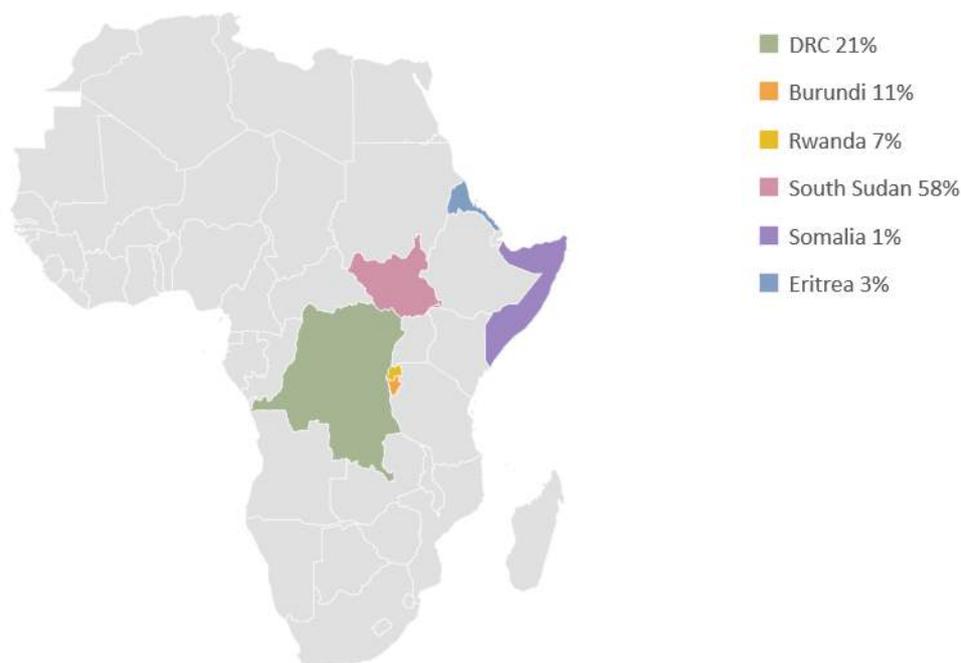
5 Demand Analysis

This demand analysis primarily relies on the collection of primary information and feedback through the interviews and FGDs with individual refugees / refugee households and refugee entrepreneurs/businesses. Where relevant, the findings from the original research are integrated with results from other assessments and studies. The section is structured around the following six categories of analysis: (i) human capital; (ii) social capital; (iii) professional capital; (iv) economic/financial capital; (v) future aspirations, challenges and opportunities; and (vi) access to financial and non-financial services.

5.1 Human Capital

Country of Origin, Gender and Age. As briefly outlined in Section 2 above, consultations with refugees involved a variety of countries of origin, with a **predominance of South Sudanese**, who represent almost three fifths of the interviewees, followed by Congolese from DRC, Burundians, Rwandans, Eritreans and Somalis. This composition largely represents the nationalities of refugees living in Uganda (with the exception of Ethiopians), albeit not the relative proportions of these communities (see also Section 4.3 above). With **52% female** respondents, the gender balance of the interview sample is consistent with that of the total pool of registered refugees. Furthermore, almost all interviewed refugees are of **working age**, with the majority (more than three fifths) in either the 18-27 or the 29-37 age category. This is a somewhat younger sample than the one of a livelihoods socio-economic assessment carried out by UNHCR in 2017 (hereinafter the 'livelihoods assessment'), where the majority (almost two thirds) of surveyed refugee head of households was either 25-34 or 35-44 years old.⁵⁰

Exhibit 4. Countries of origin



n=73

⁵⁰ This assessment involved 3,385 respondents (including 2,417 refugees and 968 host community individuals). *UNCHR, Livelihoods socio-economic assessment in the refugee hosting districts, February 2017.*

Exhibit 5. Age distribution



n=73

Settlement and Time of Permanence. Consultations involved *refugees living in settlements in rural areas* – namely the Bidibidi settlement in the Yumbe district in the West Nile (56%, all South Sudanese) and the Nakivale settlement in the Isingiro district in the South-West (29%) – *and self-settled urban refugees* in the capital Kampala (15%). The **time of permanence in the country depends on the country of origin as well as the place of residence**. The great majority (88%) of the South Sudanese interviewees in Bidibidi have only been in Uganda between one and two years (with most of them arriving around September 2016). The **largest share of South Sudanese** can hence be considered to **live in a phase of initial displacement**, or indeed arrival (see also Section 3 above). In contrast, two thirds of the Nakivale respondents (primarily from DRC, Rwanda and Burundi) arrived more than four years ago (with an average of 10 years in the country). Albeit there are more recent arrivals (indeed, 15% have arrived less than one year ago, mostly from DRC), **most Nakivale residents** can be deemed to **live in a phase of permanence or stable/protracted displacement**. A 2018 analysis of refugee vulnerability carried out on behalf of GoU, UNHCR and WFP (hereinafter the ‘vulnerability analysis’)⁵¹ also confirms longer permanence for refugees in the Isingiro district (with 53% having been in Uganda for six or more years) than in the Yumbe district (with 95% having been in the country for less than two years). The **situation for self-settled refugees in Kampala is more variegated**, with just above one third having lived in Uganda for more than four years and around one quarter for less than one year. Overall, half of the respondents have been in the country from between one and two years and one quarter for more than 4 years.

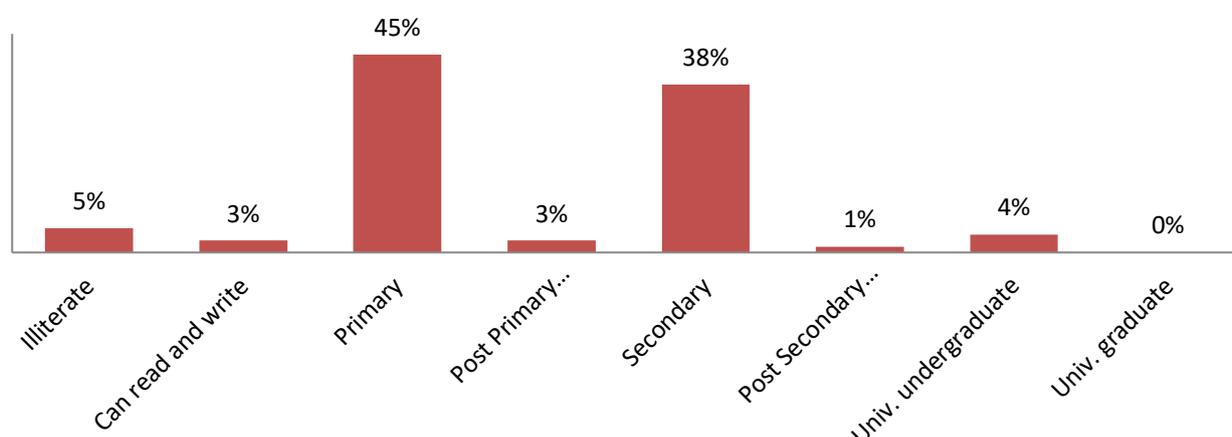
House Composition and Dependency. In terms of **household size**, the average number of people living under the same roof among the sampled refugees is 7.4 (8.6 in Bidibidi, 6.5 in Nakivale and 4.5 in Kampala). These figures are generally in line with the findings of the livelihoods assessment, where 48% of Bidibidi households and 41% of Nakivale households are larger than 6 components. Furthermore, the **number of dependents** (i.e. individuals who do not have their own income) within the refugee households averages 7.1 (7.9 in Bidibidi and 6.2 in Nakivale). Finally, the level of **economic/financial independency** is generally quite high, with 85% of all respondents not depending economically/financially on any other person’s income. Since most of the interviewed self-settled refugees in Kampala are very young (i.e. between 18 and 27 years), the level of independency is much lower (i.e. many still live with and/or depend on their parents or other relatives). Finally, the few dependent respondents in Bidibidi are all women.

⁵¹Development Pathways forGoU, UNHCR and WFP, *Analysis of refugee vulnerability in Uganda and recommendations for improved targeting of food assistance, April 2018*. This analysis is based on an original assessment in six settlements as well as on the Ugandan Refugee Vulnerability Survey of some 5,000 refugee households across 10 settlements.

Table 6. Level of economic independency

Category	% of respondents who do not depend economically/financially on any other person's income
Overall (n=73)	85%
Bidibidi (n=41)	93%
Nakivale (n=21)	100%
Kampala (n=11)	27%
Overall – women (n=38)	79%

Education. Most of the interviewed refugees have a *relatively modest educational background*. Just below half of the respondents have only completed primary school, while an additional 5% (11% for women) are illiterate. Only two fifths of the sample (34% among the female respondents) have completed secondary school. However, the level of education among the interviewees is generally higher than that reported by participants in the livelihoods assessment (where 29% of surveyed refugees turn out to have no formal education).

Exhibit 6. Level of education

n=73

Conclusions – Human Capital. The South Sudanese make out the greater part of the refugee population and most live in a phase of initial displacement having been in Uganda (namely the West Nile) for less than two years. While some refugees from DRC also arrived more recently, most Congolese as well as refugees from other countries of origin (notably Burundi, Eritrea, Rwanda and Somalia) have been in the country (namely in the South-West and Kampala) for several years and hence live in a situation of stable/protracted displacement. Most interviewed refugees, almost all of working age, live in relatively large households and with an average of 7 dependents. The level of economic/financial independency is high (also for women). While only a very small share of respondents completed post-secondary levels of education and would qualify for more skilled professions and employment, the majority of interviewees have more basic educational backgrounds (including two fifths having completed secondary school).

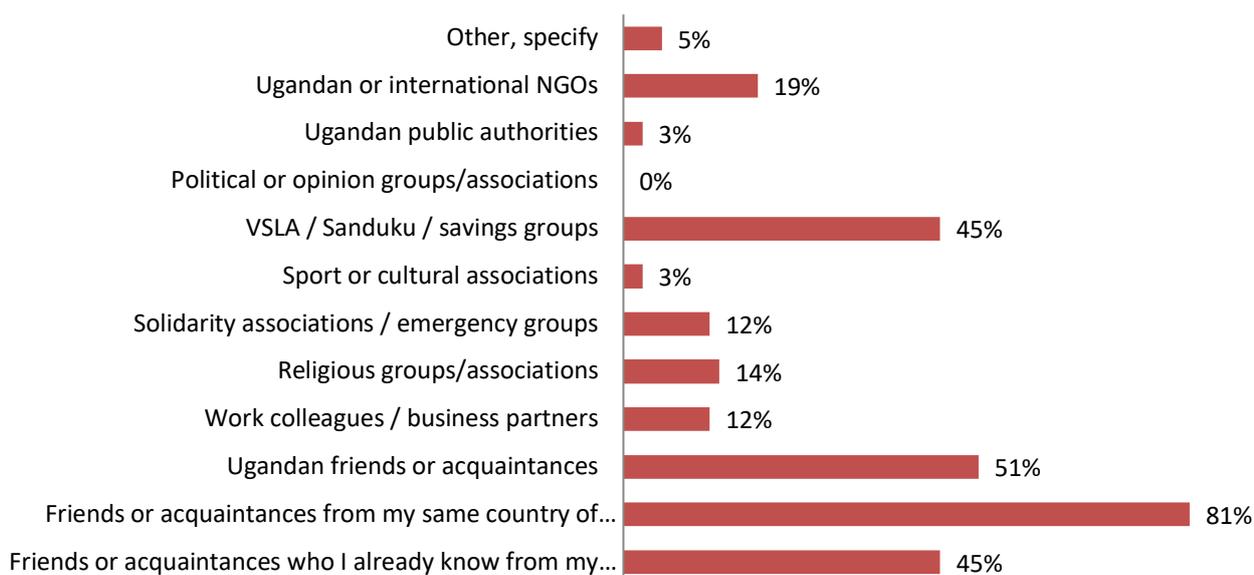
5.2 Social Capital

Social Networks. Consulted refugees *spend time mostly with other refugees from both their own and* – apart from Bidibidi respondents – *other countries of origin*. In Bidibidi, given that most of them have only arrived relatively recently, two thirds of the interviewed refugees (all South Sudanese) hang out with people they already know from South Sudan. In Nakivale and Kampala, on the other hand, most relationships are with refugees of different nationalities who they have got to know in Uganda. Furthermore, in Nakivale, where the refugee population is much more composite, *people tend to ‘aggregate’ around common languages groups*. For example, Kinyarwanda-speaking Rwandans and Kirundi-speaking Burundians are likely to hang out with Kinyabwisha-speaking Congolese (just as Kiswahili-speaking Congolese, the majority of them, hang out with other Kiswahili-speaking people among the Burundians and Rwandans). The Somali, as well as the Eritrean and Ethiopian, communities are generally not integrated with the communities from DRC, Burundi or Rwanda. Actually, some areas of the Nakivale settlement can be identified by the country of origin; for example, Kiswahili-speaking Congolese live in base camp 1 (‘New Congo’), while base camp 2 is primarily considered a Somali business area.⁵² The same is partially true also in Kampala, with Somalis mainly socializing with Eritreans, while Congolese and Burundians and, albeit to a smaller extent, Rwandans create networks around language and/or support from extra-Uganda networks.

Since settlement borders are fluid and refugees enjoy freedom of movement, *around half* of the interviewees *also regularly interact with Ugandans*. Perhaps a bit surprisingly, the level of engagement with the host community is a bit higher among the more recently arrived South Sudanese in the Bidibidi settlement (as well as, more naturally, among the self-settled refugees in Kampala) than for the longer-term (or indeed permanent) settlers in Nakivale. However, it should be noted that people living in the West Nile of Uganda and people from the South Sudanese counties of Kajo Keji, Lainya, Morobo and Yei (i.e. the counties where most of the Bidibidi refugees come from) have a long-standing history of transborder relationships. They are also facilitated by the fact that they share some same languages (like Aringa and Kakwa). In Kampala, most FGD participants say that while they initially settled in predominantly Uganda areas of the city (such as Natete), they later moved to areas with a larger presence of refugees in order to live among those with whom they feel they share the same conditions, needs and challenges. Finally, *savings groups and village savings and loans associations (VSLAs) also serve as important channels of socialization*, especially for women (54%). Some savings groups and VSLAs, in both Bidibidi and Nakivale, are mixed, i.e. have both refugee and Ugandan members.

⁵² See for example A. Betts, L. Bloom, J. Kaplan, N. Omata, Oxford University, *Refugee Economics – rethinking popular assumptions*, 2014.

Exhibit 7. Social networks

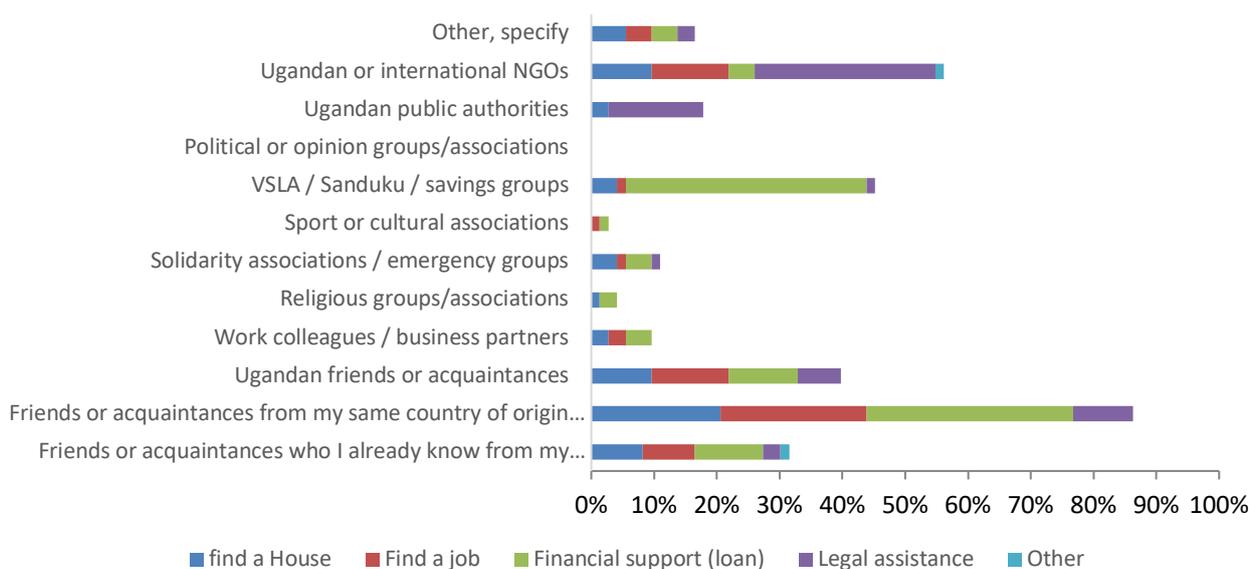


n=73 (% numbers add up to more than 100, since some respondents engage in more than one type of social relationship)

Types of Support. When considering the kind of support refugees seek – and rely upon – from their social networks, the ***bonds created among fellow refugees (of different nationalities) as well as with Ugandans are clearly important for the livelihoods strategies*** of refugee households, especially in situations of uncertain public support. Fellow nationals and fellow refugees are the key counterparts when seeking different types of support, from finding a house or a job to financial assistance. VSLAs are an important resource for financial support (indeed, it is the first source most VSLA members turn to when seeking financial assistance – see also Section 5.6 below). Almost half of all ***respondents also depend on Ugandan and international NGOs for concrete support*** (in particular for legal/administrative assistance, even to a greater extent than they rely on OPM). The relationships between refugees and NGOs are generally stronger (or at least more common/frequent) in Bidibidi than in Nakivale and Kampala. Literature⁵³ confirms the importance, also at the transnational level, of support from social relations and national communities. For example, some communities – such as the Somalis or the Oromos within the Ethiopian community – can count on a well-organized and supportive diaspora, which can be an extremely important resource, especially for economic/financial needs.

⁵³ See for example A. Betts, L. Bloom, J. Kaplan, N. Omata, Oxford University, *Refugee Economics – rethinking popular assumptions*, 2014.

Exhibit 8. Support from social relationships and structures



n=73 (% numbers add up to more than 100, since some respondents rely on support from more than one type of social relationship)

Relations with Host Communities. *Relationships with host communities are generally described as good* by interviewed refugees as well as by consulted stakeholders (including host community and local government representatives). However, this does not mean that tensions and potential sources of contention do not exist. One key issue relates to the **access to and use of land**, which is a driver of conflict, for example, in the West Nile, where plots allocated to refugees belong to the community. For example, refugees wanting/needing to farm larger areas than their allotted household plots (which are often not big enough even for subsistence, especially for larger families) commonly rent surrounding land from Ugandans. The types of agreements, as well as the enforcement of these agreements, can at times lead to conflicts (*“We rent a plot at UGX 100.000 [~USD 26], but when the owner saw the harvest, he increased the rent and, in the end, we decided to leave the plot rather than pay more money that the harvest would bring in”*). Law enforcement is not always clear (also because the land that Ugandans rent or lease out is community-owned) and in some cases refugees are advised to not seek legal recourse. This is the case of some individual stories from the West Nile, but also that of a cooperative in the Kyangwali settlement in the Hoima district.⁵⁴ Conflicts may also arise over the collection of water (especially during the dry season) and firewood on nearby community-owned land. In the South-West, where refugees are allotted government-owned land and there is consequently less pressure on private/community-owned land, the land issue is less complicated (and relationships seem more business-oriented). Nevertheless, a couple of FGD participants point to occasional disputes over the grazing of livestock. In general, several interviewed stakeholders – including both international NGOs working as implementing partners in the settlements as well as local government and host community representatives – stress the **importance of informal and semi-formal groups** in addressing and managing possible contentious matters (*“Where mixed VSLAs of Ugandans and refugees do exist, agreements on land issues within the members of the groups or community are much easier and more reliable”*). The integration of services (see Section 4.3 above) also contributes to good or improving relationships between refugees and host communities in general.

In the South-West, **language can constitute an important barrier to interactions** between refugees and the host communities. In Nakivale, several refugees working with Ugandans report having learnt Banyakole

⁵⁴A. Betts, L. Bloom, J. Kaplan, N. Omata, *Refugee Economics – rethinking popular assumptions*, Oxford University, 2014.

(which is also linked to some East Congolese languages) in order to facilitate relations. Similarly, refugees in Kampala say that, even if English is necessary for basic everyday relations, it is the knowledge of Luganda that can assist in preventing or easing possible tensions with the national community. The opposite is true for the West Nile as most South Sudanese speak the same languages as their host communities.

On the whole, the **generally welcoming and conducive environment for refugees** in Uganda (as outlined in Section 4.3 above) **is mostly reflected in the attitude towards refugees on part of host communities**. Surveys have shown that over 60% of hosting Ugandans have a positive attitude towards the refugees (and less than 20% have a clearly negative attitude)⁵⁵ and a couple of consulted stakeholders also realized the benefits for the Ugandan communities of hosting refugees. In this regard, several stakeholders mention the importance of history in Northern Uganda. The West Nile and Acholi sub-regions used to be the homeland of Ugandan refugees fleeing to (then) Sudan in the 1980s and 1990s (and even some years into the 2000s). Many people within these host communities therefore have past experience – either directly or indirectly through some family members – of refugeehood. Past refugee experiences on part of hosting communities – together with proximities in language and pre-existent cross-border relationships – contribute to a generally positive environment for incoming refugees. In the South-West, where the presence of refugees is more long-standing, mixed marriages (albeit not common) are also reported. Finally, an analysis of the interactions between host communities and the interviewed economic activities shows that Ugandans are largely the most important supplier for any economic activity run by refugees. They also have a role as clients, especially in Kampala.

“We understand that the presence of refugees is also an opportunity; economic activities are booming here in town, and services are arriving.”

“Some people from the host community knew the refugees since the period they were themselves refugees in Southern Sudan, and are now hosting them, returning the favor.”

Conclusions – Social Capital. While interviewed refugees most commonly socialize with and rely on fellow refugees (in Nakivale and Kampala these also include refugees of other nationalities than their own), a large share also regularly interact with and seek support from Ugandans. Interactions through structured savings groups and VSLAs are also common, especially for women. Social bonds are generally important for the livelihood strategies of most refugee households, both within and beyond settlements. Concrete support from international and Ugandan NGOs is also relevant for some respondents (particularly in Bidibidi). Within such a context, NGOs (as well as aid disbursements) can function as a powerful bridge between refugees and formal financial actors/channels.

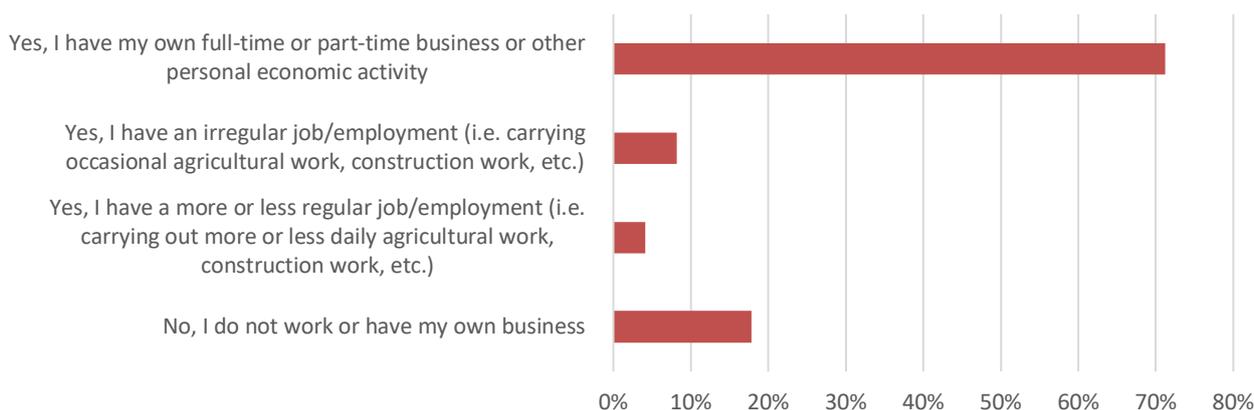
Relations with Ugandans are generally positive even if the access to and use of land can be a source of conflict (especially in the West Nile). Informal and semi-formal groups can, however, play an important role in managing land-related disagreements. While language can be a barrier to interaction for refugees in the South-West, most South Sudanese refugees in the West Nile speak the same languages (as well as share a common transborder history) with their host communities. Finally, at the national level, the generally conducive and welcoming regulatory environment supports the creation of positive relations between the refugee and the host communities.

⁵⁵ UNCHR, *Livelihoods socio-economic assessment in the refugee hosting districts, February 2017.*

5.3 Professional Capital

Level of Employment. Thanks also to the liberal regulatory framework, *current level of employment and self-employment is quite high*. In fact, less than one fifth of the interviewed refugees currently do not have any kind of job or own business activity. Job participation is *high also among women* (also among the female interviewees only 18% are not working). Unemployment figures are also lower in Nakivale (9%) and Bidibidi (12%) than in Kampala, where half of the respondents do not work. However, most Kampala respondents are young and hence still studying or undergoing vocational/technical training. In fact, overall, two fifths of the 13 respondents who do not work say it is because they are still studying or in training (while just below half report that it is because they cannot find a job). **Most of those who work have their own business activity.** Self-employment is particularly high in Nakivale (86%) and slightly higher for women (76%). Occupation is, however, rarely on a full-time or full-scale basis. Salaried jobs are rare and generally limited to what NGOs as implementing partners can offer in terms of cash-for-work. Indeed, only 4% of the interviewees have a more or less regular job with an employer,⁵⁶ while another 8% have an irregular/occasional job. Most respondents run small businesses of limited dimensions, able to cover only basic household expenses to complement, within the settlements, subsistence farming and assistance from international and national agencies and NGOs.

Exhibit 9. Level of employment and self-employment



n=73

Overall refugee employment figures in other studies are somewhat lower. For example, 30% of refugee respondents in the livelihoods assessment are not working (with particularly high unemployment in some settlements, such as Aele, Nymazi and Rhino camp). Furthermore, in terms of self-employment, a recent monitoring exercise records a total of some 24,500 income-generating activities (IGAs) within 13 settlements. On the assumption that one individual is only engaged in one IGA, these self-employment activities engage 12% of the total refugee population of working age (i.e. between 18 and 59 years) within the 13 surveyed settlements. Similarly, the vulnerability analysis estimates 13% of the refugee population (aged 15 years and above) to be self-employed.

⁵⁶ One of the interviewees, namely a female respondent living in Kampala, with a regular employment (as the manager of a daycare center) also has her own business (hairdressing).

Table 7. Self-employment activities in settlements

Settlement (District)	# of registered refugees	# of registered refugees of working age	# income generating activities (IGAs)	# IGAs / registered refugees of working age
Baratuku (Adjumani)*	7,893	2,097	1,196	57.0%
Kiryandongo (Kiryandongo)*	57,202	19,039	2,709	14.2%
Kyaka II (Kyegegwa)** ⁵⁷	27,583	13,921	4,389	31.5%
Kyangwali (Hoima)** ⁵⁸	51,797	13,489	1,145	8.5%
Mungula I and II (Adjumani)*	5,972	1,999	591	29.6%
Nakivale (Isingiro)*	101,403	44,013	2,048	4.7%
Nyumanzi (Adjumani)*	43,508	13,191	914	6.9%
Olua I and II (Adjumani)*	9,411	2,120	249	11.7%
Oruchinga (Isingiro)***	6,932	2,771	647	23.3%
Pagirinya (Adjumani)*	32,051	10,075	2,452	24.3%
Palabek (Lamwo)* ⁵⁹	18,551	5,518	2,089	37.9%
Palorinya (Moyo)*** ⁶⁰	129,120	45,302	2,452	5.4%
Rwamwanja (Kamwenge)*	75,852	29,721	3,796	12.8%
Total	567,275	203,256	24,677	12.1%

Source: GoU and UHNCR, Uganda Refugee Response Monitoring Settlement Factsheets, January* and March** 2018, December 2017***.

Sectors/Areas of Activity. Among the 60 interviewees who are working, the **most common sector of business activity is trading**, mostly retail. Almost all interviewed refugees have at least a small garden or household plot, as allocated to them upon arrival in the settlements, but for most respondents (and especially for women) this is mainly used for subsistence purposes because of the limited dimensions of the plots (as well as difficulties in accessing additional land in the West Nile). **Agriculture as a business activity** – even if on a small scale and mostly in the form of selling surplus produce after subsistence needs have been met – is hence **limited to around one third of the working interviewees**. In fact, farming and other agricultural practices (namely livestock breeding) are **usually combined with other economic activities**, such as small individual trading, but also craftsmanship, businesses. In general, farming activities are in part a choice and in part a necessity because of the lack of alternatives (see also Box 4 at the end of the section). Other studies also show that agriculture and small businesses represent the largest sectors/areas of economic activities for most active refugees; for example, in 2017, working refugees were primarily engaged in agriculture (25%) and/or small businesses (18%).⁶¹

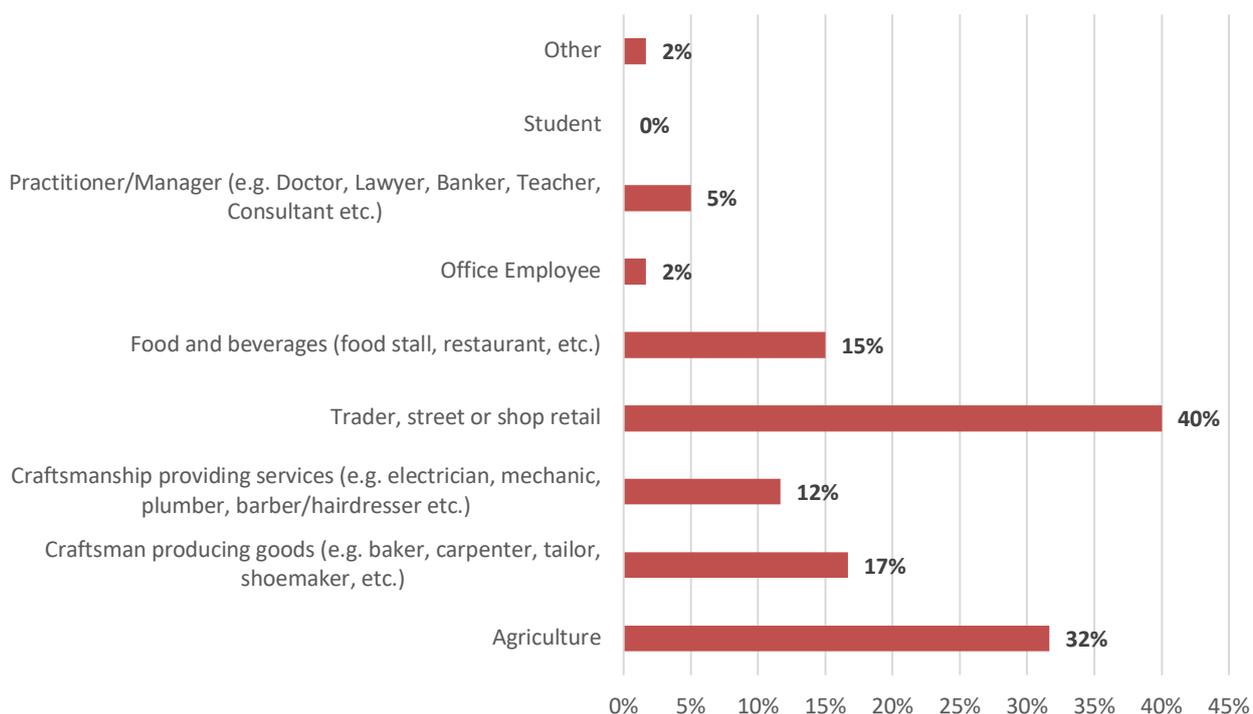
⁵⁷ Registered numbers as of December 2017, hence before the major influx of new refugee arrivals from DRC (estimated at around 17,000 up until March 2018).

⁵⁸ Registered numbers as of December 2017, hence before the major influx of new refugee arrivals from DRC (estimated at around 15,000 up until March 2018).

⁵⁹ An additional 14,000 refugees pending registration.

⁶⁰ An additional 54,000 refugees pending registration.

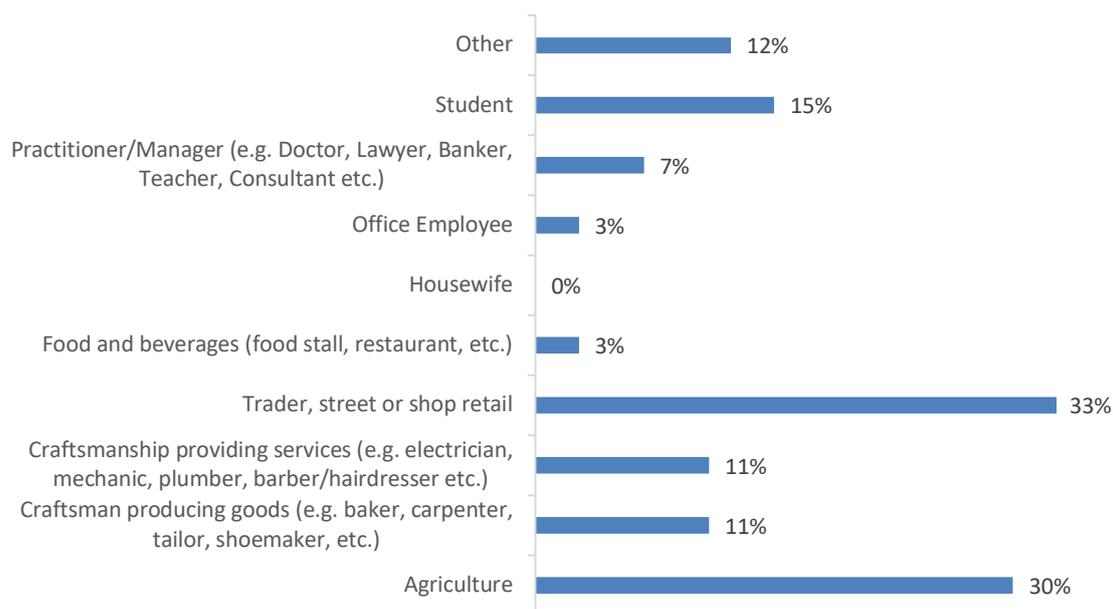
⁶¹ Farming is particularly important in the very fertile areas of the Mid-West, including the Kyangwali and Panaydoli settlements, where it employs up to half of refugees. In fact, in the Mid-West, agricultural produce farmed by refugees significantly feeds the markets of Hoima and other surrounding towns. This has created a space also for more organized business forms, such as cooperatives, which are seeking to implement better production practices and negotiate directly with potential off-takers. UNCHR, *Livelihoods socio-economic assessment in the refugee hosting districts, February 2017*.

Exhibit 10. Current sectors/areas of activity

n=60 (% numbers add up to more than 100, since some respondents are active in more than one sector)

Capitalization of Professional Experience. An important aspect of the professional capital of refugees is the ability to exploit the experiences gained and skills learned in the countries of origin. This possibility is clearly related to existing employment and business opportunities in the hosting country in general (and the place of residence within this country in particular). Refugees who were farmers or traders also in their countries of origin are hence facilitated in undertaking the same economic activity in Uganda (notably in and around the settlements). On the whole, **half of the working respondents are engaged in the same economic activities as in their countries of origin.**⁶² There is generally a higher consistency between past experiences in the countries of origin and present areas/sectors of engagement in Bidibidi than in Nakivale. Nevertheless, overall, trade and agriculture (more in Bidibidi, 44% of respondents, and less in Nakivale, 19%) were the most common sectors/areas of activity also in the countries of origin.

⁶² The 5 working interviewees who were students in their countries of origin have not been included in this calculation.

Exhibit 11. Sectors/areas of activity in countries of origin

n=73 (% numbers add up to more than 100, since some respondents were active in more than one sector)

Box 4. Refugee Farming

The combination of the rural location of settlements and the OPM/UNHCR policy to allocate a plot for housing and farming to each household has led to the creation of a specific group of working refugees, i.e. those refugees who find themselves with no other option than farming even if they have no experience, or interest, in farming. This is the case, for example, for many Congolese refugees in the Kyangwali and Rwamwanja settlements in the Mid-West, as illustrated by a 2014 research by Oxford University.⁶³ Within these settlements, upon their arrival refugees were allocated quite good-sized plots (50x50 meters) of fertile land. Produce from the settlements has found good markets in Hoima or other towns and, thanks to the activities of some Ugandan dealers in agricultural produce, this led to some interesting incomes for refugee farmers (especially in Kyangwali). The roads between the settlements and the nearby towns are long and in very bad conditions. While the drive is worth the pay for agricultural produce traders during harvest seasons, the same is not true for other weekly or monthly traders (who need to trade in distant towns since the Mid-West settlements are not surrounded by smaller villages). Economic activities different from farming are hence very limited. Therefore, most refugees (mainly from DRC) see no other option than going into farming. However, their general lack of farming experience and skills has generated several problems. Bad agricultural practices have led to a reduction of soil fertility and lower than expected harvests. Unsatisfactory results in turn have led to frustration among refugees, influencing their quality of life. Several refugees have consequently sought to leave the settlements (and hence also the benefits and protection that they offer) in search of better opportunities elsewhere, mostly in Kampala.

⁶³A. Betts, L. Bloom, J. Kaplan, N. Omata, *Refugee Economics – rethinking popular assumptions*, Oxford University, 2014.

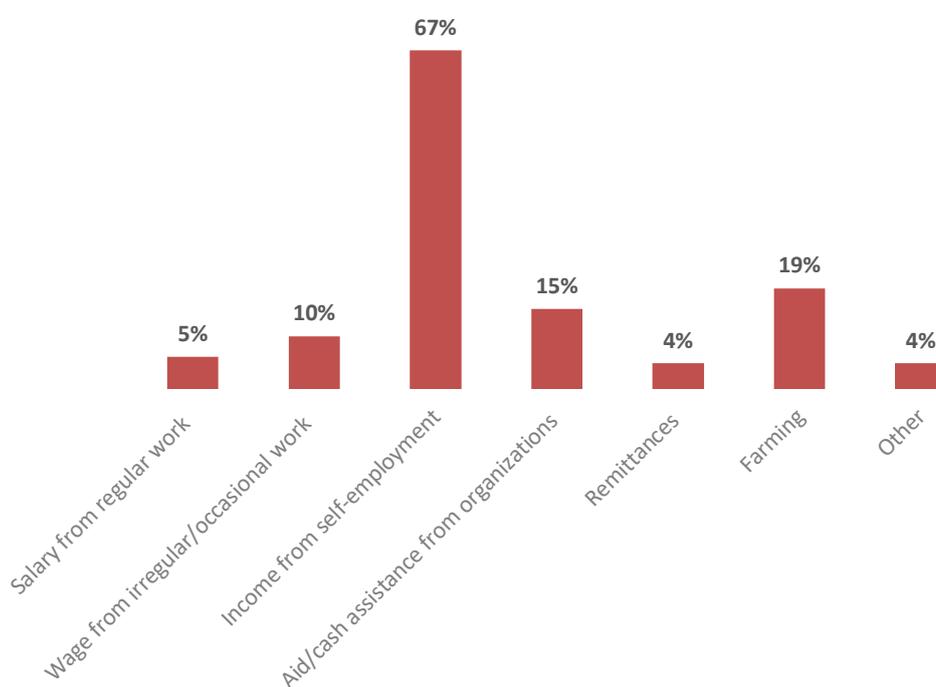
Conclusions – Professional Capital. Given the conducive regulatory framework allowing refugees to work as well as move around without restrictions, refugees have been able to exploit their professional capital, and current employment and self-employment levels are quite high (also among women). Those who work are primarily engaged in their own business activities (particularly in Nakivale), even if these are usually of limited dimensions as a complement to subsistence farming and assistance. Salaried employment is rare and usually limited to cash-for-work opportunities provided by NGOs.

The most common area of activity is trading, followed by agriculture (in Uganda as well as in the countries of origin). Even if most refugees within the settlements engage in subsistence farming, only some are able to engage in agriculture as a business activity (i.e. if they are able to access land beyond their allotted plots). Farming (and livestock breeding) is also usually combined with other economic activities.

5.4 Economic/Financial Capital

Sources of Income. The sources of income confirm the structure of economic engagement (as presented in Section 5.3 above), i.e. **self-employment is by far the most common source of income for interviewed households**.⁶⁴ Within the settlements, interviewed refugees tend to engage in autonomous economic activities, such as petty trade, in order to supplement subsistence farming and food distributions from the WFP. With regard to the latter, all refugees living within settlements receive in-kind supplies of food (namely maize, beans and cooking oil). Furthermore, **farming (and livestock breeding) also represent a source of income for around one fifth of households** (all in Nakivale and, albeit to a somewhat smaller extent, Bidibidi).⁶⁵

Exhibit 12. Sources of income



n=73 (% numbers add up to more than 100, since some households have more than one source of income)

A few households also rely on cash assistance from humanitarian agencies and NGOs for the purchase of necessities. The role cash assistance plays in the economic lives of refugee households varies depending on the place (most notably settlement) of residency. In Bidibidi, one quarter of interviewed households count on cash assistance as a source of income, while only 5% report this as an earning in Nakivale. Generally speaking, as revealed also by the livelihood assessment, cash assistance is more relevant in the newer settlements in the West Nile than in older settlements (such as Nakivale, where the livelihood assessment

⁶⁴ The percentage of households relying on income from self-employment is slightly lower than the percentage of individual respondents engaged in their own activity (see Section 5.3 above) because self-employed business agriculture is considered here as a stand-alone source of income. It should be noted that the sources of income include earnings from all household members. So even if the person who was interviewed is not employed, someone else within the household (such as a spouse) might contribute with his/her income to the household. Consequently, the percentage of households reporting income from irregular/occasional jobs is, for example, slightly higher than the percentage of individual interviewees who are employed on an irregular/occasional basis.

⁶⁵ While 26% of the sampled individuals are engaged in agriculture as a business activity (see Section 5.3 above), only 18% report on actual earnings from this type of activity. This is because a handful of respondents have either only started farming as a business and not yet earned an income on the harvest or not earned anything in recent years because of failed crops (due to drought).

also estimates that only around 5% of refugees rely on this as a source of income). In fact, UNHCR cash assistance is provided only to refugees in some settlements (and Nakivale is not one of them). Within the selected settlements, however, quite large shares of the refugees rely on UNHCR cash assistance as a source of income. Spread out over the entire refugee population within the 13 surveyed settlements, around one quarter receive cash assistance from UNHCR. At the national level, the vulnerability analysis estimates that 9% benefit from cash assistance, 73% from in-kind food assistance, and 5% from both cash and in-kind food assistance. The vulnerability analysis also reports the sale of in-kind food rations (which all refugees living in settlements received) to be the main source of income for around one quarter of the surveyed refugee households in the country (albeit mainly for the more recently arrived refugees in the West Nile).

Table 8. Cash assistance in settlements

Settlement (District)	# registered refugees	# receiving UNHCR cash assistance	# receiving UNHCR cash assistance / registered refugees
Baratuku (Adjumani)*	7,893	3,217	40.8%
Kiryandongo (Kiryandongo)*	57,202	17,316	30.3%
Kyaka II (Kyegegwa)** ⁶⁶	27,583	20,497	74.3%
Kyangwali (Hoima)** ⁶⁷	51,797	19,568	37.8%
Mungula I and II (Adjumani)*	5,972	3,981	66.7%
Nakivale (Isingiro)*	101,403	0	0.0%
Nyumanzi (Adjumani)*	43,508	13,244	30.4%
Olua I and II (Adjumani)*	9,411	2,979	31.7%
Oruchinga (Isingiro)** ⁶⁸	6,932	0	0.0%
Pagirinya (Adjumani)*	32,051	0	0.0%
Palabek (Lamwo)* ⁶⁸	18,551	0	0.0%
Palorinya (Moyo)** ⁶⁹	129,120	0	0.0%
Rwamwanja (Kamwenge)*	75,852	52,809	69.6%
Total	267,275	133,611	23.5%

Source: GoU and UHNCR, *Uganda Refugee Response Monitoring Settlement Factsheets, January* and March** 2018, December 2017****.

Remittances are seemingly of limited importance to the income of interviewed refugee households in general (with only 2 remittance recipients in Bidibidi and 1 in Kampala). However, as mentioned in Section 2 above, receipts (as well as amounts) of remittances are likely to be under-reported. In fact, literature⁷⁰ confirms that remittances can be a significant source of capital, especially within some communities. For example, Somalis, among others, can usually count on a well-organized diaspora for financial support. The same holds true, albeit to a smaller extent, for Ethiopians. On the other hand, families in DRC and South Sudan are often in more difficult conditions than their refugee relatives in Uganda. See also Box 5 below.

⁶⁶ Registered numbers as of December 2017, hence before the major influx of new refugee arrivals from DRC (estimated at around 17,000 up until March 2018).

⁶⁷ Registered numbers as of December 2017, hence before the major influx of new refugee arrivals from DRC (estimated at around 15,000 up until March 2018).

⁶⁸ An additional 14,000 refugees pending registration.

⁶⁹ An additional 54,000 refugees pending registration.

⁷⁰ See for example A. Betts, L. Bloom, J. Kaplan, N. Omata, *Refugee Economics – rethinking popular assumptions*, Oxford University, 2014.

Box 5. Remittances

Remittances are an important service, and source of income, for refugees in Uganda (just as it is for many other foreigners in the country). Findings from recent UNCDF research⁷¹ (with direct consultation carried out in the Bidibidi and Nakivale settlements) show that remittances count for around 15% of the incomes of refugees and 2% of the incomes of host communities. When possible, refugees tend to use formal services, which was preferred over informal channels by over 60% in 2015 and over 75% in 2016. This general increase was primarily spurred by an augmented use in mobile money cash transfers (from 14% to 22%) and a decrease (from 31% to 20%) in remitting cash through friends. International money transfer operators (MTOs) and bank accounts are the most used vehicles for cash transfers (the preferred means by 33% and 15% of respondents, respectively). Transport and accessibility of services are among the key constraint for refugees since formal services are usually outside the settlements, several kilometers from the place of residence. Identification and acceptance of ID are also another concern.⁷² Nevertheless, people use formal services also because it is usually the sender, not the receiver, who decides which channels to use. Amounts of regular remittances vary between USD 20 and USD 200 per transaction (even if figures may be under-estimated). With regard to different refugee communities, the Somalis confirm to have access to (and receive) larger amounts of remittances within their diaspora compared to other refugees. Overall, refugees receive remittances from both Africa – especially sub-Saharan Africa (and not only from their countries of origin, but also from Kenya, Tanzania and South Africa) – and from Europe, the USA and Canada. Finally, women tend to receive more remittances than men.

Among the interviewed refugees, the **average household income is only around UGX 100,000 (~USD 26) per month**. Furthermore, monthly average revenues among the Bidibidi households are only half of the incomes in Nakivale. This important difference can reasonably be explained by the fact that, while the relatively recently arrived South Sudanese live in newer settlements hence having less structured economies, the Nakivale context represents a more mature and diversified economy with longer-staying (and even permanent) refugees. Kampala income figures are based on a much smaller sample, but reported monthly revenues average almost 150,000 UGX. However, refugees in Kampala cannot count on support in terms of shelter, food and other services to the same extent available to refugees living in settlements. This places them, from a certain point of view, in a more vulnerable situation, as the costs to cover basic needs are also higher. On the other hand, the greater vulnerability of living in Kampala is (at least hopefully) matched by better opportunities in terms of employment and business activities.

Table 9. Average monthly household income

Average household income (per month)	
TOTAL (n=73)	UGX 106,171
Bidibidi (n=41)	UGX 72,270
Nakivale (n=21)	UGX 177,174
Kampala (n=11)	UGX148,500

Considering the average number of household members, a monthly household income of UGX 100,000 means a monthly income of only UGX 14,000 (~USD 4) per capita. The difference between the two settlements is even higher in per capita terms, with only UGX 8,000 (~USD 2) in Bidibidi compared to UGX 23,000 (~USD 6) in Nakivale. Furthermore, even if refugees in the settlements do not have to cater to all their food and other basic needs and can at least partly rely on subsistence farming, an average monthly per capita income of only UGX 14,000 (~USD 4) is **well below the international extreme poverty line** of USD

⁷¹BFA and UNCDF, *Uganda country assessment on affordable and accessible remittances for forcibly displaced and host communities*, June 2018.

⁷² This was also identified as an obstacle by one of the FGD participants in Kampala (“Often the name that is registered in the refugee ID is not the same that we use back home. Sometimes some second or third names are not mentioned, but this prevents us from withdrawing the money.”).

1.9 per day.⁷³

The income figures reported by the sample considered in this assignment are confirmed by the livelihoods assessment, where reported yearly household incomes averaged UGX 1.2 million (~USD 316), i.e. also UGX 100,000 (~USD 26) per month. More than half of the households claim to earn less than UGX 500,000 (~USD 132) per year, or UGX 40,000 (~USD 11) per month, while only 5% report annual revenues above UGX 3 million (~USD 790), or UGX 250,000 (~USD 66) per month. The livelihoods assessment also points to differences between settlements, perhaps with a slightly better situation for Bidibidi respondents than that reported by the refugees interviewed within the framework of this assignment. Finally, the vulnerability analysis finds that almost 70% of refugees live below the national poverty line (compared to 20% of rural Ugandans), with poverty levels higher in the West Nile (74%) than in the South-West and Mid-West (59%).

The **average amount of monthly household income also differs according to the type of income stream**, with salary from regular work as well as income from self-employment being the strongest sources overall. Farming also contributes with an important average amount in monetary terms in Nakivale, while cash assistance is a non-neglectable source for some households in Bidibidi. The livelihoods assessment reports that, on average, cash assistance accounts for around 15% of the surveyed refugees' incomes (ranging from 0% to 50% depending on the settlement). Finally, remittance incomes are claimed only by 3 households (2 in Bidibidi and 1 in Kampala).

Table 10. Average monthly household income by type of income source

	Overall	Bidibidi	Nakivale	Kampala
Salary from regular work (n=4)	171,250 UGX	105,000 UGX	-	237,500 UGX
Wage from irregular/occasional work (n=7)	57,200 UGX	57,200 UGX	-	-
Income from own/family business or self-employment (n=49)	168,931 UGX	81,192 UGX	347,771 UGX	108,000 UGX
Aid/cash assistance from organizations (n=11)	113,250 UGX	113,250 UGX	-	-
Remittances (n=3)	100,000 UGX	100,000 UGX	-	-
Farming (n=14)	75,622 UGX	14,250 UGX	148,333 UGX	-
Other (n=3)	56,944 UGX	35,000 UGX	35,417 UGX	100,00 UGX

More anecdotally, the market assessment involved interviews with 15 **business activities** (including 7 agricultural activities). The diversity in terms of contexts (three locations) and types of activities (agricultural and non-agricultural) within such a small sample does not allow generalization. Nevertheless, initial investments and incomes vary between non-agricultural and agricultural activities. Non-agricultural investments generally imply the purchase of assets or machines, or significant stocks, and range from UGX 800,000 (~USD 210) to almost UGX 5 million (~USD 1,320). These activities are also more on a micro scale in Kampala than in Bidibidi, where monthly profits are around UGX 700,000 (~USD 180), and Nakivale, where monthly profits range from UGX 500,000 (~USD 130) to UGX 2.5 million (~USD 660). On the other hand, interviewed agricultural activities (especially among the recently settled South Sudanese refugees in the West Nile) have primarily benefited from subsidized initial investments (also for inputs) and hence record lower initial and fixed costs. In Bidibidi, farmers are still only in the early stages of their activities, but there is potential for good business over the years. In Nakivale, there are examples of more complex agricultural activities, mixing farming and livestock breeding, with one poultry business even reporting some UGX 47 million (~USD 12,400) in yearly profits. Please see also Annex 7 and Annex 8 for an overview of the non-

⁷³World Bank Group, *The Uganda Poverty Assessment Report 2016*.

agricultural and agricultural activities as well as Annex 9 through Annex 11 for three specific business cases (one mechanic workshop and one farmer in Bidibidi and one milling activity in Nakivale).

Savings and Debt. Despite limited amounts of income, *the capacity to save* (even if only small amounts of money) *on a regular basis is very high*. As many as three quarters of all respondents save, mostly on a weekly basis.⁷⁴ The saving capacity is just as strong among women and the only slight difference between the two settlements is that more respondents in Bidibidi than in Nakivale save on a weekly basis. In Kampala, half of the respondents report to have no money left at the end of the week or month, but this is likely due to the fact that they are very young and mostly without an income of their own (i.e. most are still studying or in training). Thanks to the generally strong saving capacity, more than one third of the interviewed refugees report to have accumulated at least some amount of money (see ‘Assets’ below).

Table 11. Saving capacity

	Overall (n=73)	Women only (n=38)	Bidibidi (n=41)	Nakivale (n=21)	Kampala (n=11)
Weekly savings	55%	61%	63%	52%	27%
Monthly savings	19%	16%	17%	29%	18%
No savings	23%	21%	20%	19%	55%

With regard to *indebtedness*, two out of five interviewed respondents (and half of the women) report having existing debts. More respondents are currently indebted in Nakivale (52%) than in Bidibidi (29%). The current debt amount *averages UGX 540,000* (~USD 142) – UGX 410,000 (~USD 108) for women – with an average debt ratio per household (i.e. debt on monthly income) of 4.1. The level of indebtedness is also quite different between the settlements, i.e. UGX 130,000 (~USD 34) and 1.6 debt ratio in Bidibidi and UGX 1.3 million (~USD 342) and 5.8 debt ratio in Nakivale. On the whole, the level of indebtedness seems manageable, also in Nakivale, where the average debt amount and ratio are heavily skewed upwards by two households. In fact, overindebtedness is a concern only for these two heavily indebted households, each with a debt of UGX 6 million (~USD 1,580) and a debt ratio of 60.

Assets. Two thirds of the interviewed households report the ownership of assets either in their countries of origin or in Uganda. The current state and actual value of assets in their countries of origin (mostly reported by the more recently arrived South Sudanese and in the form of land, houses, livestock and/or vehicles) are, however, questionable (i.e. much of what has been left behind, in most cases also many years ago, has likely been destroyed or stolen or is in any case at risk – *“One day I took a bus from Yumbe to go back home to see what happened to my house and livestock. When I arrived, there was no animal, and the house was burnt, so I came back here”*). Among the three fifths of the interviewed households declaring assets *in Uganda, most respondents own movable assets* – such as livestock, enterprise equipment (such as sewing machines, etc.), and vehicles (usually motorbikes) – *in addition to accumulated savings*. The value of total Ugandan assets *averages UGX 1.6 million (~USD 421)* per household. Furthermore, the average value per type of asset generally ranges from around UGX 370,000 (~USD 97) in accumulated savings (the most reported asset) – which amounts to 3.7 times the average monthly income – up to around UGX 1.8 million (~USD 474) in enterprise equipment or vehicles. Only 4 respondents report on owning a house and its value. Even if most refugees in the settlements have been allocated plots on which they have built at least temporary housing, they do not consider these structures as their property, since the land is not theirs (i.e. whatever structure is on the allotted land, which does not belong to them, will remain there). In contrast, 64% of the surveyed refugees claim they own a house, even if it is only considered as temporary housing.

⁷⁴ It should also be noted that the term ‘savings’ may not be intended as cash only, but also related to the investment in non-monetary assets (such as livestock).

Table 12. Assets in Uganda

Types of assets	Average value of assets (UGX)
Cash at home (n=7)	127,333
Savings in financial institutions or VSLA/saving group (n=27)	369,231
House/apartment (n=4)	3,225,000
Car or other means of transport (n=9)	1,854,500
Land (n=2) ⁷⁵	1,750,000
Livestock (n=15)	1,326,875
Enterprise equipment (n=15)	1,559,000
Other (n=7)	185,000

Conclusions – Economic/Financial Capital. In line with the professional engagement on part of most refugees, self-employment is the most common source of income. Farming and livestock breeding also represent a revenue source for some. Even if all refugees living in settlements receive in-kind food rations, only a limited number of household (mostly in Bidibidi) rely on cash assistance. Nevertheless, the average monthly household income is very low, especially when considering that most households are relatively large. Overall, monthly earnings in Nakivale, a more mature and diversified economy, are more than double the amounts grossed by households in Bidibidi.

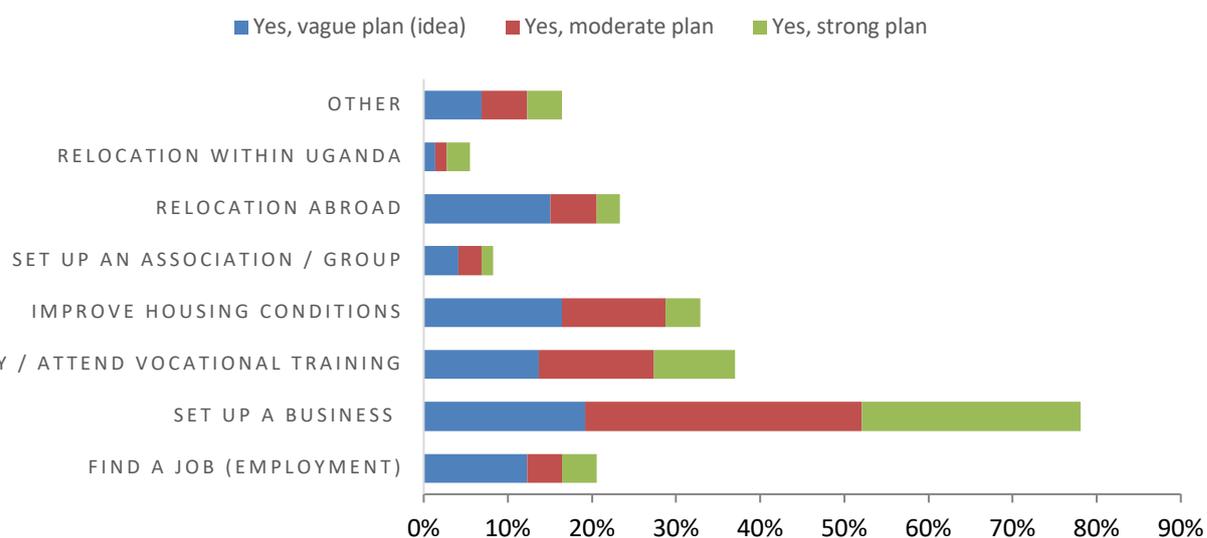
Even if income levels are very low, the capacity to save on a regular, mostly weekly, basis is very high (also among women). While two fifths of households report current debts, levels of indebtedness are manageable (except in a couple of cases). Regular savings have allowed a good number of households to accumulate at least modest sums of money. Some households also have other types of assets in Uganda, mostly moveable assets such as livestock and enterprise equipment. Even if most refugees in the settlements have been allocated plots on which they have built at least temporary housing, they do not own these structures nor the land.

⁷⁵ Even if refugees (or any non-Ugandan national) cannot legally own land (see Section 4.3 above), a couple of respondents (in Nakivale) nevertheless report having purchased smaller plots from private landowners nearby the settlement. However, they most likely do not have the official title/deed of this 'property' in their own name.

5.5 Future Aspirations, Challenges and Opportunities

Future Plans. When asked about their future aspirations, *the majority of respondents do not have any plans (not even vague ones) to return to their home countries or relocate to other countries*, even if some (mostly among the more recently arrived refugees from South Sudan) hope to return whenever the security situation would allow it. Furthermore, among those who do not have plans to return or relocate, 48% believe to have now settled – and would like to stay – in Uganda, while 41% say that they have nowhere else to go (remaining respondents say that they have no such plans because they do not have the money or because they still need UNHCR protection). Only a couple (3%) report having ‘strong plans’ to relocate abroad (i.e. they have started the official resettlement process, mostly towards joining family members or other relatives abroad). In Bidibidi, some South Sudanese manifest a general desire to go back home as soon as possible for security reasons (vague plans), while other nationalities in Nakivale (and Kampala) do not express even vague plans to return. In Nakivale, many refugees are long-term settlers (some even with 10-20 years in the country) who have no intention to migrate anywhere. These generally include refugees from protracted crises in countries such as DRC, Eritrea and Somalia, but also some Rwandans who escaped the genocide in the 1990s and eventually, after some years in Tanzania, reached Uganda in the early 2000s. Furthermore, a small group of respondents, namely late teenagers in Kampala and Nakivale, dream of, rather than plan for, a future in Europe or the United States. The intention to stay is also reflected by the fact that a good share of interviewed refugees also plan (even if only vaguely) to study or attend training and/or improve their housing conditions. Finally, **requested and actual resettlements are also very rare at the national level.** Between 2014 and end April 2018, only 18,584 refugees (91% from Congo DRC) in Uganda submitted requests to resettle, while 13,467 (89% from Congo DRC) actually departed/resettled.⁷⁶ In relative terms, the number of cumulative submissions/departures between 2014 and 2018 represents only 1% of the current registered refugee population.

Exhibit 13. Future plans



n=73

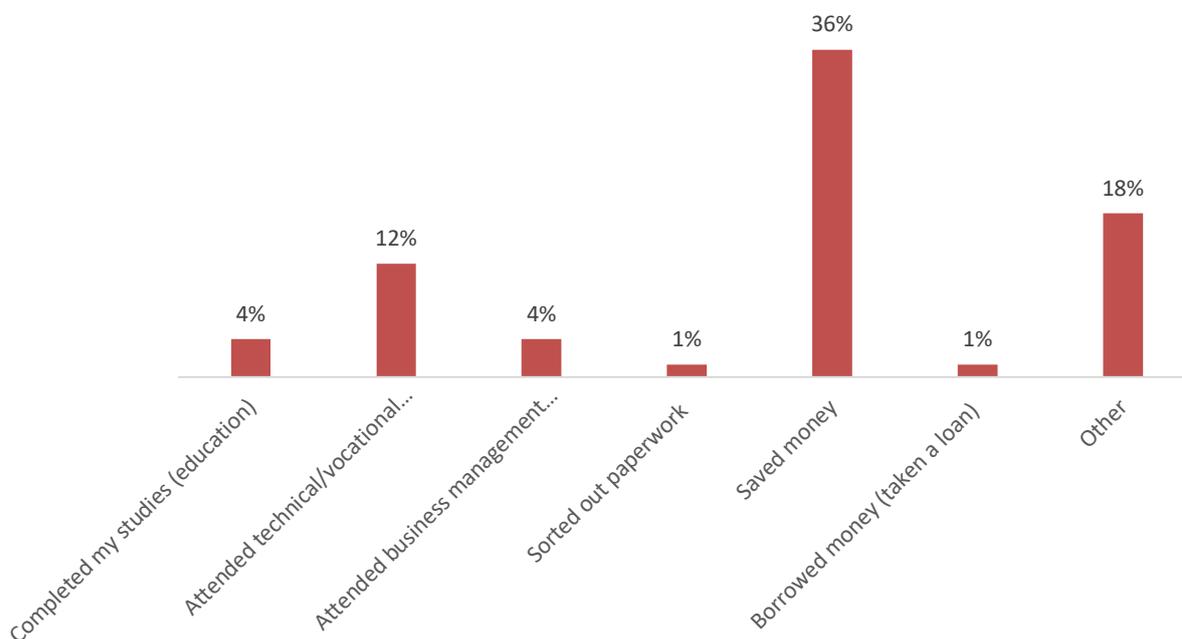
⁷⁶UNHCR, *Resettlement Data Finder*.

Relocation within Uganda is expressed only by a couple of South Sudanese in Bidibidi wishing to send their children to better (post-secondary) schools in Arua or Kampala. Other research⁷⁷ shows that refugees, especially young males, do move from the settlements to Kampala in search of better job opportunities. However, many of them maintain registration in the settlements, where their families still live, while they commute on a monthly or weekly basis. Most of these are either trading goods between Kampala and the settlements (typically those not too far from Kampala, such as those in the South-West or Kiryandongo) or working in Kampala and sending remittances back to their families in the settlements (usually those registered in more isolated settlements, such as Kyangwali or Rwamwanja, and who do not want to engage in agricultural activities).

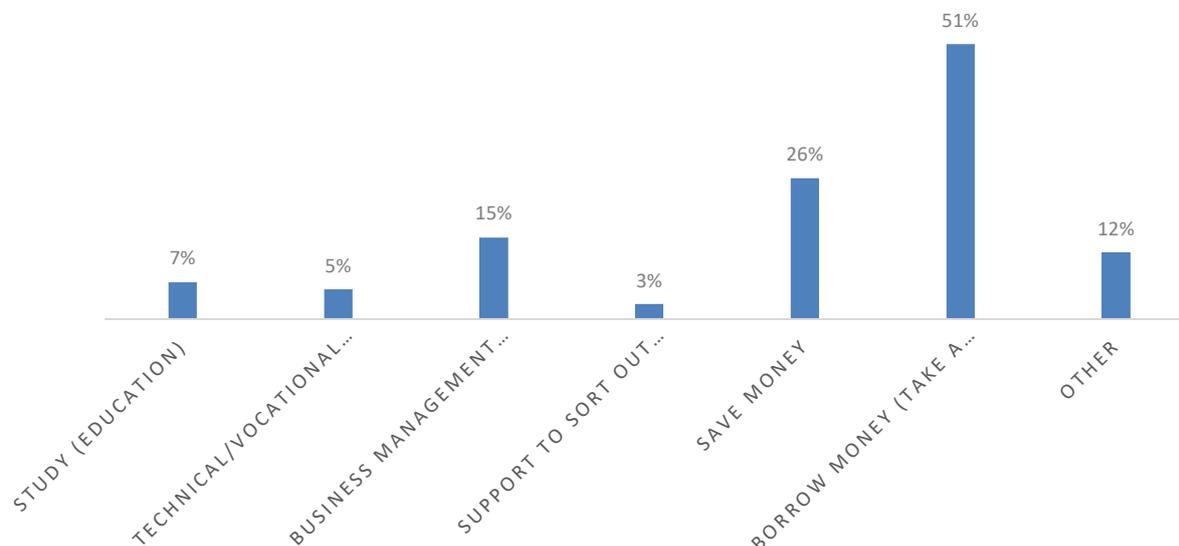
Future aspirations rather reflect **a propensity of refugees to gain their own economic independency, or at least reinforce their economic position**. In this regard, the option to ‘set up (or develop) a business’ is preferred to ‘find employment’, primarily because obtaining a regular job is perceived as difficult or unlikely. An even greater share of women (66%) have either strong or moderate plans to start (or develop) their own businesses. The entrepreneurial spirit is also slightly stronger in Nakivale, where 66% have either a moderate (33%) or strong (33%) plan to open or develop their own business, than in Bidibidi, where the figure is 56% (29% and 27% respectively). The most likely reason is that, apart from actual opportunities probably being greater in the more mature and diversified Nakivale economy, Nakivale residents, as long-term settlers, likely have a better awareness of these opportunities than the more recently arrived refugees in Bidibidi (who are still trying to understand the context and the possible prospects it entails). Furthermore, a greater share of Bidibidi residents (22%) have plans (even if vague) to find a job (usually with one of the NGOs operating as implementing partners within the settlements) than refugees living in Nakivale (5%). In Kampala, the sample is smaller as well as younger, but, with only 1 respondent expressing a strong plan to set up an enterprise, business creation in Kampala might be considered as more difficult than in the settlements. While Kampala might offer more opportunities, there is also a stronger call for formalization, namely registration with the Kampala Capital City Authority (KCCA), which can represent a significant barrier.

Three fifths of respondents with a plan (any plan) **have already taken some steps towards realizing their goals**. Having saved some money – for an average amount of around UGX 200,000 (~USD 53) primarily to be used as seed capital or matching funds in view of asking for a loan to set up (or expand) their businesses – is the more commonly adopted measure (and more so in Bidibidi than in Nakivale). Some have also attended technical/vocational training, while others have asked for support (including donations) from NGOs or relatives living abroad. Finally, **in line with the lack of capital being perceived as one of the most important obstacles to doing business** (see below), **most** (and more so in Nakivale than in Bidibidi) **are seeking to borrow money**, with an average targeted amount of around UGX 670,000 (~USD 176) in order to pursue their objectives. A good portion also intend to save more money, with a targeted amount averaging around UGX 1.5 million (~USD 395), i.e. higher than the amount that they want to borrow, in order to achieve their plans.

⁷⁷ See for example A. Betts, L. Bloom, J. Kaplan, N. Omata, *Refugee Economics – rethinking popular assumptions*, Oxford University, 2014.

Exhibit 14. Steps already taken towards achieving plans

n=73

Exhibit 15. Steps still necessary in order to realize plans

n=73

Challenges. Notwithstanding the generally conducive regulatory environment and the strive towards gaining economic independency, refugees are faced with a number of challenges when it comes to employment or business activities. The four most quoted challenges during the FGDs and interviews with refugees and other relevant stakeholders include (in order of stated importance):

- **Lack of capital** – most of the respondents lament the unavailability of adequate financial services, especially business credit, for refugees (see also Section 5.6 below). Frustration at not being able to access credit was particularly vocal in Nakivale; credit from informal or semi-formal (i.e. through the

VSLAs) sources – as well as from formal institutions such as the SACCO in Nakivale (see also Box 10 in Section 5.6 below) or banks in nearby towns – is not considered to be sufficient.

“We have ideas, we need capital.”

“We know what works and what to do, we need capital to start.”

- **Transportation.** Transportation is considered a major problem at all levels and in all contexts. The key aspects of the transportation challenge include: (i) distances – settlements are usually far from the closest towns commonly only reached by dirty roads, which become even rougher during the rainy season (perhaps with the exception of the Kiryandongo settlement, it takes around one hour to reach the closest town with a relatively decent market from the center of most settlements and larger towns are even farther away from settlements, except for the Rhino Camp); (ii) accessibility – public transport is rare, so people rely on private taxis or *bodaboda*, which might not always be available at the right moment; (iii) costs – private transportation costs are usually quite high and affect the margin of any economic activity; and (iv) lack of documentation – many refugees only have driving licenses (and license plates) from their countries of origin and can consequently not drive beyond settlement borders. See also Box 6 on the following page.
- **Lack of markets.** The isolation of most settlements poses limits on the economic activities of refugees. In Bidibidi, many interviewees complain over the lack of sufficient clients within the settlement. However, this also depends on the type of business activities, since some Ugandan entrepreneurs come to (and some even move to the vicinity of) the settlements to reach new clients (*“I already have a butcher shop in Arua and opened up my second shop here in Bidibidi – and I actually make more money here than in Arua; business is very good”*). Also, the economy is not yet as structured in Bidibidi (having less organized marketplace/s or no set market day/s) as in, for example, Nakivale (where respondents do recognize a good internal market).
- **Rules and regulations.** Even if the Ugandan regulatory framework is very conducive for refugees (as presented in Section 4.3 above), they nonetheless face some general challenges related to their refugeehood in particular, but also to informality in general. The most commonly reported challenges in this regard include: (i) problems primarily related to the recognition of IDs (especially on part of employers), but also to the issue of foreign driving licenses (as listed above); (ii) compliance with administrative rules, such as the KCCA requirements for opening businesses in Kampala; (iii) law enforcement, as, even if refugees are protected by the law, it is sometimes difficult for them to claim their rights (*“Even if there was a witness to our contract, a sub-county official advised us not to proceed legally when the owner wanted to double the rent when seeing the harvest”*); and (iv) recognition of competences and skills (*“Why should a trained midwife have to grow tomatoes?”*).⁷⁸

⁷⁸ Furthermore, the reselling of non-food items received as in-kind donations is commonly performed among refugees within the settlements and in some cases, even if it is illegal, also outside settlement boundaries. During the course of the assignment, the research team was to meet some refugee entrepreneurs operating outside the Nakivale settlement. However, since the police had just cracked down on refugee businesses (and arrested those selling donated goods) in the days before, the interviews were cancelled out of fear of being under investigation.

Box 6. Bidibidi Transportation

Transportation is considered an important challenge by interviewees in the Bidibidi settlement. Refugees with their own vehicles (mostly motorcycles) can only drive within the settlement borders since their South Sudanese driving licenses and license plates are not recognized in Uganda; moreover, the cost of acquiring the necessary documentation is around UGX 200,000 (~USD 53).⁷⁹ With no public transportation available, refugees have to rely on private transportation to move beyond settlement borders, which is expensive. For example, *bodaboda* services to the nearby town of Yumbe costs around UGX 15,000 (~USD 4) – UGX 5,000 going and UGX 5,000 + 5,000 for the goods coming back – which is a sizeable share of the average monthly household income within the settlement. Travelling to the more distant but larger towns and markets of Koboko and Arua adds another UGX 5,000 and 10,000 each way. Nevertheless, the need for transportation services is so high that transport is actually mentioned as one of the most promising businesses for refugees by the livelihood assessment. This might be the case (and there is certainly room for competition), but the entering of refugees into the profitable *bodaboda* market could possibly also create tensions with Ugandan drivers (who are in some communities one of the most organized, and vocal, business groups).

The **lack of technical/vocational skills** encourage international and national agencies and NGOs to support various training initiatives. While many refugees participate and appreciate such training, others (most notably in Nakivale) also voice a sense of frustration (*“We don’t need training, we need cash”*). Furthermore, even if there are **no widespread prejudices or cultural limitations to work for women**, some female refugees point to the limited access that they have, because they are women, to some economic sectors/areas – such as construction and transportation – that are perceived as potentially profitable. On the other side, being a woman can also represent an opportunity (*“Women are generally in a better position to work in the Kampala context because they are better at doing petty trade and small business, which are the key sectors for refugees, while men, who are used to higher profile salaried jobs, cannot adapt to small-scale business – they don’t know how to organize it, nor how to keep records of costs and incomes, etc.”*).

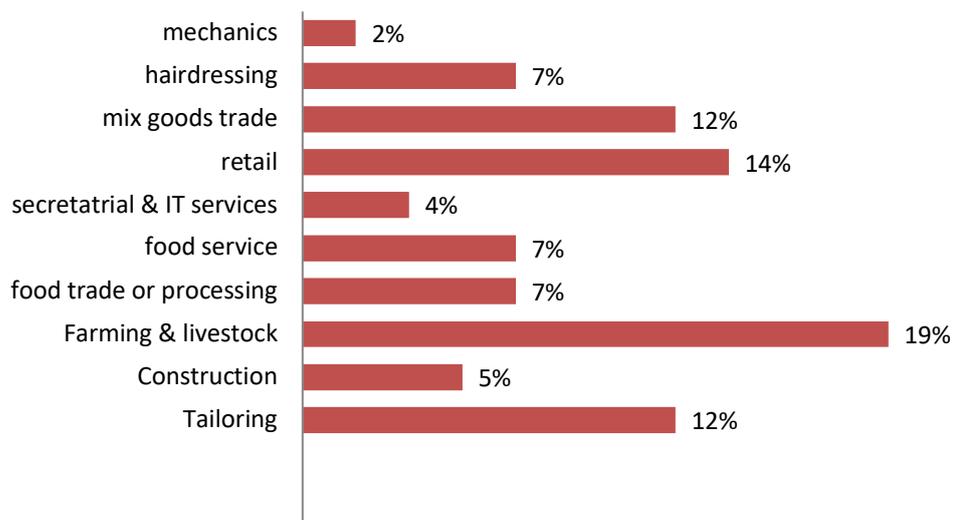
Finally, with specific regard to **agriculture**, one of the main challenges is naturally **access to land**. With the size of allocated plots gradually decreasing (as presented in Box 1 in Section 4.3 above), they can only support subsistence farming and in some cases not even that (in fact, the vulnerability analysis finds out that 70% of refugees report not having sufficient land for cultivation). The possibility to rent or lease land beyond the allotted land in order to increase production and support commercialization depends on how land is owned and managed. In the West Nile, land is community-owned and hence distributed through customary community mechanisms (not only to refugees through OPM, but also to Ugandans within the community). It is generally difficult and not always transparent for refugees (especially considering that most have arrived in Uganda only relatively recently) to negotiate to rent or lease community land beyond what has already been allotted to them through OPM. The difficulty arises not from the scarcity of land per se (many Ugandans either do not manage to farm all the land that is allotted to them or have other priorities), but rather from the ownership structure as such (who owns and who has been allotted which pieces of land?). Even when agreements are reached, contracts can be complicated and enforcement is not always possible (or recommended) in cases of dispute (see above). Moreover, lease agreements usually only last one year, which is considered too short to start investing in cash crops or large scale production. Nevertheless, mutually beneficial agreements between refugees and the host communities are possible, especially among those refugees in Bidibidi who speak Kakwa and can more easily interact with Ugandans in the Yumbe district. In the South-West, land is either owned by the government (which also allocates, through OPM, land to refugees in the settlements) or private landlords. Nakivale interviewees report on the possibility of negotiating the leasing, but also the purchasing, of land directly with private land owners in

⁷⁹ The recognition of foreign driving licenses is a problem also for self-settled refugees in Kampala, with some NGOs assisting refugees in obtaining the Ugandan documentation in order to be able to drive motorcycles and cars.

areas surrounding the settlements. Even if the purchasing contract is of dubious actual value as a collateral (since refugees cannot own land, the official title to the land cannot be in their names), it is important to note that through these agreements the land is interpreted as refugees' property to be used and cultivated as they wish. **Additional constraints** to developing opportunities in the agri-business area include: (i) at farm level, production and productivity-related challenges include not only limited access to, and control over, land (as presented above), but also limited ability to manage production risks (disease, pests and weather); and (ii) at market/sector level, the potential to grow is constrained by limited access to improved inputs, advisory services and farm credit, as well as by lack of information on (and access to) markets, poor infrastructure, high transport costs and limited coordination across key value-chain actors.

“Stakeholders talk about land availability but don’t want to see the reality. People (refugees and the host communities) can make good arrangements themselves, but as soon as the government or international agencies step into the negotiations, land owners want to get the highest share of profit at the expense of the viability of agreements with the refugees.”

Opportunities. As presented in Exhibit 13 above, 78% of the interviewed refugees have either a strong or moderate plan or just an idea to start, or develop, their own businesses (generally evenly distributed among men and women). A **spirit of entrepreneurship and ‘appetite for business’** were also manifested among those FGD participants who did not take part in the individual interviews. Among the respondents with a plan for business, around half would like to create new activities, while the other half wish to expand or improve already existing businesses (which in some cases involve opening a new activity in parallel to the ongoing one, such as opening a shop next to a farming activity). The ideas or plans identify a selection of sectors with ‘business opportunities’. The two main areas of interest (and perceived business opportunity) are agri-business activities – i.e. production (farming and livestock breeding) and food trade and processing – as well as general trade (both wholesale and retail). There is a notable difference in preference with regard to these two areas between Bidibidi and Nakivale. While 40% of the Bidibidi respondents intend to start, develop or expand agri-business activities, only 6% of the interviewed refugees in Nakivale intend to engage in this area. In Nakivale, wholesale and retail trade and various services (such as tailoring, hairdressing, mechanical or secretarial services, etc.) are instead the areas where most perceive an opportunity and have an interest in working (with 39% and 40% respectively of interviewees reporting these areas of intended activity). This variation is also in line with the differences in the respondents’ past experiences; i.e. more Bidibidi refugees were engaged in agriculture and more Nakivale residents in trade (and various services) in their countries of origin.

Exhibit 16. Target sectors

n=57

With specific regard to the **agri-business** sector, respondents see market opportunities in serving both the local markets within the settlements (as refugees seek to diversify their diet beyond the food rations they receive) and larger markets at the district and sub-regional level. In this regard, FGD participants and interviewees identified the following three main **drivers of development**: (i) land availability – while access to community owned land in the West Nile is a challenge (as identified above),⁸⁰ refugees in the South-West are able to negotiate with private land owners for the renting, and even the purchasing (albeit without an official title to the land), of plots to farm beyond subsistence; (ii) cash crops – the land in the West Nile is generally well adapted for some good cash crops – like ground nut, sesame and sorghum – with an easy market once access to inputs and delivery channels to some regional distributors can be assured. In the case of Nakivale, respondents point to the existence of a sufficiently large market for most staple food products within the settlement as well as beyond (i.e. in neighboring towns); and (iii) food processing – the processing of harvested produce is generally more profitable than mere farming. The milling of cassava, millet and maize are rewarding investments even at relatively small levels and modest start-up expenses, both in the West Nile and the South-West. For example, in the West Nile there are plans for investments in a mango juice production plant (although this would primarily serve the hosting community as refugees do not own the land on which mango trees grow).

Given the **growing demand for various high-value export as well as staple food crops** (both within and outside the regions hosting refugee communities), there are opportunities to integrate refugee farmers into various mutually beneficial value chain partnerships. A recent initiative funded by DFID and facilitated by Mercy Corps and other partners (see Box 7 on the following page) seeks to address on-farm productivity challenges by improving access to improved farm inputs, extension services, and off-taker markets in the West Nile. A similar initiative – the Promotion of Rice Development (PRiDe) project – is funded by the Japanese International Cooperation Agency (JICA) and provides support to selected refugee settlements for the production and marketing of rice. Moreover, within the West Nile, the internal demand for food within the settlements is not yet covered by regional production, not even for staple products such as cassava and maize.⁸¹ There is hence still room for increasing the overall production and the number of producers to

⁸⁰ Bidibidi respondents nevertheless consider agriculture an important sector for start-ups or further investments.

⁸¹ This issue was raised at the Agricultural Production County office in Yumbe and is confirmed also by figures in 2016 UNICEF study. It appears that the level of malnutrition is higher among Ugandans than among refugees, bringing evidence, among other reasons,

meet this demand.⁸²

Box 7. Market Systems Development

DFID is financing an interesting initiative implemented by Mercy Corps, DCA and Palladium to support the development of market systems in several settlements in the Northern region, especially Bidibidi. The project builds on a similar initiative implemented by Mercy Corps in the Acholi sub-region for internally displaced people at the beginning of the 2000s. In particular, the approach is to create the necessary market linkages to make commercial farming viable for refugees. During an initial support phase, farmers (with some land) are provided with technical training and initial inputs (namely in the form of a 30% subsidy on seeds) to plant cash crops like groundnut, sesame, maize and sorghum (sunflowers are currently also being tested for the eventual production of sunflower oil). In addition, a team of refugee agents is trained to work as intermediaries between farmers and agro-dealers and off-takers. These agents provide inputs to farmers, directly through the agro-dealers, as well as purchase the harvests. They are not bound to serve only project supported-farmers, but rather work for the dealers and can hence provide their services also to other farmers. The final step is the involvement of off-takers. These work directly with the agents (but not refugee farmers) on the basis of agreements that go beyond the time limits of the project itself.

The livelihoods assessment also points to agricultural production, livestock (including fish) breeding and agro-processing as promising areas of activity for refugees within settlements. Transportation services and foreign exchange (forex) services are also emphasized. Forex services, even if it requires a non insignificant start-up investment, can indeed be considered a potential area of operations. There are some cases of success in Nakivale (see Box 8 on the following page) and in Kampala (where the Oromo community, of Ethiopian origin, have set up several forex points within the city, relying on support from a solid international network for initial investments).⁸³

Finally, while the regulatory framework does not pose any restrictions on refugees, **formal employment opportunities are in practice pretty limited**, especially in the settlements. Salaried jobs are few and usually reduced to a limited number of sectors, namely agriculture (as seasonal or daily workers) and construction. A few refugees are also employed by NGOs operating as implementing partners in the settlements. Challenges with transportation and identification (as identified above) usually limit the possibility of seeking and maintaining regular (and irregular) employment beyond settlement borders.

of a lack of available food among the population in West Nile. *UNICEF, Food Security and Nutrition Assessment in Refugee Settlements Report, 2016.*

⁸²Mercy Corps, *Refugee Markets Brief, The power of markets to support refugee economic opportunities in West Nile, Uganda, 2018.*

⁸³A. Betts, L. Bloom, J. Kaplan, N. Omata, *Refugee Economics – rethinking popular assumptions, Oxford University, 2014.*

Box 8. Business Stories – Opportunities and Challenges

A. is a refugee who arrived from Burundi in 2015, leaving a relatively good economic situation back home, having been successful in selling shoes and operating a construction business. He still has family in Burundi, a house that he rents, and has to cater for nine people. Upon his arrival in Nakivale, he started the same trading activity (i.e. selling shoes), but was discouraged when he realized that he was not able to cover basic household expenses with the profit from the business. He then identified a market opportunity in providing foreign exchange (forex) services, since he, as a trader, was regularly challenged by the need to exchange UGX in order to purchase stocks of shoes and other clothing from Tanzania and DRC. With the support of a larger trader, and a loan from a bank, he managed to start his forex business and diversify the sources of income.

F. arrived in Uganda in 2010, escaping from conflict in North Kivu (DRC) as well as from an abusive husband. After a period in the Kyangwali settlement, she eventually settled in Kampala and started several business activities with support from an NGO. Being involved in the provision of training as well as small hairdressing and tailoring activities, she realized that a key constraint for refugee and Ugandan women was that they did not have a safe place where to leave their children during working hours. She consequently opened a small daycare center, which initially provided only morning services, but is now open all day long. She even manages to provide a small meal, even if meagre, to the children she cares for and this aspect of her service is particularly appreciated by Ugandan women in the surrounding neighborhoods.

Conclusions – Future Aspirations, Challenges and Opportunities. Only a small portion of refugees (and in case primarily among the more recently arrived South Sudanese refugees in the West Nile) plan to resettle or nurture the hope of eventually returning to their home countries. In fact, the majority of refugees in the South-West are long-term settlers with no intention to go back or settle elsewhere. Future aspirations on part of interviewed refugees are primarily related to gaining economic independency, mainly through setting up their own businesses (also for women and especially in Nakivale). A good share of those with a plan to start (or develop) their own business activities have already taken some measures (mainly having saved some money but also having undergone training) towards achieving their goals. Some also plan to save more money, while half are in need of credit in order to realize their business objectives.

In fact, the lack of business credit is emphasized as the primary obstacle refugees face when seeking to engage in employment or business activities (with frustration at limited or insufficient funds particularly vocal in Nakivale). Other important challenges include transportation (with concerns regarding distances, accessibility and costs), lack of markets (for isolated settlements) and certain regulatory restrictions (such as ID and administrative requirements and the recognition of competences and skills). With specific regard to agriculture, the primary issue is access to land (especially in the West Nile).

With a remarkable entrepreneurial spirit and ‘appetite for business’ within a generally conducive environment, consulted refugees identify a number of areas with potential business opportunities. These include primarily activities related to agri-business (mostly in Bidibidi) and general trade (especially in Nakivale). With regard to the former, drivers of development include land availability (specifically in the South-West), cash crops (both within and beyond settlement markets) and food processing.

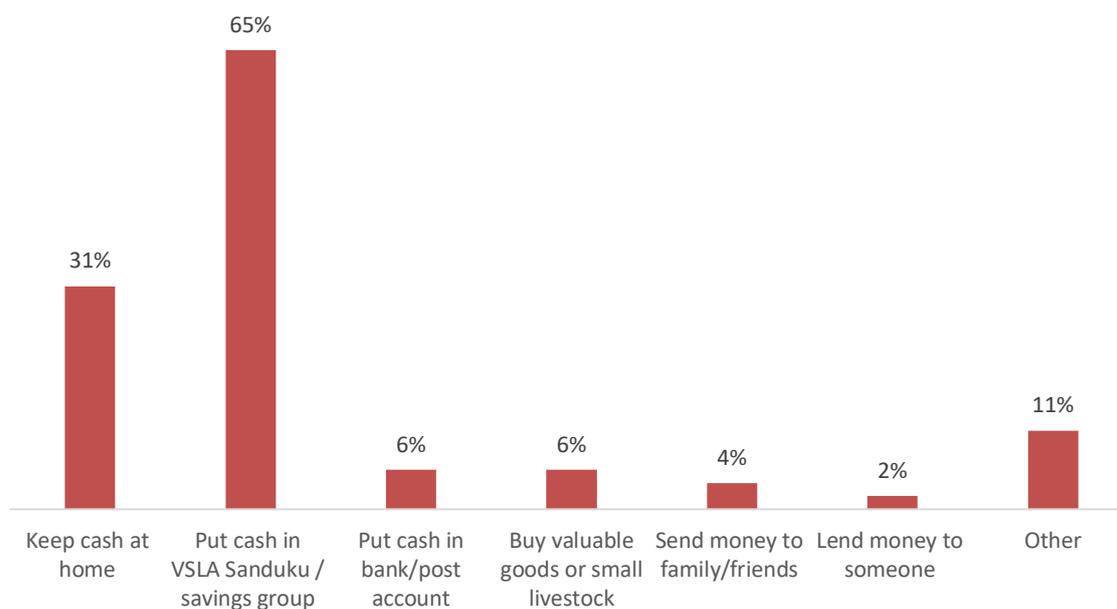
5.6 Access to Financial and Non-Financial Services

Past and Present Financial Practices. Outcomes from the FGDs point to a *modest level of formal financial inclusion of refugees in their home countries*. Even if most had not accessed formal financial services in their countries of origin, some participants in all FGDs confirm having had either a bank account or taken a loan from (or leased through) a formal financial institution. Most people had used formal credit (including leasing) to purchase assets for economic activities (i.e. sewing machines for tailors and motorbikes for taxi drivers). Past experience with formal financial services is more evident for the more recent arrivals; notably South Sudanese in Bidibidi, but also some other nationalities in Nakivale (since many Nakivale participants are long-time settlers in Uganda, most of them were also very young when they left their countries of origin). At the informal and semi-formal level, however, *past experiences with savings groups and village savings and loans associations (VSLAs) are widespread*, for both men and, more commonly, women.

In Uganda access to and use of formal financial services are more limited than in the home countries. In Bidibidi, refugees rely almost exclusively on informal and semi-formal options, namely savings groups and VSLAs (or *Sanduku* as they are called in the West Nile), to get the financial services they need. In Nakivale, most refugees also go through informal/semi-formal channels, but some are also saving and borrowing formally. Savings groups and VSLAs are generally appreciated by the respondents as they provide security for their savings (at least to the extent that they are kept in a locked savings box away from home) as well as the opportunity to access loans (even if the low credit amounts available are generally considered insufficient). The cooperative aspect is also valued, as well as recognized by a number of interviewed stakeholders, especially when groups/associations have both refugee and Ugandan members. Nevertheless, some participants (especially in Nakivale) also report the lack of trust with regard to some members and hence difficulties in successfully managing the groups/associations (especially large ones).

With regard to *savings*, among the interviewed refugees who save (three quarters) the *majority* (three fifths, including three quarters of the women) *put their money into savings groups or VSLAs* (see also Box 9 below). Another one third of interviewees keep their savings in cash at home, while only a couple keep their savings in a formal financial institution. A few also buy assets (namely livestock) or send/lend money to family and friends.

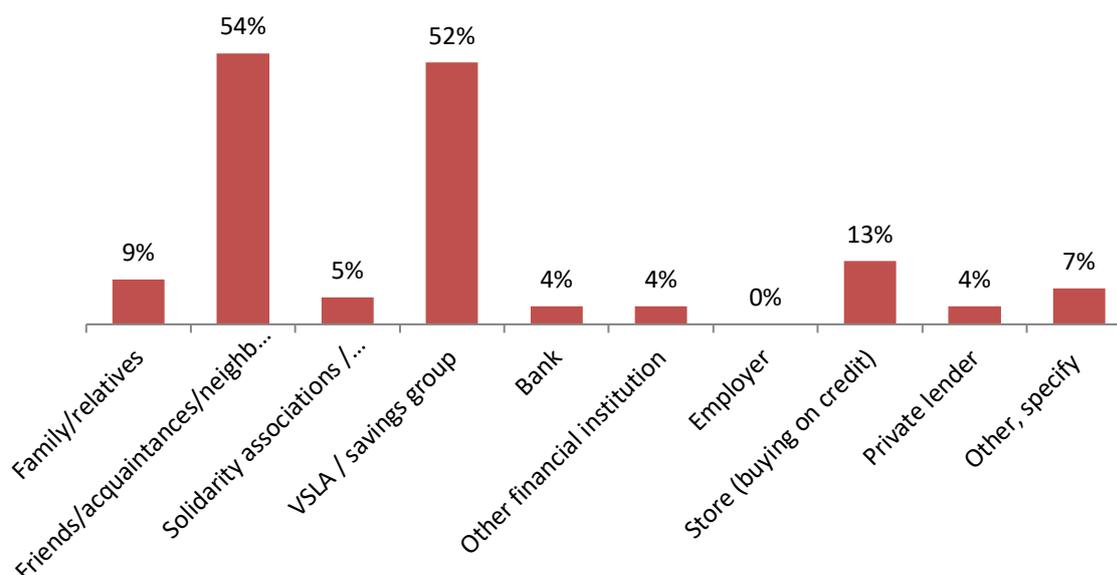
Exhibit 17. Savings in Uganda



Other refers primarily to mobile wallets

n=54 (% numbers add up to more than 100, since some respondents save in more than one place)

In terms of **borrowing**, the majority (almost four fifths) of interviewed refugees have asked to borrow money at least once since they arrived in Uganda. An additional 12% have needed but never asked to borrow. The practice of borrowing is just as customary among women, but in general somewhat more common in Nakivale (86%) than in Bidibidi (76%) and Kampala (71%). Among those who borrow, **half rely on their families, friends, acquaintances, and neighbors** (less so in Bibibidi, 35%, and more so in Nakivale, 67%). Half also ask for credit from their **VSLAs** (see also Box 9 below). The use of VSLAs is slightly higher for women (60%) and in Bidibidi (68%) than in Nakivale (39%). Only a handful of interviewees have taken a loan from a formal financial institution, and all but one are Nakivale refugees. Store credit is also an option for some refugees in Nakivale and Kampala (but not really in Bidibidi). A few Nakivale respondents have also relied on private money lenders (usually other businessmen charging 10% weekly or even 50% monthly) in cases of emergencies. Finally, only a small share borrow money from family members or other relatives (more so in Bidibidi than in Nakivale).

Exhibit 18. Sources of borrowing in Uganda

n=56 (% numbers add up to more than 100, since some respondents report more than one source of credit)

The **average amount** that refugees borrow **is around UGX 900,000 (~USD 237)**, with quite a marked difference between Bidibidi – UGX 370,000 (~USD 97) – and Nakivale – UGX 1.2 million (~USD 316). In general, higher amounts – averaging UGX 2.3 million (~USD 605) – are, predictably, usually asked from financial institutions. Quite large sums are also asked from friends, acquaintances and neighbors – just above UGX 800,000 (~USD 211) on average – as well as bought on store credit – just below UGX 900,000 (~USD 237) on average). Smaller amounts – averaging 170,000 (~USD 45) – are, perhaps somewhat surprisingly, borrowed from VSLAs. Furthermore, the average loan size represents 56% of the average value of declared assets per household and almost 9 times the average monthly household income (see Section 5.4 above).

Box 9. Savings Groups and VSLAs in Bidibidi and Nakivale

In **Bidibidi**, most savings groups and VSLAs are relatively new, having been in place for only eight or nine months on average. While most are either all-female or all-male, a couple of FGD participants are also part of mixed groups. Some groups are also made up of both refugees and Ugandans. They meet mainly on a weekly basis and collect UGX 1,000-5,000 (plus a contribution of UGX 500-1,000 to a social fund for emergency purposes) from each of around 30-35 members. Cycles usually last between six months and one year. Savings are primarily intended to be used for providing necessities at the beginning of the school year (and further education for their children), household needs, and emergencies, but also to start small business activities. Credit is available at a 10% interest rate (flat and regardless of the duration) and usually has a duration of between one and three months (but can also go up to six months). Credit amounts are usually in the UGX 200,000-500,000 range and are primarily used for business purposes. Some groups/associations have started with the support and training from international NGOs, while others have started of their own accord (even if they have later also received support in the form of savings boxes and other materials).

Savings groups and VSLAs in **Nakivale** are composed of between 15 and 40 members of mixed nationalities (including also Ugandans in some cases) as well as, in some cases, gender. They meet either on a weekly (more commonly) or monthly basis. Amounts saved range between UGX 2,000 and 10,000 per week (but even go as high as UGX 50,000). Some also make an additional contribution of 10% to a social fund from which they can borrow, at no interest, for emergency purposes. Accumulated savings are dedicated to both household needs (mainly to pay school fees) and business purposes (“I started my business with UGX 50,000 of savings – I now sell vegetables at the market”). VSLAs usually offer credit at 2% (even 10% in one case) interest per month for a duration of three months. Most request a guarantor (usually the spouse), while some also ask for collateral.

In conclusion, the intense informal financial practices point to a situation of actual need, and individual and peer group bonds represent the backbone of refugees' financial networks. The **widespread presence and use of VSLAs** and alike in settlements is also confirmed by other sources. For example, a total of some 29,000 VSLAs and savings and cooperative societies (SCSs) across 13 settlements were recorded by GoU/UNHCR in late 2017 / early 2018. This means that, on average, there is one savings and/or loans initiative for every 7 registered refugees of working age (i.e. between 18 and 59 years), quite an impressive figure (even if the actual structures and working of all these initiatives are not verified). The livelihoods assessment reports on somewhat lower rates than among this assignment's sample. Nevertheless, an average of 13% of the livelihoods assessment respondents were members of either VSLAs or SCSs across 13 surveyed settlements, ranging from 2-5% in Alele and Rhino Camp to 15-20% in Rwamwanja, Olua and Pagirinya and up to 30% in Oruchinga.

Table 13. Savings and loans initiatives in settlements

Settlement (District)	# registered refugees	# of registered refugees of working age	# VSLAs	# SCSs	# of total initiatives	# registered refugees of working age / initiative
Baratuku (Adjumani)*	7,893	2,097	620	-	620	3.4
Kiryandongo (Kiryandongo)*	57,202	19,039	4,727	-	4,727	4.0
Kyaka II (Kyegegwa)** ⁸⁴	27,583	13,921	3,510	846	4,356	3.2
Kyangwali (Hoima)** ⁸⁵	51,797	13,489	2,529	-	2,529	5.3
Mungula I and II (Adjumani)*	5,972	1,999	652	-	652	3.1
Nakivale (Isingiro)*	101,403	44,013	1,108	1,846	2,954	14.9
Nyumanzi (Adjumani)*	43,508	13,191	1,801	-	1,801	7.3
Olua I and II (Adjumani)*	9,411	2,120	325	-	325	6.5
Oruchinga (Isingiro)** ⁸⁶	6,932	2,771	1,125	229	1,354	2.0
Pagirinya (Adjumani)*	32,051	10,075	2,176	-	2,176	4.6
Palabek (Lamwo)** ⁸⁶	18,551	5,518	1,805	-	1,805	3.1
Palorinya (Moyo)** ⁸⁷	129,120	45,302	2,176	-	2,176	20.8
Rwamwanja (Kamwenge)*	75,852	29,721	2,560	1,018	3,578	8.3
Total	267,275	203,256	25,114	3,939	29,053	7.0

Source: GoU and UHNCR, Uganda Refugee Response Monitoring Settlement Factsheets, January* and March** 2018, December 2017***.

Needs for Financial Services. Both FGD participants and individual interviewees are **generally eager to access more and better financial services**. The lack of access to such services, and especially credit for business investments, is identified as one of the most important challenges they face (see Section 5.5 above). While they make frequent use of, and appreciate, informal and semi-formal services through savings groups and VSLAs, funds are not deemed sufficient. **Formal financial services are almost non-existent** inside or in the vicinity of the settlements. In the case of Bidibidi, one bank is testing a mobile agency van for the provision of services in some pre-determined areas. Otherwise, refugees need to go to Yumbe for limited services or farther south to Koboko or Arua for a more diversified supply. In Nakivale,

⁸⁴ Registered numbers as of December 2017, hence before the major influx of new refugee arrivals from DRC (estimated at around 17,000 up until March 2018).

⁸⁵ Registered numbers as of December 2017, hence before the major influx of new refugee arrivals from DRC (estimated at around 15,000 up until March 2018).

⁸⁶ An additional 14,000 refugees pending registration.

⁸⁷ An additional 54,000 refugees pending registration.

UNHCR has facilitated the creation of a SACCO – see also Box 10 below – which is considered by the refugees as a good step in the right direction, but demand for credit from the SACCO greatly outweighs supply. In Kabingo, around one hour drive on a dirt road from the settlement base camp, there are several banks and other financial institutions where Nakivale refugees commonly seek money transfer services (one bank in Kabingo reports serving around 50 refugees per day for the cashing-out of received remittances).

“I needed a loan of UGX 10million, but the SACCO could not allocate more than UGX 2 million to me. This is the reality we have to cope with...”

“In order to get basic services, like receiving money with a transfer, we have to go up to Kibongo. It is a one to two hours trip, depending on the transport. Once there, we have to wait for our turn, but often the banks are overcrowded and not all the people can be served before the bank closes, before the last public transportation leaves to Nakivale. People have to spend the night, which is dangerous for men, but even more for women, who risk to be harassed on the place, and also back home by partners who don’t like that they spend the night out. Even the trip is very dangerous: taxi men know that you have withdrawn money, so they overcharge you and the risk of ambushes is there.”

Box 10. MOBAN SACCO

The Moral Brotherhood and Neighborhood’ (MOBAN) SACCO in the Nakivale settlement started operations in 2007 by a group of 140 refugees of 12 different nationalities saving monthly for purchasing and breeding goats. The SACCO was officially registered in May 2013 and is currently staffed by one manager, three cashiers and one loan officer (as well as two security guards and one cleaner). Registration requires the purchasing of one UGX 20,000 (~USD 6) share, while full membership involves at least 10 shares. As of December 2017, the cooperative has **1,449 members**, including 772 men, 345 women (24%), 166 savings groups and VSLAs, and 111 youth. Members (25% of whom are from the host community) are divided into groups of 20, which in turn are split into sub-groups that work on five specific objectives, namely (i) peace education, (ii) livelihoods, (iii) mobilization and sensitization, (iv) mediation, and (v) leadership.

The SACCO offers **fixed deposit accounts** (six months or one year) with a 12% yearly interest rate. Total deposits amount to around **UGX 2 billion (~USD 525,000)** in December 2017. Demand for credit is much higher than what the institution is able to meet. In 2017, out of 1,230 filed loan applications (and UGX 2 billion requested), it was able to serve only **496 clients (25% women) with a portfolio of UGX 404 million (~USD 105,000)**. Loan amounts range from a minimum of UGX 200,000 (~USD 53) up to a maximum of UGX 10 million (~USD 2,630). In practice, however, a few go as high as UGX 15-20 million (~USD 4,000-5,250) since return clients are allowed to double the loan amount after each cycle. Most loans last between three and six months, but some also up to one year. The interest rate is set at 2% per month (flat). Borrowing from the SACCO requires three guarantors, but no collateral, since it is operating within a settlement. **Performance is generally good**, with 98% paying back. However, PAR90 in 2017 stood at 9% and the SACCO estimates that around one third of this loan portfolio can be linked to clients who most likely have left the settlement.

Upon request of its members (as well as a general demand within the settlement), the SACCO has the intention to start offering remittance services, with an estimated revenue for the SACCO of UGX 19 million (~USD 5,000) per month. It has received the authorization to provide such services, but does not have enough capital to start – it would need UGX 500 million (~USD 130,000) in a secured bank account, but currently only has UGX 150 million (~USD 40,000). It is hence negotiating a potential partnership with a bank in Kabingo with whom the cooperative will share the monthly income. Finally, since its establishment it is supported by UNHCR and GIZ as well as OPM and Nsamizi (a Ugandan NGO). The diversity of donors, however, has led to difficulties in agreeing on the conditions for the revolving fund, as lending policies differ. As a consequence, in July 2018 the fund has been blocked (and lending suspended) for one year.

Apart from the physical or logistical barriers, refugees also find it **hard to cope with the collateral requirements** financial institutions call for, usually in the form of land (that the refugees do not own). The **recognition of IDs** and other documentation can also be a problem and make even the process of opening an account complicated and time-consuming (“*I had to go three times to open a bank account: first my refugee ID was refused, then I came with a letter [from an NGO], and this was also refused, and finally, with a documentation of the OPM, and after the OPM itself contacted the bank, the ID was eventually accepted*”). However, there are some cases where banks or other financial institutions, while they need to cope with their internal procedures, also adopt a more positive role in seeking to assist the potential refugee clients in finding and sorting out the necessary formal documentation. Finally, a couple of female FGD participants in Nakivale say they face harder conditions for, or simply no access to, credit from the VSLAs because they are women.

Within this framework, the most requested financial services on part of the consulted refugees include: (i) **business and agricultural credit** – in the settlement context, where private business initiatives are the most important, and often only, option to generate an income for the family, access to capital, be it start-up capital or working capital, is of critical importance; (ii) **savings** – security of savings (as well as security of cash while travelling) is a key concern for some refugees, especially in Nakivale (“*We need a safe place to put our money, not just the boxes we use in the savings groups*”); and (iii) **money transfers** – apart from remitting among family members in their home country or elsewhere in Uganda, money transfers are also critical for business purposes, especially in the case of commerce, in order to interact with suppliers and clients who often are outside the settlements and, like refugees, face challenges with transportation. In this regard, digital/mobile money services are particularly appreciated.

With regard to product features, and as a matter of exclusion, the issue of **collateral and formal requirements** to open accounts and access credit are key for consulted refugees. They need institutions who can understand the types of documents that they can produce, both in terms of identification and for demonstrating ‘ownership’ property (i.e. land leases). The other key concern identified is the **credit amount**. Lack of sufficient amounts of capital is, in the eyes of consulted refugees (especially in Nakivale), a major limitation to their business activities. They consequently generally look for larger amounts when seeking to access formal services, mostly in the UGX 1-5 million (~USD 260-1,300) range, but also up to 8million (~USD 2,100) in Nakivale. Respondents are also generally used to and accept to pay **interest**, even if some Nakivale respondents use the monthly (flat) rate of 2% charged by most VSLAs and the MOBAN SACCO in the settlement as a baseline for what they would consider as ‘appropriate’. Consulted refugees are also aware of the concept of group lending (with some ongoing experiences in Bidibidi with the mediation of NGOs to facilitate access to finance, and agricultural inputs, for some farmer groups), but, even if most would not object to group lending (if it would be the only option), there is a **clear preference for individual loans**, especially in Nakivale. Some FGD participants (in Bidibidi) also appreciate a **grace period** of three to four months for agricultural loans.

“I prefer to borrow as an individual and face the consequences as an individual.”

“In South Sudan a group loan was OK, but here, where most have no money, it would be risky – I don’t know if people in the group would be able to pay.”

Only a small share (11%) of interviewed refugees do not have access to either a standard phone or a smartphone (women 15%, Bidibidi 12%, Nakivale 5% and Kampala 17%). **Mobile money services are**

known, used and appreciated by a good number of refugees (“We can cash out right here”). In Bidibidi, three quarters of the male FGD participants already have mobile money wallets and a couple of them use their accounts to keep their savings on (“Whenever I have UGX 5,000 – minimum amount – I cash-in”). Some female Bidibidi participants have also received cash assistance from an international NGO on their mobile wallet accounts. One young and entrepreneurially-oriented South Sudanese woman in Bidibidi has also made an agreement with a wholesaler in Arua to order and pay for the merchandise (and transport) that she needs by making a person-to-person transfer so that she does not physically have to go there every week. In Nakivale, mobile money is the preferred delivery channel by some FGD participants, while others prefer branch delivery (or in any case agents within the settlement so that they do not have to travel too far, which is expensive and time-consuming). The majority have mobile wallets, also women, and most of these also save on them and/or keep their money safe while travelling. Finally, even if the Nakivale entrepreneurs currently do not accept mobile money payments from clients, they say they would have no problem doing so. A couple also said that it would be good if wholesalers could accept mobile money so that they do not have to go there in person and pay in cash (and hence also pay for personal transport, which is expensive).⁸⁸

Financial Literacy and Non-Financial Services. Keeping regular records of income and expenditure is habitual for only one third of interviewed refugees, with another 8% also claiming to keep records, albeit not regularly. Two fifths of respondents (and half of the women) do not keep written records, but rather only accounts in their heads. Actually, a few refugees say they prefer not to know what their actual expenses are, because it discourages them.

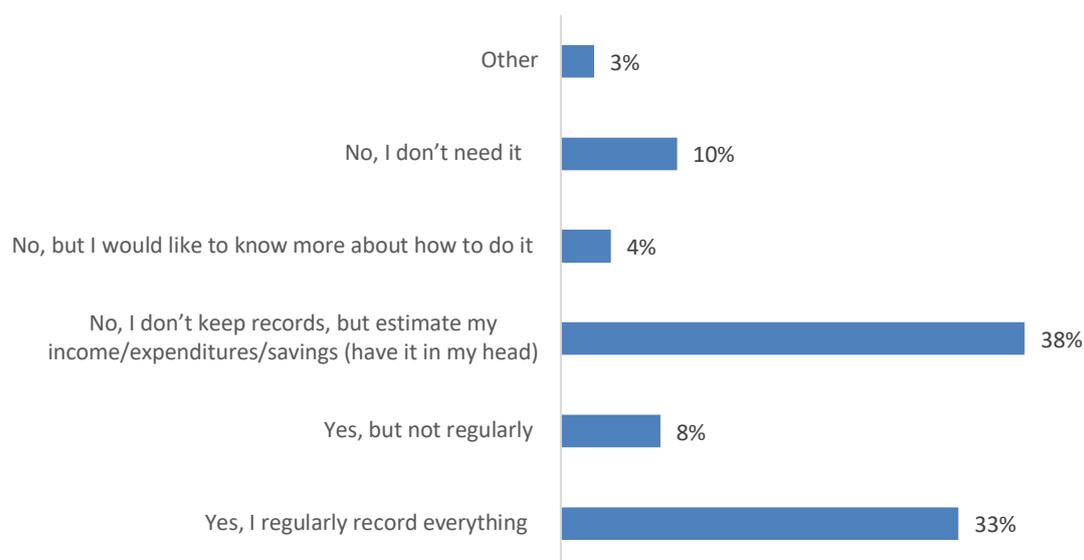
“I started keeping records of my income and expenses, but the result is negative. What should I do?”

“I used to keep a record of the incomes and expenses, but it was very discouraging. I prefer not to see how much of my income goes away because of the expenses.”

“It is not a good thing. When you see how much you spend in a month, you start reducing food and other expenses for the children and this is not good.”

⁸⁸ Refugee settlement areas have attracted the attention of Ugandan telecommunications companies, which have launched several initiatives aimed at targeting refugee users with SMS banking and transfer services. For example, Orange Uganda Limited, a provider of telecommunication and Internet services in Uganda, has invested in a radio tower in the Nakivale settlement to promote its ‘Orange Money’ services. In Rwamwanja and Adjumani, a number of refugees operate as mobile money unit agents, providing employment for themselves as well as facilitating other refugees in accessing remittances services. *World Bank Group, An Assessment of Uganda’s Progressive Approach to Refugee Management, 2016.*

Exhibit 19. Tracking of income and expenditure



n=73

Most FGD participants benefit from non-financial services, mainly provided by international and national NGOs operating as implementing partners within the settlements. Most of these services involve **financial literacy and management training and support** (in the form of saving boxes and accounting books) **for savings groups and VSLAs as well as some business training**. In Bidibidi in particular, these services are generally considered as useful. In Nakivale, however, some vocal participants express concern over the provision of non-financial services as an 'excuse' for not providing the necessary capital that people need. In Kampala, FGD participants are generally appreciative of such services (provided by NGOs as well as financial institutions) even if a couple expressed some skepticism.

"Business training is a useful opportunity to understand how to make profit out of the limited available resources."

"The financial literacy training made me clear that, even if you are working on your own, you're supposed to be paid, not only cover external costs."

"We already know what business we want to make, what we need is cash to realize it not training."

At the national level, numerous livelihoods and vocational training initiatives are carried out by implementing partners in the settlements. Within 13 surveyed settlements, such initiatives have reached, as of late 2017 / early 2018, a total of some 39,000 beneficiaries. Some settlements are more active than others and livelihoods/vocational training support is not necessarily provided in relation to the number of working age (or teenage) refugees (for example, the relatively smaller settlement of Baratuku offers more training opportunities than many larger settlements).

Table14. Livelihoods and vocational training initiatives in settlements

Settlement (District)	# of registered refugees	# of registered refugees of working age	# beneficiaries of livelihoods/vocational training
Baratuku (Adjumani)*	7,893	2,097	3,667
Kiryandongo (Kiryandongo)*	57,202	19,039	4,287
Kyaka II (Kyegegwa)** ⁸⁹	27,583	13,921	794
Kyangwali (Hoima)** ⁹⁰	51,797	13,489	2,887
Mungula I and II (Adjumani)*	5,972	1,999	743
Nakivale (Isingiro)*	101,403	44,013	2,722
Nyumanzi (Adjumani)*	43,508	13,191	848
Olua I and II (Adjumani)*	9,411	2,120	0
Oruchinga (Isingiro)**	6,932	2,771	265
Pagirinya (Adjumani)*	32,051	10,075	9,227
Palabek (Lamwo)* ⁹¹	18,551	5,518	728
Palorinya (Moyo)** ⁹²	129,120	45,302	9,227
Rwamwanja (Kamwenge)*	75,852	29,721	3,820
Total	267,275	25,114	39,215

Source: GoU and UHNCR, Uganda Refugee Response Monitoring Settlement Factsheets, January* and March** 2018, December 2017***.

⁸⁹ Registered numbers as of December 2017, hence before the major influx of new refugee arrivals from DRC (estimated at around 17,000 up until March 2018).

⁹⁰ Registered numbers as of December 2017, hence before the major influx of new refugee arrivals from DRC (estimated at around 15,000 up until March 2018).

⁹¹ An additional 14,000 refugees pending registration.

⁹² An additional 54,000 refugees pending registration.

Conclusions – Access to Financial and Non-Financial Services. While access to formal financial services is rather limited for refugees (and more so in Uganda than in their countries of origin), interviewed refugees frequently rely on informal and semi-formal sources, mostly notably savings groups and VSLAs (the presence of which is widespread throughout the country) for both savings and credit, but also friends and neighbors for credit. The intense informal and semi-formal financial practices point to a situation of actual need. Furthermore, individual and peer group bonds represent the backbone of refugees' financial networks and these practices play a role in consolidating and shaping social connections within communities (which is the core of many informal, and semi-formal, economies worldwide).

However, the amounts of credit available from informal and semi-formal sources are generally considered as insufficient to meet their business needs. Furthermore, the few existing formal options are either not able to meet demand or are far away. In addition to challenges with regard to physical access (i.e. distances and logistics), refugees also find it hard to cope with collateral (as they cannot own land) and ID requirements. There is a general preference for individual loans, with a modest interest in group loans (especially in Nakivale). While the concept of fair pricing is not always clear, respondents are willing (as well as used) to pay interest. Apart from business credit, interviewed refugees also call for formal savings and money transfer services. Finally, mobile wallet accounts are well known and appreciated by a good share of respondents (also for savings). Such accounts could hence play an important role in the financial inclusion of refugees in Uganda. The parallel provision of non-financial services – primarily business management training as well as support to reinforce existing savings group and VSLA structures – is also considered important for an effective and sustainable financial inclusion.

6 Summary Conclusions and Recommendations

6.1 Summary Conclusions

“It is a feat not of intellect, but of will. It is a special case of the social phenomenon of leadership. Its difficulty consisting in the resistances and uncertainties incident to doing what has not been done before, it is accessible for, and appeals to, only a distinct type which is rare.”

(J. A. Schumpeter on the innovative power of foreign entrepreneurs, “Successful innovation”, 1928)

General Considerations. There is a **widespread demand for good and accessible financial services among the refugees living in Uganda**. There is hence a **potential market for FSPs** that are able to offer credit, savings, money transfer, insurance and other financial services to refugees. Refugees in the country are actually a pretty differentiated population, with features, needs and opportunities that vary according to the country of origin, the length of stay in Uganda, the residence in a settlement or self-settled outside, and the actual settlement and region they live in. However, with different aspects and nuances, most of the refugees show a clear interest in a better utilization of financial services.

The bank and microfinance sector in Uganda is **starting to take action** as the potentiality of the market segment are becoming more and more evident to the stakeholders. Under the leadership of Financial Sector Deepening Uganda (FSDU), concrete initiatives to mobilize the FSPs towards the refugees are currently underway. However, most FSPs still seem **reluctant, or unable, to implement a concrete strategy**, mainly due to a lack of adequate data on features, background, competencies, financial literacy and KYC information on the refugees.

One of the most important barriers, identified by the market assessment, to the financial inclusion of refugees **is accessibility of financial services, especially physical accessibility. Financial services are often far from where the refugees live, and relatively hard to reach**. Even if some experiments have taken place, like the use of mobile vans to go into settlements, or the support to SACCOs inside settlements, this is largely insufficient. This is likely to be one of the major reasons for a lack of mutual knowledge and understanding between refugees and FSPs.

On top of being far from points of services, refugees have also to cope with a series of other barriers related to the viability of their economic activities. They are in a **relatively more difficult position than Ugandans** (but not necessarily low-income Ugandans) **and thus face typical problems of foreign people in a host country and people living in poverty conditions**. Such conditions include the general lack of assets that can be collateralized (house and land most of all), limited social networks going beyond the refugee communities within the country, difficult interaction with the bureaucratic offices and procedures in the host country, and geographical isolation (for those living in the settlements).

The picture of the refugee community presented in the market assessment shows, nevertheless, a series of **strong and positive aspects (opportunities)** in the actual condition of refugees themselves, that can be the basis for a business case for FSPs (and other economic stakeholders, indeed) that want to interact with this market segment. In particular:

- **Social capital** among refugees is clearly evident inside the areas where the refugees live (the settlements and certain neighborhoods in Kampala). Social networks tend to develop around national, linguistic or other common lines and provide support, resilience and some basic services including

financial services.

- **Assistance provided by the key stakeholders, OPM and UNHCR above all**, provides for the basic services of the refugees, such as food, shelter and, to a lower extent, education and health. Economic margins of business activities can be more relevant and stable than in the case where all those basic needs are at risk.
- **The regulatory framework is conducive and favorable to refugees**. Even if relationships with the administration and respect of national legislation and rules pose a challenge for the refugees, such an aspect can be considered as a difficulty of the refugees, as foreign persons, but not as a real barrier to their economic activity and financial inclusion.⁹³
- **Informal financial networks and services** do exist within refugee communities, both in the settlements and in Kampala. Refugees are already using these informal services, and a lot of them have also had experiences of formal and informal financial services in their home countries, especially the most recently settled. These networks can also be transnational networks, for some communities, and therefore a source of capital, both for personal and business needs.
- **Flight risk is generally low among the refugees**, especially among some of them. There is a significant number of people who have been in Uganda for several years, decades in many times, and they are not likely at all to get back home anymore. Even recent comers, however, escape from crises that are not likely to be solved in the short terms or, as in the case of DRC or Somalia, seem endemic considering the last 20-25 years. Even if these refugees have the desire to return in their home countries, their short and medium-term perspectives are in Uganda.
- **Relationships between refugees and the host community are relatively good** even if tensions do exist. There are several examples of collaboration – especially through savings groups and VSLAs – among the communities (both in the West Nile and the South-West) and, when it takes place, it is a strong element of success and stabilization of the economic activities of the refugees. This cooperation is actually possible and viable.

Given the above-mentioned conditions, **the viability of economic activities undertaken by refugees is one of the key aspects** to facilitate their financial inclusion, both from the point of view of the FSPs and of the refugees themselves. It is possible to identify some market potentials:

- **Agriculture**: a demand for agricultural products exists, both at individual level in the country and in the regions where the settlements are located, and at the level of companies looking for raw agricultural products. Moreover, even with a series of problems and limitations, land is reasonably available for refugees.
- **Petty trade and services**: these activities dominate the business choices of the refugees. The main reason for this, apart from lack of alternatives, is that within settlements of these dimensions demand and market opportunity for small trade and services are likely to be always present. This is true also in Kampala where, notwithstanding wider competition in the town and a less conducive environment, the refugees network can guarantee a market for small proximity services.
- **Transport**: it has the double characteristic of threat and opportunity. Transport services are key for

⁹³A distinction should be made for the last two aspects based on the condition of the people in the settlements and in Kampala. People in the settlements can actually profit from the support of aid agencies and assistance, while this is not true for people living in Kampala. On the other hand, people in Kampala are much more often exposed to the issue of interacting with Ugandan authorities and coping with national legislation, especially registration of business activities and payment of taxes. The general impression is that, while law and regulations are the same for everyone, in any case the settlements are an area made for refugees, where also the implementation of national law is made in function of the significant presence of the refugees, creating an environment adapted to their presence. On the other hand, refugees in Kampala appear more as out of the system, people who need to cope with regulations that are meant for other kind of people, namely the national Ugandans.

refugees who often live isolated and far from the main economic centers. The available services do not manage to satisfy the demand and, therefore, a space for business is there⁹⁴.

- **Financial services:** the lack of easily accessible financial services for refugees does not represent a business case only for formal FSPs, but also for refugees aiming at providing informal financial services, at being intermediary of financial services. Forex operations run by refugees do exist, and work well, both in Kampala and in the settlements, and the same holds true for money transfer services. Moreover, the creation of semi-formal or formal services, like SACCOs for points of services of FSPs, is likely to need the participation and mediation of refugees as agents.

Finally, mobile banking and mobile financial services can be critical components of a financial inclusion intervention for refugees. These services, provided by phone companies, are already a very well-known, used and appreciated delivery channel for financial services. **Mobile instruments might ease the issues of proximity (for refugees) and costs (for FSPs), and the process is actually already taking place.**

However, the regulatory framework, in this case, is faced with some challenges. There are discussions at different levels to introduce and increase the transaction fees of mobile banking services, and this can limit, or even destroy, the market, if some of the prospected conditions – for example, a 10%-15% exercise duty on mobile money and the 1% tax per transaction – are actually implemented. Moreover, the mobile phone sector is under close control by the government in the first half of 2018. Even if this can lead to a more efficient functioning of the system in the long run, as of early 2018 access to new SIM cards is difficult and limited even for Ugandans.

UNHCR and aid agencies and implementing NGOs can play a potentially interesting role in the sector. The ongoing biometric registration process of the refugees can facilitate their identification and the implementation of other instruments such as more efficient ration cards that, with the contribution of some banks or financial stakeholders, can pave the way for integration with debit cards or similar products available to the refugees.

Concluding Findings

- **Refugee communities** can be very large and well structured. The number of people in the settlements is elevated. Even the refugee or national communities existing in Kampala and other self-settled contexts have significant numbers and can generate an interesting internal market.
- **Solidarity networks** work at different levels. There are a national level (people supporting each other with fellow nationals as well as other refugees), language levels (gathering around a common language spoken in several countries, like Kiswahili or Kinyarwanda/Kirundi), and proximity levels (people supporting neighboring refugees, especially in Kampala). The same solidarity networks do exist **also between refugees and Ugandans** in the border areas, especially in the West Nile. The existence and effectiveness of these networks is a solid element of resilience and stability, as well as a safety net, both for the people and also for the businesses that they create.
- Participation in **savings groups and VSLAs** and similar instruments are pretty common among the different kind of refugees living in Uganda. The VSLAs generally work reasonably well and provide initial savings and loans services to the people. This has some effect both on the financial literacy competence of the refugees and on their asset-building capacities. The initiatives can also be used as an 'entry point' to provide services to refugees.

⁹⁴Some specific issues have to be kept in mind regarding this market segment. On the one hand, availability of valid driving license and circulation papers for motorbikes is an issue for refugees. On the other hand, transporters are often a close and organized group, especially *bodaboda* drivers, so conflict and exclusion practices by nationals towards refugees might take place. Even with these limitations, a market for more providers seems to be there.

- **In Kampala** the endogenous economy has an important role in a context which, for the refugees, is less protected than the settlements. On the one hand, endogenous economy can provide the **safety net** and support for basic needs that in the settlements are partially granted by aid assistance. On the other hand, **international diaspora networks** are an important source of capital and financial support for the refugees, allowing them to profit from the opportunities that the capital city offers.
- Associative practices in the form of more structured and formalized **cooperatives** is a phenomenon that exists and could be followed and further supported by financial, economic and/or aid stakeholders.
- Assistance from UNHCR and other agencies as well as OPM and NGOs is a key feature of the economic resources of the refugees, reaching some of them with cash support (either unconditional cash, cash for work or cash for food), and all of those in the settlements with food and shelter support. This generates two main effects. On the one hand, the in-kind assistance is contributing to a **reduction of the circulating cash** in the settlements, which represents a limitation for the economic activities. On the other hand, where cash support exists, this can mitigate this effect and sometimes **stimulate initiatives**.
- UNHCR and OPM are implementing a biometric registration resulting in a recognized ID and the integration of the ration card with other financial services. **The digitization of the whole assistance process can be a vehicle for financial inclusion**: the option to provide instruments for mobile payments, rather than only cash-in and cash-out, may make a difference.
- There are examples of assistance **interventions matching with the real economics in the country that are external to the assistance process**. This can generate very promising externalities, facilitating a market system that integrates production of services by the refugees with business off-takers and other stakeholders. It is worth monitoring whether these experiences can survive at the end of the support phase.
- The **relationship between the economic reality of refugee settlements or refugee communities and the main market stakeholders** in the country can be an important driver for the economic viability of the activities of the refugees. Within this context, an interest seems to exist. For example, agribusiness stakeholders, such as agro-dealers, input dealers and product off-takers, seem to be interested in benefitting from the production in the refugee areas.
- There is a significant issue on **the possibility that refugees and Ugandan enterprises interact directly**. **So far**, except for some activities integrated into local value chains in the older settlements, most Ugandan private sectors operators do not interact or negotiate directly with refugees, even when they are organized in formal cooperatives. On the other hand, **this process works well when it is mediated** by the activity of development agencies, business intermediaries or other stakeholders playing this role.
- A driver for this business relationship to take place is the formalization of the refugee initiatives. **Cooperatives and SACCOs** have already been set up and **can actually be instruments to build on the community relationships and groups that do exist, and to facilitate the capacity to interact with any market stakeholder**.

6.2 Recommendations⁹⁵

General Considerations. On the basis of this assessment's findings, a sound financial inclusion approach should, as a first step, support the connection with (and the collaboration among) the different actors and programs involved within the three economic spheres or dimensions of the financial inclusion 'value chain', namely: (i) the endogenous economy; (ii) the assistance/handout (non-market or redistributive) economy; and (iii) the exogenous (market) economy (see also Section 3 above). **Coordination** across these three spheres **is crucial for the creation of a holistic approach** oriented towards meeting the complex set of livelihoods needs, as well as the very differentiated features, of the refugee population (and low-income Ugandans) and hence paving the way for their economic autonomy. The financial inclusion value chain of the areas hosting refugees in Uganda is fragmented into a number of different financial and non-financial service providers and initiatives that gain value when they manage to be mutually supportive. However, at the national level, the CRRF – the structured management system for the welcoming, hosting and integration of refugees in the country – can be a strong asset, as well as an indicator of the complexity of the issue and the need for an approach not strictly limited to the financial aspect or the refugees as individuals. This framework is also increasingly engaging at the local/district level. On its own, any program (or indeed actor) lacks the necessary resources (or information) to accomplish more long-term and large-scale results. It is hence advisable, to the extent possible, to seek the engagement of the whole value chain, with players and initiatives in the field moving as a complement rather than focusing only on more visible 'tip-of-the-iceberg' interventions (such as the development of specific credit products and/or other support to selected institutions). Although such an all-inclusive approach is more challenging, it is also true that a program is more likely to be successful if it is well adapted to and integrated with local conditions and needs and if services are targeted to the circumstances.⁹⁶

The preferred approach would hence be to **ensure a sufficient level of coordination** between the various actors and initiatives **within the Ugandan financial inclusion 'ecosystem' towards providing a set of different and complementary financial and non-financial services**. Indeed, not all refugees may be 'credit-ready'. While those who are should be given immediate attention by the FSPs, those who are not should be supported through the building of savings through already existing savings groups and VSLAs (and possibly also through the access to other services such as remittances). In particular, savings are the only certain way of increasing an individual's financial capability, assets and economic autonomy, which in turn also reduce their level of credit risk. Furthermore, access to financial services should be complemented by the comprehensive provision of non-financial services, especially financial education, which is crucial for promoting a solid savings and financial culture, improving financial capabilities and gaining client trust.⁹⁷ In this regard, financial education should not be intended as the mere improvement of the financial 'vocabulary' (or basic financial literacy) of a person, but also as the strengthening of his/her personal capabilities and plans, which is an essential step towards reducing client risk, preventing over-indebtedness and making financial products work.

Within this framework, **humanitarian and development agencies and their implementing partners** (including both international and national NGOs) **have an essential role to play** (especially during the preparatory phase) in assisting FSPs in identifying, reaching out to, training and accompanying potential

⁹⁵ Recommended actions on part of the Consultant are proposals based on the findings of this assessment and prior experience. It should be noted, however, that a market assessment needs to be complemented by a subsequent verification/feasibility exercise prior to the possible implementation of proposed actions.

⁹⁶ In fact, microfinance programs tend to fail, with little impact on income and assets, when they are poorly planned and launched too quickly. Azorbo, Michelle. *Microfinance and refugees: Lessons learned from UNHCR's experience*, Research Paper No. 199. January 2011.

⁹⁷ See also OECD, *Financial education and the long-term integration of refugees and migrants. Responses to the refugee crisis, 2016*.

clients (especially those who are in need of such support towards accessing formal financial services). In this regard, it should be noted that the Consultant considers humanitarian and development agencies and organizations as complementary rather than as alternative actors. Even if supporting the nexus between these two sides of assistance might be a challenge,⁹⁸ they are both part of the assistance/handout (non-market or redistributive) economy, and the multi-partner CRRF can be considered an example of successful coordination across the humanitarian and development 'divide'. The contribution of actors within this sphere in serving as a link between the endogenous and exogenous spheres is particularly important since they already provide financial support (in the form of cash assistance, cash-for-work or grants) and non-financial services to refugees. Humanitarian/development agencies and NGOs often have a significant territorial outreach, as well as, through the community initiatives they manage (or cooperate with), an in-depth knowledge of the areas of operations (and of potential clients). In fact, the kind of external support or expertise required by FSPs is progressively shifting from pure technical assistance on product development and capacity building to the identification of and bridging with the 'right' clients in new market niches. Furthermore, according to the Grameen Bank model, the 'right' clients should not necessarily be intended as the poorest of the poor, but rather as those having good personal resources, capacities and plans, even if they lack the necessary capital (i.e. those who are less likely to expose themselves to over-indebtedness and hence threaten the sustainability of FSPs). As a first step, the engagement of the assistance/handout (non-market or redistributive) economy could assist FSPs in considering refugees as who they really are – i.e. recognizing the various aspects of their capital and potential – and not just as risky clients *a priori*. Through their considerable experience in working with refugees, assistance agencies and implementing partners can serve as a channel for accompanying, on the one hand, refugees towards becoming potential microfinance clients and, on the other hand, FSPs in becoming familiar with the 'refugee opportunity' (rather than the perceived 'refugee threat').

A relevant aspect of exclusion of the refugees is their limited possibility to engage in viable economic activities, given the limits and difficulties they face as refugees and foreign people in general. It is confirmed that ***a microfinance initiative is likely to be successful if is well adapted to local condition and needs and by designing products targeted to the circumstances***; therefore, the preferred approach would be as systemic as possible, in order to involve the most relevant stakeholders and take into consideration the different needs and circumstances of the refugees, the FSPs and the other actors. A key aspect in the Ugandan case is the possible, and actual, interaction between the economic activities taking place within the refugee community – with the peculiar characteristics of refugees' conditions – and the market private sector operators in the country. ***A global strategy, rather than a single business case, appears to be the most appropriate option for the task.***

Strategic Proposal. Following these general considerations, the Consultant proposes the ***promotion of a holistic framework for the financial inclusion of refugees*** in Uganda. While developing and piloting specific products on part of selected FSPs certainly play a role in this process, this should be embedded within a comprehensive strategy which strives to ***build refugee assets and economic autonomy*** and requires the engagement of different stakeholders, including : (i) donor agencies and organizations at the global level; (ii) BoU, UMRA and other relevant government bodies or ministries at the macro/national level;⁹⁹ (iii) support structures (such as the AMFIU and FSD Uganda as well as NGOs and other implementing partners) at the national/meso level; and (iv) FSPs at the micro level. Based on the framework shared by participating stakeholders at various levels for the attainment of medium to long-term results, the approach would move

⁹⁸ For example, credit programs managed by relief or emergency agencies sometimes result in failure because they do not adopt the business-like approach needed for the sustainability of microfinance interventions. Azorbo, Michelle. *Microfinance and refugees: Lessons learned from UNHCR's experience, Research Paper No. 199. January 2011.*

⁹⁹ Given the current decentralization efforts on part of the CRRF, it is also important to engage local government at the district level (as well as community representatives at the country and sub-county level where relevant).

from assuring proximity of services to the provision of support services, and eventually to the innovation and development of financial services. **The starting point is the promotion of an adequate level of proximity** between refugees and FSPs, which, so far, have limited interaction with refugees. Better proximity and more adapted delivery channels seem to be a priority rather than developing new financial products specifically targeting refugees. The second logic phase is to support the preconditions for a proper use of financial services by the refugees, and a good profitability for the FSPs. This means providing **support services** to the demand of financial services, such as financial education and business support services for the future clients, to the offer, such as reinforcement of market infrastructures. The final conceptual phase involves the **modification of current practices and policies** by the main stakeholders (FSPs, but also agencies and regulators), once better condition for financial inclusion have been ensured. The logic consequence of this phase is not necessarily a timetable for intervention. Overlap of different activities is possible, once the interaction among these steps is clear.

Exhibit 20. Conceptual phases



Proximity between FSPs and refugees has to be the starting point. **The term “proximity” does not refer to a simple one-way process of FSPs opening service points in the areas where the refugees are. Proximity means creating or reinforcing those conditions to build up mutual trust and comprehension between the refugees and the FSPs.** This is an information gap that should be filled in order to let FSPs define a strategy to address risk management, client profiling, product development, delivery channels, etc. and it is unlikely that FSPs alone, or the financial sector per se, is able to fill the gap only with its endogenous resources.

At market level, **the role of mediation in the relationship between refugees and other stakeholders is a key aspect** also in the support to market systems that can enable proper economic development and ‘autonomization’ of refugees. Even inside the very conducive regulatory framework of Uganda, refugees are in a vulnerable position in the interaction with free market stakeholder. Examples show that direct interaction might prove difficult if there are not the relevant market infrastructures that facilitate communication and business relationship between the settlement’s inside and outside. Such market infrastructures can support the definition and enforcement of contracts and, moreover, fill the current gap in information and trust.

At individual level, experience also shows that financial inclusion per se is not necessarily a positive element to foster economic self-sufficiency of vulnerable people. Adoption of financial instruments, namely loan products, may result in over-indebtedness or ‘trapping’ people if not well supported with **adequate non-financial services. These services should not be considered a simple soft support to loan products, but a series of services addressing multiple issues.** On the one hand, there is an issue of proper understanding of loan products and a general risk of over-indebtedness. The experience of many refugees with loans is an asset, nevertheless the capacity to identify the **medium-term effect of the interest rates of multiple loans** can be an issue, especially among a population eager for access to capital as refugees are. Household management is a key aspect as well. The economy of refugees, as is typical in low-income contexts, **constantly mixes household and business incomes and expenses**, and therefore proper and aware management are key aspects. Moreover, it has been clearly remarked that the **viability of the economic activities** is a major aspect for an effective financial inclusion strategy, especially with target population

having difficult access to assets that can be used as collateral. Within this context, business support services, together with market system support actions, are a fundamental component of the overall approach. Finally, the **capacity to choose the proper financial instrument according to each person's needs**, which often are better savings rather than loan services, is another important feature contributing to the success of financial inclusion initiatives. All the above-mentioned features are not a new task for microfinance actors, and do contribute to address risk management issues and concerns of FSPs. **Nevertheless, if only financial actors are involved in the process the results risk to be limited in scope and negligible in terms of impact.**

At structural level, the regulatory framework needs to be monitored. The existence of a coordinating body – such as the CRRF – is an important asset in the overall **advocacy and negotiations**. In this case, it is important to include any regulations influencing refugees' conditions. The example under discussion is the taxation and regulation on the mobile transactions. The issue is nationwide, not limited to the refugees; however, it influences one of the financial instruments used and appreciated by the refugees.

Another general recommendation is to guarantee that **the proper differentiation of approaches is ensured**. On the demand side, refugees arrived in late 2016 / early 2017 have different needs, assets, capacities and opportunities than people living in Uganda for more than two decades, and the same holds true according to the nationality, the in- or out-of-settlement residence and also the specific region or settlement where refugees live. On the offer side, FSPs have different characteristics, goals, delivery channels and strategies. If some drivers for a comprehensive financial inclusion strategy can be identified, **stakeholders shall bear in mind their positioning within this financial inclusion value chain, and their specific response to the issues and opportunities that arise.**

In operational terms, the approach would be composed of the following pillars aimed at developing proper context in terms of availability of services and market system (the first two conceptual phases), which are preconditions for a sustainable phase of financial inclusion of the refugees:

- i. **Support the savings experience that already exists** represent a cornerstone in the asset-building process for refugees, enabling them to make personal investments or borrow. Existing VSLA and savings groups are a great resource, which can be an entry point for NGOs and other supporting agencies as well as for financial institutions. This can be made either with dedicated new savings products for savings groups and VSLAs, or with an effort to offer groups/associations already existing financial products. Furthermore, the agencies managing the assistance process have the opportunity to play a significant facilitating role by implementing the distribution of biometric IDs to refugees and integrating the rations cards with financial services such as mobile wallets and other payment or transaction services.
- ii. The support to refugees' savings groups and instruments would entail the significant implementation of a **financial literacy/business training program** on part of the beneficiaries, **to be provided by a platform** which brings together existing financial literacy and business training initiatives in the country promoted by development agencies as well as microfinance sector operations, on the one side, and the market support operators, on the other side.
- iii. At the same time, interested and selected **FSPs should find their own and appropriate way to get closer to the refugees**. As explained above, this is an at least two-way process. On the one side, an effort to provide financial services closer to the refugees, inside the settlements and the communities and in all sectors of the settlements, should be made by the service providers. Several delivery channels can be used, from standard branch opening, to solutions such as mobile vans, to digital solutions such as mobile wallets and debit cards, etc. On the other side, **a flow of relevant information from the assistance process and the financial sector should be ensured in order to foster mutual knowledge, understanding, comprehension and trust that are at the basis of the risk-management processes in**

microfinance. The proper flow of information within this proximity process is critical to the capacity of the FSPs to develop the appropriate products (savings, loans and other) and delivery channels strategy to reach each different segment of the refugee population.

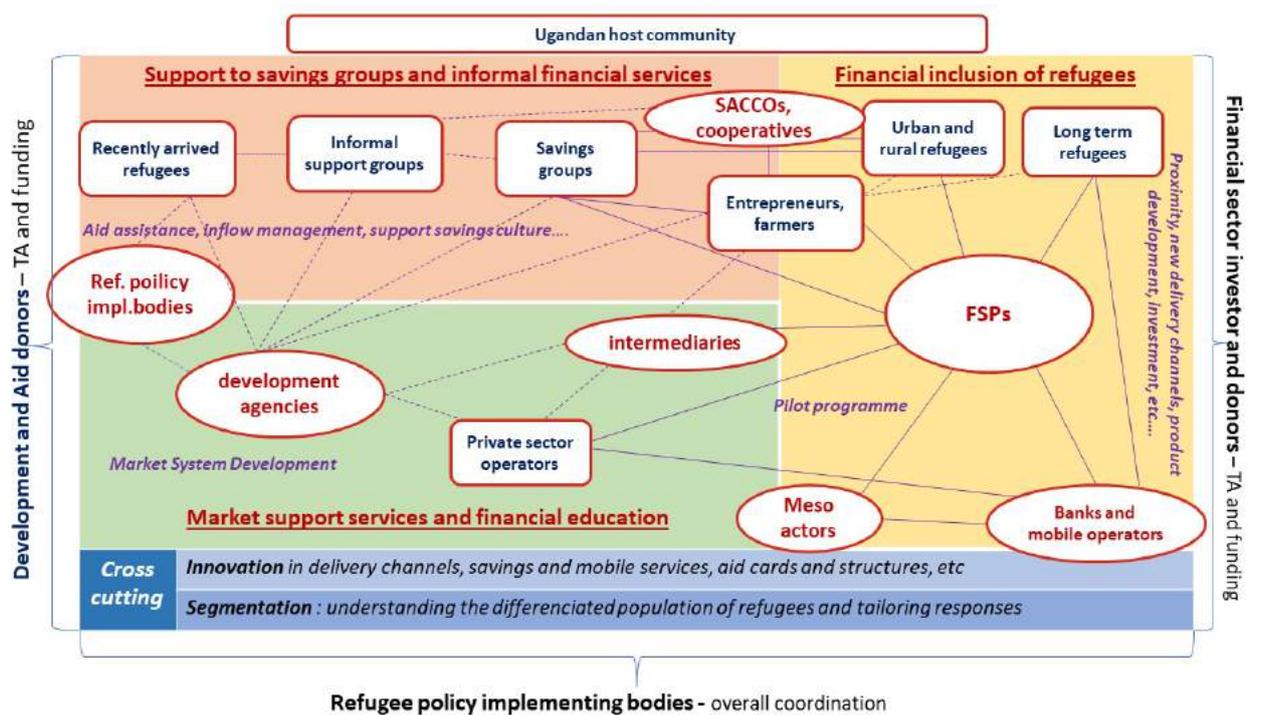
- iv. **Market system support:** the potential of the economy of refugees depends on the capacity to interact with the host community of Ugandan people and with the economy that exists outside the settlements, the regions where refugees live and the communities that they create. This is a process that, again, can build on the existing informal network, especially savings groups or VSLAs of refugees and Ugandans, that already proved to be important drivers to facilitate critical issues such as access to land. However, the perspective should be a partnership with private sector operators, either with development actors or other mediators, to support a flow of goods and services inside and outside refugee contexts.

The suggested approach is that organizations working and interacting with refugees coordinate with other national institutions, both at administrative/macro level (such as the CRRF and the OPM) and at meso level (such as AMFIU and FSD Uganda) in order to create an adequate environment for FSPs to reach out to refugees, and for refugees to be financially included in a sustainable and effective way. All stakeholders involved in the strategy can play a role to enhance proximity of financial services to refugees. FSPs can develop new delivery channels or invest in closer points of services, while implementing partners can facilitate interaction between refugees, groups and stakeholders outside the settlements. Humanitarian and development agencies and international and national NGOs can partner with financial institutions to provide savings and transaction services within the cash and in-kind distribution; regulators can ensure that framework keeps being conducive (ID issues, access to mobile phone services issues, etc.). The whole process, implemented with clear focus on the promotion of savings culture and tools among the refugees, can be a driver for a sustainable progressive financial inclusion of refugees.

In more concrete terms, a holistic approach should be fostered by all the stakeholders in the sector based on a **financial inclusion strategy considering key actions on both demand and offer sides**, based on three pillars:

- i. A **valorization of existing informal and social networks, and VSLAs**, facilitating the savings activities of these groups, especially VSLAs and associations involving both Ugandans and refugees, with support in terms of training, inputs and, when possible, financial resources. The effort includes also support to the integration of refugees in Ugandan society by strengthening the existing conducive framework.
- ii. **Strengthening key support services** for economic and financial activities of refugees. This is the key task of agencies such as UNHCR, development agencies and similar stakeholders. Market system support services linking economic production of the refugees with Ugandan private sectors operations; business support services enforcing the capacities of refugee entrepreneurs; financial support services linked to ration cards or mobile wallets, fostering possibility of transaction and payments on top of cash-in and cash-out. In Uganda there is room for intervention and innovation in this sector.
- iii. Bringing **FSPs and financial services close to refugees**. It is a process to match demand and offer that needs some coordination and support from apex organizations and external investors, and investment and engagement by the concerned FSPs.

Exhibit 21. Proposed scheme



The scheme aims to **put refugees in the condition of positioning themselves in the most appropriate stage depending on their readiness to access financial services through FSPs**. Furthermore, the proposition of multiple entrance/identification channels aims to increase outreach and reduce asymmetry of information, but especially to share and minimize credit risk. An added value of this model is to aggregate different stakeholders creating a diversified environment for sharing information. On the other hand, coordination with too many actors may result difficult because of potential opposite interests. However, TA to the platform and FSPs is meant to ensure high standards in the provision of services as well as a sufficient level of coordination among the actors involved. The strategy aims to be flexible enough to take alternative solutions into account if there is an evident lack of coordination and commitment. For example, **as an initial step it would be possible to focus the provision of TA for FSPs only on making them serve already 'credit-ready' refugees**.

A financial inclusion strategy ends up with FSPs providing services to new clients, but a good framework has to be created for the sustainability of this inclusion, and FSPs should be supported to address their key constraints. **Key constraints to an investment are operational costs and risk management**. Both constraints can be reduced with the systemic approach proposed. In terms of operational costs, investing in VSLAs and in information sharing, together with some technology innovation, can reduce the obstacles for the FSPs in the initial phase. However, an investment in operational costs shall be done, and partners such as financial investors and donors can support this with TA and funds. Regarding risk management, the key aspect is the proper functioning of market support services and market system development. This can lead to good information availability, reduction of moral hazard and reduction of market risk. Development agencies and donors and their implementing partners, regulators and network organizations can have a supporting role in this regard.

A shared broader initiative, with the involvement of several actors at the global, macro and meso levels, would increase the 'bargaining power' when encouraging the engagement of FSPs in pilot interventions to be further rolled out. The active participation of various actors providing support to savings initiatives (and possibly seed capital) as well as non-financial service to refugees would provide FSPs approaching the

refugee segment with a **risk-sharing mechanism**. The distribution of risk, together with operational costs, is an important concern for most FSPs as they are commonly not interested in programs calling for them to bear the whole risk/investment of reaching out to new beneficiaries. It should be noted that risk can be intended either as ‘objective’ (i.e. the real risk of the clients) or ‘perceived’ (i.e. the risk perceived by FSPs towards, for instance, a specific segment of clients). Credit guarantee funds – if properly accompanied by a sound exchange information system – can serve as an effective vehicle for reducing both the objective and the perceived risk of refugees. However, they necessitate a solid commitment on part of involved FSPs and other stakeholders to ensure outreach and additionality. In the event that the proposed risk-sharing mechanism results poorly applicable, the Consultant would suggest an additional initiative based on the set-up of an information sharing mechanism supported by a **credit guarantee scheme** that, consistently with the above, should envisage the complementary participation of different actors and diverse identification/delivery channels for refugee clients. A credit guarantee scheme should preferably also be managed as a sustainable and independent entity. i.e. by adopting an institutional approach rather than a project approach. Furthermore, FSPs adhering to the program should be linked to **technical assistance initiatives** to support the capacity building of staff and management with regard to the fine-tuning of approaches, procedures and products to meet the profiles of refugees (and low-income Ugandans).

Furthermore, **exclusive ‘refugee’ products should not, and need not, be developed**. Financial services should be accessible to both refugees and low-income Ugandans in order to valorize existing economic bonds between the communities as well as to prevent potential sources of conflicts, but also to ensure economies of scale by enlarging the potential market. In general, when assessing financial products for refugees, it is rather advisable, apart from improving proximity of service delivery, **to focus on adapting existing product features, methodologies and processes** (such as eligibility criteria and KYC procedures as well as assessment criteria for credit clients) **and on ensuring a solid link between financial and non-financial services**. Furthermore, financial products should be considered to include not only credit, but eventually also savings as well as payment and insurance-related products. In terms of savings, **specific products for savings groups or VSLAs** could possibly generate positive externalities.

With specific regard to credit, it is generally suggested to adopt a prudential approach of **progression from group to individual lending**. Indeed, the provision of individual business loans is generally considered through a sound preparatory path aiming to progressively increase trust between FSPs and new clients. However, refugees with already existing and profitable businesses of a certain size could start out as viable individual credit clients. Furthermore, the ‘evolution’ of products conceived for the more experienced borrowers should concern not only lending methodology, size and costs, but also the maturity of loans in order to accompany a longer temporal perspective of investments on part of the clients. Either way, the viability of the economic activities of the refugees shall be the driving aspect for business credit services. Non-financial services and the level or possibility of integration with market economy are also relevant aspects to be considered. For some clients, it could also be interesting to link credit products to savings groups and VSLAs; for instance, a ‘social refund’ could be considered for the more trusted clients by transferring a part of interest payments to the client’s savings account. With regard to **guarantees**, given the strong bonds within refugee communities, a hybrid lending methodology mixing individual and group loans could allow kinship relationships to be effectively expressed as an economic/financial value by acting as mutual guarantees. A focus should also be placed on adapting adequate **payment collection processes**, which are particularly important for refugees within settlements as they do not have direct or easy access beyond settlement borders. Finally, FSPs should seek to hire **refugee loan officers or** – through other entities – seek out **collaborations with social intermediaries within refugee settlements/communities**. These intermediaries (i.e. refugees with basic financial skills and good knowledge of the local social context) could, along with community organizations, provide primary insight into refugee settlements/communities

as well as support the identification and follow-up of potential clients.

Finally, as mentioned, financial inclusion strategies of FSPs and the existence of market support services are two complementary aspects of the strategic approach.

Table 15. FSPs and market support services

<u>FSPs</u>	<u>Market support services</u>
<p>Pilot test on new delivery channels: the first and foremost need that the refugees express is to have access to financial services closer to where they live. This can be done both with traditional and innovative instruments, according to the strategies and capacities of each FSPs. Opening branches inside or at the entrance of Refugee Settlements is an option, but the same holds true for mobile banks or agent banking, strengthening not only the existence of the services, but also the frequency in each service and in each place. More technological demanding options are also viable, such as debit cards, be them linked to aid assistance tools (ex. Ration cards) or mobile wallets, or other.</p> <p>Product development can be either a following or parallel step to the effort for bringing services closer to the refugees that has been identified as a starting point for a financial inclusion strategy of the financial sector. Refugees have showed interest for almost all kind of financial products: loans (including business loans, both group and individual loans), savings (both individual and at VSLA level), transactions (money transfer and mobile banking). As already mentioned, product development per se is not the main driver of financial inclusion, but can be an important driver of a more comprehensive strategy including adoption of more adapted delivery channels and integration with consistent non-financial services. After testing the utilization of existing financial services, if better delivery channels and better entry conditions (ID and collateral) are there, FSPs can invest also in the design of financial services targeting especially the refugee market segment.</p>	<p>Financial education is key to the reinforcement of informal and individual economic experience, as well as of savings and asset building initiatives support by development agencies or other actors. This means intervention on three levels of training:</p> <ol style="list-style-type: none"> 1 basic financial literacy for individuals, 2 strengthening of VSLA management, 3 business management and support. <p>Market system development initiatives shall contribute to the viability of economic activities of the refugees. Implementing actors can generate important data on inputs provided, as well as on expected and actual productions and/or sales, negotiated prices with off-takers, etc. If FSPs have access to this information, it can significantly reduce its operational costs in client selection and risk management, and therefore allow to reach out final clients with better products. The moral hazard component should be clearly kept in mind while implementing this process: if FSPs are interacting with a development agency in order to provide financial services to beneficiaries of a program, the beneficiaries should not be informed of that, or there would be a significant risk to hamper their repayment attitude.</p> <p>This is a key aspect in the agricultural value chain. Even though there is internal market for agricultural products in several settlements and regions, a business-oriented agricultural production needs some support to guarantee sufficient off-take of production, especially for cash crops.</p>

Annexes

Annex 1 – Focus Group Discussion Guidelines

Instructions/comments in blue.

INTRODUCTION

- Welcome participants - thank you for coming, we are grateful for your time.
- Introduce yourselves – we are working for a company called Microfinanza. We do research and assessments that rely on documenting your valuable ideas. We are not affiliated with the government, NGO or other organization. We are conducting the discussion today on behalf of UNHCR and two of its partners, the Grameen Crédit Agricole Foundation and the Swedish International Development Cooperation Agency (Sida).
- Explain why you are there – we would like to understand your needs to access financial services (such as savings, credit, money transfer, etc.) and non-financial services (such as financial literacy training, etc.) here in Uganda. In order to do this, we would like to know a bit about your past, your present conditions here (including the opportunities and challenges that you face), and what plans/hopes you might have for the more immediate future. Our hope is that, if we can understand your experiences and needs, we can assist financial institutions in considering serving refugees and therefore support you in building your path towards economic autonomy.
- While your thoughts and feedback are very important in order to encourage financial institutions to provide you with services, we cannot promise concrete actions as a direct result of this discussion.
- We would like for you to feel completely free to share your ideas and opinions. This is not a test or an exam and all information that you share with us will be treated as strictly confidential – we will not share your personal responses with anyone else and we will not use your names anywhere.
- If you agree, we will record our discussion so that we do not miss anything that you say, but the recording will not be shared with anyone else. If you do not agree, please let us know and we will only take notes.
- Explain the timing - the session will last around 1 ½ - 2 hours and will be followed by shorter individual interviews (in order to collect more personal/private economic information).
- Your participation is entirely voluntary. If you would like to participate, please stay. Otherwise, please feel free to leave.

KEY DISCUSSION POINTS AND RELATED PROBING QUESTIONS sections and numbering do not necessarily represent order of discussion

Warm up / general information

Ask participants to briefly introduce themselves – what is your name, what did you did do / work with in your country of origin *CHECK/COUNT IF ANY ENTREPRENEURS / AUTONOMUS WORKERS*, for how long have you been in Uganda...

Social capital

1. Who do you spend your time with here in Uganda? **Probe:** extended family, neighbors, friends, colleagues... Do you feel that you can rely on these relations in case of need? *COUNT* Are these relations mostly based on already known relationships from your country of origin or on newly created relationships here in Uganda? *COUNT* Are any of these relations organized into more or less structured (formal and informal) groups, networks, associations serving a specific purpose? **Probe:** study groups,

religious groups, cultural groups, savings groups (Tontine, Jamiyat, etc.), solidarity groups / emergency funds, other self-help groups...

2. To what extent and how do you interact with the local community here in Uganda (i.e. with Ugandans)? **Probe:** frequent, sporadic, never... work/study together, attend religious or social gatherings together... **COUNT** How would you define your relationships with the local community here in Uganda (i.e. with Ugandans)? **Probe:** friendly, close, polite, tense, conflictual... If tense or conflictual, what do you think are the sources of the tension/conflict?

For discussions with female groups also ask Do you think that your relationships with the local community are affected (for better or for worse) by you being women (i.e. thanks to or because you are women)? **Probe:** being a woman facilitates some types of relations and hinders other types...

Professional and economic/financial capital

3. What challenges/barriers have you been / are you faced with when trying to work / start a business here in Uganda? **Probe:** lack of work permit, lack of assets / start-up capital, lack of credit, lack of management capacity, lack of trust...

For discussions with female groups also ask Do you think that there are any particular challenges/barriers that you face because you are women? **Probe:** lack of personal assets, lack of childcare...

4. Where (which sectors / types of activities) do you think there are opportunities for work / starting a business here in Uganda? **Probe:** farming, construction, artisanry (carpentry, bike repairs...), teaching, targeted professional services...

For discussions with female groups also ask Do you think that there are any particular opportunities or non-opportunities for work / starting a business in certain sectors here in Uganda because you are women? **Probe:** some sectors / types of activities are encouraged and others are discouraged for women...

For rural areas, also ask the following questions regarding agricultural activities:

- A. How (in which ways) are you able to engage in agricultural activities (farming, breeding livestock, etc.)? **Probe:** daily workers on land owned by Ugandans, borrow land from Ugandans, work on land of former refugees who are now Ugandans, provide support services (ex. transport of products, wading animals etc.), need, or not, official link with fellow Ugandan farmer/breeder...
- B. What are the main challenges/risks associated with agricultural activities? **Probe:** climate instability, land ownership (loss of right to work), price instability, access to market... How do you cope with these challenges/risks? **Probe:** crop rotation and differentiation, change in agricultural practice membership in farming cooperative or support group, no action (support from family members or friends in case of adverse shock)...
- C. What are the main opportunities associated with agricultural activities? **Probe:** better value chains than other markets, farming better than livestock breeding?...

Financial services and literacy

5. What kind of formal or informal financial services did you have access to / use in your country of origin? **Probe:** payment services such as ATM cards, savings, remittances/money transfers (inbound and outbound), credit (business, consumption)...
6. Did you save money in your country of origin? **COUNT** If yes, how? **Probe:** bank account, Jamiyat /

savings groups, at home, livestock...

7. Did you ever borrow money / take a loan/ (credit) in your country of origin? **COUNT** If yes, from whom/where? **Probe:** bank, other financial institution, extended family, friends, savings groups, money lender...
8. What kind of formal or informal financial services do you have access to / use here in Uganda? **Probe:** payment services such as ATM cards, savings, remittances/money transfers (inbound and outbound), credit (business, consumption)...
9. Are you currently able to save some money here in Uganda? **COUNT** If yes, how do you save? **Probe:** bank account, savings groups, at home, livestock... What do you commonly use the savings for? **Probe:** emergencies (including future medical expenses), children's education, purchase of assets, wedding, purchase of livestock, investment in business activity... They might also use other solidarity / emergency funds as microinsurance (when needing to repair damaged housing, etc.)

If using savings groups (Tontine, Jamiyat, etc.) (or solidarity/emergency funds):

- For how long have your groups be running?
- With whom have you formed/joined the groups? **Probe:** neighbors, friends from country of origin, friends made here in Uganda, colleagues...
- How long are the cycles?
- How much do you save each time?
- How large are the shares paid out?
- How common are they here in Bidibidi / Nakivale / Kampala?

If not using savings groups (or solidarity/emergency funds), would you consider the possibility of pooling your savings with other people and, if yes, under which conditions?

10. Have you ever borrowed money here in Uganda? **COUNT** If yes, who/where do you now turn to when you need money (credit)? **Probe:** financial institutions, extended family, friends, savings groups, money lender...What do you commonly use the credit for? **Probe:** emergencies, children's education, purchase of assets, wedding, purchase of livestock, investment in business activity...
11. Do you trust financial institutions here in Uganda? **COUNT** If not, why?
12. What challenges/barriers have you been / are you faced with when trying to access formal financial services (i.e. from a financial institution) here in Uganda? **Probe:** identification, lack of collateral/guarantee, too expensive, too complicated...

For discussions with female groups also ask Do you think that there are any particular challenges/barriers that you have been / are faced with because you are women?

For those engaged in agricultural activities also ask Are you faced with any particular challenges/barriers because you are engaged in agricultural activities (farming, breeding livestock, etc)?**Probe:** agriculture perceived as very risky by FSPs, products do not match with farming cash flow, FSPs are always far from fields (and loan agents don't come out here)...

13. What types of financial services would you like to have access to here in Uganda? **Probe:** payments/withdrawal cards, savings, remittances/money transfers (inbound and outbound), credit (business, consumption), insurance... For which purposes do you need such services? **Probe:** to manage

my daily life, to accumulate savings / take credit in case of emergencies, to accumulate savings / take credit to support business venture...

14. What features should such services have / how should they be designed to most adequately to meet your needs and preferences? For example, with regard to credit:
 - Would you consider group loans *make sure that the participants understand what this type of loan entail (i.e. shared responsibility)* or only individual loans?
 - Would you consider committing household/business assets as collateral?
 - Would you be willing to pay interest rates and/or other fees?
 - Do you have any suggestions with regard to loan size, loan period/duration, and modes/frequency of repayment?
15. What communication/marketing and delivery channel(s) would you prefer and why? **Probe:** at traditional branches/units, through agents in the field (*Does it matter if of Ugandan or from your country of origin? Is there a preference for agents they are familiar with?*), mobile phone or digital financial services delivery (would you feel confident in using a mobile phone to access to financial services)...*When discussing mobile phone banking or DFS , make sure that the participants understand what such service delivery actually means (i.e. doing transactions through the use of mobile phones or other information devices).*
16. Do you keep track of your income and expenditure? **COUNT** If yes, who in the household keeps track of income and expenditure and who controls financial resources? **Probe:** wife, husband, joint management...**CHECK IF SAME PERSON CONTROLS THE RESOURCES AND KEEPS ACCOUNTS** If yes, how do you use this information / how does it help you? **Probe:** it helps me know what I can spend and save, it helps me reduce my expenses, it helps me plan for the future...
17. What kind of non-financial services (i.e. training and support) – if any – have you benefitted from here in Uganda? **Probe:** financial literacy training (i.e. how to keep a family budget and accounts, how to use a budget to plan future use of resources, how to use financial services, etc.), business start-up or development counselling/coaching... **COUNT NUMBER OF BENEFICIARIES**
18. What types of non-financial services (i.e. training and support) would you like to have access to / What would you like to know more about? **Probe:** keeping accounts, business start-up or development counselling/coaching... For which purposes do you need such services? **Probe:** to plan my future, to start / develop my business...

Annex 2 – Individual Interview Questionnaire

Instructions/comments in blue.

To be completed by interviewer/enumerator.

0.1. Name of interviewer/enumerator	
0.2. Date of interview	
0.3. Location of interview	Bidibidi settlement Nakivale settlement Kampala city/surroundings
0.4. Has the respondent participated in a focus group discussion	<input type="checkbox"/> Yes <input type="checkbox"/> No

How to complete the questionnaire:

The questionnaire must be filled by marking the cell corresponding to the selected answer.

Unless otherwise indicated, it is possible to provide only 1 answer for each question.

For open answers ": _____" please write in capital letters.

If respondent has NOT participated in a focus group discussion **INTRODUCTION**

- Thank you for taking the time to meet with me/us.
- Introduce yourselves – we are working for a company called Microfinanza. We do research and assessments that rely on documenting your valuable ideas. We are not affiliated with the government, NGO or other organization. We are conducting the discussion today on behalf of UNHCR and two of its partners, the Grameen Crédit Agricole Foundation and the Swedish International Development Cooperation Agency (Sida).
- Explain why you are there – we would like to understand your needs to access financial services (such as savings, credit, money transfer, etc.) and non-financial services (such as financial literacy training, etc.) here in Uganda. In order to do this, we would like to know a bit about your past, your present conditions here (including the opportunities and challenges that you face), and what plans/hopes you might have for the more immediate future. Our hope is that, if we can understand your experiences and needs, we can assist financial institutions in considering serving refugees and therefore support you in building your path towards economic autonomy.
- While your thoughts and feedback are very important in order to encourage financial institutions to provide you with services, we cannot promise concrete actions as a direct result of this interview.
- We would like for you to feel completely free to share your ideas and opinions. This is not a test or an exam and all information that you share with us will be treated as strictly confidential – we will not share your personal responses with anyone and we will not use your name anywhere.
- Explain the timing – the interview will take around 30 minutes.
- Your participation is entirely voluntary. If you would like to participate, please do. Otherwise, please feel free to say no.

Human capital (personal information)

0.5 Country of origin: _____ **County/Territoire/District** _____

0.6 In which languages can you confidently communicate? Choose 1 or more

- Arabic
- Kiswahili
- Kinyarwanda
- Aringa
- Luganda
- French
- English
- Other, *specify* _____

1. Gender: Female Male

2. Age: 18-27 28-37 38-47 47- 60 Above 60

3. How long have you been in Uganda?

- less than 6 months
- more than 6 months but less than 1 year
- more than 1 year but less than 2 years
- more than 2 years but less than 3 years
- more than 3 years but less than 4 years
- more than 4 years

4. Where do you live in Uganda?

- Within Bidibidi/Nakivale settlement (rural)
- Outside Bidibidi/Nakivale settlement among Ugandan host community (rural)
- Outside Bidibidi/Nakivale settlement among Ugandan host community (peri-urban)
- Outside Bidibidi/Nakivale settlement among Ugandan host community (urban)
- Kampala, suburbs (peri-urban)
- Kampala, city (urban)

5. How many people live in your household / under your same roof? Including the respondent

- 1 2 3 4 5 6 7 Other, *specify* _____

6. Do you depend economically/financially on anyone?

- Yes *go to question 8* No *go to question 7*

7. If No, how many persons depend economically/financially on you? Including the respondent

- 0 1 2 3 4 5 6 7 Other, *specify* _____

8. What is the highest level of schooling you have completed?

- No formal education (illiterate)
- No formal education (can read and write)
- Primary School
- Post Primary Technical/Vocational School
- Secondary School
- Post Secondary Technical/Vocational School
- University, undergraduate
- University, graduate

9. Do you have access to a mobile phone?

- No
- Yes, basic phone for calls/sms
- Yes, feature or smart phone with access to Internet, Whatsapp, Facebook, etc.

Social capital

10. Who do you usually spend your time or engage with (frequent relationships) here in Bidibidi / Nakivale / Kampala? Choose 1 or more

Friends or acquaintances who I already know from my country of origin	<input type="checkbox"/>	Solidarity associations / emergency groups	<input type="checkbox"/>
		Sport or cultural associations	<input type="checkbox"/>
Friends or acquaintances from my same country of origin who I met in Uganda	<input type="checkbox"/>	Savings groups (Sanduku, Tontine, etc.)	<input type="checkbox"/>
		Political or opinion groups/associations	<input type="checkbox"/>
Ugandan friends or acquaintances	<input type="checkbox"/>	Ugandan public authorities	<input type="checkbox"/>
Work colleagues / business partners	<input type="checkbox"/>	Ugandan or international NGOs	<input type="checkbox"/>
Religious groups/associations	<input type="checkbox"/>	Other, <i>specify</i> : _____	<input type="checkbox"/>

11. Who do you mainly rely on for support / who assists you (and with what / for which purpose) here in Uganda? *Choose 1 or more*

	Find a house	Find a job	Financial support (loan)	Legal assistance	Other, <i>specify</i>
Friends or acquaintances who I already know from my country of origin	<input type="checkbox"/>				
Friends or acquaintances from my same country of origin who I met in Uganda	<input type="checkbox"/>				
Ugandan friends or acquaintances	<input type="checkbox"/>				
Work colleagues / business partners	<input type="checkbox"/>				
Religious groups/associations	<input type="checkbox"/>				
Solidarity associations / emergency groups	<input type="checkbox"/>				
Sport or cultural associations	<input type="checkbox"/>				
Savings groups (Sanduku, Tontine, etc.)	<input type="checkbox"/>				
Political or opinion groups/associations	<input type="checkbox"/>				
Ugandan public authorities	<input type="checkbox"/>				
Ugandan or international NGOs	<input type="checkbox"/>				
Other, <i>specify</i> : _____	<input type="checkbox"/>				

Professional and economic/financial capital

12. Do you have a job or an economic activity (i.e. your own business) here in Uganda? *Consider the last month*

- No, I do not work or have my own business *go to question 13 and then question 16*
- Yes, I have a more or less regular job/employment (i.e. carrying out more or less daily agricultural work, construction work, etc.) *go to question 14*
- Yes, I have an irregular job/employment (i.e. carrying occasional agricultural work, construction work, etc.) *go to question 14*
- Yes, I have my own full-time or part-time business or other personal economic activity *go to question 14*

13. If No, why not?

- I cannot find a job
- I cannot find a job suitable to my skills
- I'm not in the right physical condition to work
- I am still studying (school or technical/vocational training)
- I don't need it
- I don't have legal permission to work
- Other, *specify* _____

14. If Yes, in which field are you working, or have a business, in Uganda at the moment? *Please specify the exact occupation (farmer, tailor, construction worker, etc.) under 'Other' for ALL respondents.*

Agriculture	<input type="checkbox"/>	Housewife	<input type="checkbox"/>
Craftsman producing goods (e.g. baker, carpenter, tailor, shoemaker, etc.)	<input type="checkbox"/>	Office Employee	<input type="checkbox"/>
Craftsmanship providing services (e.g. electrician, mechanic, plumber, barber/hairdresser etc.)	<input type="checkbox"/>	Practitioner/Manager (e.g. Doctor, Lawyer, Banker, Teacher, Consultant etc.)	<input type="checkbox"/>
Trader, street or shop retail	<input type="checkbox"/>	Student	<input type="checkbox"/>
Food and beverages (food stall, restaurant, etc.)	<input type="checkbox"/>	Other, <i>specify</i> _____	<input type="checkbox"/>

15. Was this your primary sector/area of work also in your country of origin?

- Yes *go to question 17* No *go to question 16*

16. In which sector/area did you work in your country of origin? *Please specify the exact occupation (farmer, tailor, construction worker, etc.) under 'Other' for ALL respondents.*

Agriculture	<input type="checkbox"/>	Housewife	<input type="checkbox"/>
Craftsman producing goods (e.g. baker, carpenter, tailor, shoemaker, etc.)	<input type="checkbox"/>	Office Employee	<input type="checkbox"/>
Craftsmanship providing services (e.g. electrician, mechanic, plumber, barber/hairdresser etc.)	<input type="checkbox"/>	Practitioner/Manager (e.g. Doctor, Lawyer, Banker, Teacher, Consultant etc.)	<input type="checkbox"/>
Trader, street or shop retail	<input type="checkbox"/>	Student	<input type="checkbox"/>
Food and beverages (food stall, restaurant, etc)	<input type="checkbox"/>	Other, <i>specify</i> _____	<input type="checkbox"/>

17. What are your sources of income? *Consider whole household, Choose 1 or more*

- Salary from more or less regular work Aid/cash assistance from organizations
 Wage from temporary/seasonal work Remittances
 Income from own/family business or self-employment Agriculture
 Other, *specify* _____

18. How much is – on the average – the amount of your sources of income per month? *Please ask for the more or less AVERAGE income in a more or less STANDARD month. Assist the respondent in defining a range if necessary. Specify whether the amount is calculated in UGX, USD or other currency.*

	Average (UGX)	Average (USD or other currency, <i>specify</i> _____)
Salary from more or less regular work		
Wage from temporary/ seasonal work		
Income from own/family business or self-employment		
Aid/cash assistance from organizations (incl. UNHCR)		
Remittances		
Agriculture		
Other, <i>specify</i>		

19. How frequently do you receive cash/payment from your sources of income?

	Every month (12 times per year)	Every 2-3 months (6 to 4 times per year)	Every 4-6 months (3 to 2 times per year)	Once per year	Less than once per year
Salary from more or less regular work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wage from temporary/seasonal work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Income from own/family business or self employment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Aid/cash assistance from organizations (incl. UNHCR)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Remittances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, <i>specify</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. Do you own any valuable assets in Uganda or in your country of origin?

- Yes *go to question 21* No *go to question 22*

21. If Yes, what kind of assets and what is the estimated value of these assets?

	Uganda	Estimated value	Country of origin	Estimated value (<i>specify currency</i> _____)
Cash at home	<input type="checkbox"/>UGX	<input type="checkbox"/>	
Financial assets (savings) in bank/financial institution or savings group (Sanduku, Tontine, etc.)	<input type="checkbox"/> UGX	<input type="checkbox"/>	
Jewelry	<input type="checkbox"/> UGX	<input type="checkbox"/>	
House/apartment	<input type="checkbox"/> UGX	<input type="checkbox"/>	
Car or others means of transport	<input type="checkbox"/> UGX	<input type="checkbox"/>	
Land	<input type="checkbox"/> UGX	<input type="checkbox"/>	
Livestock	<input type="checkbox"/> UGX	<input type="checkbox"/>	
Enterprise (including machineries / equipment / business facilities, goods etc.)	<input type="checkbox"/> UGX	<input type="checkbox"/>	
Personal guarantor	<input type="checkbox"/>		<input type="checkbox"/>	
Other, <i>specify</i>	<input type="checkbox"/> UGX	<input type="checkbox"/>	

22. Have you ever pawned any of your assets in order to get money (receive a loan) here in Uganda?

Yes No

Financial services and literacy

23. Have you ever needed and asked to borrow money from anyone here in Uganda?

- No, I have never needed to ask *go to question 28*
- No, I have never asked even if I have needed *go to question 28*
- Yes, I have needed and asked *go to question 24*

24. If Yes, who have you asked and how much money have you borrowed here in Uganda? *Assist the respondent in defining a range if necessary. Specify the debt in UGX.*

	Average
Family/relatives	.....UGX
Friends/acquaintances/neighbors	.....UGX
Solidarity association / emergency group	.....UGX
Savings group (Sanduku, Tontine, etc.)	.....UGX
Bank	.....UGX
Other financial institution	.....UGX
Employer	.....UGX
Store (buying on credit)	.....UGX
Private lender	.....UGX
Other, <i>specify</i>	.....UGX

25. How much have you returned (paid back) of the borrowed money here in Uganda?

- Nothing
- Part of it
- Everything (i.e. equal to the money borrowed)
- More than what I received (i.e. with interest)
- Much more than what I received (i.e. with high interest)

26. Do you have any debts at the moment (including debt incurred in your country of origin)?

Yes *go to question 27* No *go to question 28*

27. If Yes, what is the amount of money that you still owe / have to pay back?

No debts (everything already paid back)	<input type="checkbox"/>
Still something to pay back	<input type="checkbox"/>
<i>Specify the amount:</i>	
Around	UGX
Around	USD or other currency, <i>specify</i> _____

28. Do you usually have money left after household expenditures (and business running costs) have been covered / do you manage to put aside (save) part of your income at the end of the week or month?

- Yes, weekly *go to question 29* No, I usually have no money left at the end of the
 Yes, monthly *go to question 29* week/month *go to question 31*

29. If Yes, what do you usually do with the money that you have left / you manage to put aside (save) at the end of the month/week? Choose 1 or more

- Keep cash at home Send money to family/friends
 Put cash in savings group (Sanduku, Tontine, etc.) Lend money to someone
 Put cash in bank/post account Other, *specify* _____
 Buy valuable goods or small livestock

30. How much are you usually able to save each week/month (i.e. how much money do you still have left after having covered all expenses at the end of the week/month)? Assist the respondent in defining a range if necessary. Specify the savings in UGX.

Average	Period
.....UGX	Per week
.....UGX	Per month

32. Do you keep records of your income/expenditures/savings?

- Yes, I regularly record everything No, but I would like to know more about how to do it
 Yes, but not regularly No, I don't need it
 No, I don't keep records, but estimate my income/expenditures/savings (have it in my head) Other, *specify* _____

Future aspirations

33. Do you have any particular plans (hopes, dreams) that you would like to achieve in the more immediate future? If Yes to any, answer also questions 34 & 35. When addressing possible plans for relocation if not spontaneously brought up by the respondent, please be sensitive and rather ask "Do you plan to stay here in Bidibidi / Nakivale / Kampala in the more immediate future?"

	No	Yes, vague plan (idea)	Yes, moderate plan	Yes, strong plan
Find a job (employment)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Set up a business <i>If Yes, also answer question 36</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Study / attend vocational training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improve housing conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Set up an association / group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relocation abroad (incl. possibility of returning to country of origin or family reunification in another country) <i>If Yes, also answer question 37; If No, also answer question 38</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relocation within Uganda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, <i>specify</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

34. If Yes, what have you already done / tried to achieve these plans?

Completed my studies (education)	<input type="checkbox"/>
Attended technical/vocational training	<input type="checkbox"/>
Attended business management training	<input type="checkbox"/>
Sorted out paperwork (applied for permit, registration, etc.)	<input type="checkbox"/>
Saved money	<input type="checkbox"/>
If Yes, how much money have you saved for your plan? <i>Specify currency</i>	..... UGX/USD
Borrowed money (taken a loan)	<input type="checkbox"/>
If Yes, how much money have you borrowed for your plan? <i>Specify currency</i>	..... UGX/USD
Other, <i>specify</i>	<input type="checkbox"/>

35. What kind of services and other support do you think you would need in order to realize this plan?

Study (education)	<input type="checkbox"/>
Technical/vocational training	<input type="checkbox"/>
Business management training	<input type="checkbox"/>
Support to sort out paperwork (get permit, registration, etc.)	<input type="checkbox"/>
Save money	<input type="checkbox"/>
If Yes, how much money would you have to save for your plan? <i>Specify currency</i>	..... UGX/USD
Borrow money (take a loan)	<input type="checkbox"/>
If Yes, how much money would you have to borrow for your plan? <i>Specify currency</i>	..... UGX/USD
Other, <i>specify</i>	<input type="checkbox"/>

36. If you have plans to set up your own business in Uganda, please explain what would you like to do?

a. What type of business (formal/registered, informal, how large [i.e. how many employees])? _____

b. Which sector of activities (types of services/products)? _____

c. With whom (alone, family, friends, business partner, group)? _____

37. If you have any more immediate plans to relocate abroad (i.e. outside of Uganda), please explain which steps you have taken (will reunite with family in another country as soon as documentation is cleared, have found job/employment in another country, etc.)? _____

38. If you do NOT have any more immediate plans to relocate abroad (i.e. outside of Uganda), what are the reasons? *Max 2 answers. Please be sensitive and try to understand their reason(s) from how they respond / what they say.*

- | | |
|---|--|
| <input type="checkbox"/> Unavailability of money | <input type="checkbox"/> Travel is not safe / No available means of safe transport |
| <input type="checkbox"/> I have nowhere else to go (still not safe to return to country of origin or have no family to join abroad) | <input type="checkbox"/> I have now settled here in Uganda and would like to stay |
| | <input type="checkbox"/> Other, <i>specify</i> _____ |

Thank you for sharing your experience and your time!

Annex 3a – Enterprise Interview Questionnaire (non-agricultural activity)

1. General Information

0.5. Name of interviewer	
0.6. Date of interview	
0.7. Location of interview	Bidibidi camp Nakivale Camp Kampala city/surroundings
0.8. Currency adopted	

Short description of the business (story, promoter's background and activities):

How many days per month does the activity run? *	
Formal (registered) F or informal enterprise I	
If formal, VAT (%):	
If formal, INCOME/PROFIT TAX (%):	
If formal, SOCIAL CHARGES ON EMPLOYEES' SALARIES TO BE PAID BY THE EMPLOYER (%)	

* In case of seasonal activities please calculate average days per month along the year

Where do the supplies/raw material come from (%)?	Uganda suppliers	Please select (v)	%
	My fellow national suppliers inside camp		
	Refugee supplier (other nationality) inside the camp		
	My fellow national suppliers outside camp (self-settled)		
	Refugee supplier (other nationality) outside the camp		
	International Organizations (please specify)		
Select B2C or B2B indicating % of sales for each market channel		B2C	B2B
		%	%
Who are the customers (please indicate roughly the %)?	Uganda clients	Please select (v)	%
	Ugandan clients		
	My fellow national customers inside camp		
	Refugee client (other nationality) inside the camp		
	My fellow national customers outside camp (self-settled)		
	Refugee client (other nationality) outside the camp		
How many owners of the business?			
How many persons share the net profit of the business? (at the level of the owners) CHECK WITH ABOVE			
No. of paid employees?			
How much of your monthly income comes from the business activity (%)?			
How many persons depend on you economically/financially (at HH level)?			

2. Starting Investments

Starting Investment	Value	Purchased from whom? J/S (specify if Ugandan or Syrian supplier)	Direct in-kind contribution by owner/s (approximate value)
Facilities (describe):			
Tool nr. 1 (describe):			
Tool nr. 2 (describe):			
Tool nr. 3 (describe):			
Tool nr. 4 (describe):			
Tool nr. 5 (describe):			
Tool nr. 6 (describe):			
Tool nr. 7 (describe):			
Tool nr. 8 (describe):			
Furniture (describe):			
Office equipment (eg. telephone, computer, laptop, printer..) describe:			
Bureaucratic procedures to legally start up (describe):			
Means of transport (describe):			
Extraordinary maintenance (describe):			
Starting working capital:			

3. Funding Structure

	Own savings (including savings group) INDICATE AMOUNT	Informal loans from relatives, friends, etc. INDICATE AMOUNT	Remittance from a friend/fellow national from abroad (no loan) INDICATE AMOUNT	Grants from NGOs/Donors INDICATE AMOUNT	Formal loans (FSPs) INDICATE AMOUNT
Please specify the funding sources of the <u>starting investments</u> (AMOUNT)					
If you already received (formal or informal) loans, please indicate the repayment status (✓)	Fully repaid	Partially (if possible, indicate repaid amount)	Not repaid		
Amount of current debts, if any (check with above if possible)					

4. Monthly Average Fixed Costs

Type of Monthly Fixed Costs	Insert Monthly Values
Promoter's salary (if she/he takes a fixed monthly amount – otherwise check downstream net profit)	
Employees' gross salaries	
Transport	
Rent	
General maintenance (forecast a regular provision)	
Insurance	
Electricity	
Water	
Gas and heating	
General consumable materials (e.g. stationery)	
Telephone and communications	
Advertisement/marketing	
Licenses and administrative costs (forecast a regular provision)	
Other fixed general costs	

5. Product Economic Analysis

	Output 1 (product/service)	Output 2 (product/service)	Output 3 (product/service)	Output 4 (product/service)	Output 5 (product/service)
Categories of <u>main outputs (products/services) sold</u> <i>Write description of main final outputs (and business process) – e.g. "loafs (production); canned food (retail); teaching bakery (service)"</i>					
<u>Main raw material/supply</u> used for each output <i>Write description e.g. "flour"</i>					
<u>Unit of measurement of main raw material/supply</u> <i>(you may use the parameter "customer's average purchase" for pure large-scale or small-components retailing activities)Write description: e.g. "1 Kg bag of flour"</i>					
<u>Wholesale cost of one unit of raw material/supply (COMPREHENSIVE OF VAT)</u>	UGX	UGX	UGX	UGX	UGX
<u>Specify the final output for sale</u> <i>(or still "customer's average purchase" for retailing activities)Write description e.g. "Loaf"</i>					
<u>No. of final outputs obtained with 1 unit of raw material's supply</u> <i>(write "1" when referred to customer's average purchase)</i>					
<u>Additional raw materials to be added to the final output</u> <i>Write description: e.g. "salt"</i>					
<u>Approximate cost of additional raw materials per single final output - COMPREHENSIVE OF VAT -</u>					
<u>Other direct costs per single final output</u> (e.g. packaging etc.) - COMPREHENSIVE OF VAT -	UGX	UGX	UGX	UGX	UGX
<u>Price per single output for sale - COMPREHENSIVE OF VAT -</u> <i>(or revenues from 1 customer's average purchase – for retailing activities)</i>	UGX	UGX	UGX	UGX	UGX
<u>Average daily number of outputs sold</u> <i>(or average of daily no. of customers for retailing activities)OR(see below) -! PLEASE CONSIDER PRUDENTIAL VALUES FOR THE FIRST OPERATING YEAR !</i>					
<u>OR Average daily revenues from the output sales –</u> <i>! PLEASE CONSIDER PRUDENTIAL VALUES FOR THE FIRST OPERATING YEAR !</i>	UGX	UGX	UGX	UGX	UGX

6. Future Plans

	Own savings (formal – in bank account) or Savings group INDICATE AMOUNT	Informal loans from relatives, friends, etc. INDICATE AMOUNT	Remittance from a friend/fellow national from abroad (no loan) INDICATE AMOUNT	Grants from NGOs/Donors INDICATE AMOUNT	Formal loans (FSPs) INDICATE AMOUNT
Please specify the funding sources of the <u>starting</u> <u>investments</u> (AMOUNT)					
If you already received (formal or informal) loans, please indicate the repayment status (✓)	Fully repaid	Partially (if possible, indicate repaid amount)	Not repaid		
Amount of current debts, if any (check with above if possible)					

	Yes (✓)	No (✓)
Are you planning to leave Uganda in the near future?		
If not, are you planning to develop your business activity?		
If yes what is your plan?		

In general, do you need any specific formal financial service? Choose (max 2)	A safe deposit where to put savings	A service for making and receiving payments	Insurance	Loan for the business activity	Loan for private needs (HH consumption)	Other (specify)

Fill in if the entrepreneur intends to make new investments:

DESCRIBE INVESTMENTS NEEDED	Total Value	To buy from whom? J/S (specify if Ugandaian or Syrian supplier)	Specify how much would come from your private savings	Specify how much would come from a formal loan *	Specify how much would come from an informal loan	Specify type and amount of other funding sources

Fill in if the entrepreneur would consider the option of taking a formal loan.

Understanding of reasonable and fair loan conditions considered by the entrepreneurs.

*RECAP – insert amount of the formal loan to be requested		*		
What should be the formal loan duration? IN MONTHS				
What – if any - should be the grace period duration (time before starting to pay back the loan)? IN MONTHS				
What is the instalment amount that you could pay back monthly?				
How much would you pay for the FSP service? (indicate a fair remuneration – <u>overall amount</u> or <u>yearly interest rate %</u>)				
Which guarantees would you be able to provide? (mark 1 or more cells)	A group of Syrian personal guarantors	Uganda personal guarantor/s	Assets, as household or business items (type and value)	Cash collateral (private savings) – Indicate amount

Other type of collaterals (specify) _____

7. Challenges and Opportunities

As a refugee, what primary challenges/barriers have you been / are you faced with when starting / developing a business here in Uganda? _____

Where (which sectors / types of activities) do you think there are opportunities for refugees starting/developing a business here in Uganda? _____

Thank you for sharing your experience and your time!

Annex 3b – Enterprise Interview Questionnaire (agricultural activity)

1. General Information

0.9. Name of interviewer	
0.10. Date of interview	
0.11. Location of interview	Bidibidi camp Nakivale Camp Kampala city/surroundings
0.12. Currency adopted	

Short description of the business (story, promoter's background and activities):

How many days per month does the activity run? *	
Formal (registered) F or informal enterprise I	
If formal, VAT (%):	
If formal, INCOME/PROFIT TAX (%):	
If formal, SOCIAL CHARGES ON EMPLOYEES' SALARIES TO BE PAID BY THE EMPLOYER (%)	

* In case of seasonal activities please calculate average days per month along the year

Where do the supplies/raw material come from (%)?	Ugandan suppliers	Please select (v)	%
	My fellow national suppliers inside camp		
	Refugee supplier (other nationality) inside the camp		
	My fellow national suppliers outside camp (self-settled)		
	Refugee supplier (other nationality) outside the camp		
	International Organizations (please specify)		
Select B2C or B2B indicating % of sales for each market channel		B2C	B2B
		%	%
Who are the customers (please indicate roughly the %)?	Ugandan clients	Please select (v)	%
	My fellow national customers inside camp		
	Refugee client (other nationality) inside the camp		
	My fellow national customers outside camp (self-settled)		
	Refugee client (other nationality) outside the camp		
	International Organizations (please specify)		
How many owners of the business?			
How many persons share the net profit of the business? (at the level of the owners) CHECK WITH ABOVE			
No. of paid employees?			
How much of your monthly income comes from the business activity (%)?			
How many persons depend on you economically/financially (at HH level)?			

2. Starting Investments

Starting Investment	Value	Purchased from whom? U/O (specify if Ugandan or other supplier)	Direct in-kind contribution by owner/s (approximate value)
Facilities (describe):			
Tool nr. 1 (describe):			
Tool nr. 2 (describe):			
Tool nr. 3 (describe):			
Tool nr. 4 (describe):			
Tool nr. 5 (describe):			
Tool nr. 6 (describe):			
Tool nr. 7 (describe):			
Tool nr. 8 (describe):			
Furniture (describe):			
Office equipment (eg. telephone, computer, laptop, printer..) describe:			
Bureaucratic procedures to legally start up (describe):			
Means of transport (describe):			
Extraordinary maintenance (describe):			
Starting working capital:			

3. Funding Structure

	Own savings (including savings group) INDICATE AMOUNT	Informal loans from relatives, friends, etc. INDICATE AMOUNT	Remittance from a friend/fellow national from abroad (no loan) INDICATE AMOUNT	Grants from NGOs/Donors INDICATE AMOUNT	Formal loans (FSPs) INDICATE AMOUNT
Please specify the funding sources of the <u>starting investments</u> (AMOUNT)					
If you already received (formal or informal) loans, please indicate the repayment status (✓)	Fully repaid	Partially (if possible, indicate repaid amount)	Not repaid		
Amount of current debts, if any (check with above if possible)					

4. Monthly Average Fixed Costs

Type of Monthly Fixed Costs	Insert Monthly Values <i>(if necessary, divide yearly value by 12)</i>
Promoter's salary (if she/he takes a fixed monthly amount – otherwise check downstream net profit)	
Employees' gross salaries	
Transport	
Rent	
General maintenance (forecast a regular provision)	
Insurance	
Electricity	
Water	
Gas and heating	
General consumable materials (e.g. stationery)	
Telephone and communications	
Advertisement/marketing	
Licenses and administrative costs (forecast a regular provision)	
Other fixed general costs	

A) WORKING CAPITAL AND PRODUCTION	Output 1 (production/services)	Output 2 (products/services)	Output 3 (products/services)	Output 4 (products/services)	Output 5 (products/services)
Categories of main outputs (products/services) sold <i>Write description of main final outputs (and business process) – e.g. "crop (if agriculture production); sheep breeding; dairy production, etc.</i>					
Surface, in acres (where relevant)					
Number of seasons in a year (consider the number of harvests in 12 months, even if a season goes beyond December and January)					
n. months from sowing to harvesting (<i>even for animal breeding or other activities, mention the number of months from beginning to the moment when the product, or animal, or other is ready for sale</i>)					
Initial agricultural input used to begin the season <i>e.g. "seeds", "chick"</i>					
Overall cost of initial agricultural input for the whole season (COMPREHENSIVE OF VAT)					
Other agricultural input used for production <i>e.g. "pesticides", "fertilizers", "food for animal", "drugs", etc)</i>					
Overall cost of other agricultural inputs for the whole season (COMPREHENSIVE OF VAT)					
External workforce and services for agricultural production, strictly seasonal and related to the, <i>e.g. "casual labour for field preparation"; "casual labour for harvesting"; "veterinary services"</i>)					
Overall cost of external workforce and services for the whole season (COMPREHENSIVE OF VAT)					
OVERALL INPUT COSTS FOR THE WHOLE AGRICULTURAL SEASON					
Specify unit of measure of the final output for sale <i>Write description e.g. "basket", "bag", "liber", "kilo", "livestock", "n.of eggs", etc.</i>					
Nr. of final outputs for sale obtained within ONE season (<i>write the OVERALL EXPECTED HARVEST of the agricultural production, or output of other farming activity, in the unit measure mentioned above</i>) ! PLEASE					

CONSIDER PRUDENTIAL VALUES FOR THE FIRST OPERATING YEAR !					
Percentage of production that is kept by the farmer <i>for own consumption, reinvestment on the farm, or any other use but not sold</i>					
Additional costs/activities to be added to the final output <i>Write description: e.g. "transport", "final treatment", "packaging"</i>					
Approximate cost of additional costs and activities for the whole production - COMPREHENSIVE OF VAT -					
Other additional costs for the whole production - FOR SALE -					
OVERALL DIRECT COST PER SEASON (Vat excluded)					
Price per single output for sale - MARKET PRICE PER MEASURE UNIT - <i>(mention the expected sale price - average between different market channels) ! PLEASE CONSIDER PRUDENTIAL VALUES FOR THE FIRST OPERATING YEAR !</i>					
Overall Income from sale of production -					
Overall Revenue from sale of production (Income - costs) in one single season					
Number of months of sale (from harvest till end of stock)					
TOTAL number of months for the agri-business season (from sowing to the end of sales)					

crop (or other activity)	plot surface (acre)	costs/incomes	Jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec
crop n.1		agric input n.1 (seeds, etc.)												
		agric input n.2 (fertilizers, drugs, etc.)												
		agric input n.3 (casual labour)												
		Sales												
		Result	0	0	0	0	0	0	0	0	0	0	0	0
crop n.2		agric input n.1												
		agric input n.2												
		agric input n.3												
		Sales												
		Result	0	0	0	0	0	0	0	0	0	0	0	0
crop n.3		agric input n.1												
		agric input n.2												
		agric input n.3												
		Sales												
		Result	0	0	0	0	0	0	0	0	0	0	0	0
crop n.4		agric input n.1												
		agric input n.2												
		agric input n.3												
		Sales												
		Result	0	0	0	0	0	0	0	0	0	0	0	0

6. Future Plans

	Own savings (formal – in bank account) or Savings group INDICATE AMOUNT	Informal loans from relatives, friends, etc. INDICATE AMOUNT	Remittance from a friend/fellow national from abroad (no loan) INDICATE AMOUNT	Grants from NGOs/Donors INDICATE AMOUNT	Formal loans (FSPs) INDICATE AMOUNT
Please specify the funding sources of the <u>starting</u> <u>investments</u> (AMOUNT)					
If you already received (formal or informal) loans, please indicate the repayment status (√)	Fully repaid	Partially (if possible, indicate repaid amount)	Not repaid		
Amount of current debts, if any (check with above if possible)					

	Yes (√)	No (√)
Are you planning to leave Uganda in the near future?		
If not, are you planning to develop your business activity?		
If yes what is your plan?		

In general, do you need any specific formal financial service? Choose (max 2)	A safe deposit where to put savings	A service for making and receiving payments	Insurance	Loan for the business activity	Loan for private needs (HH consumption)	Other (specify)

Fill in if the entrepreneur intends to make new investments:

DESCRIBE INVESTMENTS NEEDED	Total Value	To buy from whom? U/R/O (specify if Ugandan, refugee or other supplier)	Specify how much would come from your private savings	Specify how much would come from a formal loan *	Specify how much would come from an informal loan	Specify type and amount of other funding sources

Fill in if the entrepreneur would consider the option of taking a formal loan.

Understanding of reasonable and fair loan conditions considered by the entrepreneurs.

*RECAP – insert amount of the formal loan to be requested		*		
What should be the formal loan duration? IN MONTHS				
What – if any - should be the grace period duration (time before starting to pay back the loan)? IN MONTHS				
What is the instalment amount that you could pay back monthly?				
How much would you pay for the FSP service? (indicate a fair remuneration – overall amount or yearly interest rate %)				
Which guarantees would you be able to provide? (mark 1 or more cells)	A group of Refugee/my fellow national personal guarantors	Ugandan personal guarantor/s	Assets, as household or business items (type and value)	Cash collateral (private savings) – Indicate amount

Other type of collaterals (specify) _____

7. Challenges and Opportunities

As a refugee, what primary challenges/barriers have you been / are you faced with when starting / developing a business here in Uganda? _____

Dis you have any problem with climate patterns? How often have you lost a harvest, or damaged a harvest, in the last 3/5 years? Which crops are the most affected? _____

Where (which sectors / types of activities) do you think there are opportunities for refugees starting/developing a business here in Uganda? _____

Thank you for sharing your experience and your time!

Annex 4 - List of Interviewed Stakeholders

Institution	Person, Position	Date of interview
UNHCR		
UNHCR	Mr. Kenneth Anyanzo, Senior CBI Officer (acting head Livelihoods)	23 April 2018
	Mr. Gerald Peter Emoyo, Livelihoods officer	
	Mr. Acacio Jafer Juliao, Yumbe Head of office	26 April 2018
	Mrs. Night Salila, Field associate, Bidibidi zone 2	25 April 2018
	Mr. Hassan Dabar, Mbarara officer in charge	30 April 2018
Other donors / international organizations (global level)		
DanChurch Aid	Mr. Kenneth Aedu, Market development officer	26 April 2018
	Mrs. Charity Nuwagaba, Livelihoods officer	
Danish International Development Agency (Danida)	Mr. Victor Azza Vuzzi, Senior advisor, Agriculture and Rural Development	3 May 2018
Danish Refugee Council (DRC)	Mr. Anders Bastholm Hansen	3 May 2018
International Rescue Committee (IRC)	Mr. Innocent Lawoko Muno, Senior Manager for Economic Recovery and Development	27 April 2018
Japan International Cooperation Agency (JICA)	Mr. Yasushi Kondo, Community development officer and Livelihood assistant (Nakivale settlement)	30 April 2018
Mercy Corps	Mrs. Miji Park, Director of programs	3 May 2018
Swedish Embassy	Ms. Jenny Krisch, First Secretary	23 April 2018
Policy/regulatory framework (macro level)		
Bank of Uganda (BoU)	Mr. Ivan Ssettimba, Deputy director, Financial Inclusion Division	10 May 2018
Uganda Comprehensive Refugee Response Framework (CRRF)	Mrs. Miriam Malmqvist, Senior solutions and development officer	3 May 2018
	Mr. Alan Deve, Comprehensive refugee response officer	
Uganda Microfinance Regulatory Authority (UMRA)	Mr. Avu Elly Biliku, Executive director	4 May 2018
	Mr. Edmond Okiror Okwii, Legal officer	
Support structures (meso level)		
Association of Microfinance Institutions of Uganda (AMFIU)	Mrs. Jacqueline Mbabazi, Executive director	11 May 2018

Institution	Person, Position	Date of interview
Interaid Uganda	Mr. Simon, Livelihoods officer	4 May 2018
Financial Sector Deepening (FSD) Uganda	Mr. Peter Kawumi, Innovations specialist	4 May 2018
West Nile sub-region, Yumbe district, Agricultural production office	Senior council officer	27 April 2018
	Market productive officer	
West Nile sub-region, Yumbe district, Romogi sub-county	Mr. Yosiga Sulai, Sub-county chief	26 April 2018
FSPs (micro level)		
BRAC	Mr. Alemi William Kenyi, Head of business development and strategy	23 April 2018
MOBAN SACCO	Mr. John Irungu Gathungu, Chairman	1 May 2018
	Mr. Desire Bahali Mbwire, Manager	
UGAFODE Microfinance	Mr. Hannington Thenge, Business growth and development manager	4 May 2018
	Mr. Rogers Kakeeto, Head of business growth and development	
	Mr. Lwanga Ronald William, Business channels manager	
VisionFund	Mr. Stephen Nnawuba, CEO	23 April 2018
	Mrs. Martina Crailsheim, Global grants manager (Vision Fund International)	
	Mr. Rogers Businge	

Annex 5 – List of References

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Websites or portals

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Findex - <https://globalfindex.worldbank.org/>

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Annex 6 – 2006 Refugees Act

Art.29 (Rights of refugees while in Uganda) of the Refugees Act 2006 specifies that:

(1) A recognised refugee shall, subject to this Act, the OAU Convention and the Geneva Convention: (a) be issued with an identity card in a prescribed form stating the refugee status of the holder for purposes of identification and protection; (b) be permitted to remain in Uganda; (c) be entitled to fair and just treatment without discrimination on grounds of race, religion, sex, nationality, ethnic identity, membership of a particular social group or political opinion; (d) receive at least the same treatment as is generally accorded to aliens under the Constitution and any other law in force in Uganda; and be entitled to privileges that may be granted under the laws of Uganda by any administrative agency or organ of the Government; (e) receive at least the same treatment accorded to aliens generally in similar circumstances relating to (i) movable and immovable property and other rights pertaining to property and to leases and other contracts relating to movable and immovable property; (ii) the right to transfer assets held and declared by a refugee at the time of entry into Uganda, including those lawfully acquired in Uganda; (iii) education, other than elementary education for which refugees must receive the same treatment as nationals, and in particular, regarding access to particular studies, the recognition of foreign certificates, diplomas and degrees and the remission of fees and charges; (iv) the right to engage in agriculture, industry, handicrafts, and commerce and establish commercial and industrial companies in accordance with the applicable laws and regulations in force in Uganda; (v) the right to practice the profession of the refugee who holds qualifications recognised by the competent authorities in Uganda and who wishes to practise that profession; (vi) the right to have access to employment opportunities and engage in gainful employment; (vii) any other right that may legally be accorded to a refugee; (f) have the same rights as the nationals of Uganda with respect to practicing their religion and the religious education of their children; (g) have a right of association as regards non-political and non-profit making associations and trade unions; (h) have free access to courts of law, including legal assistance under applicable laws of Uganda.

(2) A refugee shall be accorded the same protection as is accorded to the nationals of Uganda in respect of the protection of intellectual property rights, including industrial inventions, patents, designs, trade names, copyrights and other artistic and scientific works.

Annex 7 – Business Cases Overview (non-agricultural activities)

	Bidibidi			Nakivale			Kampala		Average result
	Store and Bar	Mechanic workshop and Spare Parts	Fuels station and taxi	Milling	Hairdresser	Garments shop	Liquid soap production	Briquettes' production	
Initial investment - starting capital	4,200,000	4,824,000	630,000	1,500,000	800,000	4,000,000	110,000	-	2,008,000
N.owners sharing profit	1	1	1	1	10	1	1	1	2
N. people depending on profit	13	9	8	12	1	6	1	6	7
% on HH income	100%	100%	100%	100%	100%	75%	65%	100%	1
Monthly revenues	1,750,001	4,900,000	6,890,001	2,400,000	3,125,000	4,800,000	550,001	2,200,000	3,326,875
Monthly direct costs	770,000	3,360,000	6,160,028	1,425,000	1,250,000	1,750,000	350,000	488,889	1,944,240
Monthly fixed costs	230,000	822,500	-	460,000	740,000	402,917	144,500	1,550,000	543,740
Monthly profit	750,001	717,500	729,973	515,000	1,135,000	2,647,083	55,501	161,111	838,896
Project for the future	purchase additional goods - such as mattresses and sugar	make fresh juice: fridge, generator, machine, chairs, setting	1 motorbike	buy a tranformer	bigger place	-	double production to 6 jerrycans	drying facility and better equipment	-
Potential future investment	4,000,000	3,000,000	5,000,000	6,000,000	5,000,000	-	300,000	3,000,000	3,287,500
Proportion from loan	4,000,000	3,000,000	5,000,000	6,000,000	3,000,000	-	250,000	1,200,000	2,806,250
Proportion from savings/investment	-	-	-	-	2,000,000	-	50,000	1,800,000	481,250
Profit per owner	750,001	717,500	729,973	515,000	113,500	2,647,083	55,501	161,111	711,209
Profit per HH member	57,692	79,722	91,247	42,917	113,500	441,181	55,501	26,852	113,576
N. employees	2	2	-	5	-	-	-	9	2
Salaries generated (tot.)	180,000	120,000	-	350,000	-	-	-	1,200,000	231,250
Salary per employee	90,000	60,000	-	70,000	-	-	-	133,333	88,333

Currency in UGX.

Annex 8 – Business Cases Overview (agricultural activities)

	Bidibidi			Nakivale				Average result
	Farm 1 - supported by DCA	Farm 2 - supported by DCA	Farm 3 - supported by DCA	Poultry business	Farm group - horticulture	Farming for sale at local market	Farm + milk & livestock	
initial investment - starting capital	175,000	-	52,000	13,130,000	1,455,000	-	3,000,000	2,544,571
N.owners sharing profit	1	1	1	1	5	1	1	2
N. people depending on profit	7	6	2	6	100	7	7	19
% on HH income	100%	65%	100%	80%	100%	100%	100%	1
Yearly revenues	1,100,001	480,401	7,108,000	106,082,309	7,312,501	15,875,001	2,890,001	20,121,173
Yearly direct costs	135,000	189,000	579,333	44,101,215	3,940,714	579,333	1,170,000	7,242,085
Yearly fixed costs	10,833	-	65,000	14,760,000	-	1,020,000	200,000	2,293,690
Yearly profit	954,168	291,401	6,463,667	47,221,094	3,371,787	14,275,668	1,520,001	10,585,398
Project for the future	land+inputs	-	open a store of agricultural products	structures and feeds and chicks to enlarge the business	Increase input investment on larger plot of land	Livestock - goats	cow for milk	-
Ptential future investment	250,000	-	5,000,000	30,000,000	8,000,000	5,000,000	2,500,000	7,250,000
Proportion from loan	110,000	-	2,000,000	21,000,000	5,000,000	3,000,000	2,500,000	4,801,429
Proportion from savings/invetment	140,000	-	3,000,000	9,000,000	3,000,000	2,000,000	-	2,448,571
Profit per owner	954,168	291,401	6,463,667	47,221,094	674,357	14,275,668	1,520,001	10,200,051
Profit per HH member	136,310	48,567	3,231,833	7,870,182	33,718	2,039,381	217,143	1,939,591
N employees	-	-	-	2	-	-	1	0
Salaries generated (tot. yearly)	-	-	-	2,400,000	-	-	96,000	356,571
Ssalary per employee				1,200,000			96,000	648,000

Annex 9 – Business Case (Bidibidi, Mechanic Workshop)

Location of the business activity	Bidibidi
Type of business activity	Mechanic workshop and sale of spare parts for motorbikes

Brief description of the activity

He was a mechanic and student in leadership management at the University in South Sudan. He had a workshop for repairs and also sold motorbikes.

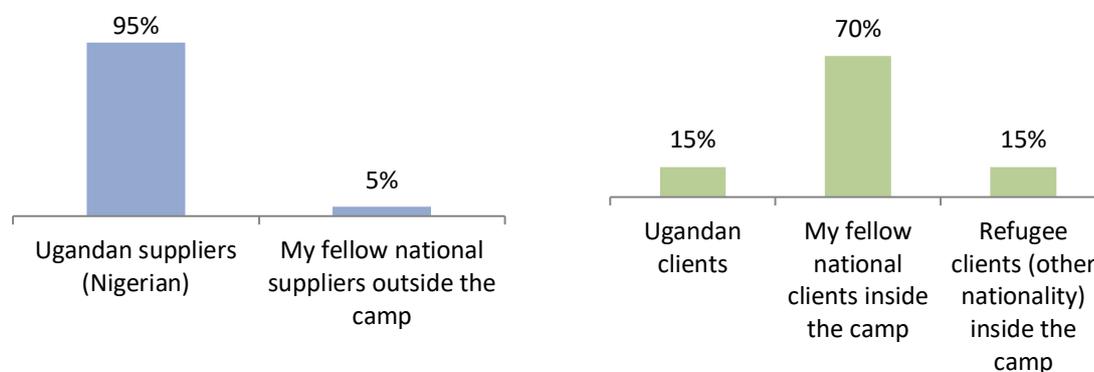
In Bidibidi, he repairs motorcycles and also sells spare parts. He sells also stickers that he brings from south Sudan, which south Sudanese people like a lot. They are two in the market, him and a Ugandan guy. Motorbikes are usually owned by people who brought them from South Sudan, so they basically use them inside the camps.

He had made a very big order of spare parts at a Nigerian supplier in Kampala in order to start the business, and travels regularly to Kampala for his orders. He manages to employ 8 people. Actually, 2 are paid employers helping him with spare parts sales, one of them also with the mechanic work. Then, he has 6 interns that he does not pay, since they are learning the job.

He has a project to diversify his business. He made a market research and noticed that nobody sells fresh juices in the settlement, while more and more people cannot drink sodas because of health problems. He thinks that with a generator, and fridge and the machine to make juices he could make a good side business to the mechanic workshop. He's training people who could run the workshop, while he keeps being a supervisor

Starting investment needed

Stock of spare parts	4,971,000 UGX
Books for bookkeeping	3,000 UGX
Bureaucratic procedures (1st year license)	30,000 UGX
TOTAL INVESTMENT	4,824,000 UGX



Monthly Average Income Statement & Cash flow *

		Repairs	Spare Parts
Monthly gross revenues	4,900,000 UGX	UGX 700,000	UGX 4,200,000
Monthly direct costs	3,360,000 UGX	-	UGX 3,360,000
Contribution margin (to cover fixed costs)	1,540,000 UGX	UGX 700,000	UGX 840,000
Employees gross salaries	120,000 UGX		
Transports	640,000 UGX		
Rent	30,000UGX		
Telephone and communications	30,000UGX		
License (30,000 yearly)	2,500 UGX		
Total monetary fixed costs	822,500 UGX		
MONTHLY CASH FLOW (not considering loan instalments)	717,500UGX		
Depreciation	80,725 UGX		
Monthly NET PROFIT	636,755 UGX		

*Estimation considers only the 1st year of activity.

SUMMARY TABLE OF THE BUSINESS PROJECT		Mechanic workshop	Products / Services for sale	
	Location of the business activity	Bidibidi – zone 1	Repairs	Spare Parts
a. CURRENT PROFITABILITY	Monthly break even revenues	2,620, 000 UGX	375,000 UGX	2,245,000UGX
	Current monthly gross revenues <i>(green or red if above or below the break even)</i>	4,900,000 UGX	700,0000 UGX	4,200,000 UGX
	Monthly net cash flow (average)	717,500 UGX		
	b. FINANCIAL STRUCTURE	Starting value of the project	4,824,000 UGX	100%
Of which: from promoter's savings		4,000,000 UGX	83%	
Of which: from a savings group loan		800,000 UGX	17%%	

*He has a capital in South Sudanese Pounds, 1,000,000 SSP from his savings, and 20,000 SSP borrowed from a savings group. The SSP has been strongly devaluated in the last two years, so the rounded exchange rate at 1SSP=40UGX is an estimate of the first months of 2017

Annex 10 – Business Case (Bidibidi, Farmer)

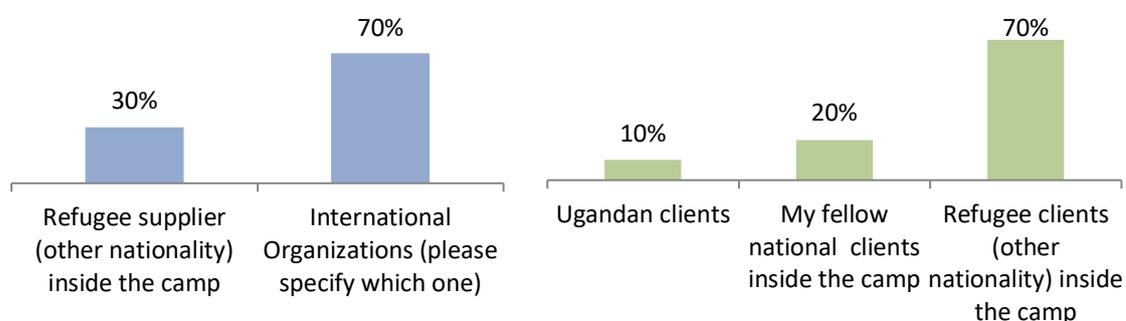
Location of the business activity	Bidibidi
Type of business activity	Mechanic workshop and sale of spare parts for motorbikes
Brief description of the activity	

He is a farmer who arrived in Bidibidi in 2016 from South Sudan. He has been recently enrolled in the Market system development programme implemented by DCA – Dan church Aid in the settlement. Last year he started with cassava, sorghum, potato, groundnut, sim sim, onions, and cabbages. After some problems with horticulture production due to the lack of pesticides, he concentrated on food and cash crops: cassava, ground nut, maize, sorghum and simsim. He receives a support to buy the seeds, 70% or 50% depending on the crop, declining season by season, to be eliminated in 2 seasons. Intermediaries enrolled within the programme, but working directly for the final off-takers (not for DCA) ensure that the production will be purchased. Overall the plot is one hectare, which he managed to obtain to be used free of charge by some Ugandans (a standard rent is about 100,000 UGX per year)

Starting investment needed

Hoes	10,000* UGX
Boots	16,000* UGX
Land	free
TOTAL INVESTMENT	16,000 UGX

*Boots and hoes were not actually purchased in the first season, but given in the framework of the programme



Yearly Average Income Statement

		cassava	ground nut	maize	sorghum	simsim
Yearly gross revenues	7,108,000	1,080,000	1,728,000	1,300,000	1,400,000	1,600,000
Yearly direct costs	579,333	260,000	163,333	30,000	84,000	42,000
Contribution margin (to cover fixed costs)	,528,667	820,000	1,564,667	1,270,000	1,316,000	1,558,000
Fork hoe	20,000 UGX					
Insecticide	12,000 UGX					
Hoe	10,000UGX					
Axe	15,000UGX					
Panga (machete)	8,000 UGX					
Total monetary fixed costs	65,000 UGX					
YEARLY CASH FLOW	6,463,667UGX					

Overall Monthly Cash flow

Costs/incomes	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Initial agricultural input used to begin the season e.g. "seeds", "chick")	-	-	338,667	-	-	-	42,000	138,667	-	-	-	-
Other aricultural input used for production e.g. "pesticides", "fertilizers", "food for animal", "drugs", etc)	-	-	-	-	-	-	-	-	-	-	-	-
External workforce and services for agricultural production, e.g. "casual labour for field preparation"; "casual labour for harvesting"; "veterinary services")	-	-	-	60,000	-	-	-	-	-	-	-	-
Additional costs/activities to be added to the final output write description: e.g. "transport", "final treatment", "packaging"	-	-	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	782,333	1,293,000	-	1,080,000	2,340,333	635,000
Result	-	-	(338,667)	(60,000)	-	-	740,333	1,154,333	-	1,080,000	2,340,333	635,000
Monthly fixed costs	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417
Overall result	(5,417)	(5,417)	(344,083)	(65,417)	(5,417)	(5,417)	734,917	1,148,917	(5,417)	1,074,583	2,334,917	629,583

Annex 11 – Business Case (Nakivale, Milling)

Location of the business activity	Nakivale
Type of business activity	A mill rent to farmers to make flower

Brief description of the activity

He from Rwanda, and the activity in 2010, from scratch. He learnt the business here (a friend said it's good business so learned by himself to try). Mills maize, sorghum, millet, soya, cassava. The mill is along the main market road, so he has to register business. The licence is 40-60,000 per year, which is ok for him. He does not pay rent, because the business on his allotted plot (lives on the same site). Now he has 3 mills (valued at 3 million each), but he wants a bigger and better mill now. The mills only last 2 years, so has bought a total of 8 mills so far (new good mill 6 million, old valued at 3 million).

He started with 500,000 in savings (from earlier farming activities) plus 1 million value mill bought on credit from supplier. Since then, he made other investments for a total of 32 million (5 million water tank, 8 mills for 3 million, and 3 million structure). He He used profits plus 1 loan from SACCO (4 million, paid in 8 months at 2% interest per month), all paid back. He also borrows regularly from friends (for spare parts etc when he needs to cover a larger expense) - around 4 times per year at no interest, and pays back quickly.

Good days are during drought (2 months), slower days (10 months). He mills 1300 kilos on good days and 700 kilos on slow days, and charges 100 per kilo (normal milling) and 200 per kilo (if remove brain)

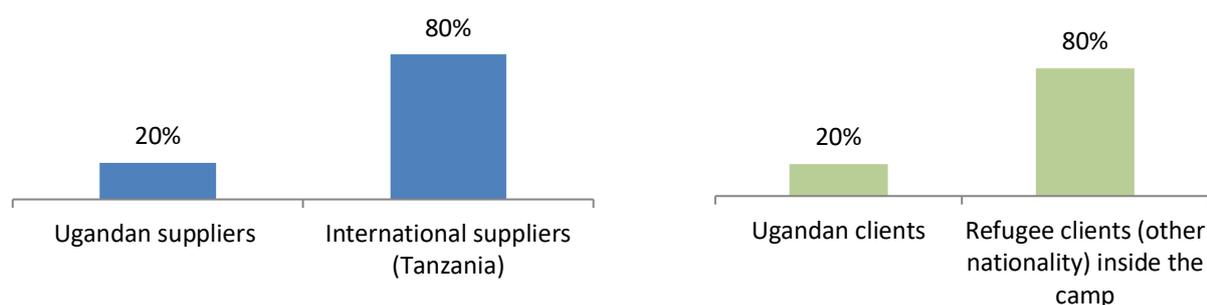
He would like a big loan to buy transformer (it takes too long to save that amount). He keeps savings at SACCO, and does not look for additional financial services. However, if interest is more than 35 per month, he wouldn't be interested. The main challenge is lack of capital - large amounts, would really need at least 5 million to help improve his business. "If you ask a loan from a bank (Centenary, Stanbic, Pride MFI in Isingiro) they ask for security (house, land) and we do not have it (and even if we have a 3 million motorbike, they only value it at 1 million). And the interest is too high (1 million over 6 months at 2% per month with no grace period). No grace period is hard if you just started a business"

He just started also a fish project - invested 500,000 (saved business profits) for 100 fish, but not yet harvested –he could think at eventually invest another 6 million to expand this.

IPs support only groups, but there if different thinking among group members, can cause problems. Is afraid of joining a group.

Starting investment needed

Structure	500,000 UGX
Mill	1,000,000 UGX
TOTAL INVESTMENT	1,500,000 UGX



Monthly Average Income Statement & Cash flow *

		Milling services
Monthly gross revenues	2,400,000 UGX	UGX 2,400,000
Monthly direct costs	1,425,000 UGX	UGX 1,425,000
Contribution margin (to cover fixed costs)	975,000 UGX	UGX 975,000
Employees gross salaries	350,000 UGX	
Transports	5,000 UGX	
General maintenance	50,000UGX	
Water (only in drought months, 60,000 yearly)	50,000UGX	
License (60,000 yearly)	5,000 UGX	
Total monetary fixed costs	460,000 UGX	
MONTHLY CASH FLOW (not considering loan instalments)	515,000UGX	
Depreciation	18,750 UGX	
Monthly NET PROFIT	496,255 UGX	

*Estimation does not include further investments.

SUMMARY TABLE OF THE BUSINESS PROJECT			Mill	Products / Services for sale
		Location of the business activity	Nakivale	Milling service
a. CURRENT PROFITABILITY	Monthly <u>break even revenues</u>		1,132,308 UGX	1,132,308 UGX
	Current monthly gross revenues <i>(green or red if above or below the break even)</i>		2,400,000 UGX	2,400,000 UGX
	Monthly net cash flow (average)		515,000 UGX	
b. FINANCIAL STRUCTURE	Starting value of the project		1,500,000 UGX	100%
	Of which: from promoter's savings		500,000 UGX	33%
	Of which: from formal loan (store credit)		1,000,000 UGX	67%

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