



FGD Discussion at Zone 1 – Bidi Bidi (November 2022)

Baseline Assessment Report – ReFINE Project

March 2023

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Acknowledgements
Acronyms & Abbreviations

Executive summary

This report provides an in-depth analysis

Section 1: Introduction & Background

1.1 Introduction

Uganda is currently the largest-refugee hosting country in Africa, and the fifth largest globally¹. According to the UNHCR, 951,713 refugees have fled to Uganda from South Sudan; 444,308 hail from the Democratic Republic of the Congo (DRC); 42,036 are from Burundi; 25,726 from Rwanda, and 56,894 from Somalia². Many of these refugees enter the host country in a destitute state, in need of food, shelter, basic amenities and core financial services for survival. In Uganda, the UN High Commission for Refugees (UNHCR), the United Nations' refugee agency, coordinates with the Government of Uganda and humanitarian partners to provide emergency assistance and protection to refugees in border areas and relocate them to refugee settlements in the short term.

However over the years, Uganda's national services and systems have been inundated with demand from refugees. Uganda was already hosting over 1.5 million refugees at the start of 2022, and within the same year received an additional 130,000 refugees from the DRC and South Sudan who fled violent conditions to find safety in Uganda, putting further pressure on an overstretched humanitarian response. Additionally, global funding shortfalls have forced UNHCR and World Food Program (WFP) to introduce cuts to their aid to refugees in a number of operations across the world, including Uganda. Currently, Uganda is one of UNHCR's most underfunded operations, with just 46% of US\$ 343.4 million received for 2022. These developments highlight one core insight: while immediate humanitarian aid is critical for refugee communities, economic opportunity is needed for longer-term stability of refugees - and this opportunity is most meaningfully delivered through private sector markets. Empirical evidence also suggests that unlocking access to finance for refugees is not only crucial to enhancing their livelihood but is also an important contributor to a country's GDP³. This makes efforts directed at improving access to finance for forcibly displaced persons significant to nation building

But the business of delivering financial services to refugees is far from simple. Due to the large number of refugees in-country, their diverse countries of origin, and the varying lengths of displacement, the business of offering financial services to this demographic is complex and riddled with many barriers. A recent Mercy Corps/Kiva assessment conducted in 2021⁴ on the state of financial services for refugees in Uganda highlighted that many FSPs are hesitant to work with refugees for fear of financial loss. They perceive refugees as a flight risk, or too risky to serve due to no credit history, few fixed assets, and limited collateral. For FSPs already serving refugees, it is operationally complex due to remote locations, stringent Know Your Customer (KYC) requirements, the lack of sharia compliant products, and insufficient low cost, patient capital to invest in starting or growing refugee finance portfolios.

¹ Van der Merwe and Tulloch (2019). [Cost-Efficiency Analysis of Basic Needs Programs: Best Practice Guidance for Humanitarian Agencies](#).

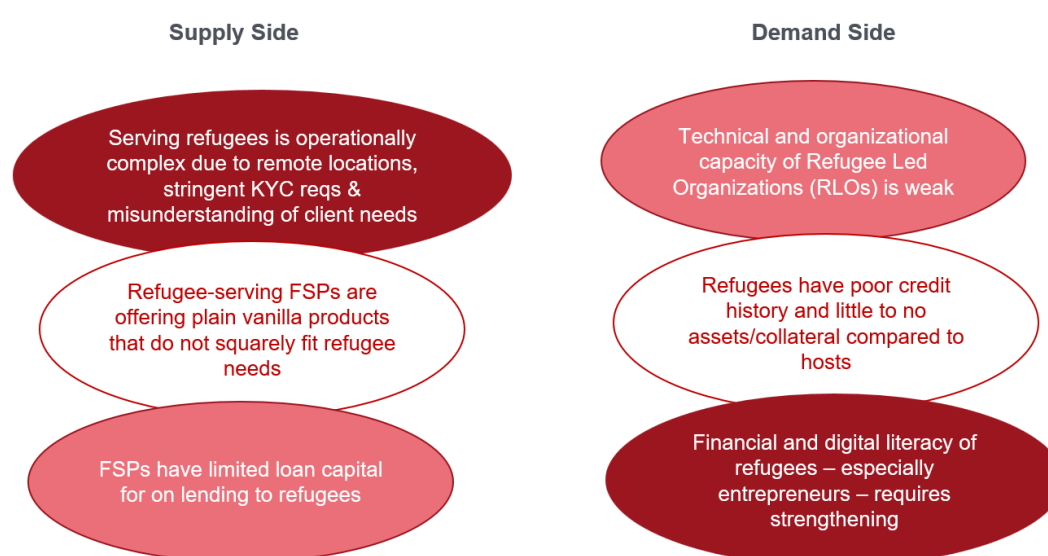
² <https://data.unhcr.org/en/country/uga>

³ World Bank (2015). Good Jobs in Turkey. World Bank Publication, Washington DC

⁴ See Fig 1.0

These challenges are compounded by the capacity skills gaps of refugees in Uganda. Refugees, particularly women, tend not to have sufficient knowledge and capacities to access, and use financial services to grow their incomes or build resilience. According to a recent survey led by Urban Refugees of 21 RLOs in Kampala, only 38% of their members have a bank account, and 85% receive their income in cash. The main reasons cited for this are their lack of information on financial services, limited understanding of legal and administrative processes to access these services, and low levels of financial literacy⁵. Most refugees lack any banking experience, and many refugee-led micro-enterprises are started with little or no business skills to ensure profitability.

Figure 1: Showing key findings from a 2021 Kiva/Mercy corps study



Refugee Led Organizations, or RLOs, represent a unique and effective avenue of closing the capacity skills gaps of refugees in accessing and using relevant financial services for their households and businesses. These RLOs are typically the first point of contact for asylum-seekers arriving in the region and provide frontline and grassroots level support to refugee communities with counseling, education and livelihoods support. However, NGOs and FSPs often point to RLOs' lack of organizational capacity, which hinders effective partnerships.

To summarize, the three discrete problems that require resolution to improve refugees' access to finance include the following:

- Insufficient knowledge and skills among refugees (especially women) to access, and use financial services to grow their incomes and build resilience;
- FSPs do not sufficiently understand, or respond to, the specific needs of refugees in the design and delivery of their products and services; and
- FSPs have insufficient low cost, patient capital to invest in starting or growing refugee finance portfolios.

⁵ Urban Refugees completed this survey in March 2021

The reason that these problems persist is that there is no single solution or actor that can independently overcome them. A successful and sustainable solution relies on the collaboration of multiple actors to provide a holistic bundle of services.

1.2 Overview of ReFine

Mercy Corps' project "Refugee Finance to Grow Income, Assets and Resilience through Bundled Services in Uganda" (ReFine) aims to address the root causes that limit the supply of, demand for, and cost-effective use of financial services for 2,000 refugees in Uganda (urban refugees residing in Kampala and households in peri-urban and rural areas of West Nile District). The primary goal of ReFine is to enable refugees to access and benefit from financial services to improve their incomes, build their asset base, and improve their self-reliance through building the capacity of refugee digital and financial literacy and providing low-cost, risk-tolerant capital through financial institutions to refugee businesses and farms. More specifically, ReFine plans to do this by:

- Increasing refugee financial and digital literacy and capacity to productively use available financial services;
- Providing refugee and Refugee Led Organizations (RLOs) with support that increases the speed and success of meeting relevant legal and regulatory requirements for using financial services;
- Enabling refugees to make a positive return on their investments in microenterprises and farms;
- Expanding Financial Service Providers (FSPs) financial and operational capacity to serve refugees with relevant and fit-for-purpose financial products.

Figure 2: Showing REFINE – Program overview



Fig 1.1

ReFine intentionally works through a partnership model between Mercy Corps, Kiva (the world's first online crowdlending platform) and Cohere (an NGO offering direct

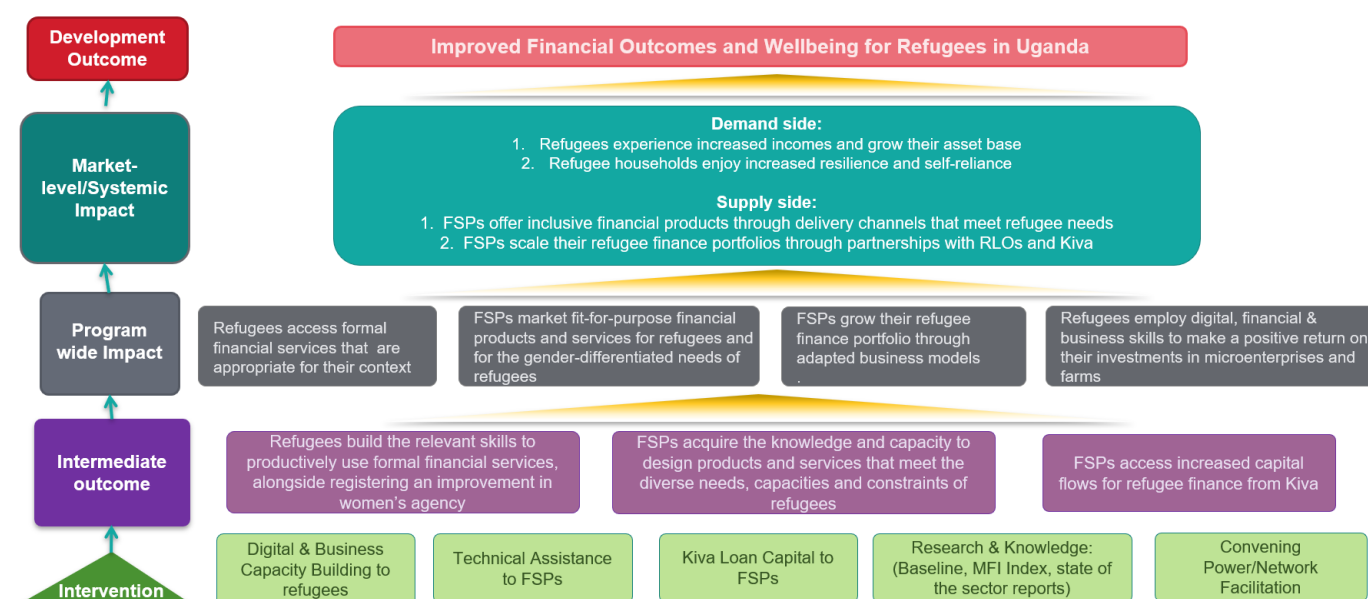
support to refugee-led businesses in Uganda), to enable urban and settlement-based refugees in Kampala and West Nile to access and benefit from inclusive financial product offerings. The primary beneficiaries of this project are refugee entrepreneurs and women, as well as the general refugee and host household population.

The project is being implemented through three (3) FSPs and five (5) RLOs that are existing partners of Kiva and Cohere respectively. Mercy Corps will manage the overall programme, ensure coordination between implementing partners, and will lead in providing or securing the relevant technical support for programme partners (e.g. human centred design). Kiva will provide their partner FSPs access to their low-interest and risk-tolerant capital and work closely with Mercy Corps on FSPs' institutional strengthening. The FSPs will also receive technical assistance towards the development and adaptation of new and existing financial products and services to refugee and women's needs, and will be helped to design appropriate business and outreach models for scaling refugee financing.

Cohere will build the organizational and technical capacity of RLOs to represent different groups of refugees with FSPs and other partners and help their members access financial services. Through coordinated business clinics, the RLOs will enable their clients understand and meet KYC and other regulatory requirements for accessing financial services; They will enable refugee businessmen and women to develop their financial and digital literacy, and benefit from access to support centres/drop-in clinics to help their businesses navigate legal and regulatory requirements for accessing financial services. Within this framework, the downstream partnerships with FSPs will be led by Kiva, and the downstream partnerships with RLOs will be led by Cohere.

1.3 Theory of Change for ReFine

Figure 3: Showing theory of change for REFINE



1.4 Purpose and Scope of the Baseline Study

In order to establish the basis for impact measurement for the program, ReFine conducted a baseline study to survey key actors in the refugee finance space on both the demand and supply sides. This included refugees and special interest groups within the demand side population (women, entrepreneurs, smallholder farmers) and FSP, RLOs and fintechs among the supply side actors. The study focused on urban refugees in Kampala and Wakiso and on refugees in West Nile (specifically Bidi Bidi and Rhino Camp settlements). The study was guided by the following specific objectives:

Specific objectives

1. On the Demand side, the assessment sought to identify the current state of financial services penetration among refugees and their businesses, identify the barriers to uptake and establish the level of financial, business and digital literacy of both urban and settlement-based refugees
2. On the Supply side, it sought to broaden knowledge and understanding of the financial services and products on offer to refugees and their businesses and to assess the capacity of FSPs in delivering credit products to refugees and their businesses that are fit for purpose.

There are additional sub-objectives for both the demand and supply sides of the refugee financial services market that informed the research framework. These are:

Demand side:

- To establish the current credit penetration levels in the refugee market
- To identify the systemic barriers to accessing and using finance, the current coping mechanisms and the potential opportunities for accessing formal financial services by the refugees, host communities and women.
- To document the general characteristics of refugees who are using formal financial products (with particular emphasis on women), the number of active users, the current spend cases, how and why they use these formal products and what the enablers of take up and use are.
- To establish the current income levels and what the yield of refugees with farms and microenterprises are and how they have changed over time
- To establish the current levels of digital and financial literacy among refugees and the level of entrepreneurship or business management knowledge among refugee business owners
- To document the number of refugee businesses that meet KYC and other regulatory requirements for accessing financial services.

Supply side:

- To ascertain the suite of financial offerings (products and services) available to refugees and their businesses in both urban and settlement contexts
- To establish the level of customer satisfaction with the suite of financial products and services in the refugee marketplace

- To document the operational, financial, technological, and strategic changes required from an FSP to sustainably lend (or offer financial products) to new and remote refugee markets
- To establish the current level of Kiva's lending support to their three partner financial institutions in terms of each one's refugee loan portfolio
- To establish the current organizational and technical capacity levels of Refugee Led Organizations (RLOs) and to document their needs

1.5 Approach and methodology

The assessment used mixed-methods of data collection driven by a household-level quantitative tool, desk research, semi-structured key informant interviews, and focus group discussions to collect the required data. A research framework was developed that guided the development of research themes and corresponding tools for sourcing data according to those themes.

Data collection approaches

The study relied on two main approaches to source data:

- There was a desk research component that reviewed data from multiple sources to collect secondary data
- A primary research component that included:
 - A quantitative survey with individual refugee participants to collect quantitative data
 - In-depth Interviews (Key Informant Interviews and Focus Group Discussions) conducted with supply side actors and special interest groups to collect qualitative data

Secondary Data Collection: Relevant documents were reviewed to produce secondary data to supplement the findings from the primary data collection and provide historical data for modeling and triangulation of field findings. The data sources used for this review included; previous study reports, project implementation reports, population data and other literature accessed from a number of public sources such as UNHCR, World Bank, FSD Uganda, REACH-Uganda and the Refugee Investment Network.

Primary Data Collection:

Primary data collection consisted of both the administration of a quantitative survey and in-depth interviews (KIIs and FGDs). A total of 793 individual level quantitative surveys across both Kampala and the West Nile refugee settlements of Bidi Bidi and Rhino Camp were conducted. 12 focus group discussions were held with gender-disaggregated, participant disaggregated, and mixed-aged community members across the two regions of Kampala and West Nile, with six in each region. 17 key informant interviews were conducted with anchor partners, key financial institution partners, refugee led organizations (RLOs) and local refugee and host community leaders.

Quantitative survey: The population for the quantitative survey was determined from the household population size of the key areas of operation for ReFine, including

Kampala (Rubaga, Makindye), Terego (Rhino Camp), Yumbe (Bidi Bidi) and Lobule in Koboko. The respondents were randomly sampled from the REFINE areas of operation (Kampala, Yumbe and Terego districts) to represent the views of the wider group and to ensure that everyone stood a chance of selection from the area. Mercy Corps' **sampling calculator** was also used for sample size determination with the appropriate parameters. 793 participants were targeted as a sample during the assessment; out of these, 776 respondents were reached, yielding a 97.6% response rate. The 793 participants represented a total population of 107,936 households using a Level of Confidence of 95%, Margin of Error of 5%, Non-response rate of 10% and Prevalence of poverty in the region of 50% with a design effect of simple random sampling of 1.0.

Figure 4: Showing West Nile districts.

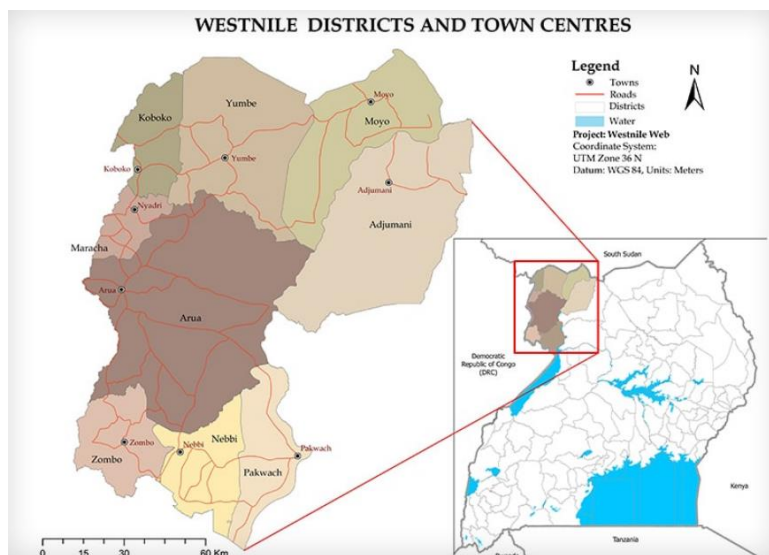
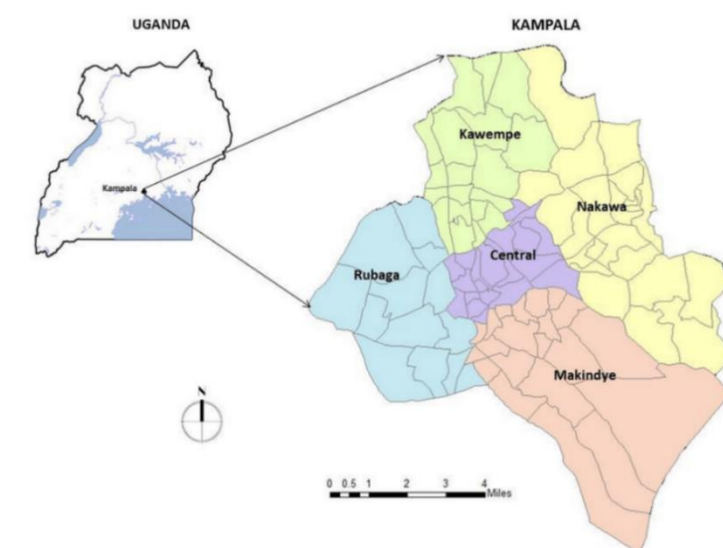


Figure 5: Showing Kampala divisions.



The survey questionnaires were administered by a team of data collectors/enumerators attached to Mercy Corps with multi-linguistic skills that reflected the

varying languages spoken by the refugee and host community in Kampala and the settlements. Electronic data collection using the ONA application and android-based tablets/ smart phones was employed to ensure easy and fast data collection given the size of the questionnaire administered.

In-Depth Interviews: The study relied on a combination of qualitative data approaches including Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) to gather supplementary data from respondents. KIIs involved 40 to 60-minute interviews with key stakeholders in the ReFine program, who are largely supply-side actors and could shed perspectives on the different financial products and services, constraints and opportunities around access to finance. They primarily included financial institutions and Refugee Led Organizations (RLOs) and potentially fintechs in the space.

Focus group discussions (FGDs) were yet another key element of qualitative techniques that provided valuable information that cannot be captured by the key informant interviews. The FGDs were conducted by a trained moderator among a small group of participants. The number of people per FGD ranged from 8-10 people. The groups were dynamic and took into consideration the cultural norms and social dynamics within the communities. The FGDs included groups of;

- Women only
- Youth only (both male and female)
- Refugees only
- Refugee entrepreneurs
- Host community only
- Refugees and Host community

Two sets of six FGDs were conducted in the study – one for each region. Open-ended questionnaires were used during the FGDs to allow the participants to freely give their views on issues related to the access to finance discussed. Participants to the FGDs were identified and selected with the support of the community leaders based on their personal knowledge of the key issues and their ability to communicate.

All the required protocols for access to the settlements were followed; settlement authorities and local leaders were notified of the activities in the settlement and different zones. In all cases, appropriate measures were taken to comply with the Covid-19 and Ebola SOPs to ensure the safety of the respondents and persons conducting the study.

1.6 Data capture, management, and analysis

Data Monitoring: The ReFine team provided overall supervision throughout the data collection and the report writing phases. During the training, all the tools were reviewed and pre-tested to ensure that all the data collectors were asking questions appropriately, sensitively, and correctly.

Data Cleaning: Collected data was sent wirelessly to the secure server at the end of each day of data collection, for the assessment team to review and investigate anomalies prior to the following morning's de-brief of data collectors. The data

collectors were responsible for the accuracy and completeness of the data before submission into the ONA server. Data was downloaded in an excel format and uploaded to Power BI and SPSS for cleaning and creation of dashboards in preparation for report writing.

Section 2: Assessment Findings

2.1 Introduction

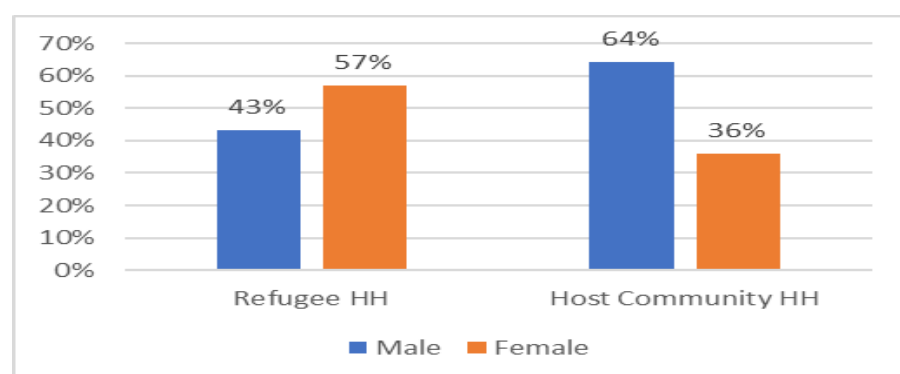
ReFine seeks to change the narrative of financial exclusion and overdependence on donor aid of refugees in Uganda by deploying responsible capital and practical financial and digital skills/capacity through key market actors. To ensure that the interventions offered through ReFine to the various actors are fit for purpose and grounded in evidence, a baseline assessment was conducted. The baseline sought to achieve a balanced perspective on the pertinent issues affecting the refugee finance ecosystem through a consideration of both the demand side (refugee, refugee groups) and supply side (financial service providers). In this chapter, the key survey findings regarding the current state of financial services penetration among refugees and the identified barriers to their financial, business and digital literacy are presented first, after which a detailed treatment of the key supply side issues follow.

2.2 Demographic characteristics

a) Gender representation

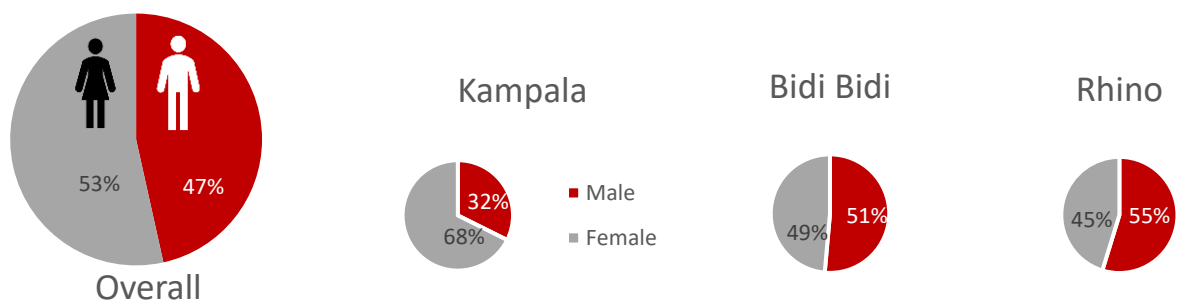
Majority of the respondents for the quantitative survey in both jurisdictions (West Nile and Kampala-Wakiso) were female (53% female vs 47% male) as shown in figure 6 in the host community specifically, majority of the respondents were male (64%) as compared to the females (36%). Quite the opposite was observed among the refugee households where the majority of refugee respondents were female (57%) vs males (43%). Majority of the respondents were refugees (both Urban and in settlements) (84% refugees vs 16% Host communities); this was by design.

Figure 6: Showing gender distribution across refugee and host communities



In terms of location, both areas in West Nile had a fairly similar gender split; that for Kampala however was heavily skewed towards females, with 68% of the respondents being female. This can be attributed to the high female membership of many of the Refugee Led Organizations

Figure 7: Showing gender distribution.



b) Age

In general, the respondents had an average age of 35 years with the maximum being 79 and minimum 18. This represents an economically active age group that are major consumers of both financial services and digital technology. They also represent a huge potential for future development.

Figure 8: Showing average age of respondents.

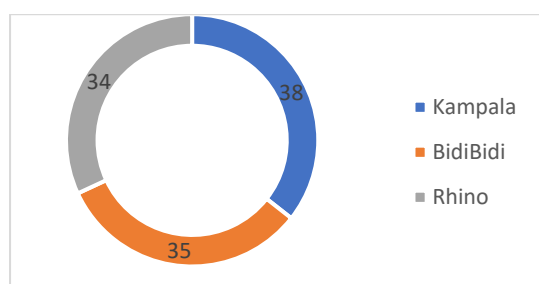
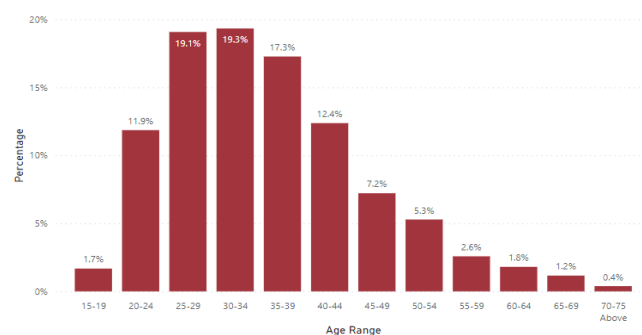


Figure 9: Showing age distribution categories of respondents.



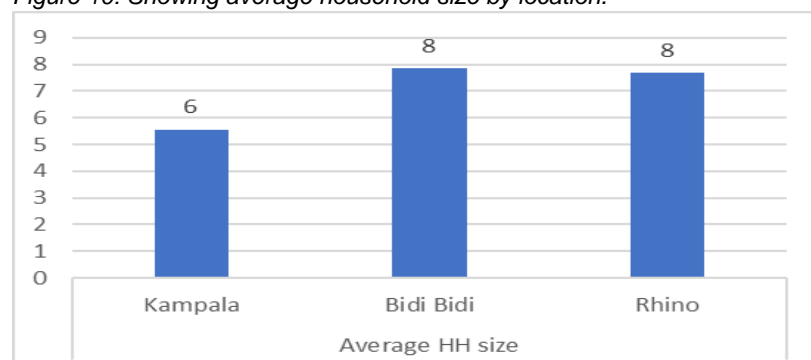
c) Household size

The assessment revealed an average household size of 7 people for both host and refugee households. This is consistent with findings from UNHCR that estimate the average refugee household size to be 7⁶. In addition, 63% of households were reported to be married/living together, 17% not married and 14% separated/divorced. 33% of refugee households were female headed while only 9% of host community

⁶ <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwj7MqZ5P78AhW-UKQEhUMTAREQFnoECAwQAQ&url=https%3A%2F%2Fdata.unhcr.org%2Fen%2Fdocuments%2Fdownload%2F71910&usq=AOvVaw0LLXUVm6xkqsSlknq-gV4V>

households were female headed. Household size is important because it has an impact on livelihoods: a small household is easier to manage compared to a large one.

Figure 10: Showing average household size by location.



d) Formal education level

The survey revealed that the majority of host community respondents (44%) and refugees (24%) were secondary school leavers followed by primary school leavers at 17% and 22% respectively. A significant variation between refugees and host communities is seen when directly comparing secondary school completion with only 24% refugees having completed senior secondary vis-à-vis 44% of host communities. Unsurprisingly, Kampala based refugees have higher education levels compared to those living in settlements in West Nile as revealed by the baseline findings.

Figure 11: Showing level of education by category.

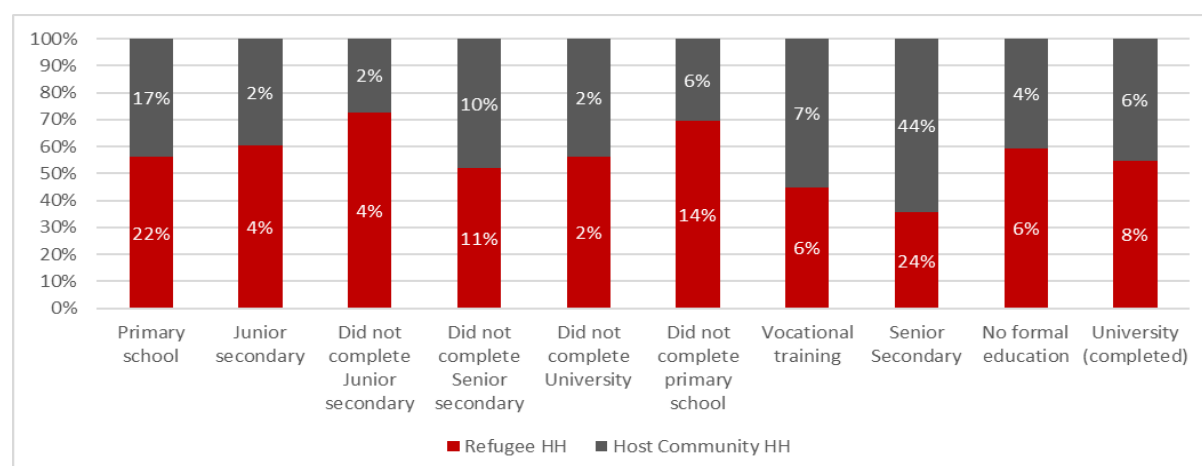
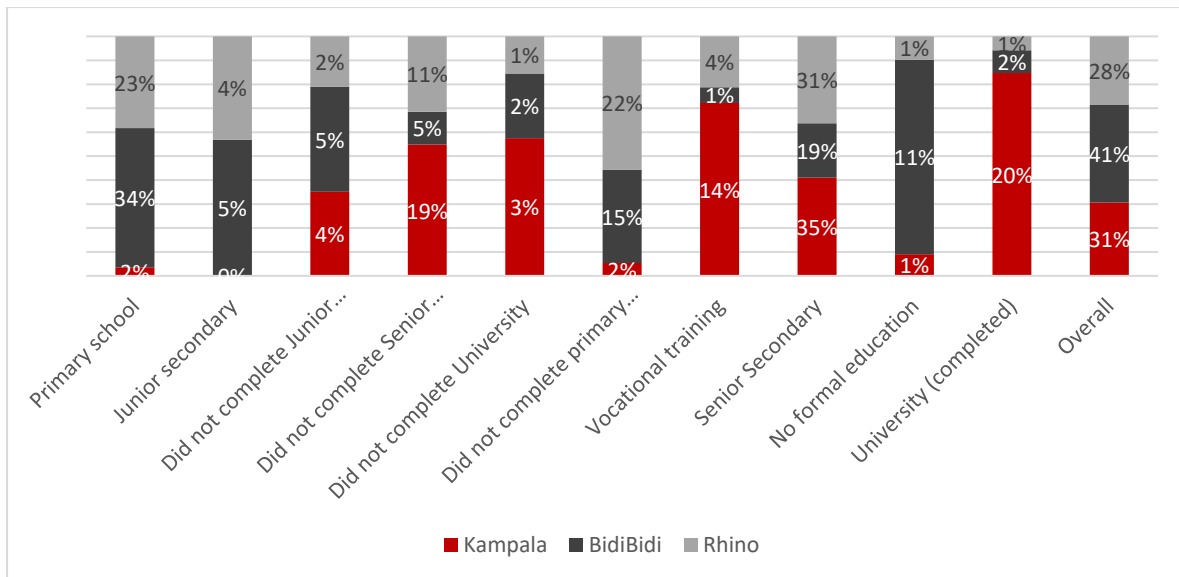


Figure 12: Showing level of education of respondents.



e) Source of income

Majority of the respondents revealed that they were self employed running small businesses. An analysis of the data revealed that 76% in Kampala were running small businesses, followed by 68% of the respondents in Rhino camp also engaged in small businesses and finally 47% in BidiBidi. A deeper comparison between Refugees and host communities revealed that significantly more refugees (67%) were in self employment compared to 35% of host communities who also reported to be running small businesses. This large differential is widely attributed to the fact that the refugees are less likely to obtain formal employment compared to the host communities.

Figure 13: Showing source of income by household category.

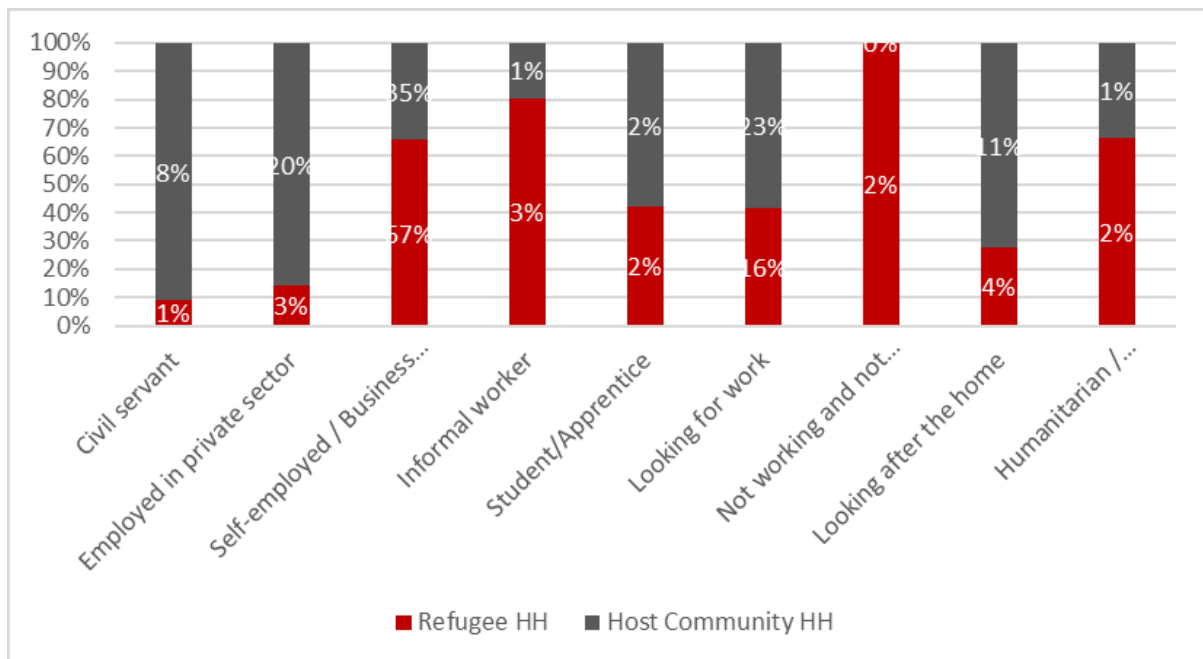
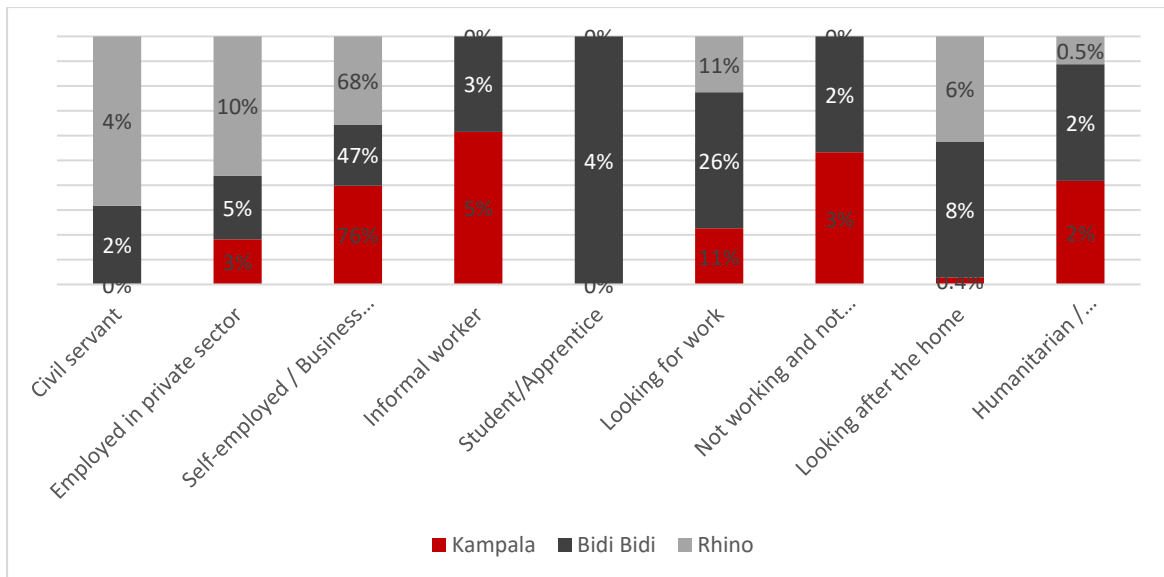


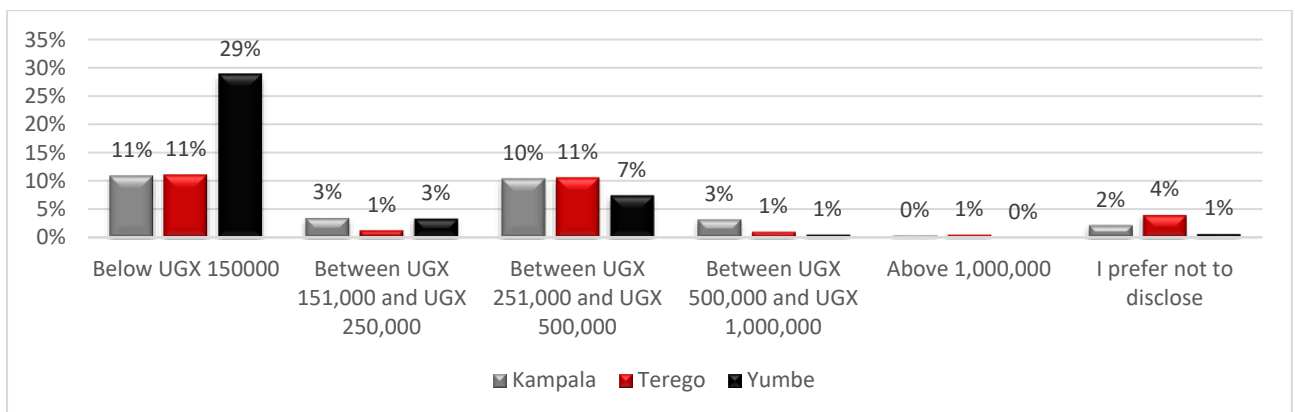
Figure 14: Showing respondents source of income.



2.3 Income and livelihoods

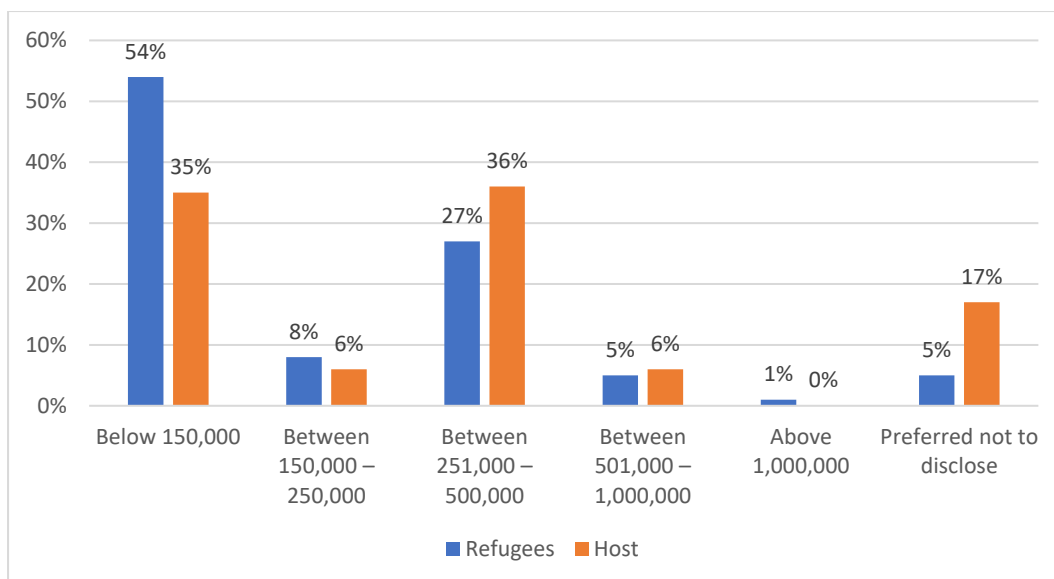
It is noteworthy that refugees are not solely dependent on humanitarian cash and food aid. The onset of the COVID 19 restrictions in 2020 saw a significant reduction in food rations distributed by World Food Programme by 30% thereby affecting food available to sustain households. Since then, many refugees have taken on casual jobs, adopted subsistence farming and started running small scale enterprises to meet the income shortfall. The survey investigated the level of income of respondents which showed that majority earned below 150,000 UGX as indicated by the figure below. The detailed incomes streams are detailed in the appendix.

Figure 15: Showing monthly income by location



Terego (Rhino camp), Yumbe (Bidi Bidi settlement)

Figure 16: Showing monthly income distribution of refugees and hosts.



In comparing between refugees and host communities, the survey revealed income variations. A significant number of refugees (54%) were earning below UGX 150,000 compared to 35% of host communities across the three locations surveyed. This points at refugees being more vulnerable compared to their host communities.

Asset ownership is a key component of livelihoods since assets are a fall back position when need for money arises. The baseline assessed the kind of assets respondents own and obtained that majority of host communities (82%) own farming land compared to an abysmal 7% of refugees additionally, majority of refugees (43%) did not have assets compared to 5% of their host communities. Assets as a key function of livelihoods. The majority of refugees not having assets is a significant gap in their livelihoods since they do not have a fall back position and there's need through the REFINE project to improve asset ownership over the project period.

Figure 17: Showing Asset ownership of refugees and hosts.

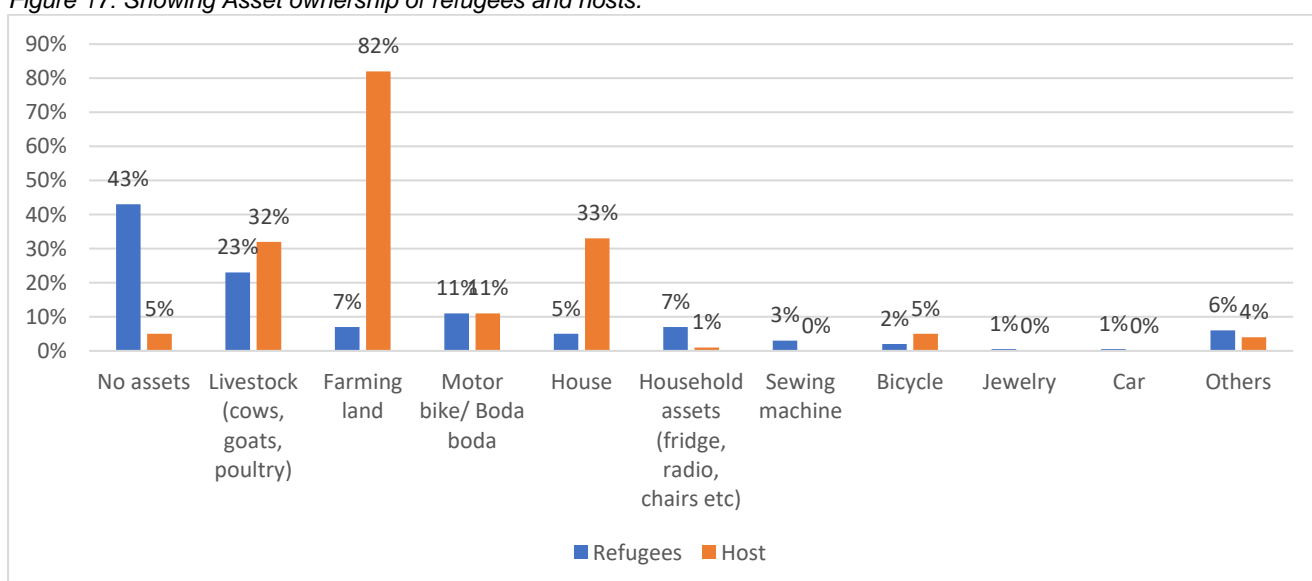
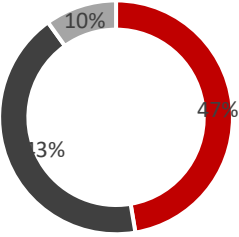
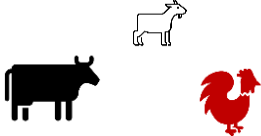
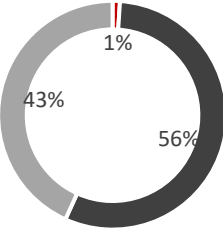

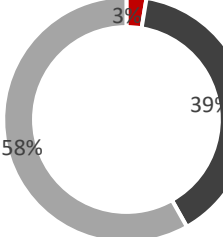

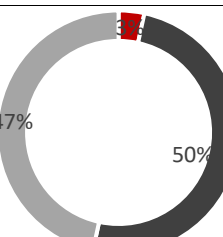

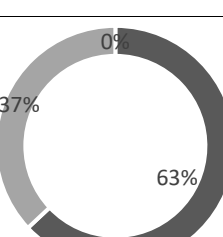

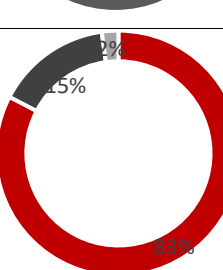
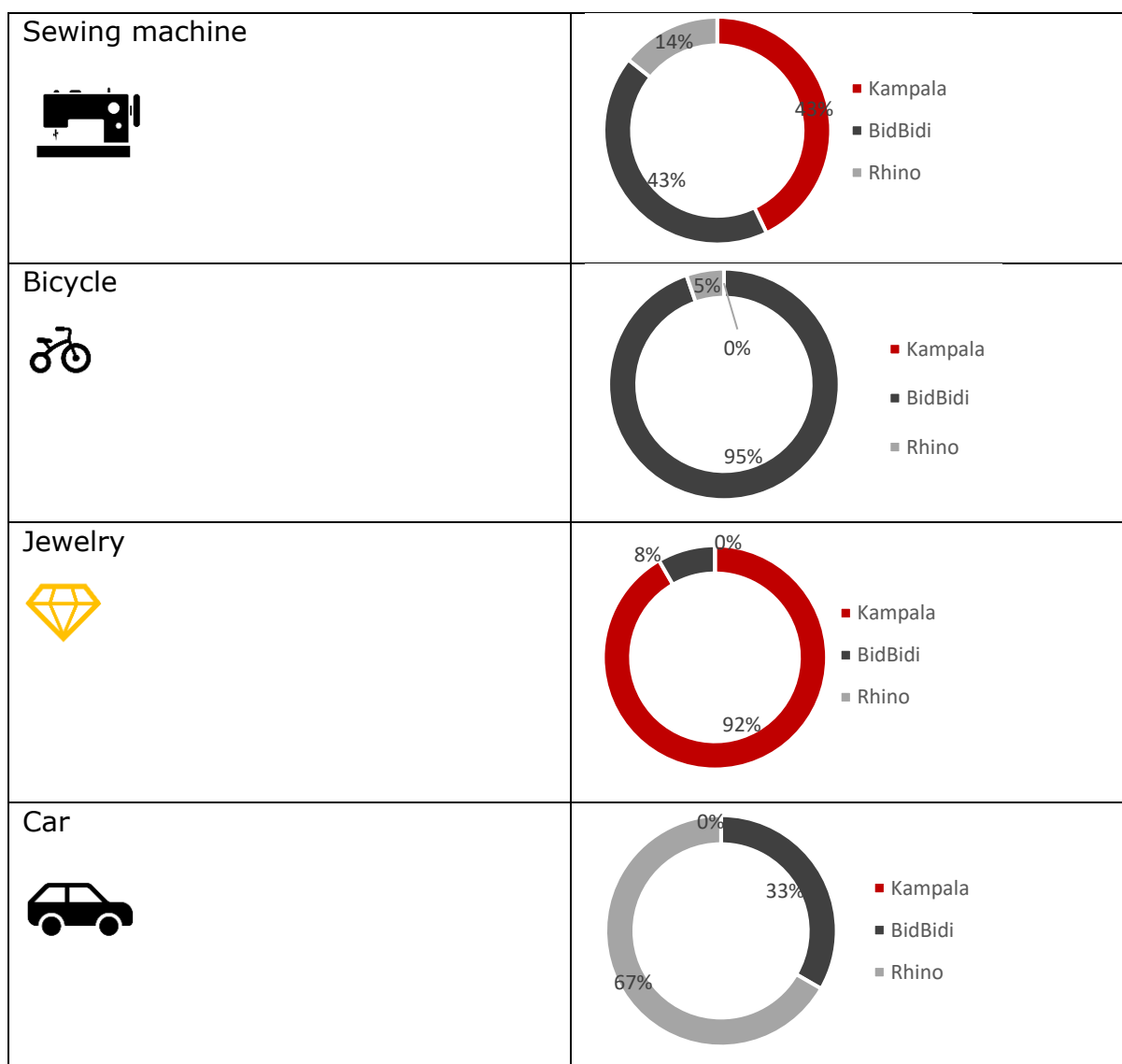


Figure 18: Showing assets ownership across regions.

Assets owned	Figures								
<p>No assets</p>	 <p>■ Kampala ■ BidBidi ■ Rhino</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Kampala</td> <td>47%</td> </tr> <tr> <td>BidBidi</td> <td>43%</td> </tr> <tr> <td>Rhino</td> <td>10%</td> </tr> </tbody> </table>	Location	Percentage	Kampala	47%	BidBidi	43%	Rhino	10%
Location	Percentage								
Kampala	47%								
BidBidi	43%								
Rhino	10%								
<p>livestock</p> 	 <p>■ Kampala ■ BidBidi ■ Rhino</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Kampala</td> <td>1%</td> </tr> <tr> <td>BidBidi</td> <td>56%</td> </tr> <tr> <td>Rhino</td> <td>43%</td> </tr> </tbody> </table>	Location	Percentage	Kampala	1%	BidBidi	56%	Rhino	43%
Location	Percentage								
Kampala	1%								
BidBidi	56%								
Rhino	43%								
<p>Farming land</p> 	 <p>■ Kampala ■ BidBidi ■ Rhino</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Kampala</td> <td>3%</td> </tr> <tr> <td>BidBidi</td> <td>39%</td> </tr> <tr> <td>Rhino</td> <td>58%</td> </tr> </tbody> </table>	Location	Percentage	Kampala	3%	BidBidi	39%	Rhino	58%
Location	Percentage								
Kampala	3%								
BidBidi	39%								
Rhino	58%								
<p>Motor bike/ Boda boda</p> 	 <p>■ Kampala ■ BidBidi ■ Rhino</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Kampala</td> <td>3%</td> </tr> <tr> <td>BidBidi</td> <td>50%</td> </tr> <tr> <td>Rhino</td> <td>47%</td> </tr> </tbody> </table>	Location	Percentage	Kampala	3%	BidBidi	50%	Rhino	47%
Location	Percentage								
Kampala	3%								
BidBidi	50%								
Rhino	47%								
<p>House</p> 	 <p>■ Kampala ■ BidBidi ■ Rhino</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Kampala</td> <td>0%</td> </tr> <tr> <td>BidBidi</td> <td>63%</td> </tr> <tr> <td>Rhino</td> <td>37%</td> </tr> </tbody> </table>	Location	Percentage	Kampala	0%	BidBidi	63%	Rhino	37%
Location	Percentage								
Kampala	0%								
BidBidi	63%								
Rhino	37%								
<p>Household assets</p> 	 <p>■ Kampala ■ BidBidi ■ Rhino</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Kampala</td> <td>63%</td> </tr> <tr> <td>BidBidi</td> <td>15%</td> </tr> <tr> <td>Rhino</td> <td>2%</td> </tr> </tbody> </table>	Location	Percentage	Kampala	63%	BidBidi	15%	Rhino	2%
Location	Percentage								
Kampala	63%								
BidBidi	15%								
Rhino	2%								



2.4 Risks

Refugees face several risks that pose a threat to their already fragile livelihoods, many of which are economic and health related. The study revealed majority of the refugees were affected by increased prices, loss of crops and illness of household members. This finding is consistent with the endline report on refugee livelihoods in Uganda published by Financial Sector Deepening (FSD) Uganda in March 2022⁷ which revealed that the biggest risks or outcomes created by the government-sanctioned COVID-19 restrictions on refugees were food price increases and medical expenses. As would be expected, our findings show that urban based refugees bore the brunt of food price increases the most (74%) versus their West Nile counterparts (60% and 55% for Rhino Camp and Bidi Bidi respectively). In the case of medical expenses, refugees in Bidi Bidi and urban refugees appear to be the most affected, with 72% and

⁷ FSD Uganda, BFA Global: Rebuilding livelihoods in displacement (Endline Report – March 2022) Retrieved from <https://fsduganda.or.ug/fi4r-rebuilding-livelihoods-in-displacement-endline-report/>

59% of respondents reporting the incidence of a major medical event over the past 2 years.

Figure 19: Showing risks faced in the different locations

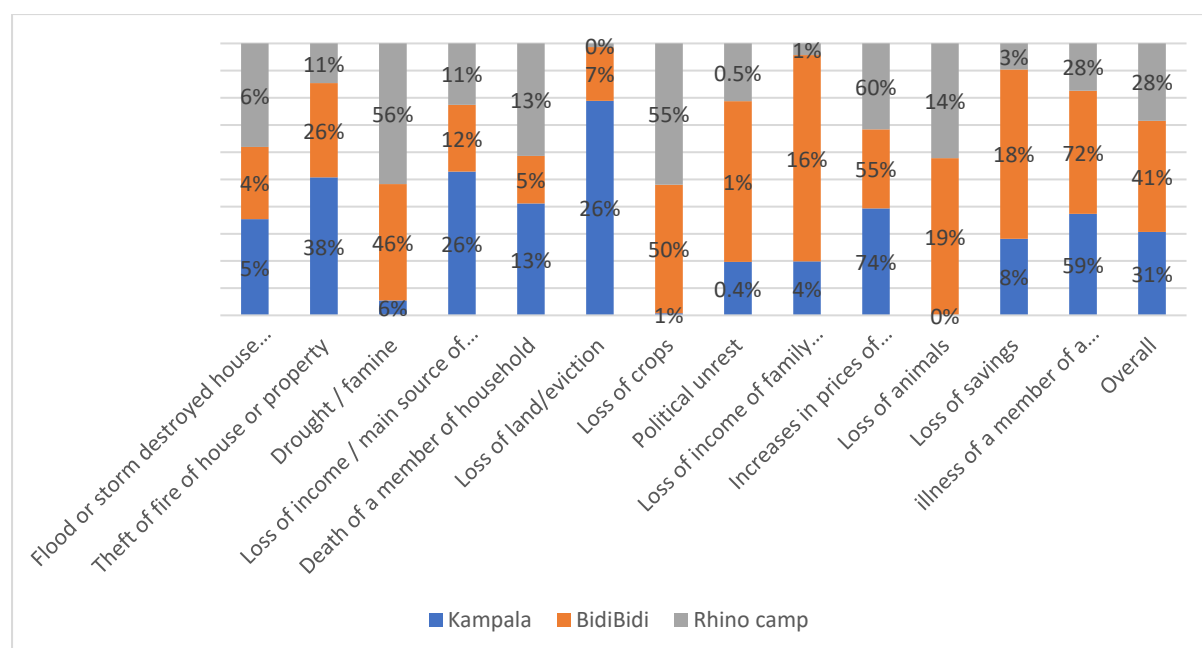
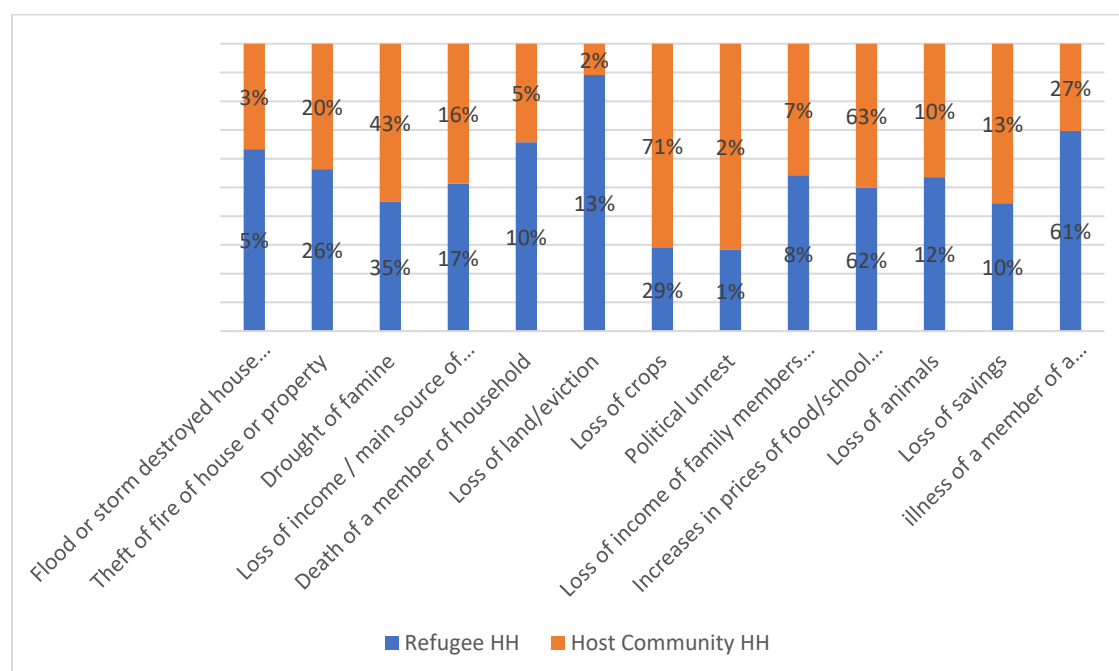


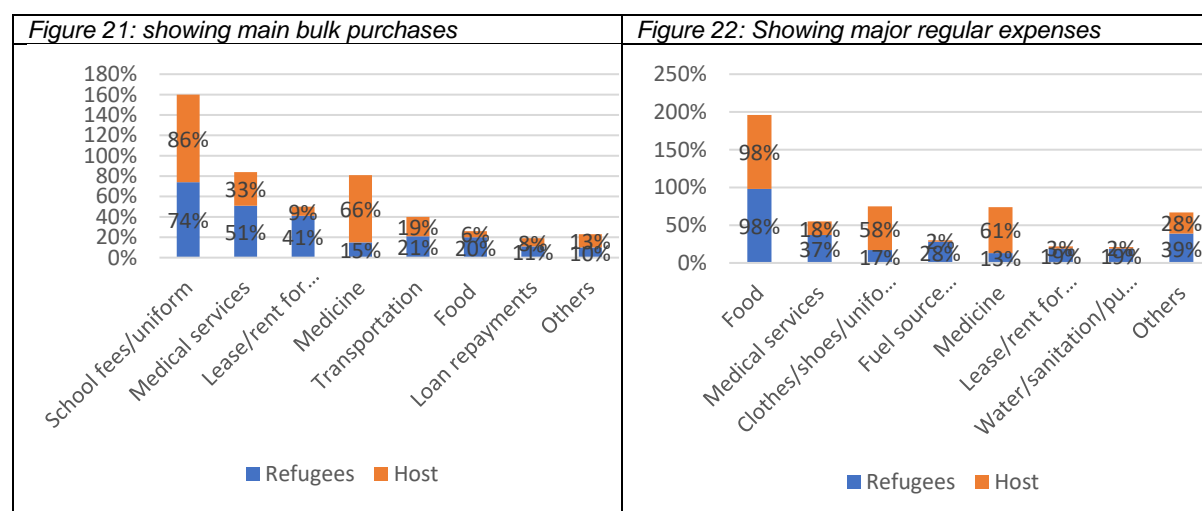
Figure 20 Showing comparison of risks faced between refugees and host communities in the past 2 years



2.5 Expenses

Both refugees and host communities spend a large amount of their incomes on school related activities like school fees, school requirements and uniforms. The baseline investigated the highest bulk expenses, regular expenses and percentage amounts spent. Generally, both refugees and hosts indicated school fees, medical expenses

and transportation as big-ticket items in any one month, but refugees typically incur an additional bulk expense of rent/lease for their residence or a land. Detailed breakdown of expenses is documented in the appendix.



2.6 Economic activities

Uganda's economy is predominantly agricultural based with about 80% of the population engaged directly or indirectly in agriculture (UBOS, 2022). Like host communities, many refugees are engaged in several agro-focused activities along the various value chains as well as other business activities. The baseline assessment revealed that 78% of the respondents were engaged in either small scale business or agriculture as core economic activities.

To further contextualize these business activities, the assessment analyzed the major businesses managed by respondents and revealed that more than half (65%) of the respondents are sole proprietors, 26% are small business owners with less than 5 employees, 2% are in businesses with more than 15 but less than 50, 0.3% in businesses with more than 5 but less than 15 employees and others. The micro nature of most refugee-owned businesses requires highly tailored credit and advisory services to reduce the likelihood of business stress and eventual collapse.

Figure 23: Showing category of businesses managed by refugees.

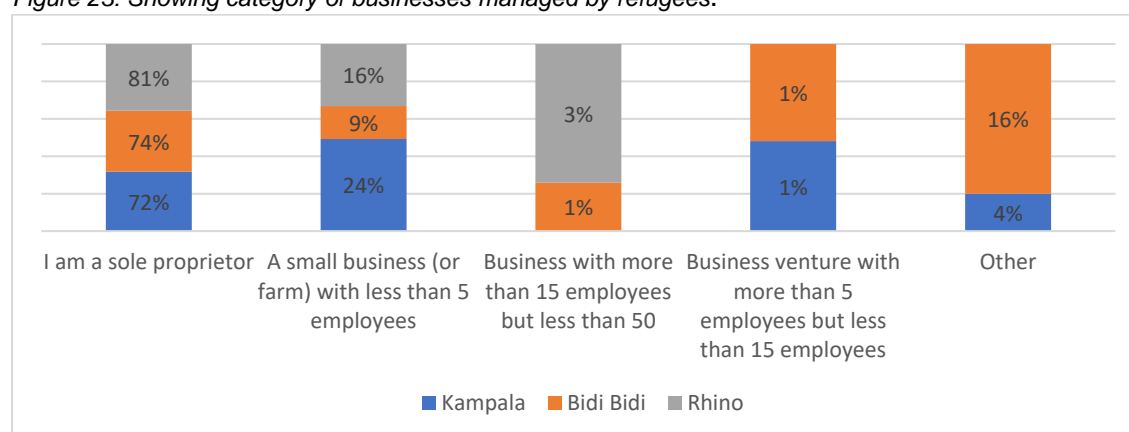
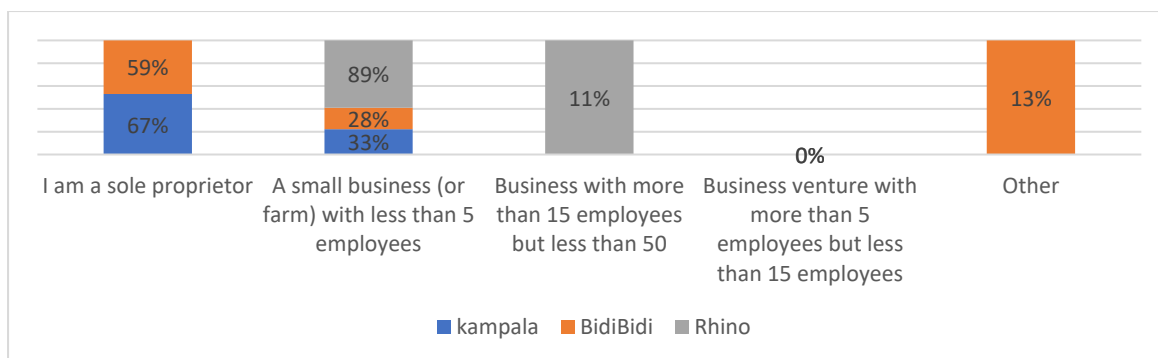


Figure 24: showing category of businesses managed by Host communities



The FGDs conducted in parallel with the quantitative survey shed additional light on the specific nature of businesses managed by refugees and revealed the following.

Table 1: Breakdown of business types run by refugees.

Kampala	Bidi Bidi	Rhino camp
Women <ul style="list-style-type: none"> African fabric (Bitenge) in shops Tailoring Hawking (fish, mushrooms, Bitenge, Jewelry) Crafts Beauty Salons Restaurants Retail shops Liquid soap selling Casual work Produce Men <ul style="list-style-type: none"> Salons Tailoring Welding Casual work /contracting 	Women <ul style="list-style-type: none"> Market stalls Farming (Vegetables) Food place (Restaurant) Farming Beauty salons Liquid soap business Men <ul style="list-style-type: none"> Hardware business Farming Phone charging/ repair Tailoring Brick laying Charcoal vending Boda boda Retail shops Motor bike / bicycle mechanics Manual labour 	Women <ul style="list-style-type: none"> Cultivation/farming Poultry farming Produce business Market stalls Restaurant/food place Pastries Local brew Fish mongering Men <ul style="list-style-type: none"> Casual work Brick laying Boda boda Retail business Construction Fuel Local brew Retail shop Produce Fish mongering

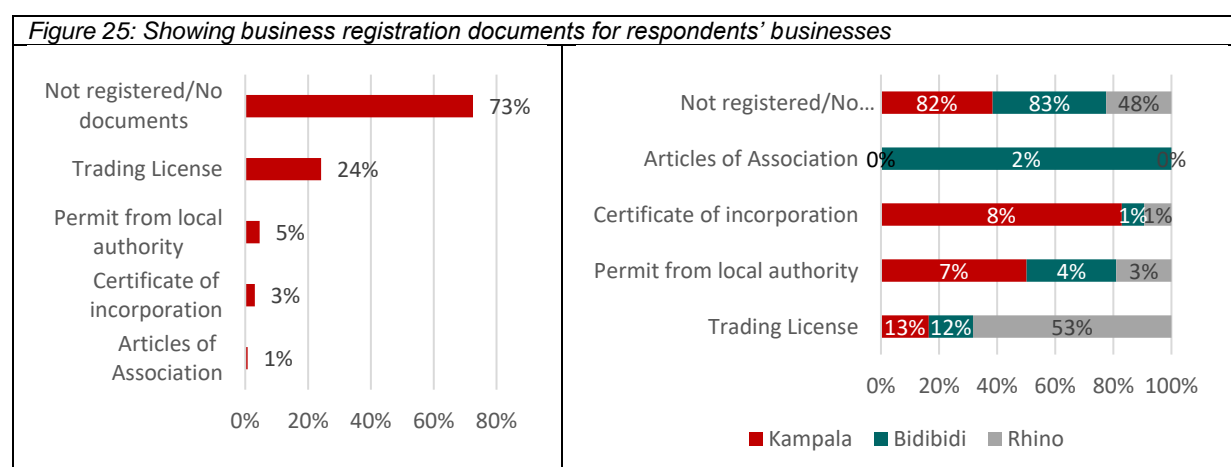
Baseline FGDs

2.7 Business legality

Despite the high incidence of refugee-owned businesses, many were operating illegally with no business registration documents. As per this study, business registration is defined as formal registration with the Uganda Registration Services Bureau (URSB). The survey revealed that 73% of businesses did not have any business registration documents and thus were not registered by relevant authorities, 24% were registered with a valid trading license, 5% had operational permits from relevant local authorities while 3% mentioned that they had a certificate of incorporation for their businesses. While many of the businesses are micro in nature and scale, the significant number of respondents without business registration

documents is a significant obstacle to accessing business finance from regulated financial institutions. Efforts should be geared towards capacity building of respondents on the importance of legal business documents for not only access to credit but also prevention of disruption of activities.

This phenomenon of absence of legal documentation is distributed nearly evenly across both urban and settlement refugee regions. Nearly the same proportion of urban and Bidi Bidi refugee businesses have no formal business documentation of any sort (82% and 83% respectively) but more than twice the number of respondents from Rhino Camp appear to have trading licenses than the number of urban and Bidi Bidi respondents.



2.8 Identification

Holding proper identification documents is key to accessing financial instruments from formal FSPs throughout the country. The Credit Reference Bureau (CRB) requires all nationals to have National Identification Cards while Refugee IDs are required of refugees. The baseline study investigated possession of Identification documents and while all Nationals (100%) possessed National IDs, not all refugees had the proper identification to be easily identified.

Roughly the same percentage of respondents in Kampala and Bidi Bidi (73% and 75% respectively) are in possession of valid refugee attestation documents; the picture is nearly similar for the Refugee ID as well. Rhino Camp appears to host the least number of refugees in possession of valid government-issued ID (whether Refugee ID or attestation documents). Lack of possession of refugee IDs was mainly attributed to slow issuing of cards by the Office of the Prime Minister (OPM). However, the UNHCR have resumed the process of reissuance of the Refugee ID late 2020 and seek to roll out new security features and functionality that will enable FSPs to contribute refugee transactional data into Uganda's Credit Reference Bureau.

"Many refugees do not have IDs because the process of getting them is slow". FGD Respondent in Rhino camp

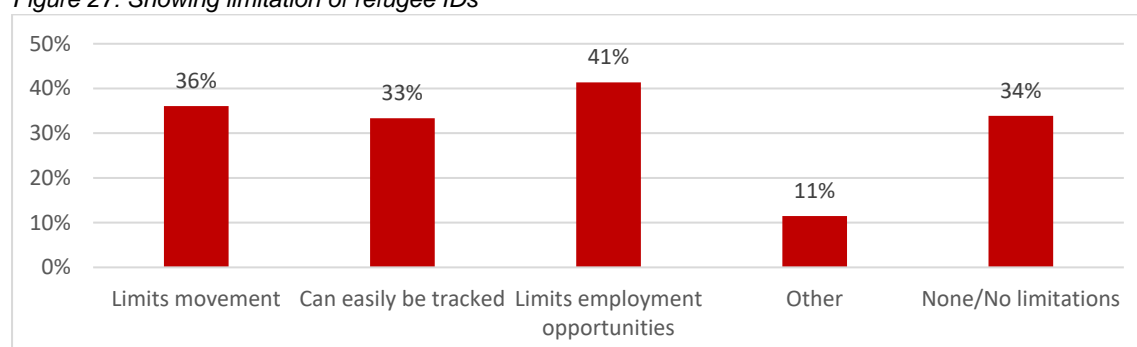
The baseline study also inquired about the benefits of IDs possessed by refugees particularly the attestation card and Refugee ID. 83% of respondents confirmed that a key benefit of the Refugee ID is the freedom to move about unhindered, 55% linked the benefit to the ability to easily access financial instruments while 41% indicated that it was the ability to apply for employment in their locations. Other benefits included being able to register SIM cards, easy identification and better security.

Figure 26: Showing benefits of current IDS to refugees.



The respondents also identified several limitations with the current IDs with majority (41%) revealing a limit in obtainable employment opportunities since many employers often prefer nationals, 36% revealing limits in movement, 34% citing no limitation and 33% mentioning revealed easy tracking as a limitation. Other limitations include inability to access individual loans, inability to use the ID to travel while others did not know any limitations. It should however be noted that the Refugees Act 2006 provides for free movement for all refugees and recently, a no objection from Bank of Uganda allows formal financial institutions to use Refugee IDs for access to credit.

Figure 27: Showing limitation of refugee IDs



2.9 Access and utilization of financial services

Financial services are an enabler for business growth, stabilizing cashflows and filling household and individual financial gaps where they arise. In analyzing access and utilization of financial services, the baseline assessment sought to document the evidence of need for formal financial services within the refugee and host communities, assess their penetration levels and the typical spend cases, and document the challenges encountered in accessing and using these services. The findings included the following.

2.9.1 Financial Instruments

Regarding knowledge of financial instruments *overall*, the survey revealed that majority of respondents (70%) were familiar with Mobile money, 65% were familiar with savings groups (ROSCA or ASCAs), 38% were familiar with savings in house /mudbox and 12% were familiar with banks. These findings are similar across the two

regions of Kampala-Wakiso and West Nile with majority familiar with both savings groups and Mobile money despite this, respondents in Rhino camp have proportionately less awareness for mobile money and Savings groups as shown in the figure below.

Figure 28: Showing Major financial instruments respondents are familiar with by location

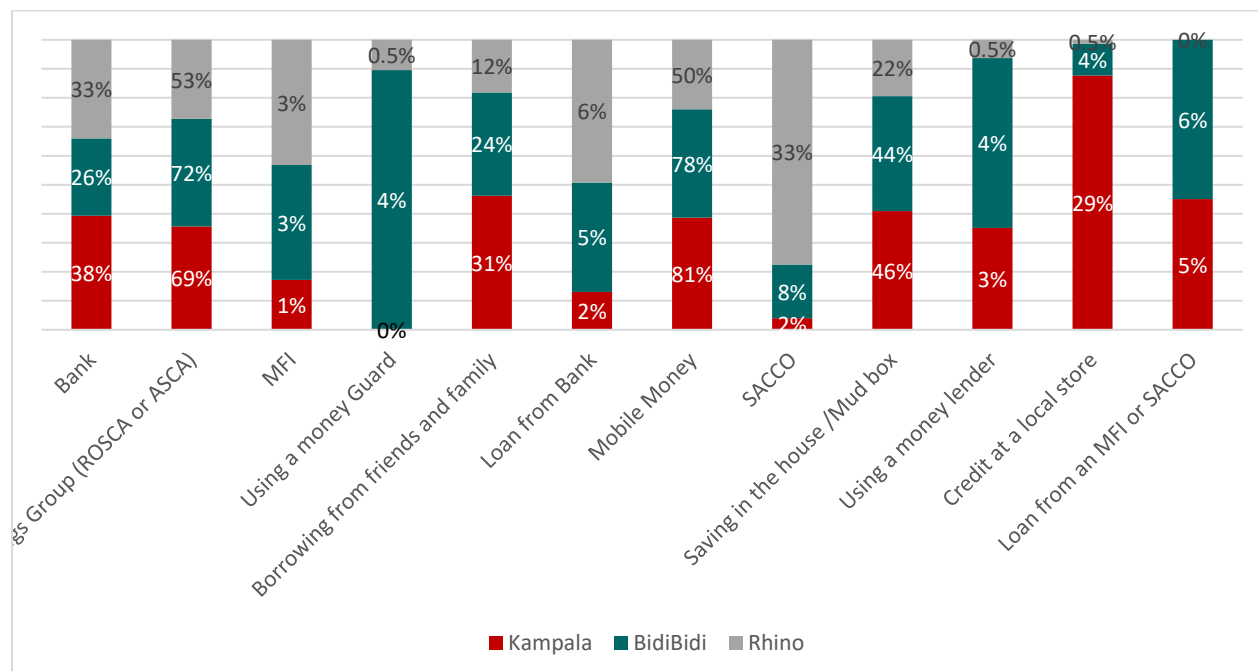
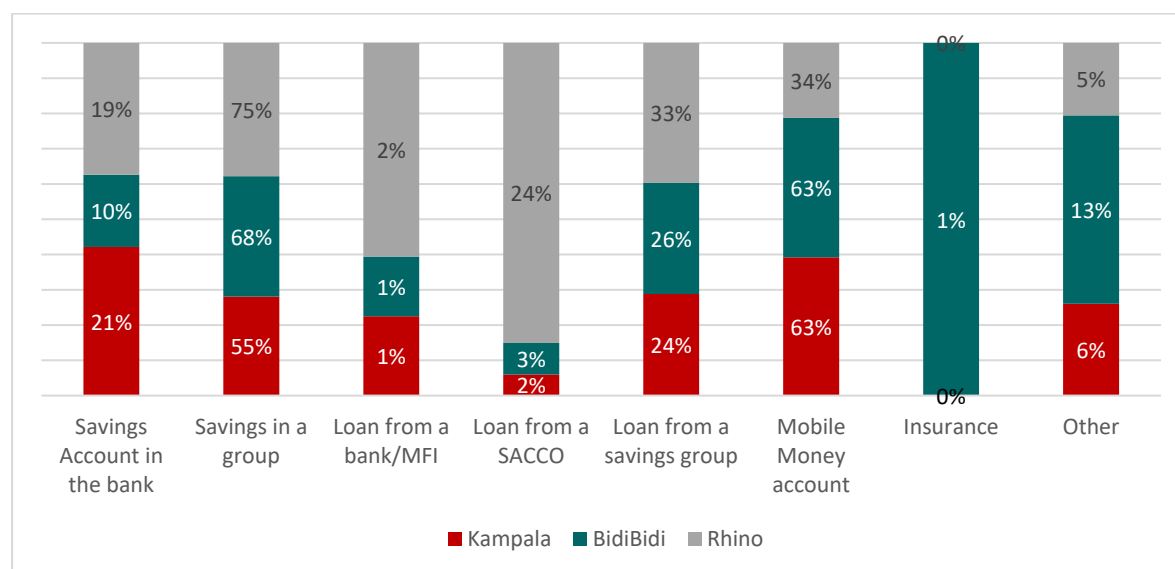


Figure 29: Showing financial products used in the past 12 months



Group savings is clearly the leading financial instrument used by respondents in Bidi Bidi and Rhino camp at 68% and 75% respectively as shown in the figure above. Respondents in Kampala used mobile money most frequently followed by group savings. The high use of group savings is attributed several factors such as ease of access, local ownership and trust by group members as well as a high number of INGOs and CBOs using the savings group methodology to improve local livelihoods. The lowest products used were loans from MFIs/banks and insurance products revealing the abysmally low uptake of formal credit products within the population. It

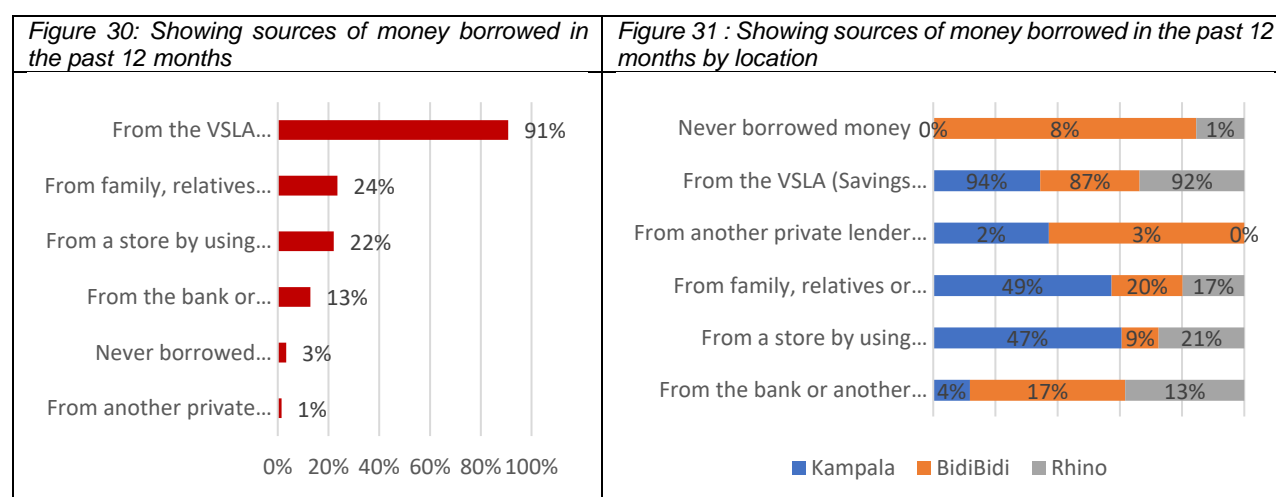
was also observed through FGDs that low access of SACCOs particularly in the two settlements was attributable to their non-availability.

“We do not have SACCOs in this area, we only have local savings groups” Male youth respondent from an FGD in Ofua II, Rhino camp

With limited availability of formal and semi-formal financial service providers in settlements, refugees often resort to VSLA groups for credit and savings products to meet their financing needs, partly accounting for limited use of credit and savings products from Banks and MFIs.

2.9.2 Access to credit

The assessment investigated sources of credit for respondents for the past 12 months and revealed that (majority) 91% of respondents borrowed from VSLA savings groups, 24% from family/friends, 22% often purchased on credit at stores/shops, 13% from formal financial institutions such as Banks and MFIs, 3% did not borrow while 1% mentioned that they used money lenders. Further analysis by location showed similar results overall as shown in the figures below.



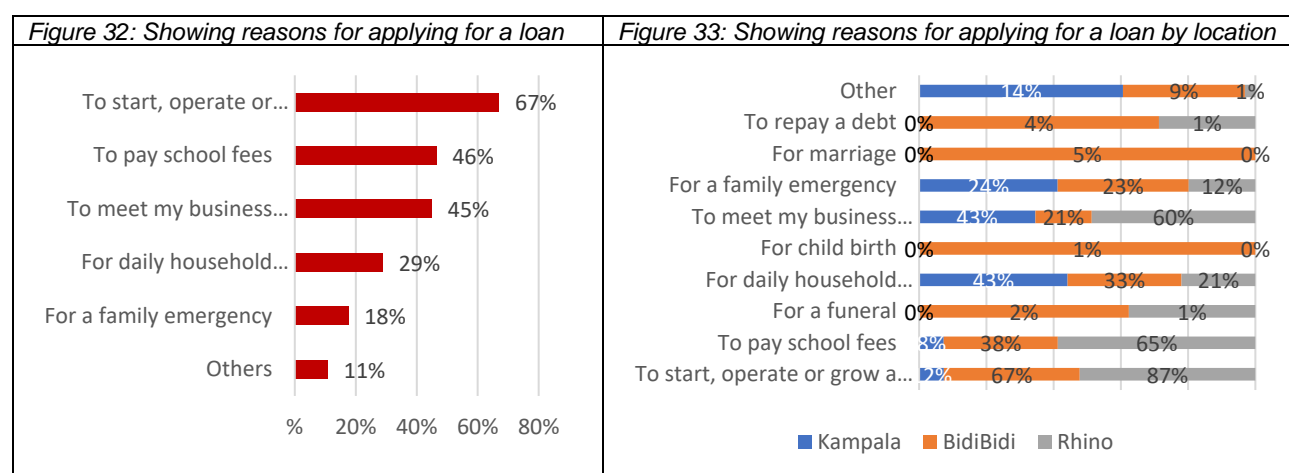
Sample FGDs conducted showed several challenges limiting access of credit from formal financial institutions like banks such as;

- Several banks were located far away from the base settlement and accessing them physically required refugees to move long distances to towns compared to VSLA groups that are village based.
- Some FSPs resorted to aggressive tactics such as harassment of defaulters and confiscation of property in the recovery of loans; many locals recalled bad experiences in the past which made them wary of these institutions.
- Many refugees still lack admissible KYC documentation such as refugee IDs that are required by the banks; those with only attestation documents were often unable to qualify for loans as many FSPs often required more than just that.

- Refugees often possessed a limited knowledge of bank products and the requirements to borrow from a formal financial institutions.
- Many FSPs do not provide big loans to refugees due to the inherent flight risk they anticipated.
- Many of the refugee businesses provide low returns and thus generally cannot attract lending from formal FSPs.

2.9.3 Reasons for applying for a loan.

The baseline investigated the reasons for borrowing and noted that the majority (67%) borrowed for starting/growing their businesses, 46% borrowed to pay school fees, 45% for business working capital needs, 29% for daily household expenses and 18% for family emergencies. Borrowing for business growth is a positive note to refugees in pursuing self sufficiency through improved business incomes in the long run however, it should be noted that majority of refugee respondents borrow from VSLA groups which is characterized by micro loans which often have little impact on businesses. This presents an opportunity for formal FSPs to develop appropriate lending approaches and products to provide credit through active lending groups and more financially capable individuals.

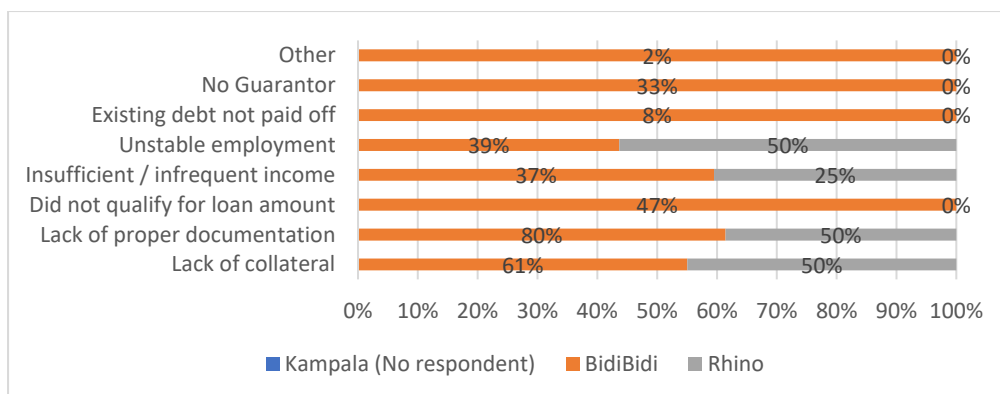


In regards to knowledge of loan application documents required for borrowing from FSPs, 51% of the respondents were not aware of all the documents required to obtain a loan which made it difficult for them to obtain credit from FSPs.

2.9.4 Challenges of accessing formal credit

80% of respondents revealed they had accessed credit when they applied. The baseline further sought reasons for failure to obtain credit from the 20% who failed to obtain credit as shown in the figure below.

Figure 34: Showing reasons for not getting credit from formal FSPs.



In failure to obtain credit from formal FSPs, majority of the respondents in Bidi Bidi (80%) failed due to lack of proper documentation, 61% failed due to lack of collateral while 47% did not qualify for the loan amount. Respondents in Rhino failed to access to due to lack of collateral, no proper documentation and unstable employment with equal responses at 50%. In Kampala, all respondents who had applied qualified and received credit.

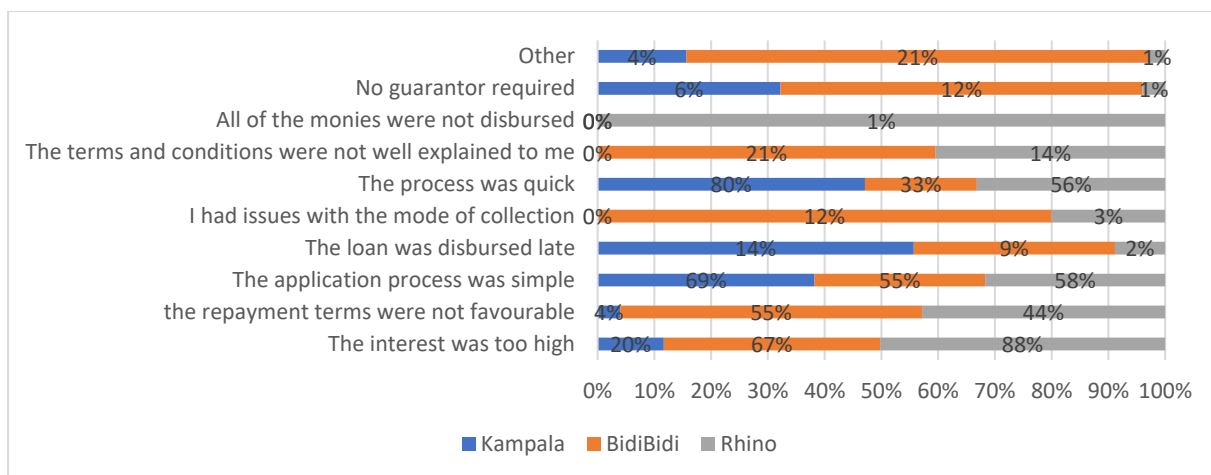
The KYC documents for accessing formal financial services included; *Refugee IDs, Letter from OPM, Letter of attestation, passport size photo, letter from RWC – KII with local leaders in BidiBidi*

Despite these constraints, the baseline further revealed that several respondents had accessed loans multiple times. 1% had accessed loans four times, 36% of the respondents had accessed loans thrice, 31% had accessed loans twice, while 31% had accessed once for those who revealed they'd accessed loans before. This reveals the ability of refugees to access credit where they are legible.

2.9.5 Likes/dislikes about the loan

The baseline obtained views from respondents on the specific likes and dislikes on the loans obtained from FSPs which revealed that majority across the 3 locations did not like the high interest rates with a response rate of 88% in Rhino camp, 67% in Bidi Bidi and 20% in Kampala. Other disliked components included unfavorable repayment terms, failure to disburse full amounts and poor debt collection mechanisms. The key liked components across the board included simple application process and a quick turn around time (quick process) as shown below.

Figure 35: Showing likes/dislikes of the loan



2.9.6 Requirements to use formal credit/accounts

With high numbers of respondents not using formal credit and accounts, we sought views on what should change to foster use of formal financial services. The responses reveal that the majority (64%) require services to be made easier in use, 44% required that loan interest rates be reduced, 28% required that account minimum balance be reduced or eliminated completely, 24% required ease on KYC documentation and others. This provides an entry point for FSPs to refine refugee specific products and enhance on customer education in order to improve uptake and use of formal financial services.

Figure 36: Showing changes required to improve use of formal financial services.

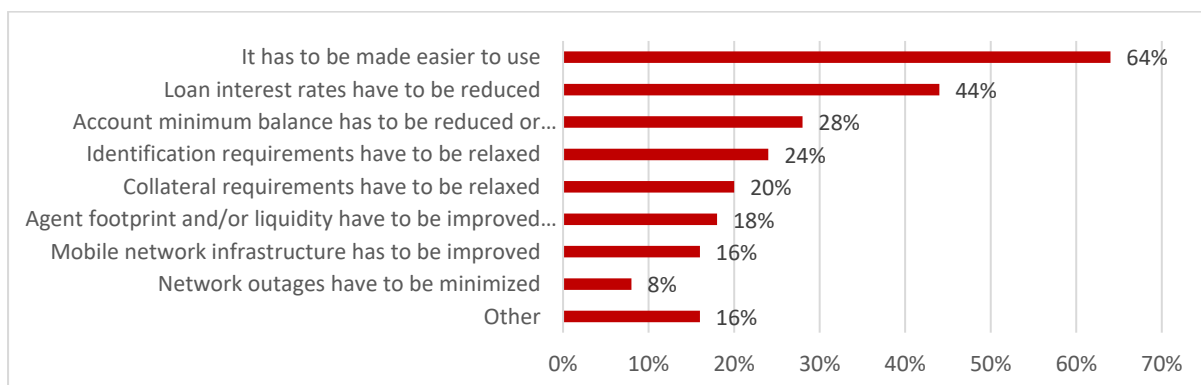
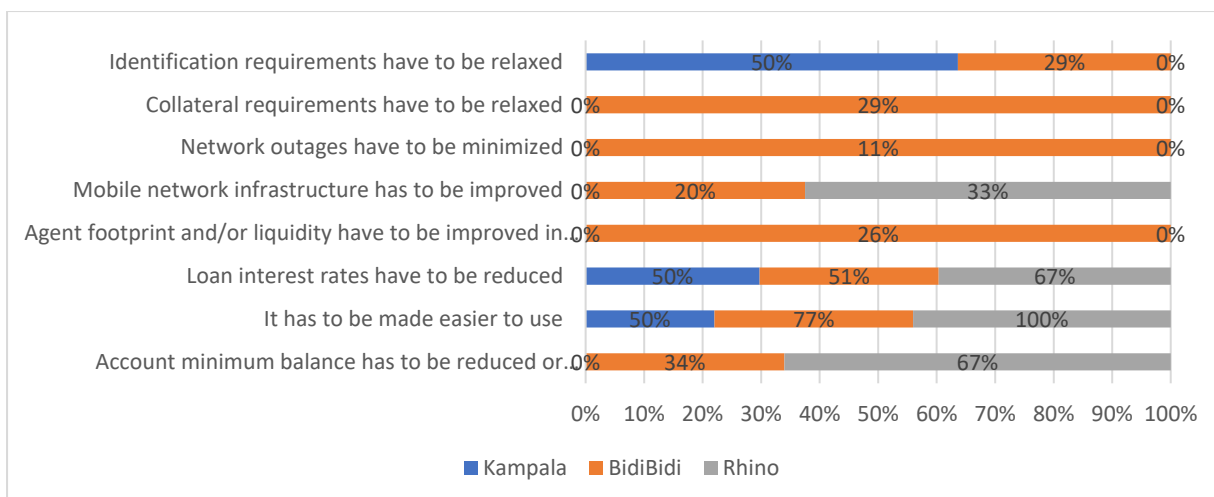
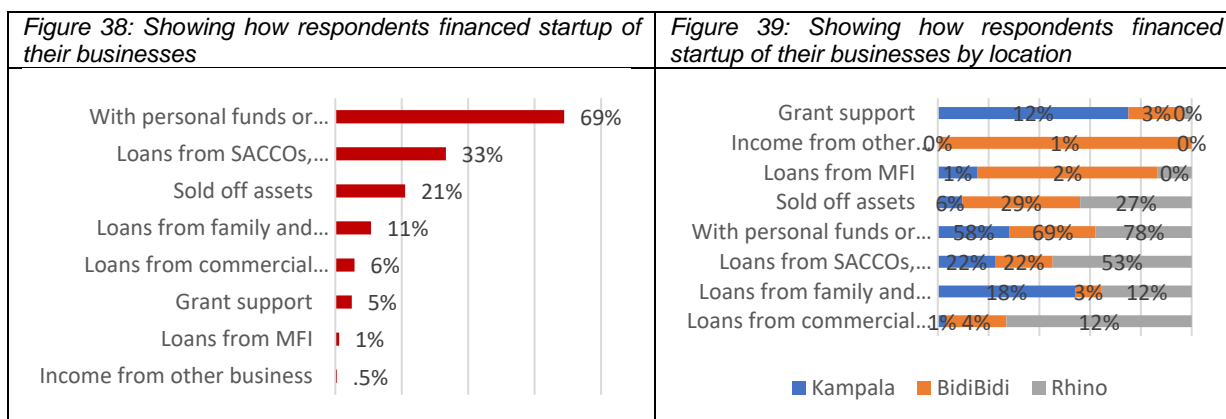


Figure 37: Showing changes required to improve use of formal financial services by location.

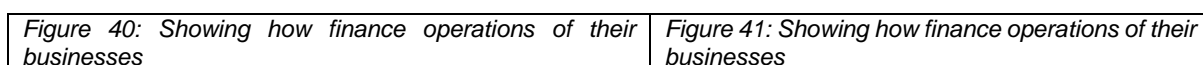


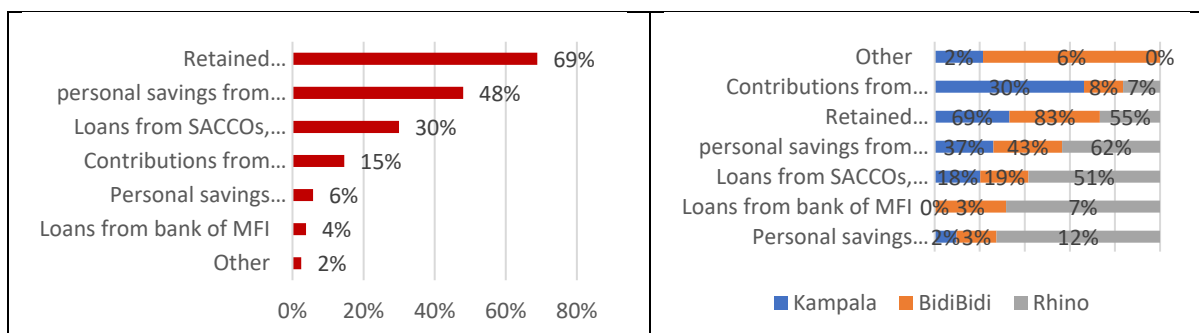
2.9.7 Business financing

We sought to analyze how respondents set up their business and obtained that 69% used personal savings for business startup, 33% obtained loans from SACCOs and savings groups, 21% sold off personal assets, 11% obtained loans from family and friends, 6% from commercial banks and others as shown below



The assessment additionally assessed how respondents finance operations of their businesses and obtained a high use of business profits at 69% followed by use of personal savings from groups /SACCOs (48%), loans from Groups/SACCOs (30%), contributions from family and friends (15%), loan from commercial bank/MFI (6%) and others. The continued use of personal funds and credit from groups is attributed to lower cost of capital for these options compared to commercial bank/MFI credit even when banks/MFIs provide a significant bigger source of credit. For respondents to increase use of formal credit, steps need to be taken to address access challenges as well as consumer education on proper credit use and management.

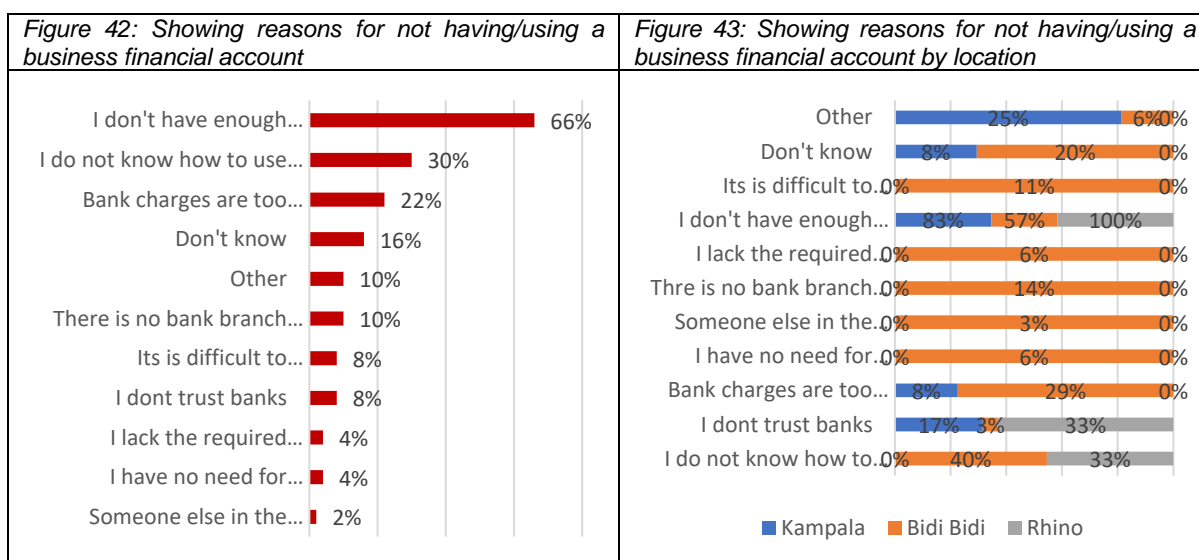




2.9.8 Business financial accounts

The baseline investigated whether or not respondent's businesses hold accounts in formal financial institutions and realized that the majority of businesses (75%) did not have. This is attributed to majority of businesses being sole proprietorship and thus owners use personal accounts such as mobile money or cash for business transactions. The absence of legal business registration documents is also a key constraint in opening up formal business accounts since these documents are one of the requirements for account opening.

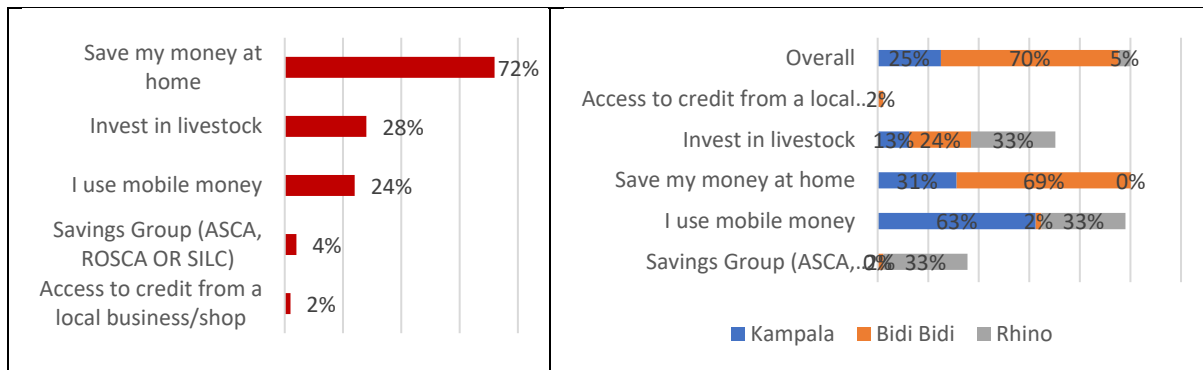
We sought the reasons for **not** having formal accounts which revealed that majority (66%) of respondents didn't have enough money to need an account, 30% did not know how to use financial accounts while 22% revealed high bank charges as the major reasons. Below is a graph depicting respondents reasons for not having a financial account.



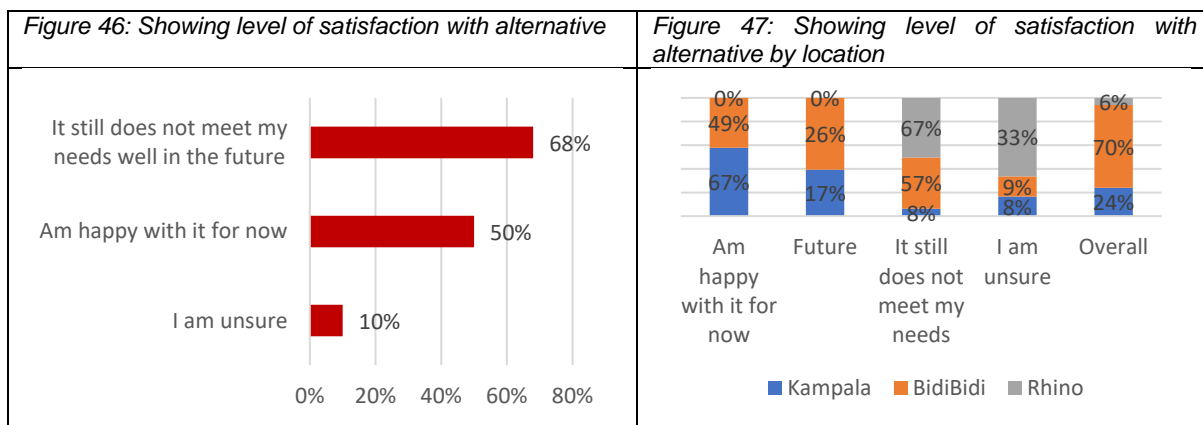
Assessment of alternative accounts used revealed that majority (72%) save money at home and thus have no alternative, 28% invest in livestock they sell when in need of money, 24% use mobile money, 4% use savings groups while only 1% use credit from stop/installment payments for good purchased as shown in the figure below.

Figure 44: Showing alternative accounts used

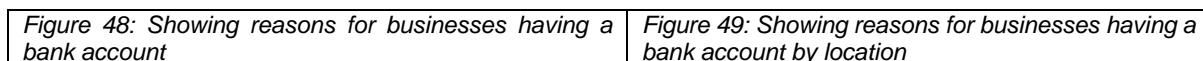
Figure 45: Showing alternative accounts used by location

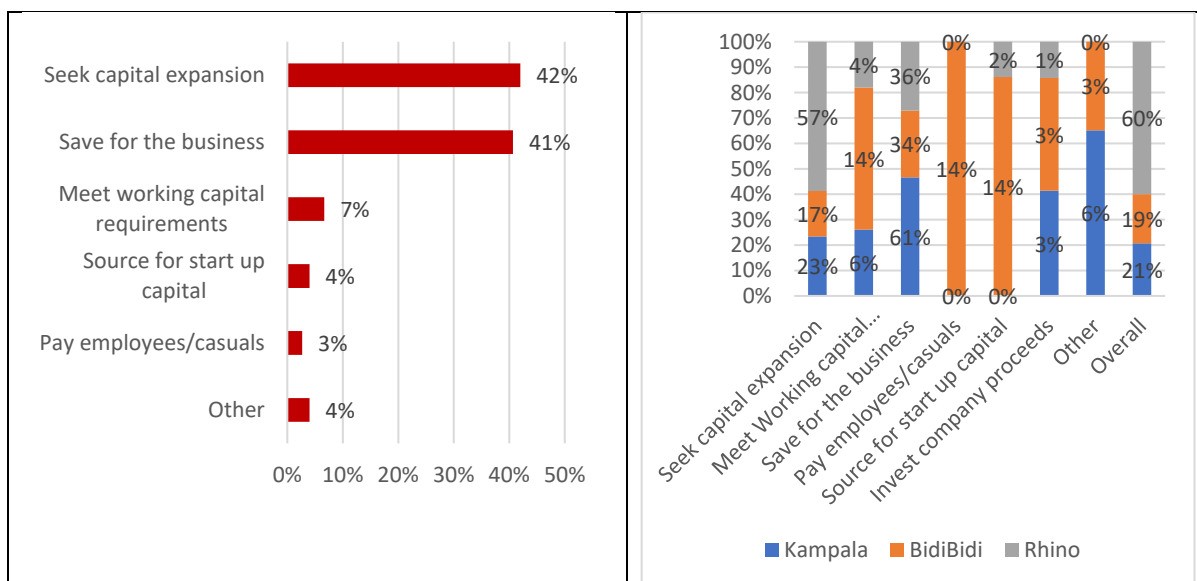


In regards to satisfaction with alternatives, it was revealed that 68% of respondents believed the alternative doesn't meet future needs, 50% were happy while 20% were not sure. A high response of alternative not meeting future needs calls for improving access to wider range of financial accounts specifically from formal FSPs that offer more security and confidence.



We further sought for the reasons for opening up business accounts for those that had accounts and it was revealed that the majority (42%) held accounts in the bank with a hope of getting capital credit for business expansion, 41% intended to use the account for saving business incomes, 7% for accessing working capital, 4% for sourcing start up capital, 3% for paying employees and others.





2.9.9 Business credit

In analyzing access to credit, the assessment obtained challenges faced by respondents in accessing start-up capital which revealed that 47% had low incomes to meet repayment requirements for desired loans, 35% lacked proof documents required by FSPs, 34% indicated high interest rates from MFIs/Banks, 27%, indicated high interest rates from money lenders while 24% faced challenges of failure to secure a guarantor. Other challenges included lack of collateral, no financial records, discrimination of refugees, insufficient amounts in groups/MFIs and others as shown below.

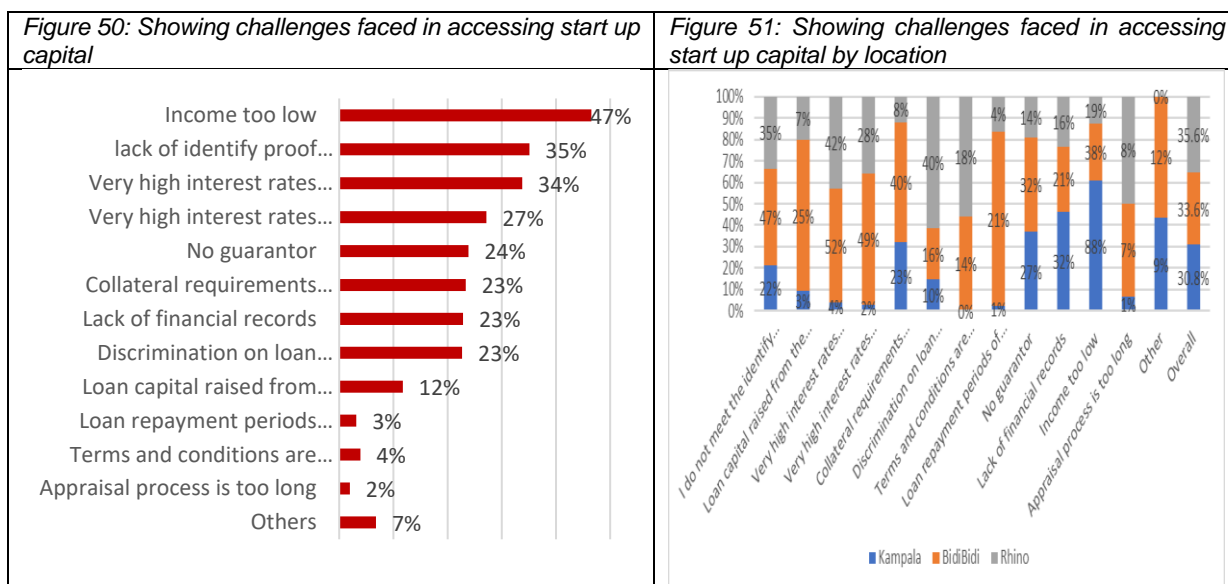
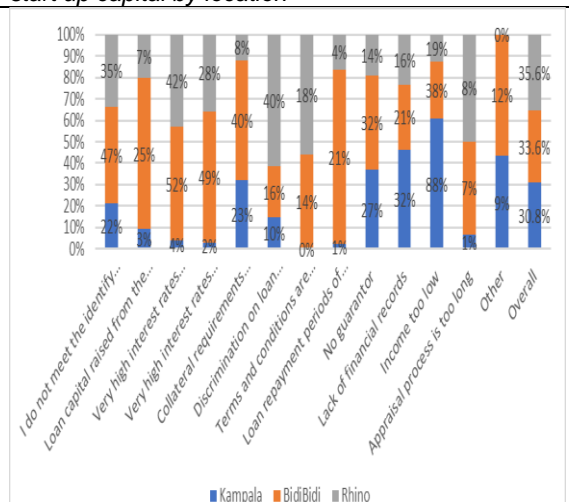
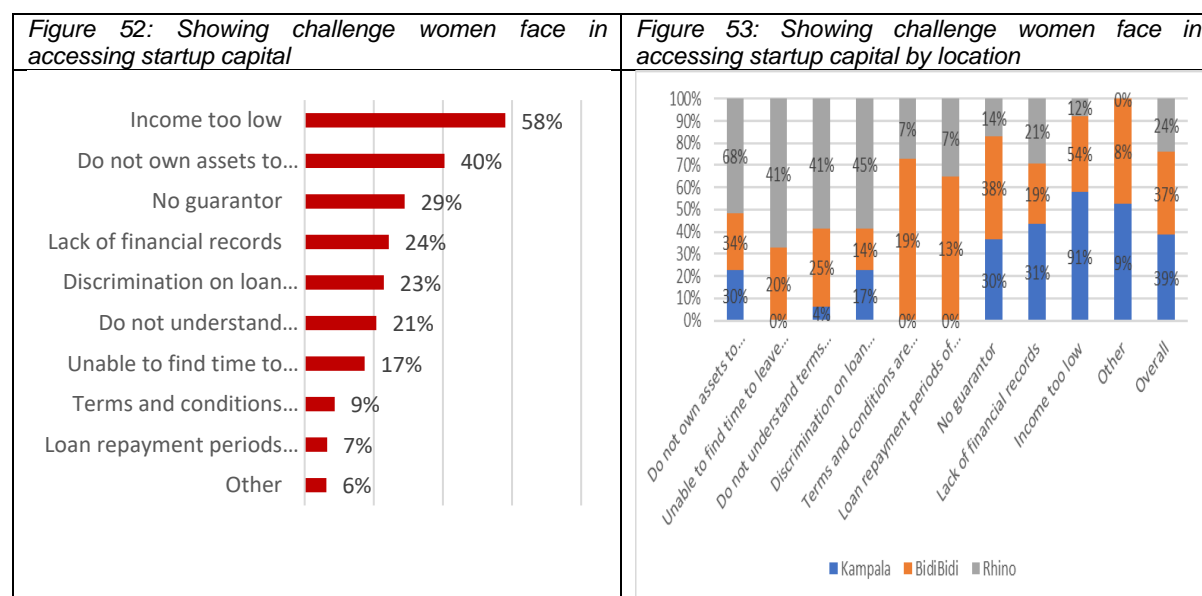


Figure 51: Showing challenges faced in accessing start up capital by location



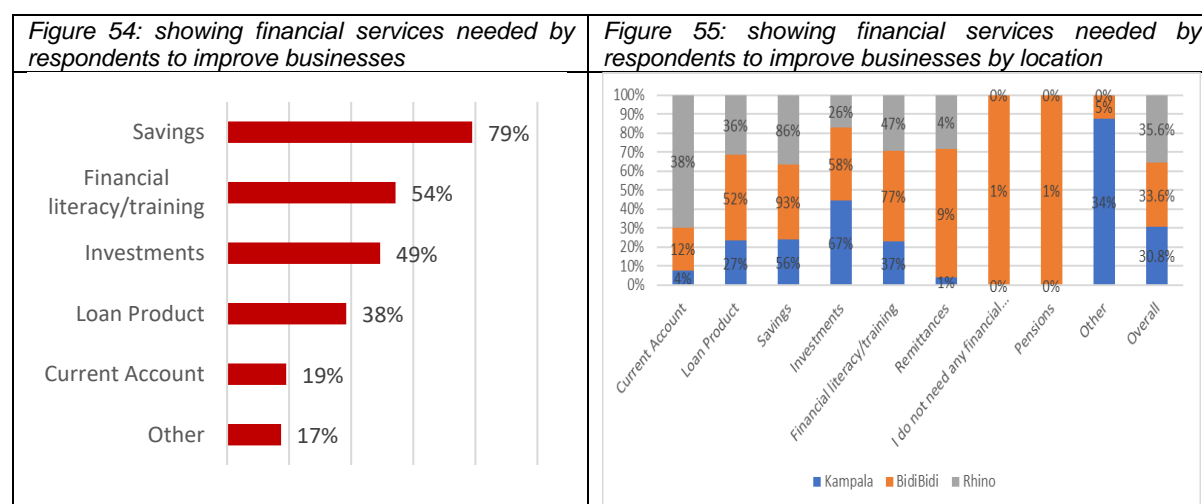
The survey further sought for women specific challenges faced by female respondents and revealed that they face additional challenges of not owning assets required as collateral to access credit (40%), failure to visit banks since they are majorly the home keepers (17%). Similar to the general challenges faced, women also noted low income

as the biggest challenge they face in accessing start up capital among many others as shown in the figure below.



2.10 Business growth

We attempted to understand from the respondents' view the financial and non-financial services needed to improve business and it was revealed that majority (79%) require savings products for their businesses, 54% need financial literacy and related trainings, 49% required increased investments, 38% needed general loans while 19% needed current accounts. Other responses included remittance services, business skills training, non-specified financial support among others.



The baseline further investigated how respondents plan to finance their businesses and it was revealed that 84% planned to use personal savings, 65% intended to acquire loans, 16% aimed at relying on family support, another 16% will liquidate investments among others as shown in the figure below.

Figure 56: showing how respondents plan to finance next stage of business

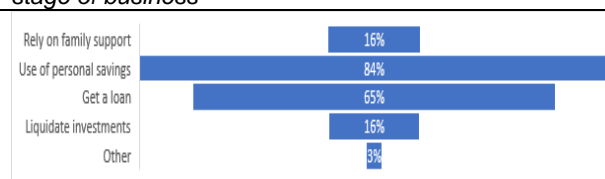
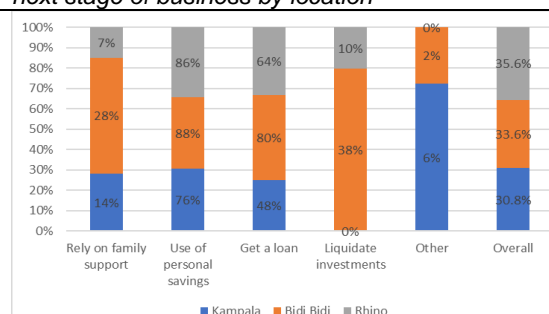


Figure 57: showing how respondents plan to finance next stage of business by location



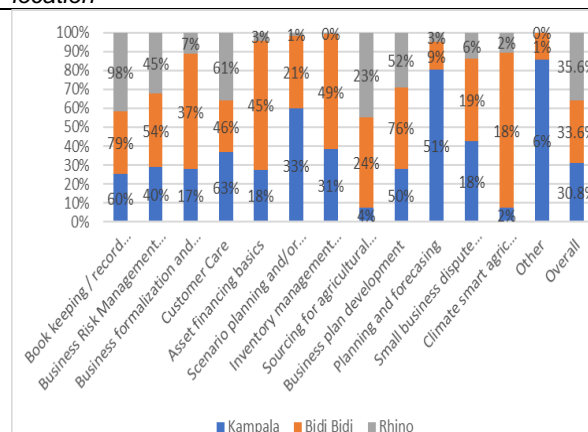
2.11 Business skills

Previous studies reveal that many entrepreneurs start businesses with very limited business skills and hope to learn along the way unfortunately, many of them have faced numerous challenges including business closure due to lack of the required business skills to manage and grow their business. In order to provide tailored support, the baseline sought to obtain the top 5 business skills which respondents needed. The survey revealed that majority 80% ranked book keeping as the highest needed skill, 59% ranked business plan development the second most skills, 57% ranked customer care the 3rd most needed skill, 47% ranked business risk management as fourth most needed skill while 26% ranked inventory management skills as fifth most needed. Other business skills needs cited included asset financing, business formalization and tax compliance, planning and forecasting, cost benefit analysis, agricultural financing sourcing and others. This forms a focal point for business clinics that the project is set roll out in the near future.

Figure 58: Showing top business skills required



Figure 59: Showing top business skills required by location



Existing business skills

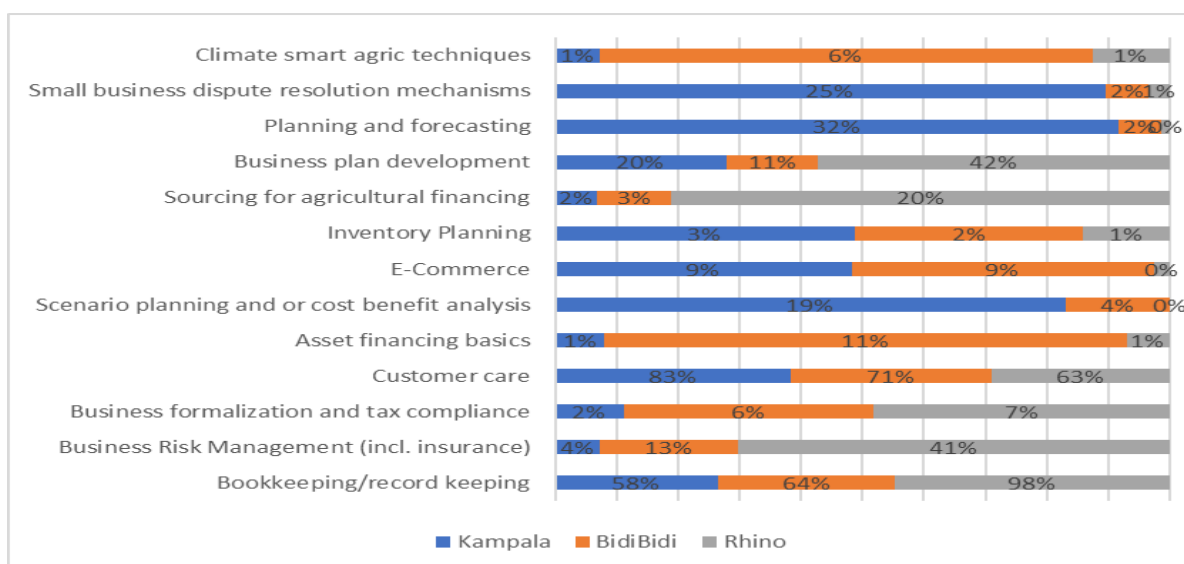
Despite the urgent need for business skills, the survey investigated the types of skills already being used in respondent businesses as shown in the table below.

Table 2: Showing existing business skills used in respondents' business.

Business skill being used	%age response
Book keeping	74%
Customer care	72%
Business plan development	25%
Business risk management	21%
Planning and forecasting	11%
Small business dispute resolution	9%
Sourcing for agricultural financing	8%
Scenario planning / cost benefit analysis	7%
Business formalization and tax compliance	5%
Asset financing basics	4%
Climate smart agric techniques	2%
Inventory planning	2%

As indicated, the top business skills being used by respondents are book keeping, customer care and business planning while the least include asset financing basics, climate smart agriculture techniques and inventory planning. The top 3 form the core of business success and respondents need continuous training to ensure they understand these concepts effectively.

Figure 60: showing existing business skills by location



In-depth analysis of existing business skills revealed key differences. Respondents in Rhino revealed most prevalent existing skills as book-keeping (98%) followed by customer care (63%) and Risk Management (41%). Respondents in Bidi Bidi highlighted customer care (71%) as the highest existing business skill, followed by Book-keeping (64%) and risk management (13%). Kampala responses included customer (83%) followed by book keeping (58%) and planning/forecasting (32%).

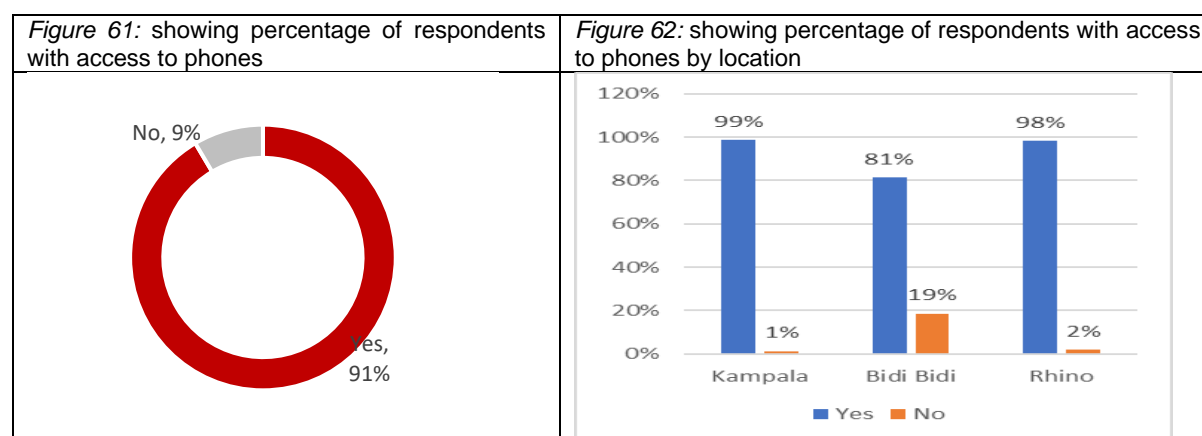
2.12 Financial and digital literacy

For the purposes of this report, digital financial literacy is defined as the ability to use modern technology (communication tools and networks) to access and use financial services such as payments, access to loans/digital loans, remittances, transfers, savings and others to achieve an objective and manage resources. Recent

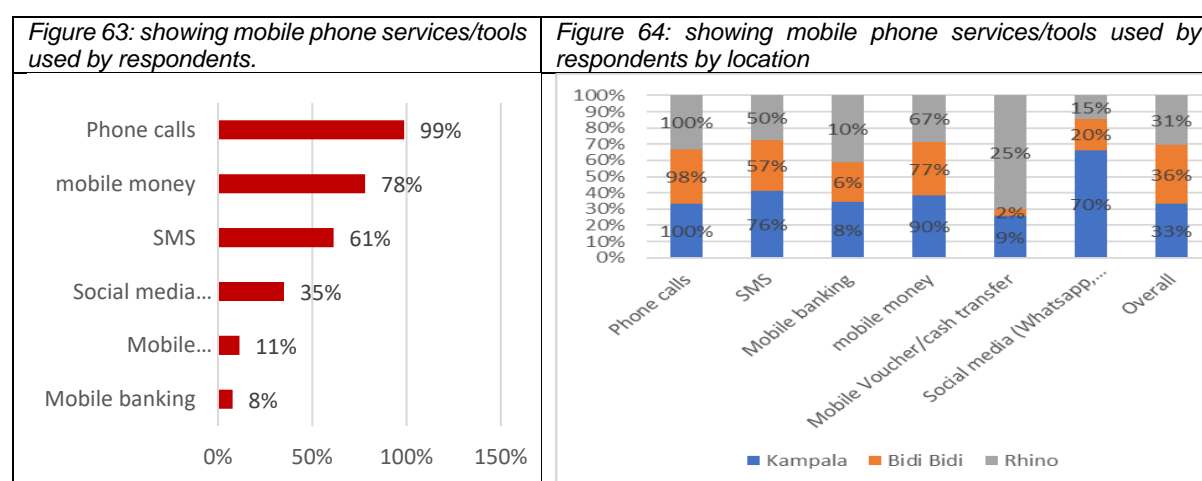
developments in financial services have seen an increased use of technology such as mobile money, online banking, e-payments, SMS banking and this has in the past years led to an increase in financial inclusion especially mobile money which is more widely used in both host and refugee communities. To effectively adapt and effectively use current financial services, there is need for increased knowledge in the functionality and use of digital infrastructure which requires improvement in digital literacy. The baseline investigated key components of financial and digital literacy as documented below.

2.12.1 Access to phones.

The first step in enhancing financial and digital literacy is access/possession of mobile phones. The baseline findings reveal that 91% of respondents had access to phones while only 9% did not. This includes personal ownership of phones as well as the ability to get a phone when in need of one.

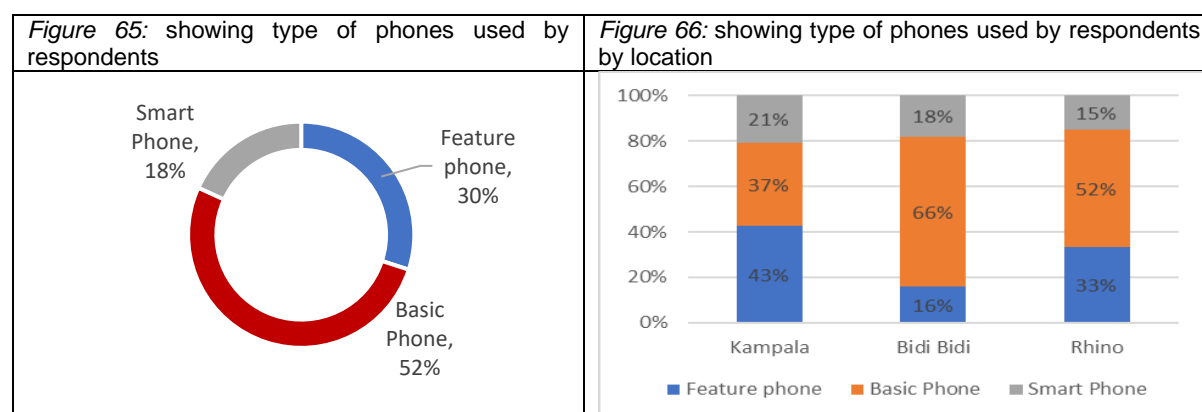


The baseline further assessed the phone services/tools used by respondents and obtained that majority (99%) use phones to make/receive calls, 78% use mobile money services, 61% use SMS services, 35% use social media, 35% use mobile/cash transfers while only 8% use mobile banking.



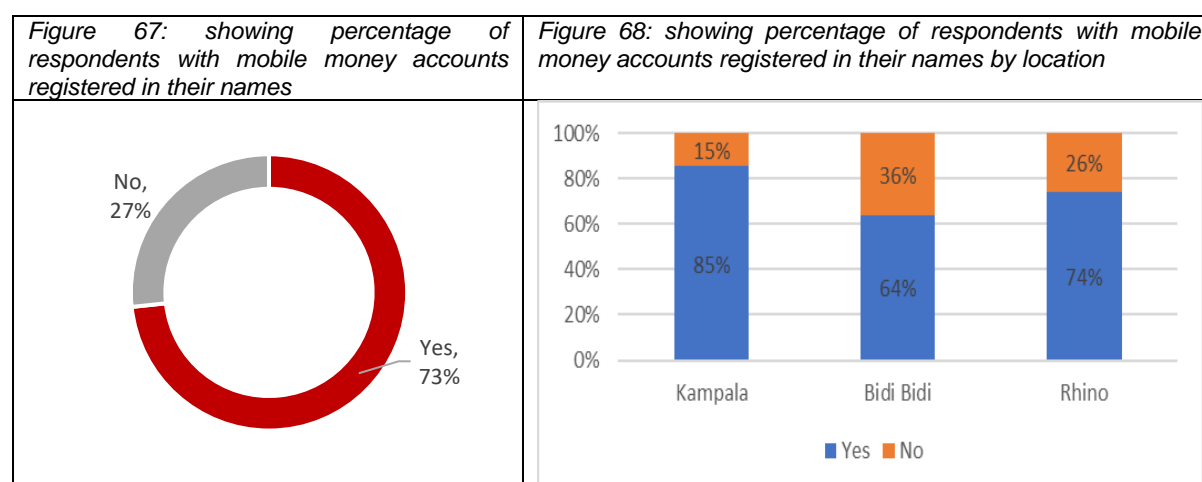
2.12.2 Type of phones

The baseline further investigated the type of phones possessed and confirmed that over half of the respondents (52%) had access to basic phones, 30% possessed feature phones and only 18% had smartphones. While basic phones can enable users access most common financial services, these are limited non online exclusive services and other functions only accessed through internet and thus limits the level of digital literacy one can achieve.

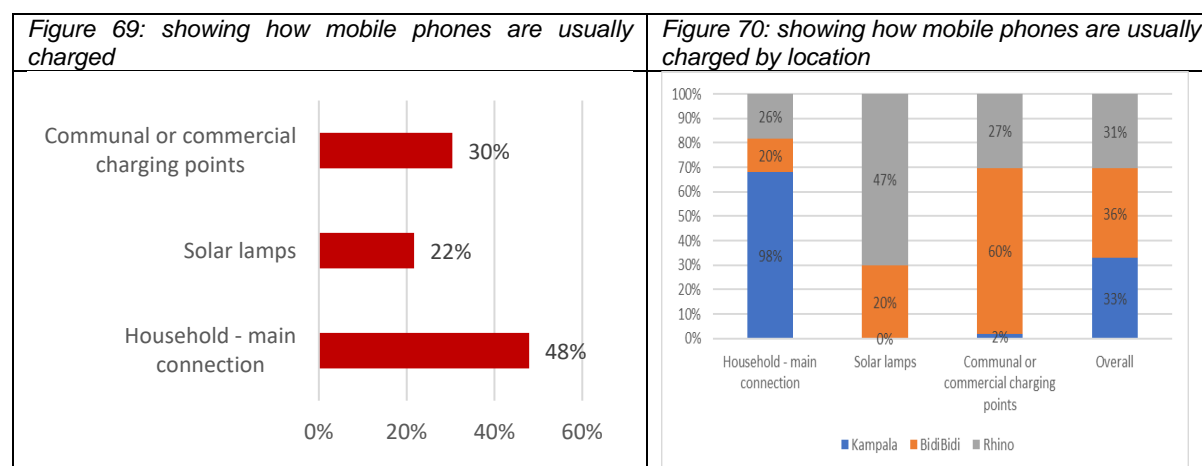


2.12.3 Mobile money

Mobile money is a key tool for financial inclusion given its accessibility and ease to use across the country. The level of financial inclusion grew from 54% in 2013 to 78% in 2018 as documented in the 2018 finscope topline findings and this was largely attributed to increased registration and use of mobile money accounts for transactions. Over the years, FSPs have increasingly integrated mobile money components in their products specifically for access to loans and repayments additionally, mobile money is also being used for remittances with much more convenience than other money transfer platforms. The baseline investigated possession of mobile money accounts and obtained that 73% of respondents had mobile money accounts registered in their names. Fewer respondents with mobile money accounts compared to those with access to phones is attributed to many refugees who have simcards not registered in their own names as a result of lack/delayed possession of refugee IDs that are acceptable for simcard registration.



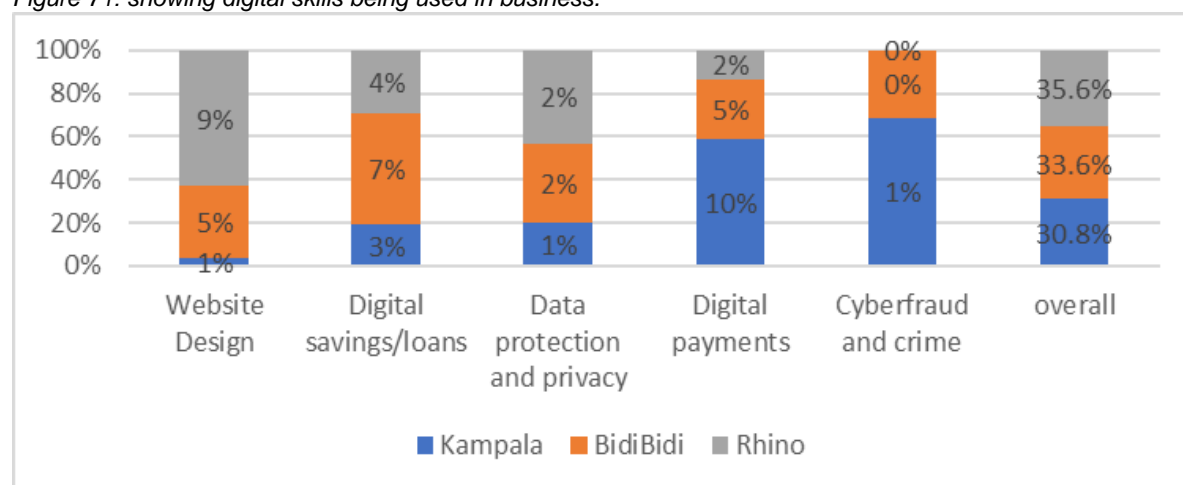
Key to proper usage of phones is availability which directly links to phone charging. This is important since many refugees in settlements have limited access to electricity due to limited on-grid coverage. This requires households to possess solar panels with charging units or access phone charging services at specific spots within the camps. The baseline assessed access to phone charging sources and revealed that 48% used home main connection, 22% used solar lamps at home while 30% used communal/commercial charging points as shown below.



2.12.4 Digital skills

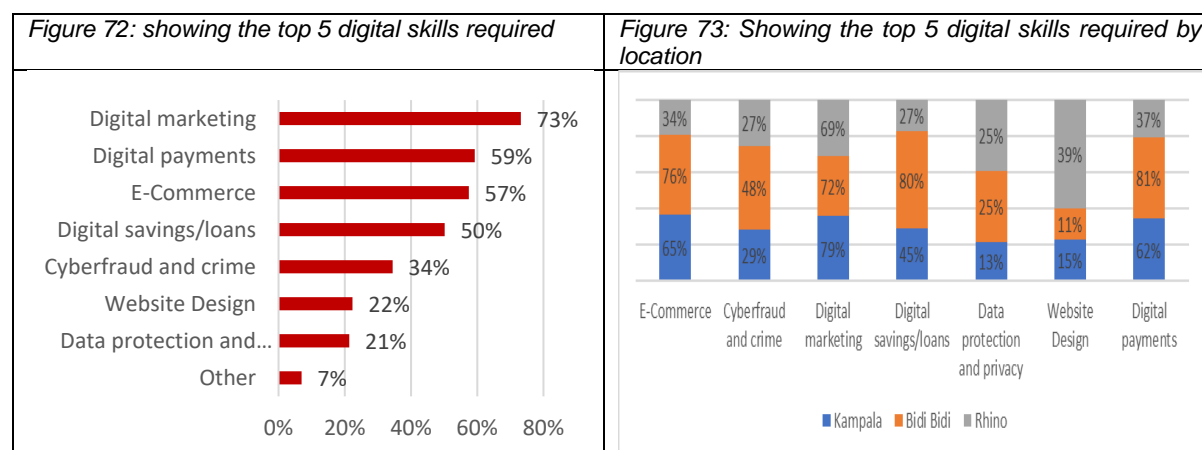
Digital skills for business management are crucial in helping entrepreneurs use available digital infrastructure for increased earnings. The baseline investigated the digital skills currently being used in respondents' microbusiness and obtained very limited use of skills which included E-commerce, digital payments, web design, digital savings/loans, data protection and privacy and cyber fraud as shown in the table below.

Figure 71: showing digital skills being used in business.



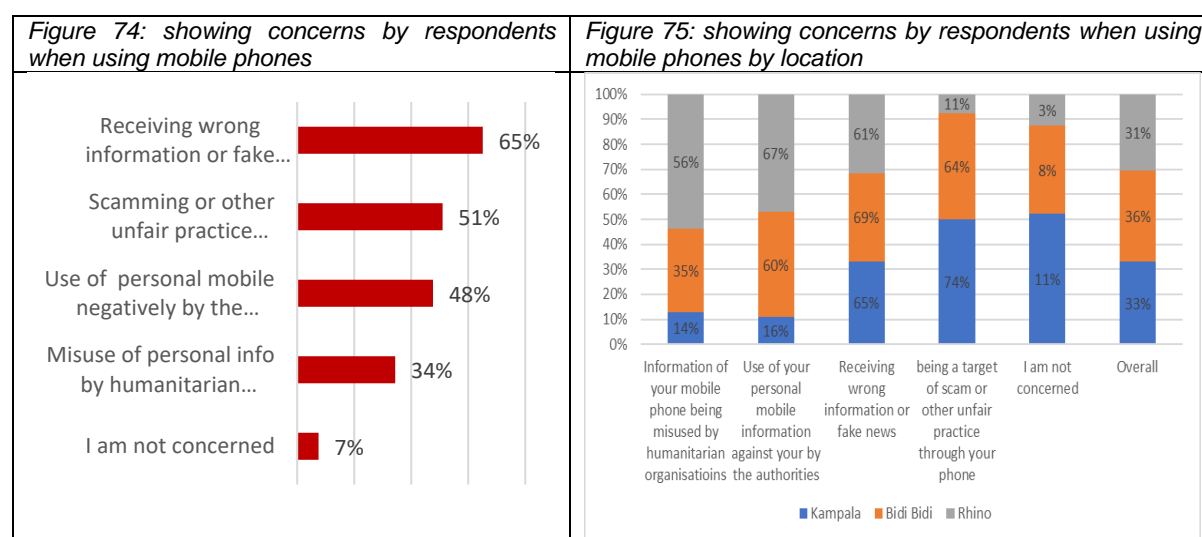
Similarly, the baseline investigated the required skills by respondents and noted that majority (73%) needed digital marketing, 59% needed digital payments, 57% needed

E-commerce, 50% needed digital savings/loans, 34% needed cyber fraud and crime management skills and others as shown in the figure below.



2.12.5 Mobile phone risks

The use of digital infrastructure and mobile phone often brings about certain risks to users. In assessing mobile phone risks, the respondents highlighted several concerns when using their mobile phones. The baseline assessment revealed that 65% were concerned with receiving wrong information/fake news, 51% were concerned with phone scammers, 48% were concerned with misuse of personal information by authorities, 34% were concerned with misuse of personal information by humanitarian organizations while only 7% were not concerned.



Respondents who were not concerned provided an array of reasons such as; knowledge of scammers, use of the phone for family use only, not having private information stored on their phones and others.

2.13 Partner Financial Service Providers

2.13.1 Introduction

The financial services sector in Uganda comprises a range of options including banking, insurance, investment services and others. The sector is organized in tiers (Tier 1 – IV) offering a variety of services including checking and savings accounts, loans, foreign exchange, remittances and others. Financial inclusion has in the latter years been deepened by the emergency of digital financial services and this has led to platforms such as mobile money, SMS banking, internet banking, agency banking, mobile banking and others which have greatly improved financial services landscape in Uganda having integrated these channels into mainstream banking. Microfinance institutions, SACCOs, mobile money providers and other non-banking financial institutions have been hailed to greatly improve financial inclusion by providing services to the underbanked population of Uganda.

The refugee financial ecosystem has heavily relied on non-bank financial mechanisms such as VSLAs, ROSCAs, Mobile money owed to several demand and supply side factors. With improved banking policies and awareness of the bankability of refugees, huge strides are being made to enhance access to formal credit for refugees as a step towards fostering their resilience and improve livelihoods as a whole.

Table 3: Showing financial services landscape.

Tier	Category	Number
Tier I	Commercial banks	25 ⁸
Tier II	Credit Institutions	4 ⁹
Tier III	Microfinance Deposit taking institutions (MDIs)	4 ⁶
Tier IV	MFIs, SACCOs, VSLAs, ASCAs, ROSCAs, money lenders	904 ¹⁰

Other financial services providers include; insurance companies, development banks, stock brokers and foreign exchange bureaus.

2.13.2 Overview of FSP partners

REFINE has hereafter collaborated with three financial institutions (Vision Fund, UGAFODE and FINCA) to extend credit to refugees in Kampala, Bidi Bidi and Rhino settlements for the duration of the project.

a) Vision Fund Uganda (VFU)

VFU is a locally registered Microfinance Institution which started operations as MEDNET in 1996 but has since branded to Vision Fund Uganda with a network of 21 branches throughout the country. The institutions strategy (2022-2024) focuses on sustainably impacting 300,000 children and reaching over 50,000 clients through their branch network, digital channels and partner organizations. With a focus on microfinance and women specific empowerment, the institution has steadily grown to reach to over 50,000 clients with a loan portfolio of over UGX 30 billion.

⁸ Bank of Uganda 2023

⁹ Deposit Protection Fund 2023

¹⁰ Uganda Microfinance Regulatory Authority (UMRA) (March 2022) – Note that these were the licensed MFIs, SACCOs and Money lenders as at March 2022, there are numerous operational Tier IV institutions not yet registered by UMRA.

VFU is among the few formal financial institutions that has expanded its operations to refugees and host communities with operations in Moyo serving Palorinya Refugee settlement, Yumbe branch services Bidi Bidi camp in Yumbe and Rhino Camp in Terego/Arua districts.

The institution has achieved mileage in provision of financial services to refugees using a group methodology approach while leveraging on mobile money to enhance outreach, efficiency and client engagement. This, in addition to tailored financial literacy package has seen its Savings Group linkage loan facility grow in the three settlements -*Palorinya, Bidi Bidi & Rhino* (with 60% women component) in west Nile with future planned expansion to refugee settlements in Adjumani district.

The institutional approach for serving refugees is through organized savings groups to access the Saving Group linkage loan product however, other products are open to individual refugees who qualify for credit.

Table 4: Showing brief profile of VFU

VFU Brief Profile	Details
Years of operations	27
Branch network	21 Branches (Central, Eastern, Northern, Western)
Portfolio size	30.5 Bn (UGX)
No. of clients	51,000
Products and services	<ol style="list-style-type: none"> 1. Business loan 2. Agricultural loan 3. Bodaboda loan 4. Asset Financing loan 5. Saving Group linkage loan 6. WASH loan 7. School fees loan
Digital platform	Mobile money

VFU operational model

In using the group lending methodology approach, VFU aims at benefitting on the group dynamics to extend credit to refugees who would ordinarily not qualify for loans as individuals. Constraints such as no collateral, low incomes and capacity are eliminated and refugees are able to access funding based on their needs. To further reduce risks in credit, VFU identifies active community members who under go a Training of Trainers (ToT) in financial literacy and are equipped with financial literacy training content who go ahead to train groups in preparation for credit financing. Only refugees in groups can access the SGL loan however, other products can be accessed as an individual if one meets minimum loan requirements.

VFU's commitment to refugee lending is seen in its efforts in increasing awareness through community focal persons and continues to be an anchor in extending the much needed finance to settlement based refugees. Key aspects to promote refugee finance by VFU include the following.

- Assessment of products to suit refugees completed in August 2022.
- Staff trainings on refugee finance on a regular basis.

Table 5: Showing SLG loan structure/features.

Item	Details (SLG) Product
Product name	Savings Group Linkage (SGL) product
Interest rate	3% per month reducing balance
Loan period	Maximum 11 months
Eligibility	<ul style="list-style-type: none"> • Member within a Savings Group. • Saving group with at least 2 share-outs • Good group record keeping • Participation in a financial literacy training
Delivery channel	Mobile money
Non-financial component	Financial literacy; <i>Curriculum includes;</i> <ul style="list-style-type: none"> • Loan management • Savings • Preparation for retirement • Money management • Child protection

Gaps

The major gaps experienced include;

1. Perception among VFU partners that they can only support refugees through business loans yet other loans are available.
2. Other products such as asset financing for agriculture are not tailored to refugees despite their demand.
3. VFU policy strict on serving refugees only through business loans.
4. VFU policy strict on not allowing staff to engage in VSLA group affairs which limits on ability of staff to ensure the right people are taking the right loan amounts.
5. Low outreach by VFU

REFINE intervention and support

The project's areas of support include;

1. Identification and recommendation of stable groups to be recruited and served by VFU.
2. Increasing access to loan finance to increase buffer.
3. Provide additional technical assistance and training in refugee financing to staff.

b) UGAFODE (MDI)

UGAFODE is a Microfinance Deposit-taking Institution (MDI) regulated by Bank of Uganda. It was founded in 1994 as a Non-Government Organization to provide financial services to its clients. The institution was later in 2010 incorporated as a company limited by shares and later transformed into an MDI in September 2011.

Consequently, the institution in 2019 launched a pilot financial inclusion refugee program to serve Urban refugees in Kampala which saw over 1,200 refugees opening up accounts as well as achieving 100% repayment rates for this client category. With support from partners, UGAFODE eventually in March 2020 opened up a branch in Nakivale settlement to extend the much needed financial services to refugees and has

since provided credit to over 500 target beneficiaries with a loan outstanding portfolio in excess of 2 billion UGX to date. The institution has reached over 5,000 refugees with financial literacy messages with over 2,500 refugees from the camp opening up savings accounts. The institution uses a combination of individual and group lending methodologies, availing the same loan and savings products for both refugees and locals.

With increased experience in serving refugees coupled with management commitment as well as the desire to scale up financial service provision for refugees, UGAFODE forms a strong financial services partner to provide the much needed financial services to improve refugee financial inclusion.

Table 6: Showing UGAFODE brief profile.

UGAFODE Brief Profile	Details
Years of operations	29
Branch network	19 branches
Portfolio size	56 bn UGX (Dec 2021)
Client Deposits	31 bn
No. of clients	<ul style="list-style-type: none"> • > 110,000 saving accounts • > 16,000 borrowers
Products and services	Business loans – <i>Micro Business Individual/Group loan, small business loan, Small & Medium Enterprise loan, School Development loan</i>
	Agriculture loan
	Housing loan – <i>Micro Mortgage loan, Flexible Housing loan</i>
	Personal development loan
	<ul style="list-style-type: none"> • Ordinary savings account • Fixed deposit account • Target savings account • Group save account. • Junior savings account
	<ul style="list-style-type: none"> • Money transfer (remittances)
Digital platforms	<ul style="list-style-type: none"> • UGAFODE mobile • Mobile money • Mobile banking • Internet banking

Operational model

UGAFODE engages a risk based approach which includes deducing evidence from pilot surveys and research to develop strategic and operational action points that gradually expands outreach and quality of its refugee portfolio. The MDI also seeks to leverage on its agency banking network to extend its entire product offering to both Urban refugees and settlement based refugees in Nakivale settlement.

The institution has additionally collaborated with refugee focused INGOs to further deepen their understanding of refugee income and expenditure patterns as well as senior management and board level commitment to refugee financing.

Key achievements include; *improved staff policies to deliberately onboard refugee staff, received a no objection from Bank of Uganda (BOU) to conduct a pilot lending for Kampala refugees as well as a no-objection from BOU to accept Refugee ID as a KYC for credit.*

This immense progress notwithstanding, the institution possesses existing gaps in refugee financing as follows.

Gaps.

- Limited digital literacy among refugees which limits use of available digital tools for refugees and their businesses.
- No training curriculum for business skills for refugees
- Current products not well suited for refugees (Currently reviewing product offering)

REFINE project intervention and support

- Support in provision of capacity building in strategy development for refugee financing.
- Capacity building of refugees in digital literacy and business skills for refugees in business.
- Additional credit from KIVA

c) FINCA UGANDA LTD (MDI)

FINCA Uganda Limited (MDI) is a Microfinance Deposit taking institution in Uganda and a subsidiary of FINCA Microfinance Holding company LLC. Its also a part of 20 microfinance institutions and banks in Africa, Asia, middle east and Latin America that provide socially responsible financial services to low income communities geared towards fostering household and business growth and alleviating poverty.

Having started in 1992, FINCA Uganda has over 30 years experience with impactful financial services with a focus on women empowerment. With a strategy of being an unconventional community based bank that provides innovative and impactful financial services, FINCA has significantly changed lives and improved access to financial services throughout communities around its branch network in 28 locations around the country and consequently grown its partnership with community focused local and international organizations to further deepen financial inclusion.

FINCA henceforth intends to use past experience in working with rural communities by availing all its financial instruments to refugees in Kampala and West Nile. Being relatively new in refugee financial inclusion, FINCA intends to leverage its strength and experience from areas they have worked before as well as collaborative learning with partner institutions for REFINE project to build its refugee credit and savings portfolio over time.

Table 7: Showing a brief profile of FINCA (MDI)

FINCA Brief Profile	Details
Years of operations	31
Branch network	28
Portfolio size	108 bn UGX

Deposits	-
No. of clients	116,877
Products and services	<ul style="list-style-type: none"> • FINCA Business loan • FINCA self-managed group loan • FINCA Agriculture loan • FINCA Solar loan • FINCA Education consumer loan • FINCA SE (Small Enterprise) Loan • Personal Development loan
	<ul style="list-style-type: none"> • Finca Easy savings account • Finca target Account • FINCA junior account • FINCA Fixed deposit account • FINCA Smart start account • FINCA corporate account • FINCA Group account • FINCA ku Simu account
	Insurance
	Remittances and money transfer
Digital platforms	<ul style="list-style-type: none"> • Internet banking • FINCA Mobile app • Agent network (Cente Agency service) • Digital Field Automation (FINCA Agent)

Operational model

FINCA aims at leveraging on available digital technologies to foster microlending with a focus on product offering rather than the market segment thereby availing its current product portfolio to refugees who qualify to absorb them. The focus on micro loans is premised on the fact that the institution has limited experience in refugee lending as well its predisposition as a microfinance institution.

FINCA's readiness to refugee lending is seen in its commitment from the senior leadership team as well as several strategic and operational level activities engaged in to promote refugee financial inclusion as follows.

- The institution has undertaken a scoping study and TA efforts to outline refugee financing opportunities which has obtained gaps, opportunities as move my management to be more intentional in providing financial services to refugees.
- Tapping into KIVA support to expand refugee lending.
- Buy-in by management to prioritize financial services to refugees going forward.
- Dedicated refugee loan product despite its lack of prioritization by credit staff.

Existing gaps

- Limited internal knowledge about the refugee market
- Inadequate marketing approaches including appropriate marketing materials for products.
- Determination of admissible KYC documents
- Inadequate liquidity at agent touchpoints in remote areas.
- Low visibility for FINCA in settlements and towns

Project Support areas

- Support in developing appropriate marketing materials in local languages.
- Review in refugee individual loan product to suit current needs.
- Capacity enhancement of staff in refugee lending (Debunking myths)
- Support in developing a clearer strategy for inclusion of refugees and value proposition for this segment through out Uganda.

Table 8: Showing key comparisons of the FSP partners.

FSP	Category (tier 1- IV)	Have Refugee tailored product(s)	Have Improved products to suit refugees	Mobile money enabled service	Have Digital literacy trainings	Have Fin literacy trainings	ATM/ Smart cards	Have agent network
Vision Fund	IV	x	√	√	x	√	x	x
UGAFODE	III	x	x	√	x	√	x	x
FINCA	III	√	x	√	x	√	√	√

2.13.3 Successes registered in refugee financial service provision.

Refugee lending has always been regarded as risky due to factors such as limited credit history from countries of origin, limited collateral to qualify for credit among other factors which accounts for low provision among formal financial institutions however, this is set to change given the positive developments over the past few years among the few institutions that have developed innovative mechanisms of serving refugees. With increased understanding of refugee income, expenditure patterns and overall refugee bankability, many formal financial institutions have registered successes in serving refugees. The key successes include;

Outreach

With support from development partners and INGOs, FSPs such as Vision Fund, Equity bank and UGAFODE have scaled up refugee financial provision to various settlements as well as Urban refugees. VFU opened its first refugee serving branch in Moyo district in 2019 and by June 2020 had extended loans to over 1,700 people in 80 VSLA groups having disbursed USD \$75,000¹¹. The institution today has a branch in Yumbe district serving refugees in both Rhino and Bidi Bidi Settlements with a combined credit outreach of over 10,000 refugees in over 360 VSLA Groups¹².

Having identified a potential market, UGAFODE undertook a feasibility of the refugee market in Oct 2018 for both Urban Kampala and two rural settlements in Bidi Bidi (West Nile) and Southwest (Nakivale settlement). The findings recommended piloting existing products starting with Kampala based refugees which has seen immense success among urban refugees¹³. Based on successes achieved, UGAFODE opened a mini Branch¹⁴ inside Nakivale settlement in March 2020 where 505 loans were disbursed by December 2020 at a PAR 1.65% 1 day, over 2,500 opened accounts

¹¹ Vision Fund.org – Refugee lending

¹² Interview with Yumbe Branch Manager

¹³ Making Finance Work for refugees (UGAFODE's journey) – ILO January 2022

¹⁴ Projecting a portfolio of 4,410 savers and 3,265 within 1 year – ILO Jan 2022

within one year and over 5,000 have used money transfer services so far¹⁵. At the time of this baseline, UGAFODE was undertaking a review of its product offering in the settlement to further drive uptake and outreach within Nakivale settlement with expected future replications in Kyaka, Kyangwali and Rwamwanja refugee settlements.

Women financing

Women are more likely to be financially excluded compared to men as a result of several socio-cultural and economic realities in refugee and host communities however, the baseline study and past studies have revealed that women, who are majority are the primary care givers and earners and hence are key focal points for improving the living standards of refugee households.

VFU in extending credit to refugee groups has ensured women inclusion through the following ways.

- 75% membership of groups must be women in order to be served.
- Groups without women are not given credit.
- Increased training of women in financial literacy.

UGAFODE (MDI) which is also women centered in strategy is also extending credit to women majorly through individual lending methodology.

Financial literacy

Improved personal financial management is a key to unlocking success in managing business and personal finances. Financial literacy as crucial non-financial service has been incorporated in financial service provision by both VFU and UGAFODE over the years and this is a key step in enhancing refugee credibility for larger credit in the future.

KYC documents

Given that the refugee segment is considered high risk and relatively unknown, many FSPs are concerned with the KYC compliance documents. Key questions existed whether Refugee IDs could be used as KYC documents and how these cards can be verified. Without high level approvals therefore, there would be no avenue to serve refugees. Bank of Uganda consequently approved a no objection in 2017 for the use of Refugee IDs as personal identification documents for formal financial inclusion among refugee communities. This is a key success in the sense that it opens an avenue for availing refugees with wider financial services options to meet their immense needs.

Data capture

One of the existing risks is lack of credit history for refugees from their countries of origin however, with increased uptake of financial services, FSPs are able to capture adequate data such as income and expenditure patterns, repayment capacity, products preferred, businesses engaged in and others which provides for advanced

¹⁵ UGAFODE and financial inclusion for refugees – Grameen foundation

analysis on how refugees can be served better. This provides an invaluable credit reference for understanding refugee financial behavior as well as scaling financial services in future.

FSP Policy improvement

Effectively serving refugees requires utmost commitment from FSP management and board given the risks involved. Over the years, FSPs have shown commitment through improvement in internal policies to include refugees as a segment to provide financial services. VFU, UGAFODE and FINCA have included Refugee IDs as KYC documents to qualify for financial services in respective MIS. The institutions have also included structural adjustments in employing dedicated staff in refugee financing as well as constant capacity building to foster refugee inclusion in not only financial services but also communication, financial literacy and other non-financial services.

2.13.4 Challenges¹⁶

- a) Despite a no objection from Bank of Uganda to accept Refugee IDs for access to financial services, many refugees still do not have these IDs pending issuance from OPM. FSPs consequently use attestation cards/letters to enable refugees access financial services.
- b) The mobility of refugees is an ever present risk to FSPs. Refugees who often fail to pay loans in time return to countries or relocate to new locations making it difficult for FSP staff to locate them. As a risk mitigation measure, FSPs have implemented tight credit and default management techniques which may be a deterrent for access to loans.
- c) The covid-19 pandemic saw reduction in funding for refugee livelihoods which led to a reduction in food rations. This impacted on repayment capacity since loans have often been diverted to purchase food and other basics instead of the required purpose for which it has been borrowed.
- d) The high dependence on charity and grants has created a mindset of always receiving and thus many often confuse credit and grants. This requires extra training from financial institutions to ensure that borrowers understand their obligations before loan disbursement.
- e) Operations in settlements presents additional operational costs to FSPs in mobilization, training, marketing, monitoring and repayments. It becomes worse when defaults occur and staff have to make extra trips to enforce payment.
- f) Language barrier possesses a challenge in effective communication to refugees in access and use of financial services. This has required recruitment of refugees as field staff to close this gap. Language barriers also calls for translation of marketing materials further increasing the cost of serving the refugee segment.
- g) Many refugees have limited digital capacity and knowledge and this limits extent to which digital financial services can be used effectively. With increased digitalization of financial services, its paramount that digital capacities of refugees are enhanced.

¹⁶ BFA Global, Financial services in Uganda refugee response – U Learn, UKAID 2022

- h) Many refugees lack credit history of access and use of financial services from countries of origin which makes it difficult for FSPs to determine loan amounts especially for individual lending approach.
- i) Lack of assets for collateral often crowds refugees to take big loans on an individual basis. FSPs often have to seek third party guarantees if this challenge is identified.
- j) While FSPs have implemented structural and policy level changes to serve refugees. They still offer conventional products already being accessed by nationals without significant adjustments to attract uptake from the refugee population.
- k) Inadequate presence of bank agents within camps has been impacted on accessibility to financial services from banks even with improved availability of various digital channels. Refugees often have to move long distances to towns which is an additional cost to the refugees and a deterrent to continuously using formal financial services.
- l) Limited understanding of the bankability of refugees and refugee financial patterns has impacted on the extent to which refugees are served.

2.13.5 Gaps in refugee financing (*Access gaps, digital/financial literacy, outreach, uptake etc*)

a) Inadequate Digital/Financial Literacy

Digital financial services (DFS) is the modern frontier for provision and access to financial services however, limited digital literacy among refugees presents a huge gap in access and use of digitalized financial services. The baseline revealed constraints such as limited knowledge of digital platforms such as online banking, SMS banking, E-commerce, E-payments and others. The baseline also revealed limited possession of smart and feature phones among refugees yet this is a major enabler in enhancing digital literacy.

Mobile money as the most prevalent digital channel also has challenges of inadequate float, network availability, unavailability in most parts of the settlements which often leads to congestion in a few locations where agents exist. Similarly, banks agents are unheard of in most settlements and where they exist are limited to services for provision of UN's cash for food program.

b) Refugee tailored financial products

Refugee financial service provision being relatively new for formal financial institutions, it's quite understandable that FSPs are yet to engage in detailed market research into refugee tailored product development. Access to conventional products (which is the case now) by refugees poses a potential threat of incompatibility in meeting requirements that are already tailored to nationals. Despite FSPs reporting compliance in loan repayments with refugee PAR comparable to that of nationals, changes in socio-economic contexts such as covid-19 effects can drive default and non-compliance consequently affecting uptake of financial services by FSPs.

c) Accessibility

Unlike serving self-settled urban refugees, the high costs of serving settlement based refugees poses a serious gap in extending financial services there. Costs of mobilization, training, marketing, loan monitoring as well as poor physical infrastructure are often a deterrent to effective refugee financing. FSPs often operate satellite/mini branches which have limited services and often do not attract skilled staff due to poor living conditions. Even with improved digitalization of financial services to facilitate disbursement, account opening and payments, major costs such as marketing and awareness creation, branding and loan monitoring still poses a challenge.

d) Credit history

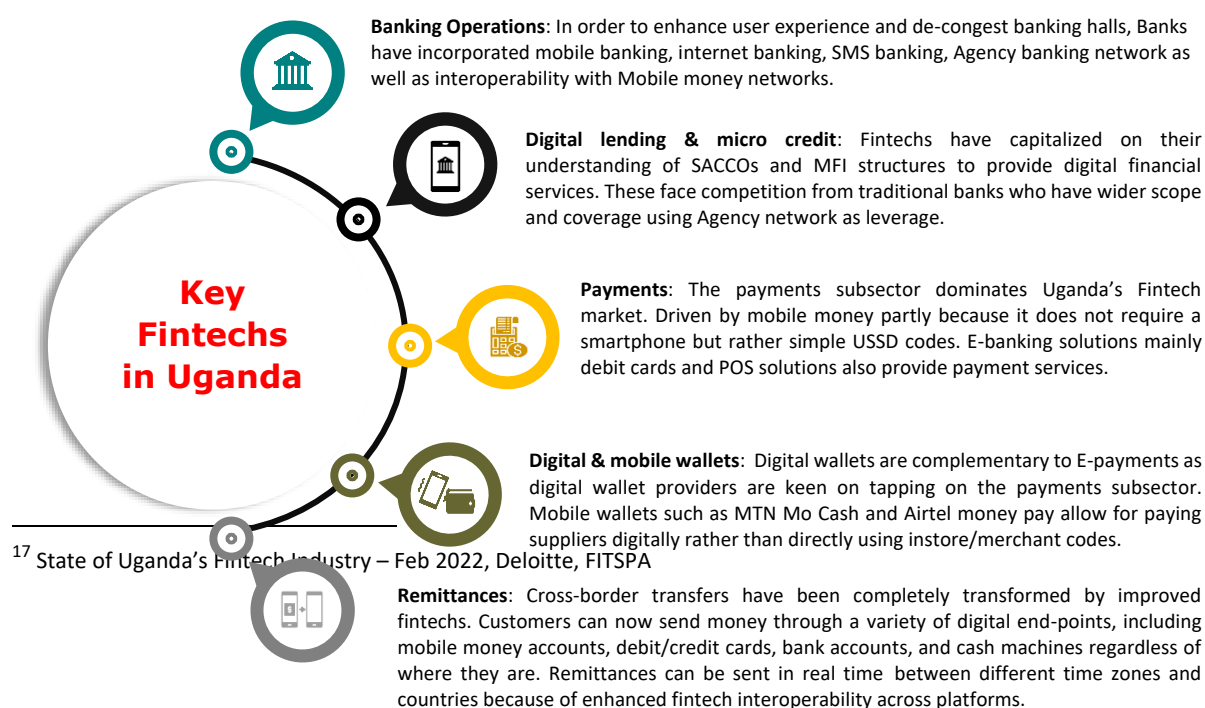
Inadequate credit history of refugees from their countries of origin presents a gap in overall determining the bankability of refugees and has significantly contributed to why many formal FSPs shy away from serving refugees. The lack of data renders credit decision making an uphill task and thus many refugees often do not qualify for credit or get small loans since they do not have sufficient data on their financial lives.

2.13.6 Financial technologies (Fintechs)

The increased availability of fintech provides for more accessibility and affordability of financial services creating an opportunity for increasing access to financial services for all. Ever since the introduction of the first ATM in Uganda in 1997, fintechs have positively evolved in the past 22 years to make financial services more affordable and accessible to the population.

Directly influenced by the digital economy, the fintech eco-system in Uganda heavily relies on a combination of network availability and reliability, digital literacy and mobile phone penetration. Globally, Uganda ranks 116th on the Network Readiness Index (NRI) (World Bank) with a mobile penetration of 49% and Smart phone penetration at 16%¹⁷. While fintechs include a wide range of automated technologies, Uganda is dominated by the following.

Figure 76: Key Fintechs in Uganda.



The field primary data reveals a high use of VSLAs among refugees for accessing financial services despite their limitations and capacity to improve individual and business incomes. While microfinance oriented Formal financial institutions have over the years sought linkages as an avenue of serving VSLA members, many VSLAs are still not linked.

The leveraging of fintechs however presents an opportunity for VSLAs to be digitalized thereby offering much more linkage opportunities to formal financial institutions. Fintech companies such as Ensibuuko and Akaboxi have gone the extra mile in using fintechs for digitalizing VSLAs and SACCOs.

1. Ensibuuko Tech Limited

This is a Ugandan fintech company established in 2014 that enables digital access of affordable and relevant financial services to unbanked communities. Its core activity revolves around digitalizing Savings and Credit Co-operatives (SACCOs) through Mobis (a Microfinance platform) including integration of mobile money system and other payment platforms. It has also expanded its portfolio to include VSLA digitalization. Ensibuuko digitalizes manual operations using 3 platforms which include; 1. Cloud based platform SACCOs or (Member Based Organizations) MBOs - *for Digital records and automation of SACCO/MBO processes and reporting.* 2. Shared USSD Mobile banking – *SACCO/MBO members can deposit, withdraw and check savings balances via MTN/airtel.* 3. Android apps for VSLAs – *for digital records and automating VSLA processes and reporting.*

Through its platforms, Ensibuuko is currently serving over 240,000 individual customers through 120 SACCOs and 1,200 VSLAs across 30 districts 90% of whom are farmers across multiple value chains.

Table 9: Showing profiling of Ensibuuko services¹⁸

Current offerings	Platforms	Platform scope	Benefits	Challenges faced
<ul style="list-style-type: none"> • Digitalization of farmer groups • 2. Financial linkage (crop insurance, Agro digital credit, VSLA digital savings) • E-commerce • E-Learning / Education 	<ul style="list-style-type: none"> • Cloud based platform • USSD mobile banking • Android app 	<ul style="list-style-type: none"> • Member registration • Savings/ collection tracking • Credit mgt • Welfare mgt • Cash box tracking • SMS notice • USSD service 	<ul style="list-style-type: none"> • Easy access to records • Acceleration of fin. Inclusion • Build VSLA database • Ease linkage to FFSPs • Reduced costs to serving rural populations 	<ul style="list-style-type: none"> • Low literacy levels. • Low phone penetration among members • Unreliable network connectivity • Low electricity penetration to

¹⁸ Ensibuuko.com, UNCDF 2021

Current offerings	Platforms	Platform scope	Benefits	Challenges faced
		<ul style="list-style-type: none"> Digital trading 	<ul style="list-style-type: none"> Develop credit history for members. Enhances VSLA mergers 	<ul style="list-style-type: none"> keep phones charged

b) Akaboxii

Driven by the desire to provide cost friendly, appropriate digital financial inclusion services to the excluded populations in rural areas, akaboxii has developed a tech based platform to enable smallholder farmers in a community manage and track their savings in an improved manner. By using akaboxii digitalized systems, small holder farmers can safely and securely manage and monitor their savings linked to a financial institution as well as tracking transactions related to the savings group.

Given their informal nature of operation, savings groups often have immense risks yet they are the primary financial service options for many women and youth. Challenges such as record keeping, credit scoring, security risks of savings boxes in individual homes make VSLAs a non-viable option for financial liberation of members. Akaboxii digital platform addresses these core challenges while providing linkages to regulated financial institutions for a larger scope of financial services.

Table 10: Showing profiling of akaboxii digital platform¹⁹

Current offerings	Platforms	Platform scope	Benefits	Challenges faced
<ul style="list-style-type: none"> Record keeping and mgt Access to markets for smallholder farmers AkaboxiFund Training Customized system for clients 	Android based mobile application Near Field communication (NFC) Cards	<ul style="list-style-type: none"> Linkage to bank accounts Tracking transactions weekly Issuance of receipts for transactions 	<ul style="list-style-type: none"> Access to loans to members from Akaboxii platform Linkages to FFSPs Link farmers to buyers Digitalized VSLA processes. Increased safety and security of transactions. Interoperability with mobile money platforms SMS alert service enabled Auto Weekly, monthly reporting enabled. Credit scoring Information sharing Time saving Good record keeping 	<ul style="list-style-type: none"> Network challenges

¹⁹ Akaboxii.com

Current offerings	Platforms	Platform scope	Benefits	Challenges faced
			<ul style="list-style-type: none"> • Reliable financial system • Safety of savings 	

2.14 Kiva Micro funds and ReFine

Headquartered in San Francisco, California U.S.A., Kiva Microfunds is an international nonprofit started in 2005 with a mission to expand financial access to help underserved communities thrive. Its peer-to-peer lending model was among the very first globally, and is focused on channeling risk-tolerant, flexible capital to small businesses. The Kiva model leverages a technology platform to crowdfund loans and unlock capital for the underserved, improving the quality and cost of financial services, and addressing the underlying barriers to financial access around the world. The crowdfunding platform is essentially a partnership with financial institutions and social enterprises and Kiva Capital (Kiva's impact-first microfinance vehicle setup to provide debt financing to FSPs working in this space). This peer-to-peer lending model has enabled students to pay for tuition, women to start businesses, farmers to invest in equipment and families to afford needed emergency care.

In 2016, Kiva began piloting refugee lending and collected data that illustrates that refugees can and do repay their loans. Repayment rates on the Kiva crowdfunding platform are over 95%, similar to that of non-refugee microfinance clients. To date, Kiva has mobilized philanthropic lenders on their crowdfunding platform to provide \$13M to over 15,000 refugee entrepreneurs, demonstrating the viability of lending to displaced populations. In 2016, Kiva launched the Kiva Refugee Investment Fund (or KRIF), a \$32M fund arising from work done in the Middle East, Latin America and East Africa to support the crowd fund. The facility was to be able to lend between \$500,000 to \$5M to participating financial institutions. Kiva is now working with its global network of Field Partners (MFIs, banks, schools, agents, etc.) to scale the model to displaced populations.

Within the context of ReFine, Kiva hopes to leverage the wraparound technical assistance to FSPs and grassroots refugee organizations (like RLOs) to complement the financing facility availed to FSPs to enable them scale their refugee finance portfolios. Kiva's key role in ReFine is to make available up to \$800,000 in capital to find the refugee loan books of all three participating FSPs (VisionFund Uganda, FINCA Uganda, and UGAFODE) so they can create new and improved products that cater to the needs of refugee entrepreneurs and special interest groups and expand their reach. The partnership between Mercy Corps, Kiva and Cohere therefore draws multiple innovations together into three broad approaches:

- Removing potential barriers to accessing finance, such as by offering interest-free loans, provision of loans not backed by collateral and with flexible repayment schedules for refugees

- Designing loans to target and serve specific underserved groups, including women and refugees, or specific borrower needs, such as for solar energy lighting.
- Providing holistic wraparound support in combination with lending, such as provision of core resources, knowledge sharing and technical assistance to maximise loan impact.

2.15 Refugee Led Organizations

Introduction

As mentioned earlier, the practice of hosting refugees is slightly more complicated than envisioned for most governments because of the relatively lengthy displacement period (17 years) and the complex needs of refugees that evolve with the different displacement phases. Several refugee hosting countries have realized that offering temporary displacement aid is a temporary solution to this social crisis and that the more sustainable solutions tend to focus on developing self-reliance for the refugee and involving complex market system actors. Several local independent organizations have responded to this trend by offering a haven for refugees to connect with each other, advocate for refugee agency and self-representation, build capacity in survivalist skills and attitudes, and raise funding to finance livelihood activities. Among these are the Refugee Led Organizations (RLOs) who are typically the first grassroots point of contact for asylum-seekers and refugees arriving in-country.

Within the scope of ReFine, Mercy Corps is working with five RLOs across the urban setting (Kampala and Wakiso) and in settlement settings (West Nile specifically Bidi Bidi and Rhino Camp). The five RLOs and their profiles are presented in the table below.

Cohere and ReFine

Cohere (formerly Xavier Project) is an international NGO that was established in 2008 with the mandate of transforming refugee communities by transferring power, rather than aid, within the response to refugees and enable them to deal with their crises. They work closely together with local refugee led organisations (RLOs), who are in touch with the refugees and migrants and know exactly what is needed to address the challenges their communities face. Localization of content and RLO participation are highly prioritized in Cohere's programming.

In general, Cohere focuses on institutional strengthening for RLOs which focuses on four key areas:

- Capacity strengthening
- Coordination & networking with other agencies
- Advocacy of sensitive and crucial issues affecting refugees and RLOs, and
- Fundraising.

They do this with over 30 RLOs in Uganda and in other regions including RLOs in Kenya, Malawi and Nigeria and have reached and transformed livelihoods of over 24,000 individuals, most of whom are refugees.

The primary tools of impact employed by Cohere are training course modules (18 different modules) and capacity strengthening of RLOs. RLO capacity is built up through these tools in areas such as governance, funds management, operations, partnerships, fund raising and proposal development so that they can autonomously define their priorities, secure funding from donors and manage resources. Having been equipped and funded, the RLOs are then expected to directly engage the refugees and refugee groups in diverse programming activities to build their capacity in various ways.

Cohere's role within ReFine:

A key part of Cohere's role within the project is to manage outgoing funds to the RLOs for capacity strengthening activities throughout the project period. Cohere will also facilitate connections to the five partner RLOs and support in designing and executing the capacity building activities (business clinics). All five RLOs are part of the network of 34 institutions Cohere directly works with; consequently, Cohere will be the critical lynchpin between not only Mercy Corps and the RLOs but also the FSPs when introducing financial products and services to the refugee communities. The trusting relationship, built between Cohere and the supported RLOs, will help tackle misunderstandings between RLOs and the FSPs.

The hallmark of the capacity strengthening programme for refugees in ReFine is embodied by the business clinic facility, which is an intensive hands-on two to three-week workshop conducted at an RLO's premise (or potentially conducted in an itinerant fashion) which builds the capacity of refugees in the requisite financial and digital literacy issues for household and business growth and resilience. A typical clinic can run for roughly a month and feature multiple topics such as legal requirements for accessing finance, entrepreneurship training, bookkeeping, effective farming techniques, etc. which are based on each RLO's identified capacity gaps and expressed needs. This is in line with the project's objective and is intended to address key issues identified at the grassroots refugee level in this baseline assessment and some of the key issues identified from previous projects such as Mercy Corps - Hilton's Urban Refugee Resilience Programme (URRP).

Cohere will be instrumental to this setup, and will ensure that the following are in place and observed throughout the project period:

- Support the procurement process of recruiting qualified and appropriate service providers and technical experts whose role would be to train RLO staff on elected topics for each business clinic and provide ongoing support.
- Furnish each RLO with the necessary logistics and equipment (computers, informational desk/center, stationery, banners, etc.) to support the uninterrupted functioning of the clinic

- Liaise with the RLO to track the number and nature of service requests, feedback, and their resolution and management
- Socialize and educate FSPs on RLO needs and expectations to ease the handoff between the FPSs and the RLOs

Share lessons learned in the piloting of these business clinics, and provide support to Mercy Corps in assessing impact of this approach on refugee financial and digital capacity.

Table 11: Showing Brief profiles of RLOs.

RLO Name and Brief Background	Operational Model	Key Activities	Key Challenges & Constraints	Successes so far	Opportunities
<p>Bondeko</p> <p>Created in 1997 by urban refugees to enable refugees to become self-reliant and avoid a chronic dependence on UNHCR; Bondeko is a registered company limited by guarantee with a full functioning Board of Directors and executive management team.</p> <p>Currently has a staff strength of 51 with a leadership team comprising refugees and asylum seekers. Dominant refugee population hails from Democratic Republic of Congo</p> <p>Annual Operating Budget: 38,000 USD Annual Beneficiary Reach: 2,500</p>	<p>Key funding partnerships include Cohere, Omprakash, Rotary Club of Seattle #4.</p> <p>Bondeko works through network affiliates such as Grassroots Leadership Organizations (GLOs), RELON Uganda, Member of the global African Chapter, Global Refugee Led Network.</p> <p>Operates in Kampala, Uganda with 2 offices in different locations:</p> <ul style="list-style-type: none"> • Main office in Najjanankumbi, Stella Village • Extension office in Nsambya, Hanlon Road 	<p>Operates several activities across key streams:</p> <ul style="list-style-type: none"> • Capacity building, • Livelihoods (bakery, fashion designs, charcoal stoves), • Education (adult, early childhood development), • Children with disabilities (autism, down syndrome, cerebral palsy, etc.), • Peer-to-peer counselling; • Youth development (recreation); • Legal clinic, visiting prisons, clean energy 	<p>Current challenges Bondeko faces in its program delivery are mostly driven by:</p> <ul style="list-style-type: none"> • A misunderstanding of who the refugee is; • Low trust in the refugee's ability to manage funds; <p>These perceptions and societal norms affect refugees and culminate in:</p> <ul style="list-style-type: none"> • Limited to no collateral, • Financing constraints, • Knowledge and skills gaps, • Cultural and gendered norms that disadvantage women • Small loanable funds availed to refugees, often below \$100k <p>Challenges Bondeko faces as an institution include the following:</p> <ul style="list-style-type: none"> • Limited opportunities to get and manage larger funding due to misconceptions about the refugees it hosts • Limited incentives for staff, volunteer allowances lead to demotivated workers and delivery of subpar work quality 	<p>Successfully launched programmes linked to capacity building, livelihoods, child education, counseling (peer to peer); youth development; legal clinic, visiting prisons, clean energy</p> <ul style="list-style-type: none"> • Reached out to 12,500 beneficiaries over 5 years through various programs. • Trained 60 youths (43 boys & 17 girls) for the mushrooms growing activity in 2019. • Most activities affected by COVID-19; managed to resume livelihoods (bakery, tailoring, fashion designs, make bricks, charcoal stoves) 	<p>Strengthen financial management capacities at both the household and business levels</p> <p>Encourage FSPs to develop flexible data-based collateral schemes (data based credit assessment schemes) for refugees</p> <p>- WIP</p>
<p>Hope of Children and Women (Victims of Violence)</p> <p>Founded in 2010, HOCW is a refugee-led, grassroots initiative devoted to providing opportunities and critical</p>	<p>HOCW is primarily refugee Led: 30% of staff (management and Board) are Ugandans</p>	<p>3 major programs</p> <p>Education</p> <ul style="list-style-type: none"> • Adult education, children education, languages, business skills, sponsorship 	<p>Refugee needs:</p> <ul style="list-style-type: none"> -All refugees are not at the same level (profiles vary between the donor-dependent to the business-minded types who often lacks capital) • Loan sizes offered by savings groups and SACCOs are often 	<p>Fund raising:</p> <ul style="list-style-type: none"> • Started from scratch with an international volunteers society; they recruited family members; 	<ul style="list-style-type: none"> • Acquired land, currently considering a vocational institute to house refugees from different settlements as they can

RLO Name and Brief Background	Operational Model	Key Activities	Key Challenges & Constraints	Successes so far	Opportunities
<p>support services to victims of violence in Ndejje, Wakiso region outside of Kampala, Uganda.</p> <p>Registered as NGO by Ministry of Affairs since 2010 with only 1 office in Najjanankumbi, Wakiso, HOCW has a Board of governance in place and a management team to oversee its day-to-day affairs.</p>	<p>Management liaised with Finnish Refugee Council to setup a VSLA on site; several others also exist today</p> <p>HOCW has an MFI: they are taught how to save (savings of up to UGX 200,000 yields no more than UGX 650,000). Refugees encouraged to borrow only after they have repaid</p> <p>The MFI also offers: Sponsorship loans Business loans</p> <p>About 200 members access loans in the RLO on a gradual basis – graduate members over time</p> <p>Eligibility criteria: To be member of HOCW: Requirements include: Passport photo, ID, recommendation from LC1 and 2 people who can identify the applicant</p> <p>Key Funders/Partnerships: <ul style="list-style-type: none"> • Republic of Slovenia • All Sky Foundation • Norwegian Refugee Council • Finnish Refugee Council </p>	<p>through individuals (120 sponsorships)</p> <p>Livelihoods</p> <ul style="list-style-type: none"> • Trainings for tailoring, craft, catering, food security (poultry, farming, fish farming), • Advocacy campaigns on refugees pursuing backyard gardening, water reservoir; • Built 10 wells for the community as well as an ecological sanitation toilet <p>Health</p> <ul style="list-style-type: none"> • Clinic, sexual reproductive health, awareness raising, counseling, mostly run by volunteers; • 	<p>inadequate for refugee businesses; larger tickets are sought to meet refugee needs.</p> <ul style="list-style-type: none"> • Difficulty in meeting KYC for financial account opening • Mobility restrictions for women in accessing finance and other support • Limited understanding of how to deploy capital for businesses • Little to no collateral <p>For HOCW:</p> <ul style="list-style-type: none"> • Lack the platform to build digital skills of refugee youth and seek appropriate employment avenues for them • Lacking the forum to engage FSPs to provide both products and coaching/mentoring in developing, managing and growing refugee businesses • Few opportunities to connect refugee entrepreneurs with larger funding sources 	<ul style="list-style-type: none"> • Joined Global Giving and continue to receive matching funds through universities • Been working with the Slovenian government for the last 7 years; linked to the Sky Foundation <p>Achieved the following numbers: <ul style="list-style-type: none"> • Livelihoods: 150 refugees; English 250; urban farming: 400 households, sponsorship – 450 children • 90% of HOCW staff, management composition is women </p>	<p>come in, stay and learn for about 6 months</p> <ul style="list-style-type: none"> • Want to address the funding shortage problem • Skill building gaps in refugees <p>What HOCW does not want to see: <ul style="list-style-type: none"> • Refugee exploitation (interest rates) in offering financial services </p> <p>-</p> <p>What they are open to: <ul style="list-style-type: none"> • Open to facilitating introductions/linkages to agro partners and suppliers on behalf of the refugees • Open discussions with FSPs on investment opportunities and applicable products </p>
<p>One Youth One Heart (OYOH)</p> <p>OYOH was established in 2015 by a youth led organization (NGO) for youth</p>	<p>All staff are volunteers, OYOH works largely off a partnership model:</p>	<p>Core pillars include:</p> <ul style="list-style-type: none"> • Community Finance • Education for Children • Livelihoods 	<ul style="list-style-type: none"> • Gaps in technical know-how of refugees <p>Financial challenges:</p>	<p>The Empower-Her Livelihoods project empowers women through various</p>	<ul style="list-style-type: none"> • Availing responsible financing to refugees • Financial and digital upskilling

RLO Name and Brief Background	Operational Model	Key Activities	Key Challenges & Constraints	Successes so far	Opportunities
<p>to dream and impact their world; It is largely run by women now (only 2 men; 5 women in total); mission & vision has evolved over time and is currently in flux but the overall goal is to nurture a generation of youth that goes beyond any possible barrier, limit including themselves, frontiers, cultures, nations, boundaries, dreams and imaginations.</p> <p>● Total number of refugees supported stands at 20 All management staff are refugees; A lot of the women are hawkers, tailoring, Most refugees have smartphones and use Whatsapp on their phones</p> <p>Annual Operating Budget: 15,000 USD Annual Beneficiary Reach: 150</p>	<p>● OYOH have developed a partnership with Response Innovation Lab, Save the Children and attended many fora and training on MEAL</p> <p>● RELON (supported with catering program for refugees)</p> <p>● Cohere is a brand new partnership with a lot of prospects for further engagement</p> <p>● OYOH is open to both refugees and nationals and the key requirement is to be a registered refugee or asylum seeker,</p> <p>Support for the OneYouth OneHeart programs for refugees evolved in stages, progressing from the Inuka Academy of Entrepreneurship to the Youth Spotlight project to Early Childhood Development Project, to Community School Innovation Challenge to Empower-Her livelihoods and to Global Refugees Advice Sourcing Platform App (GRASP APP) Project.</p>	<p>Programmes include:</p> <ul style="list-style-type: none"> ● Education: (scholarships, bursaries), ● Currently implementing a coaching programme, ● Financial services: Have 2 savings groups for women (35 total) , post-covid response is to host their children when they come/report for program activities ● Women economic empowerment: tailoring, bag making, business management, selling 	<ul style="list-style-type: none"> ● Little to no collateral ● Mostly unable to meet the account opening requirements of most banks ● Limited financial literacy <p>For OYOH itself:</p> <ul style="list-style-type: none"> ● Need organizational restructuring (governance, fundraising, staffing, partnerships, strategic leadership, etc.) and capacity building 	<p>activities including tailoring, art, and craft.</p> <p>Women learn a set of skills: they learn stitching of clothes and make ready-made garments from their home; they also learn how to save for their family as well as how to spend money prudently for their children's studies.</p> <p>They further learn saving techniques through the creation of saving groups that allow them to save for future projects.</p>	<ul style="list-style-type: none"> ● Coaching, mentoring in their selected ventures/occupation ● Livelihood: Empowerment to be self-reliant, knowledgeable about running/managing a business; furnished with the know-how to create and manage and not just be dependent on grants ●
<p>I CAN South Sudan</p> <p>I CAN started in 2017 to close the gap in social development of refugee minors; over time,</p>	<p>Approach is driven by Call for Proposals, some fundraising</p>	<p>Provides startup capital for tailoring businesses, sewing machines, selling merchandise in the market,</p>	<p>Major outcry/need;</p> <ul style="list-style-type: none"> ● Access to local markets – difficulty in accessing local markets 	<p>Have supported 155 children in UG; w.</p>	<ul style="list-style-type: none"> ● Promote access to market; otherwise repayment of loans may be a challenge

RLO Name and Brief Background	Operational Model	Key Activities	Key Challenges & Constraints	Successes so far	Opportunities
<p>it decided to broaden the scope of its support to include vulnerable women.</p> <p>It is a registered RLO (incorporated as a company limited by guarantee; next registered as a CBO in UG) which is multi-sectoral in nature; also established a unit in South Sudan (SS); ICAN Ugandan is the aid office.</p> <p>Main vision is to ensure the wellbeing, protection, survival of children and IDPs mainly together with their vulnerable parents</p> <p>Misereor – German Catholic Bishops who support humanitarian programs largely provided the financial support; Oxfam came into 2019; then UNHCR in 2020 during COVID, Seed of Love (US); Kids Rights Intl, Cohere, I Matter campaign, Jesus International Ministry Evangelistic Ministry (Norway)</p> <p>Annual Operating Budget: 50,000 USD Annual Beneficiary Reach: 20,000</p>	<p>activities online, introduction of programs to partners,</p> <p>Active partners: Cohere (children with disabilities), Misereor (child protection), Oxfam (peace building – empowering women to participate in leadership, climate justice) – child protection</p> <p>Governance: Made up of a general assembly (highest hierarchy); 7 board members (4 in UG, 3 in SS); also has a Secretariat. Management committee – Stephen, Finance, Program Manager, Public Relations, M&E roles, logistics, child protection Total staff strength (in UG):9 + 5 volunteers; in South Sudan: in each Coordination office – 4 – Total is 28</p> <p>Core pillars is embracing diversity – mainly SS refugees but have other nationals (3 Ugandans)</p> <p>Current Funding partners: OPM, UNHCR, Oxfam, Misereor Germany, CoHERE, Global Women Institute (Empowered Aid), Legatum Center For Development & Entrepreneurship, Kids Rights, Field Ready, IMatter, Planting Seeds of Love, Jesus international</p>	<p>salons, buying and selling non-food items, making shoes</p> <p>Engagement: music, dance, drama, life skilling, sports, sex education, counseling, and informal education</p> <p>Focus has been on child protection and enhancing livelihoods of women (trained them in tailoring, making face masks, easing them into business (sanitizers, etc.) – VORC – Voice of Refugee Children</p> <p>Other thematic areas include environment – awareness raising and climate change; liaising with partners to plant trees, dialogue of climate change issues</p> <p>Peace building: organizing debates, dialogues, awareness of key issues for peace</p> <p>Healthcare: awareness and distribution of PPEs; Worked with Cohere on children with children with disabilities in settlements</p>	<ul style="list-style-type: none"> ● Little capital to market products outside the settlement ● Inadequate security/knowledge of scammers, theft, ● Knowledge gap of formal finance <ul style="list-style-type: none"> ● Many of the women are heads of households, many have to divert business resources to meet household needs ● Lacking easy access to savings ● Limited access to loans, little collateral ● Misconceptions around women, GBV, face difficulty in acquiring land to farm; <p>For I CAN itself:</p> <p>Gaps:</p> <ul style="list-style-type: none"> ● Small office which doubles as a child center – unable to get office space to operate ● Staffing: able to secure projects but with very little funds to cover overhead costs ● Development of organization in the technical literacy, staff development opportunities, different assets, stable internet, computers, MIS ● No insurance at the moment; ● OXFAM provided free training to the staff 	<p>disability 301, reached out to 2,451 women (reusable sanitary pads + given them startup capital); formed women' groups (21) Engaged 21 single mothers</p>	<ul style="list-style-type: none"> ● Loan extensions ● Awareness of skills and rights of women ● Educate on the benefits and threats of digital technology

RLO Name and Brief Background	Operational Model	Key Activities	Key Challenges & Constraints	Successes so far	Opportunities
	Evangelical Ministry and Individuals				
<p>Global Rehabilitation and Transformative Response (GRTR)</p> <p>Registered as an NGO operating in W. Nile, Rhino Camp</p> <p>Main mission is to inform and transform communities by providing services aimed at attaining the sustainable development goals (SDGs)</p> <p>2 major projects funded by Open Society</p> <ul style="list-style-type: none"> ●Aga Khan: basic financial literacy – trained 450 beneficiaries on self-reliance ●Skills training: Funded by Children Rights, training on financial access loans ●Protection: Protect refugee rights <p>Demand for financial literacy programmes among refugees is already very high so ReFine's project is very welcome</p>	<p>Enabel- sponsoring capacity building activity</p> <p>Has a good relationship with the OPM and UNHCR</p> <p>Total number of refugees is 200; trained 650 refugees on skills training (fashion, phone repair and maintenance, etc.)</p> <p>Gave grants to 350 women;</p> <p>Leadership structure includes Technical advisor, Executive Director, Program Manager, Admin & Finance, Field Assistant, and M&E</p> <p>Other stakeholders engaged is OPM</p> <p>Management & executive feature both refugees and hosts;</p> <p>Staff strength is 9 active; initially 14 with a number of volunteers</p> <p>1 Pickup;</p> <p>They give out loans – up to UGX 350,000 for 120 women</p>	<p>Core activities include:</p> <ul style="list-style-type: none"> ●Environment conservation ●Sustainable Peace Building ●Youth and women engagement (Skilling) ●Education and Livelihoods ●Health, Water and sanitation ●Research and Translations ●Agriculture, planting, and retailing of agric products ●Small businesses 	<p>Financing needs:</p> <ul style="list-style-type: none"> ●Need loans for their businesses (assets, working capital) ●Marketing their products online, investments ●Digital literacy is a gap <p>Coping mechanism is to raise funds through savings groups, friends and family</p> <ul style="list-style-type: none"> ●Account opening because ID is usually not recognized ●No trust, limited access to guarantors ●Limited collateral ●Limited to no ID documentation ●Awareness of how to apply for and repay loans <p>High interest rates of loans</p> <p>Gaps for GRTR:</p> <ul style="list-style-type: none"> ●Lack of M&E reporting gadgets as an institution ●Shelter for hosting the children of women refugees Staff lack technical and managerial skills ●Logistics <p>Have financial policies, safeguarding, etc. in place but requiring review</p> <p>Giving their staff hands-on training and education</p>	<ul style="list-style-type: none"> ●Successfully trained 650 refugees on skills training (fashion, phone repair and maintenance, etc.) ●Gave grants to 350 women; ●Provided enabling environment for refugees to successfully test ideas and projects in agriculture, planting, and retailing of agric products, retail, etc. 	

RLO Name and Brief Background	Operational Model	Key Activities	Key Challenges & Constraints	Successes so far	Opportunities
			<ul style="list-style-type: none"> ● Working on using QuickBooks for managing finances but require relevant technical capacity development ● Limited staff and volunteer capacity <p>ICAP – from Columbia University</p> <ul style="list-style-type: none"> ● Maintenance of the pickup and a broken down motorbike 		

Section 4: Recommendations and Action plan

Gap Analysis table

Gap Entity	Current State	Location	Impact	Severity	Recommendations
Refugees & Refugee Groups	Low digital literacy (2.10.4) – 1/3 of respondents in each location, - Basic and feature phones are most prevalent Desk review – REACH & U-LEARN)	1. Kampala 2. Bidi Bidi 3. Rhino Camp	<ul style="list-style-type: none"> Stunted business growth Restricted market / loss of revenue Increased costs due to manual processes, lengthy processing times Limited customer engagement 	++++	<ul style="list-style-type: none"> Enhance refugee digital literacy capacity (digital payments, DFS, cyber fraud - MoMo, digital marketing/e-commerce). Increase access to digital tools (apps – Jumia, WhatsApp, mobile banking app, etc.) through training, explore asset financing opportunities to get smartphones in hands of clients)
	Basic financial literacy levels (savings, credit, payments/remittances – 2.9.1,) Desk review - **	1. Across all regions 2. MoMo, credit from stores, groups highly patronized in KLA 3. Groups, MoMo, banks highly used in W. Nile 4. SACCOs very high in Rhino	<ul style="list-style-type: none"> Basic safety net to manage household shocks; Decent savings culture for ongoing home mgt Basic products unable to meet sophisticated household needs 	++	<ul style="list-style-type: none"> Financial literacy capacity building for more advanced scenarios/complex household and business needs. Financial management handholding (for women, for entrepreneurs) Explore risk-sharing insurance models for business groups
	Significant number of refugees still lack Refugee IDs (2.8)	1. Less of a problem in Kampala and Bidi Bidi than Rhino 2.	<ul style="list-style-type: none"> Limits access to formal credit and to opening financial accounts Limits formal financial transactions that help build assets and grow business income 	++	<ul style="list-style-type: none"> Collaboration and advocacy with OPM to fast track ID issuance Encourage FSPs to institute flexible KYC requirements (attestation, etc.) in lieu of IDs
	Limited/low access to Formal FSPs & products (2.9.5)	1. Kampala: staffing and marketing related issues apply 2. All issues apply in West Nile	<ul style="list-style-type: none"> Same as above Limited financial leverage for refugee businesses <p>Due to:</p> <ul style="list-style-type: none"> Lack of proper IDs Little to no collateral Branches are far from the base settlement Poor liquidity of agent network Limited capacity/experience in deploying alternative delivery channels National staff prefer to reach out only to nationals Marketing materials are available in English only 	++++	<ul style="list-style-type: none"> Collaboration with FSPs to open up satellite branches (other ADCs) in settlements. Increase agent network density and quality Explore use of group transactional data as collateral Explore the option of recruiting refugees to market to refugees
	No business registration documents (2.7 – Business Legality)	<ul style="list-style-type: none"> Across all locations Prevalence highest in Kampala and Bidi Bidi Trading license ownership highest in Rhino 	<ul style="list-style-type: none"> Failure to access business credit Size and growth of business is capped; limited to using only informal finance 	++++	<ul style="list-style-type: none"> Linkages with URSB and sub-county offices for business registration through business clinics Handholding refugees to prepare relevant business

Gap Entity	Current State	Location	Impact	Severity	Recommendations
			Due to: High prevalence of sole proprietorships		documents, proposals, securing trading licenses 1.
	<ul style="list-style-type: none"> Low business skills (2.9.14) 	<ul style="list-style-type: none"> Bookkeeping (all especially Rhino) Business plan devt: (High everywhere especially in Bidi Bidi) Customer care (high all throughout) Business risk management (everywhere) <p>*****</p> <p>Location-based: Asst financing, Business formalization (Yumbe) Forecasting (KLA)</p>	<ul style="list-style-type: none"> Business failure Stunted business growth 	++++	<ul style="list-style-type: none"> Heavy focus on entrepreneurship skills development
	<p>Low collateral/assets (2.3 – Assets)</p> <p>Desk research</p>	1. Kampala, Bidi Bidi record the highest	<ul style="list-style-type: none"> Failure to access individual loans due to inability to pass the appraisal checks Limits business productivity due to absence of productive tools/implements Can negatively impacts ability to withstand shocks 	++	<ul style="list-style-type: none"> Entrepreneurs supported to form Business groups & cooperatives Refugees to be served through VSLA groups Explore use of group transactional data as collateral <p>1.</p>
	<p>Low incomes (2.3)</p> <p>Desk research</p>	**	<ul style="list-style-type: none"> Inability to absorb credit Low bankability of businesses Kills/discourages entrepreneurship initiative Increased vulnerability of refugees 	++++	<ul style="list-style-type: none"> Banks should avail tailored financial products to low earners e.g. no-frills savings accounts (no minimum balance, no charges) Enhancement of financial literacy Heavy focus on entrepreneurship skills development
	<p>Unfavorable financial products (2.9.8 and 2.9.9)</p> <p>Desk research</p>	<ul style="list-style-type: none"> High interest rates and unfavourable loan repayment terms are big issues in Bidi Bidi and Rhino Late disbursement of loans – KLA <p>Other products:</p> <ul style="list-style-type: none"> Ease of use is poor High minimum balance reqs KLA – ID reqs have to be relaxed, ease of use is poor W. Nile – collateral reqs, minimum balance, network outages 	<ul style="list-style-type: none"> Low uptake formal financial instruments Financial stress at household and business levels High default rates Reduced risk appetite of formal FSPs to serve refugees 	++++	<ul style="list-style-type: none"> Refugee financial Education about terms and conditions + financial products in general and their workings. TA to FSPs to develop and/or modify of new and existing products Capital to FSPs to make the necessary modifications Offering loan capital to FSPs cheaply/at low interest rates
Refugee Led Organizations	Limited linkages with FSPs	1. Across all RLOs	<ul style="list-style-type: none"> Inability to foster sound relationships between refugees and FSPs 	+	<ul style="list-style-type: none"> Facilitate bank visits to RLOs Access to bank promotional materials Obtain FSP key contacts

Gap Entity	Current State	Location	Impact	Severity	Recommendations
			<ul style="list-style-type: none"> Inability to identify appropriate products for refugees. Difficulty in understanding FSP priorities, motivations making it difficult to design programs to take advantage of partnerships Low access to finance 		<ul style="list-style-type: none"> Facilitate learning sessions with FSPs
	Governance gaps	1. OYOH, HOCW, I CAN,	<ul style="list-style-type: none"> Poor implementation on project activities Non sustainability of benefits 	++	<ul style="list-style-type: none"> Leverage Cohere's modular curriculum and trainings to address gaps
	High overheads	1. I CAN,	<ul style="list-style-type: none"> Inability to implement project activities 	+	<ul style="list-style-type: none"> Readjustment of RLO cost structure Manage RLO expectations
	Low staff administrative, digital and managerial skills	1. I CAN,	<ul style="list-style-type: none"> Inadequate support to refugees Low quality project implementation 	++	<ul style="list-style-type: none"> Provide TOT of staff Leverage Cohere's ongoing institutional strengthening program with RLOs
	Limited awareness of financial services	1.	<ul style="list-style-type: none"> Inability to demand for financial instruments 	+	<ul style="list-style-type: none"> Facilitate learning sessions with FSPs
FSPs	Limited refugee-tailored products (2.11.1)	1. All FSPs have products that exhibit this quality	<ul style="list-style-type: none"> Low uptake Poor portfolio health Aversion to offering refugee financial services Low responsiveness of financial instruments to refugee needs 	++++	<ul style="list-style-type: none"> TA for new product development / refinement Training FSP staff to market and offer products clearly to the refugee community
	Limited presence and visibility of FSPs in refugee settlements (2.11.3 e) Desk review	<ul style="list-style-type: none"> Inadequate marketing materials & funding for serving refugees (all FSPs) High operational costs in establishing branch networks in settlements (all) 	<ul style="list-style-type: none"> Limited uptake of formal financial products Stunted growth of the refugee portfolio 	• ++	<ul style="list-style-type: none"> Increased product marketing Increased use of digital financial channels Funding to deploy ADCs
	Limited knowledge on Refugee bankability (FINCA,) Desk review	<ul style="list-style-type: none"> FINCA and other FSPs that are not yet converts 	<ul style="list-style-type: none"> Inadequate efforts by staff to promote financial services to refugees Limited outreach Low appetite to serve refugees 	+++	<ul style="list-style-type: none"> TA for bank staff Increased market intelligence Broader knowledge sharing of success stories, lessons learned Develop a refugee finance playbook
	Inadequate marketing approaches (2.11.1)	<ul style="list-style-type: none"> Gap prevalent with FINCA being a new entrant 	<ul style="list-style-type: none"> Low uptake of products Limited/stunted refugee portfolio growth Inability to make foot print among targeted market 	++	<ul style="list-style-type: none"> TA to FSP for developing appropriate marketing strategies. increased engagement with RWCs and opinion leaders Hire refugee staff
	low agent network(2.11.1) Desk review	<ul style="list-style-type: none"> Majorly West Nile - Bidi Bidi and Rhino settlements All FSPs are affected (use of Cente Agents for FINCA limits its own visibility) 	<ul style="list-style-type: none"> Low outreach of FSPs since they do not have branches within the settlements Increased costs for FSPs in serving settlement based clientele Limited uptake of products Congestion at Agent points since they are also used for 	+	<ul style="list-style-type: none"> Scaling up of bank agents in settlements Leverage of other digital channels such as mobile money and mobile banking

Gap Entity	Current State	Location	Impact	Severity	Recommendations
			other transactions such as remittances		
	Low liquidity of bank agents. Desk review	<ul style="list-style-type: none">Majorly West Nile - Bidi Bidi and Rhino settlements	<ul style="list-style-type: none">Frustration among refugee clienteleLow uptake of productsLimited growth of refugee portfolio	+	<ul style="list-style-type: none">Mapping of super-agentsIncreased agent availability in settlementsLeverage on other digital channels

Action plan

UGAFODE/VISION FUND

ACTION

Fund Technical Assistance to work with product development teams of UGAFODE and VisionFund to review their refugee product, channel, and marketing strategies and make recommendations on how to meet **refugee entrepreneurs' and women's** top needs (increased incomes, increased asset base, and improved household resilience)

Description

To increase the chances of achieving improved economic refugee well being and enhanced refugee portfolio health for the FSP, both institutions will receive tailored support to review current products (or prototypes) for opportunities to align product features, channels, and marketing approaches to meet the expressed needs of **refugee entrepreneurs** (small holder farming or trade) and **women**.

Empirical evidence exists to suggest that both groups (women and entrepreneurs) are economically active interest groups that can create a multiplier within the economy if served with fit-for-purpose products.

Phase 1: Procurement of Consultant (6 Weeks)

Develop detailed ToR for the TA

Publish ToR in a Call for Proposals

Conduct evaluation of eligible candidates

Finalize contracting and schedule kickoff meeting

Phase 2: Product/Channel Review (4 weeks)

Identify at least 1 AOC (product and/or channel and/or marketing approach) at each FSP for review.

Gather relevant data from existing literature (FSP strategies, MC baseline reports, 60dB reports, etc.) & from internal stakeholder interviews.

Conduct SWOT analysis on agreed upon area of concern (AOC) to identify & validate gaps.

Make recommendations on focus areas for the next phase.

Phase 3: Tool Development (6 weeks)

Conduct internal workshop to present preliminary findings and agree on key areas and tools of focus with FSP management.

Develop priority tools to assist FSP make inclusive & gender-responsive adjustments to their product/channel or marketing approaches.

Present tools for FSP and Mercy Corps' review & feedback

Finalize and package tools for FSP use.

Phase 4: Institutionalization (12 weeks)

A capstone in-depth training session for key FSP staff on how to appropriate the tools for the current AOC and for other contexts.

A 6-week horizon for the provision of on-call support to the FSP in matters regarding the agreed upon AOC and implementation of tools

Expected Outputs/Outcomes

Finalized ToR

Contracting of Consultant

Holding of Kickoff Meeting & finalization of work plan

Documentary evidence on agreed upon AOC for each FSP

SWOT analysis for AOC together with recommendations

Workshop minutes/meeting highlights

Toolkit/toolset for each FSP's AOC

A detailed training curriculum shared prior to the training workshop.

Summaries of the post-support requests put in by each FSP and responses/advisory provided by the consultant

ACTION

Build FINCA UG's internal capacity to strategize and deliver inclusive and gender-responsive financial products for its refugee customers.

Description

Through ReFine, FINCA intends to leverage its proficiency in extending inclusive credit products to nationals to the refugee population in Uganda. Key areas of focus for this engagement includes:

Developing a staff training curriculum focused on debunking myths about refugees, building awareness of the loan needs of refugee microentrepreneurs, and exposing relevant staff to the nuances of refugee finance product development.

Delivering a set of foundational trainings to internal staff using the curriculum and organizing immersive field engagements (design sprints) with FINCA management to showcase the refugee microfinance opportunity firsthand, build internal buy-in and provide a speedy boost to real time product development.

Phase 1: Consultant Procurement & Commissioning

Develop detailed ToR for the TA

Publish ToR in a Call for Proposals

Conduct evaluation of eligible candidates

Finalize contracting and schedule kickoff meeting.

Phase 2: Curriculum Development & Institutionalization (8 weeks)

Identify key training needs of FINCA staff and management through internal stakeholder interviews.

Discuss and obtain approval for training needs and curriculum design with FINCA & MC POCs

Develop initial draft; share with POCs and finalize curriculum.

Develop & finalize training and institutionalization plan across branches.

Conduct ToTs with FINCA focal points and build internal capacity

Phase 3: Conducting Design Sprint (5 weeks)

Solicit internal views on refugee finance opportunity and document perceptions of the market problem.

Present and seek approval of proposal of key themes, design and plan for the sprint activity.

Conduct multi-day design sprint activity with key stakeholders in select location.

Document lessons learned and re-enforce learnings and outcomes with post-activity technical support.

Phase 4: Establish the need and desire for an industry-wide forum on refugee finance (6 weeks)

Develop and present study objectives and plan.

Conduct stakeholder interviews with key market players.

Analyze results and develop report.

Present findings and make recommendations (together with associated implementation plan if relevant)

Expected Deliverables

Finalized ToR

Contracting of Consultant

Holding of Kickoff Meeting & finalization of work plan

Curriculum design and institutionalization plan

Training Curriculum

ToT design and rollout plan

Delivery of ToT training sessions with key branch staff

Design Sprint ToR and implementation plan

Delivery of Design Sprint with FINCA management and key stakeholders

ToR for refugee finance industry forum

Final recommendations report and action plan

REFUGEE LED ORGANISATIONS (RLOs)

ACTION

Build the capacity of Refugee Led Organizations to develop refugee financial and digital literacy and skills to help boost refugee incomes and improve household and business resilience.

Description

To enable RLOs play a catalytic role in closing the financial, digital and business capacity gaps of its refugee members, ReFine will fund the organization of business clinics over the course of 18 months. The business clinics are 2–3-week hands-on learning workshops that offer refugees the opportunity to receive both theoretical knowledge and practical support on topics like entrepreneurship, finance and digital marketing. Co-managed by RLO staff and technical experts, the business clinics will work together with representatives of partner FSPs (UGAFODE, VisionFund, and FINCA) and key agencies like the URSB and URA (where necessary) to respond to pertinent issues on lending, account opening, etc. and create awareness on tax compliance, business registration, and digital transformation for microbusinesses. The support services provided will be determined based on needs and driven by RLO leaders, based on the needs of the different groups they represent.

Phase 1: Clinic model design and RFP launch. (6 weeks)

Discuss business clinic model with RLO leadership and develop budget & capacity building plan
Develop a ToR for the business clinic activity using information on training needs of refugees from baseline and consultations with Cohere and RLO leadership.
Publish ToR in a Call for Proposals and conduct evaluation of eligible candidates (for each lot)
Finalize contracting for service providers & and schedule kickoff meeting.
Conduct business awareness campaigns among partner FSPs and relevant agencies to solicit support.

Phase 2: ToT Delivery & training content design (5 weeks)

Support RLO management & Cohere to select key POCs & Project Management Office (PMO) for the clinics
PMO to develop logistics plan, confirm budget and partnerships.
PMO to Review ToT plans from technical consultants and approve ToT kick off.
Consultant to develop detailed, customized business clinic workplan for each RLO in consultation with PMO & Gender Specialist.
PMO to coordinate workplans with respective FSPs and Government agency.
PMO to lead awareness raising and mobilization efforts within the RLO and target refugee regions.

Phase 3: Organize Business Clinics and conduct interim assessments. (10 months)

Conduct first sprint of clinics with RLOs and FSPs
Evaluate performance and solicit feedback through temperature checks
PMO to integrate course corrective measures into the workplan
Conduct second sprint of business clinics with RLOs & FSPs
Evaluate performance and solicit feedback through temperature checks.
PMO and Consultant to document lessons learned and compile final

Expected Deliverables

Business clinic budget & capacity building plan for RLOs
ToR detailing specific lots/areas for service provision.
Contracting of Consultants
Business clinic awareness campaign plan

PMO setup and mandate
Logistics plan, partnership & market engagement strategy
Custom business clinic work plan for RLOs

Clinic review (temperature check) reports
1st & 2nd cohort of business clinics
Final recommendations report and action plan

Appendices

Survey tools

Baseline values

Annexes:

Table 12: Showing the Households sampling size.

Location	Household Population Size	Sample Size Distribution			Total Sample Size
		%	Male	Female	
Kampala					

Rubaga	13,102	12%	47	48	95
Makindye	22,000	20%	79	80	159
West Nile					
Rhino Camp	30,542	28%	111	111	222
Bidi Bidi	41,336	38%	150	151	301
Lobule	956	2%	8	8	16
Total	107,936	100%	395	398	793

Table 13: Showing summary of demographic characteristics.

Attribute	Refugee	Host	Overall
No. of participants	648	128	776
Gender			
Male	43%	64%	47%
Female	57%	36%	53%
Age			
Maximum	77	67	77
Minimum	18	18	18
Average	36	33	35.5
Nationality			
South Sudanese	66%	-	55%
Congolese	22%	-	19%
Ugandan	-	100%	16%
Burundian	10%	-	8%
Rwandan	2%	-	2%
Ethiopian	0.3%	-	0.3%
Household size			
Average HH size	7	7	7
Level of Education			
Did not complete University	2%	2%	2%
Junior secondary	4%	2%	3%
Did not complete Junior secondary	4%	2%	4%
No formal education	6%	4%	5%
Vocational training	6%	7%	6%
University (completed)	8%	6%	7%
Did not complete Senior secondary	11%	10%	11%
Did not complete primary school	14%	6%	13%
Primary school	22%	17%	21%
Senior Secondary	24%	44%	27%
Marital status			
Widowed	7%	1%	6%
Divorced/Separated	16%	3%	14%
Never married/never lived together	18%	13%	17%
Married/living together	59%	84%	63%
Source of income			
Humanitarian/Government aid worker	2%	1%	1%
Not working and not looking for work	2%	0%	2%
Student/Apprentice	2%	2%	2%

Civil servant	1%	8%	2%
Informal worker	3%	1%	3%
Looking after the home	4%	11%	5%
Employed in private sector	3%	20%	6%
Unemployed/Looking for work	16%	23%	17%
Self-employed / Business Owner	67%	35%	62%

Source: Baseline Household interviews

Table 14: Showing percentage income of respondents.

Item	Refugees	Host	Overall
Monthly Income			
Below 150,000	54%	35%	51%
Between 150,000 – 250,000	8%	6%	8%
Between 251,000 – 500,000	27%	36%	28%
Between 501,000 – 1,000,000	5%	6%	5%
Above 1,000,000	1%	0%	1%
Preferred not to disclose	5%	17%	7%
Income from farm/business in the past 6 months (UGX)			
Below 500,000	69%	75%	70%
Above 500,000	10%	10%	10%
Between 501,000 and 1 m	8%	5%	7%
Between 1m and 2.5 m	9%	6%	8%
Between 2.5 m and 5m	1%	1%	2%
Preferred not to disclose	3%	3%	3%
Income received from working with another farm/business (past 6 months) UGX			
Below 150,000	77%	68%	75%
Between 151,000 and 250,000	3%	8%	4%
Between 251,000 and 500,000	11%	21%	13%
Between 501,000 and 1,000,000	3%	0%	2%
Above 1,000,000	3%	0%	3%
Preferred not to disclose	3%	3%	3%
Income received from friends and family (past 6 months)(R=95, H=42)			
Below 500,000	85%	93%	88%
Above 500,000	5%	0%	4%
Between 501,000 and 1 m	1%	0%	1%
Between 1m and 2.5 m	4%	2%	4%
Preferred not to disclose	4%	5%	4%
Income received from subletting land, house or equipment (R=15, H=9)			
Below 500,000	86%	1003%	92%
Between 1m and 2.5m	7%	0%	4%
Prefer not to disclose	7%	0%	4%
Assets owned			
No assets	43%	5%	36%
Livestock (cows, goats, poultry)	23%	32%	25%

Item	Refugees	Host	Overall
Farming land	7%	82%	20%
Motor bike/ Boda boda	11%	11%	11%
House	5%	33%	9%
Household assets (fridge, radio, chairs etc)	7%	1%	6%
Sewing machine	3%	0%	3%
Bicycle	2%	5%	2%
Jewelry	0.5%	0%	2%
Car	0.5%	0%	0.4
Others	6%	4%	5%

Field primary HH data

Table 15: Showing Major household expenses/purchases

Item	Refugees	Host	Overall
Main bulk expenses			
School fees/uniform	74%	86%	76%
Medical services	51%	33%	48%
Lease/rent for land/house	41%	9%	36%
Medicine	15%	66%	23%
Transportation	21%	19%	21%
Food	20%	6%	18%
Loan repayments	11%	8%	10%
Others	10%	13%	12%
Amount of the largest bulk purchase			
Below 50,000	22%	13%	20%
Between 51,000 and 100,000	1%	1%	1%
Between 101,000 and 300,000	46%	29%	43%
Between 301,000 and 500,000	10%	6%	10%
Above 500,000	18%	29%	20%
Preferred not to disclose	2%	23%	6%
Major regular expenses			
Food	98%	98%	98%
Medical services	37%	18%	34%
Clothes/shoes/uniforms	17%	58%	24%
Fuel source (charcoal, firewood)	28%	2%	23%
Medicine	13%	61%	21%
Lease/rent for land/house	19%	3%	16%
Water/sanitation/public toilets	19%	2%	16%
Others	39%	28%	37%
Average monthly expenses (UGX)			
Personal care expenses	49,589	44,059	48,678
Food	202,157	134,469	190,905
Debt repayments	55,547	47,262	53,517
Airtime	22,383	8,211	21,648