



# Rebuilding livelihoods in displacement

Endline Report - March 2022

Executive Summary

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Little has been known about the financial strategies employed by refugees over time to build their livelihoods and manage their finances. The goal of this research was to provide in depth understanding on access to and usage of financial services among refugee and host communities in Uganda. This report provides an in-depth analysis of a baseline survey undertaken in January 2020 and an endline in November 2021. The sample included refugees and their host communities in the settlements of Nakivale, Bidi Bidi, Palorinya and in the capital Kampala.

## Identification

Almost all refugees now have some form of ID, an improvement from the baseline (94% to 99%). The benefits of a particular form of identification allow them to move freely, easily apply for employment and access financial services. With the attestation letter only 33% of refugees could get access to financial services compared to Refugee and National ID at 47%.

## Mobile phone ownership and usage

There has been an increase in the number of refugees owning or having access to mobile phones compared to the baseline by 7%, with mobile phone usage among female refugees increasing by 10%. Uniquely, we were able to conduct research with refugees directly before and after legislative changes in Uganda allowed them to own SIM cards in their own names for the first time. As a result, mobile money usage had a tremendous increase from 29% to 61% between the baseline and endline period.

## Employment and income

Men were more likely to have regular employment, rental income and contractual work as sources of income. Men also had an additional source of income during the endline as compared to women (3 compared to 2 for women). Gender differences were also evident in the types of businesses ran by refugees. From the qualitative survey, women-owned businesses are likely to be smaller, less likely to grow, and concentrated in low margins sectors in informal communities; for example, women were likely to be operating vegetable stalls and small shops while men were likely to be operating bars, restaurants and motor cycle businesses (boda boda).

## Financial instruments

Cash at home, use of mobile money, and use of savings groups have increased. There was a significant change in cash at home, from 29% at the baseline to 59% during the endline. Refugees mentioned that they keep money at home for emergencies, particularly for health emergencies. In terms of savings instruments, savings groups (ASCAs and ROSCAs) are still heavily used. There was a significant increase in ASCA usage among the Kampala refugees from 6% in the baseline to 38% during the endline. There was also an increase of about 20% in ASCAs in Bidi Bidi settlement and 10% in Nakivale. In terms of lending or credit, the most commonly used loan facility is a loan from an informal group. This is prevalent in the West Nile region (Palorinya and Bidi Bidi) with an increase of about 17% in both settlements. This could be attributed to the program implementing partners VisionFund Uganda and RUFU who are working in the 2 settlements and giving loans through existing savings groups.

## Financial product usage

Several respondents stated their hesitation to use formal financial services mentioning access as the key challenge. Respondents still have to travel long distances to access agent banking. Some have had to walk for almost two hours each way to access banking or agent services. This has demoralized some of them, and made them not want to use formal financial services.

High cost of transactions has hindered use of mobile banking sometimes costing a user up to 15,000 UGX to access their money. There is limited comprehension by respondents in understanding the terms and conditions offered by formal financial service providers for financial products. Account opening fees and maintenance fees were also highlighted as a huge concern.

## Shocks

Exposure to shocks were much higher among refugees during the endline period compared to that of the baseline. Medical expenses also featured in household expenses, with 55% of refugees having to purchase medicine with a median of 2,500 UGX being spent on it. A majority of refugees were saving in the house to cater for emergency expenses like medicine, as sometimes they were not able to access medical services at the settlement. In all of the settlements, there were several drug stores, demonstrating the demand.

Based on the findings of the report, we provide recommendations on how best to leverage financial services for refugees.

**Information sensitization**

Financial literacy, lack of digital skills and knowledge about digital financial services are key barriers that impact the use of formal financial services by refugees. There is a need for FSPs to deepen financial and digital literacy by educating refugees about their products, services and transaction fees.

**Branchless banking**

Access to financial services points and bank agents is an issue in the settlements. Refugees resort to using creative means such as sending a group representative to withdraw money from their accounts. FSPs should deploy more agents on the ground in multiple locations to reduce the high cost of access and time spent on the road to access services.

**Upskilling/ improve existing skill set**

41% of the respondents are involved in some form of agriculture and have shown interest in learning and adopting new techniques to improve their yields. Willing stakeholders should provide capacity building for refugees that can help improve their farming methods.

**Digitization**

As FSPs introduce digital services to refugees, it's important to keep the needs of the end user central to planning and execution. Most refugees don't have access to smartphones and have limited digital use experience. FSPs have an opportunity to help refugees adopt digital products through reducing transaction fees, education and digital literacy initiatives.

**Sustainable energy solutions**

For refugees, access to safe, secure and reliable energy is often inadequate. Consequently, refugee and host communities rely heavily on charcoal and firewood as the preferred fuels for heating and cooking. Clean, affordable and reliable sustainable energy solutions are needed to reduce the risks from use of conventional fuels such as burns and health impacts.



