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Financial Inclusion for Refugees (FI4R)

Results of Round 2 Diaries

Nairobi | 24TH March 2021

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Project background

The Financial Inclusion for Refugees Project (FI4R) project was launched in 2019 by FSD Uganda and FSD Africa to support financial service providers (FSPs) to offer financial services to refugees and host communities.

The project is supporting three financial service providers (FSPs) Equity Bank Uganda Limited (EBUL), Vision Fund Uganda (VFU) and Rural Finance Initiative (RUFU) to offer financial services to refugees and host communities.

As the learning partner, BFA Global is conducting refugee financial diaries in Uganda to provide insights into the financial strategies employed by refugees over time to build their livelihoods and manage their finances. The research covers refugees in Bidi Bidi, Palorinya and Nakivale refugee settlements.

The insights from this study aim to build the evidence base for financial service providers, humanitarian agencies and telcos to understand the financial lives of refugees in Uganda and to inform stakeholders of the opportunities available in serving refugees across different contexts.

Implementing partners



VisionFund Uganda (VFU) is piloting a unique wholesale credit model within savings groups in the West Nile region through existing and stable NGO-supported groups and leveraging the repayment and share-out data from previous cycles to determine eligibility for additional loan capital.

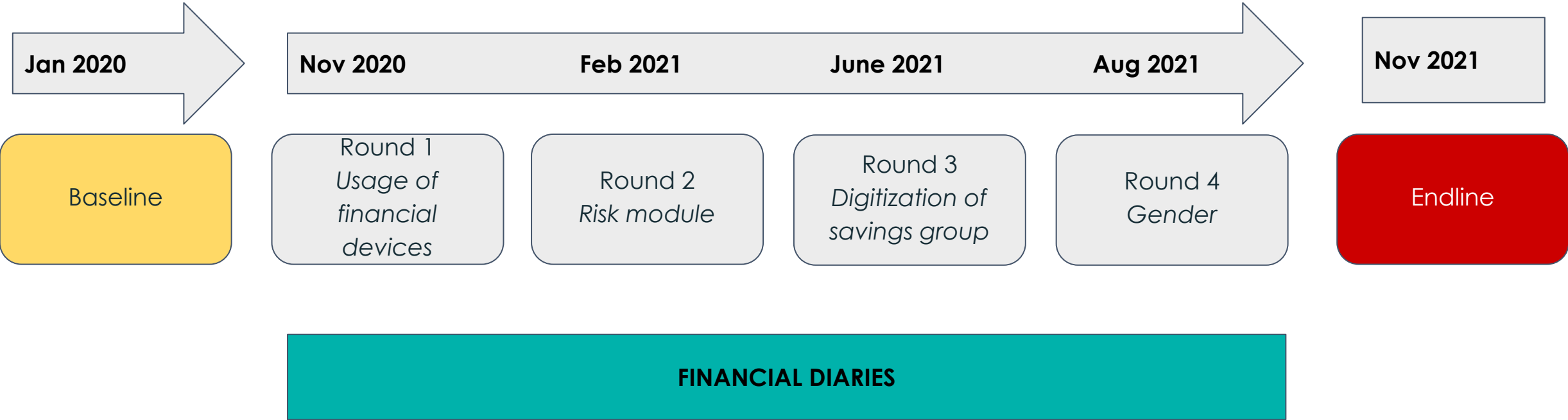


Equity Bank Uganda Limited (EBUL) provides refugees in Uganda with fully-fledged bank accounts from which to access their humanitarian aid payments. They are the key partners for the disbursement of cash transfers from several humanitarian aid agencies. EBUL has also extended their existing agent banking network to refugee settlements and within host communities.



The Rural Finance Initiative (RUF) uses the village savings and loan association (VSLA) model to aggregate groups using Ledger Links developed by Grameen Foundation. They channel credit through existing VSLAs and facilitate the formation of new groups. They are also doing linkage banking for VSLAs in partnership with Centenary Bank that allows for excess cash to be safely banked into group accounts.

Overview of the research

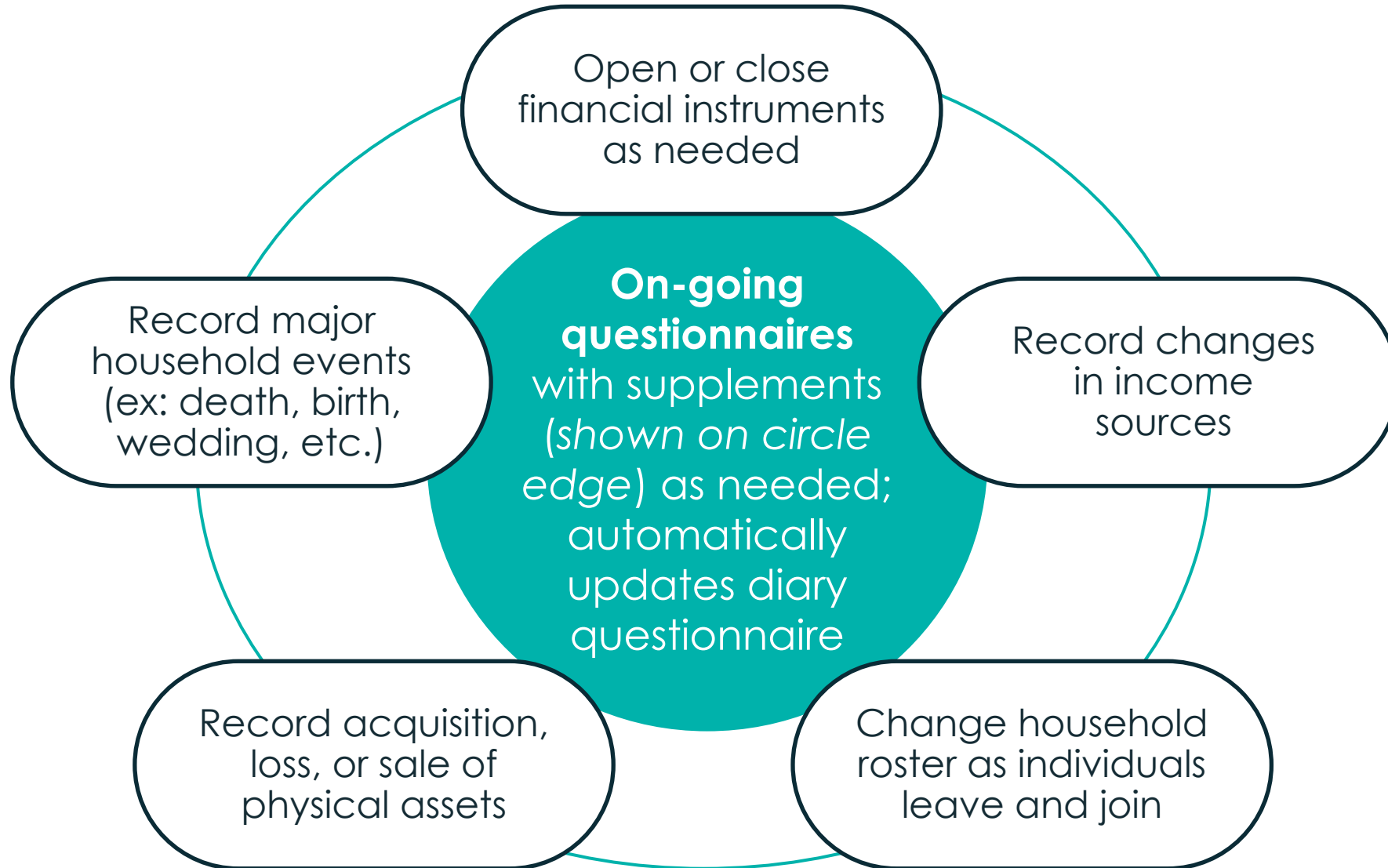


Diaries methodology

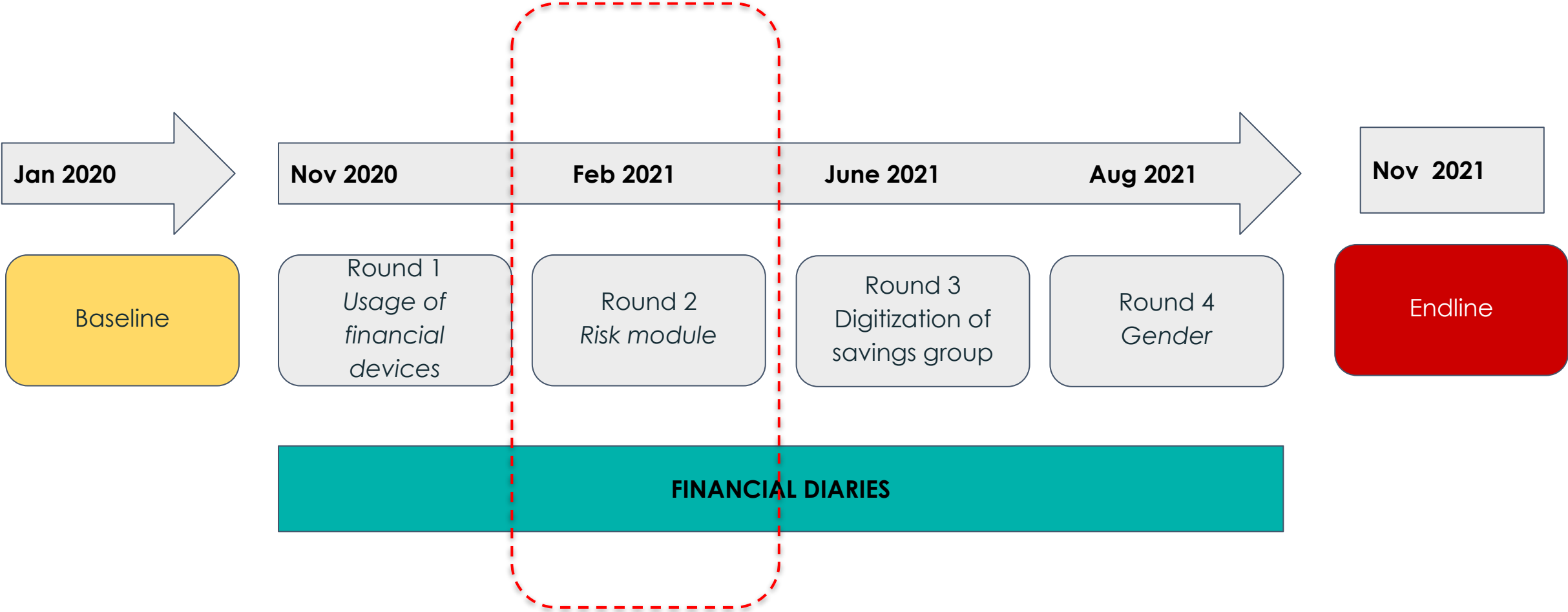
- The diaries methodology combines in-depth quantitative and qualitative research. Researchers visit the families every week to interview them about all financial activity and events in their lives.
- In these interviews, researchers ask about all income, expenses, transactions, financial tools, major life events and their use of financial services.
- Over the course of a year, the Uganda refugee diaries has collected daily cash flows of households to generate insights on how refugees manage their money and how the three financial service providers can tailor their offerings to meet the needs of this population.



Ongoing “Diaries” questionnaires



Where we are



01

Fieldwork plan

Round 2 Field Work Plan

1st week:

Called all the respondents and asked them about:

- All starting balances for **financial instruments** that they have.
- **Major events** that have happened since the last time we interviewed them.
- **Big purchases** that they have made since the last time we interviewed them.
- Also scheduled the next **interview date and time**.

2nd week - 4th Week:

- Visited the respondent households and asked questions related to transactions.
- From beginning of the month to the previous day before the scheduled interview date i.e. the income they got, how they spent that income.
- Each research assistant conducted interviews with 4 households per day over a period of 4 days in a week.
- Repeated the procedure for the following 2 weeks.
- Two households were dropped, one in Nakivale and the other in West Nile because of difficulty in reaching the respondents.

Qualitative modules

1. Risk module

- Perceived risks
- Actual risks
- Financial devices losses

2. Savings Groups

- We interviewed RUFU and Vision Fund groups
- We asked about experience of the groups
- Key decision-makers in the households were asked all the questions
- The questions were spread over 2 interviews





02

Diaries results

Key Insights

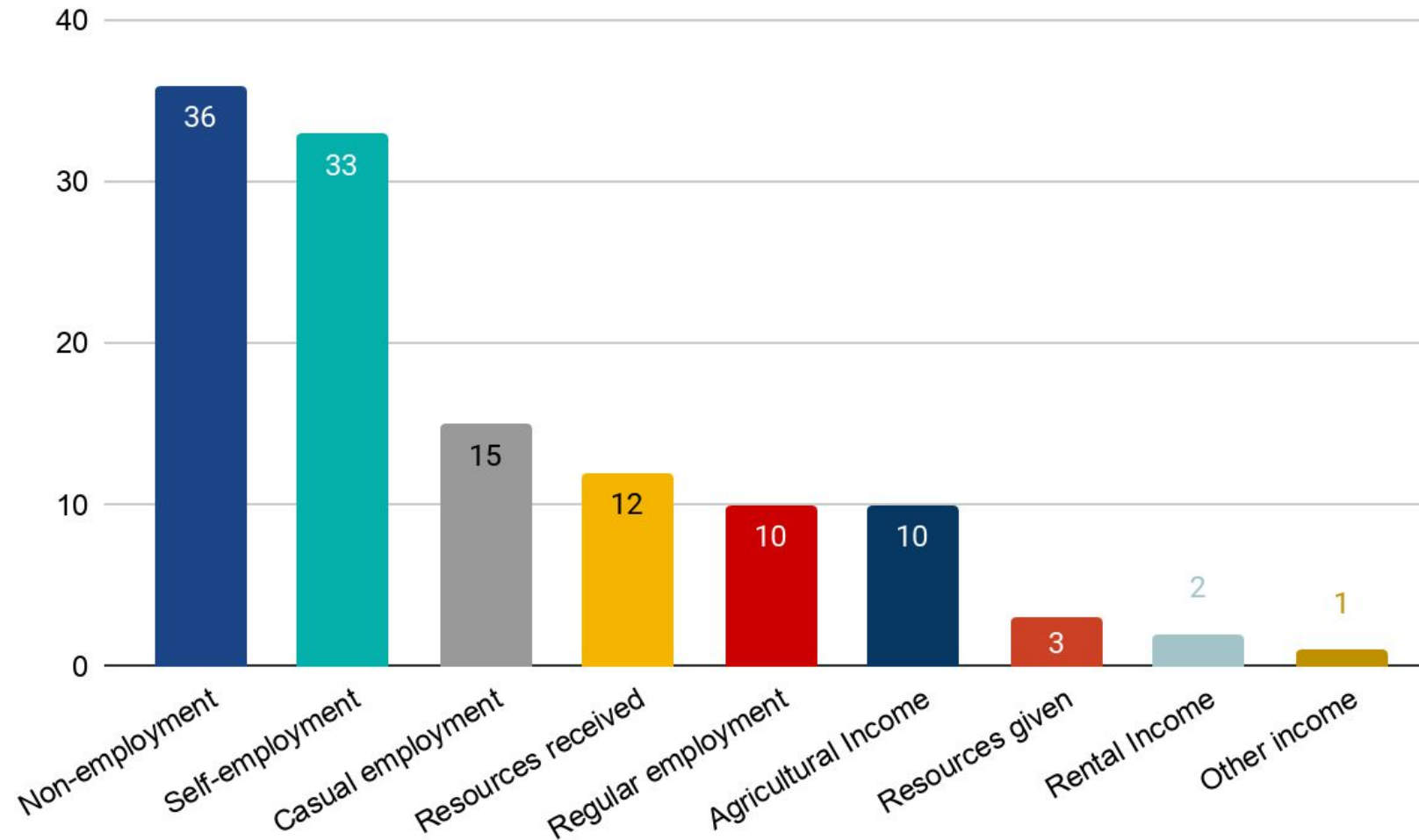
- Access to a financial savings tool makes it possible to access a pool of capital in case of emergencies or save money for a large purchase or get new streams of income by starting new business. This was evident in West Nile where the two implementing partners have a presence.
- As for Nakivale, most of the savings groups collapsed during the pandemic since they didn't have any backing from formal financial institutions.
- The economic impact of the reduction of the amount for cash transfers and food rations to the refugees has affected their livelihoods. Some have closed their businesses temporarily since there are no customers.
- During this round of diaries, most of the respondents who relied on casual work from the agriculture sector got affected since there wasn't much activity that happened in February. Where casual work was available, families did it on their own to save on costs of hiring labor.
- There has been an over-reliance on taking credit from shops and borrowing from the savings group yet there is scarcity of income & work opportunities. Eventually there will be consequences because of incurring too many debts.





Income

Number of households by type of income



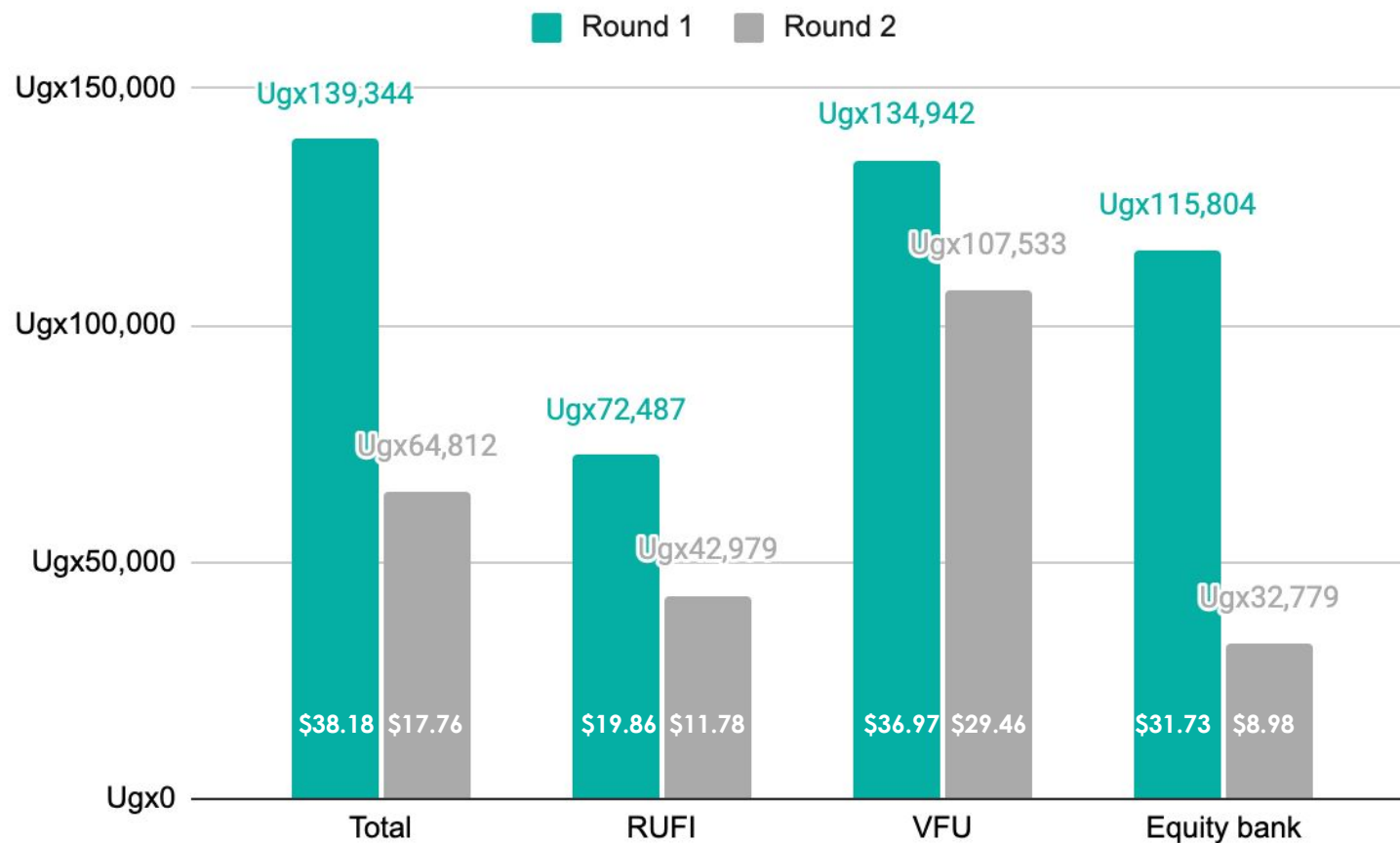
* 10 Households in Bidibidi and Palorinya hadn't received their ratio during the month of February

* resources received - gifts received both cash and in kind

* resources given - gifts given both cash and in kind

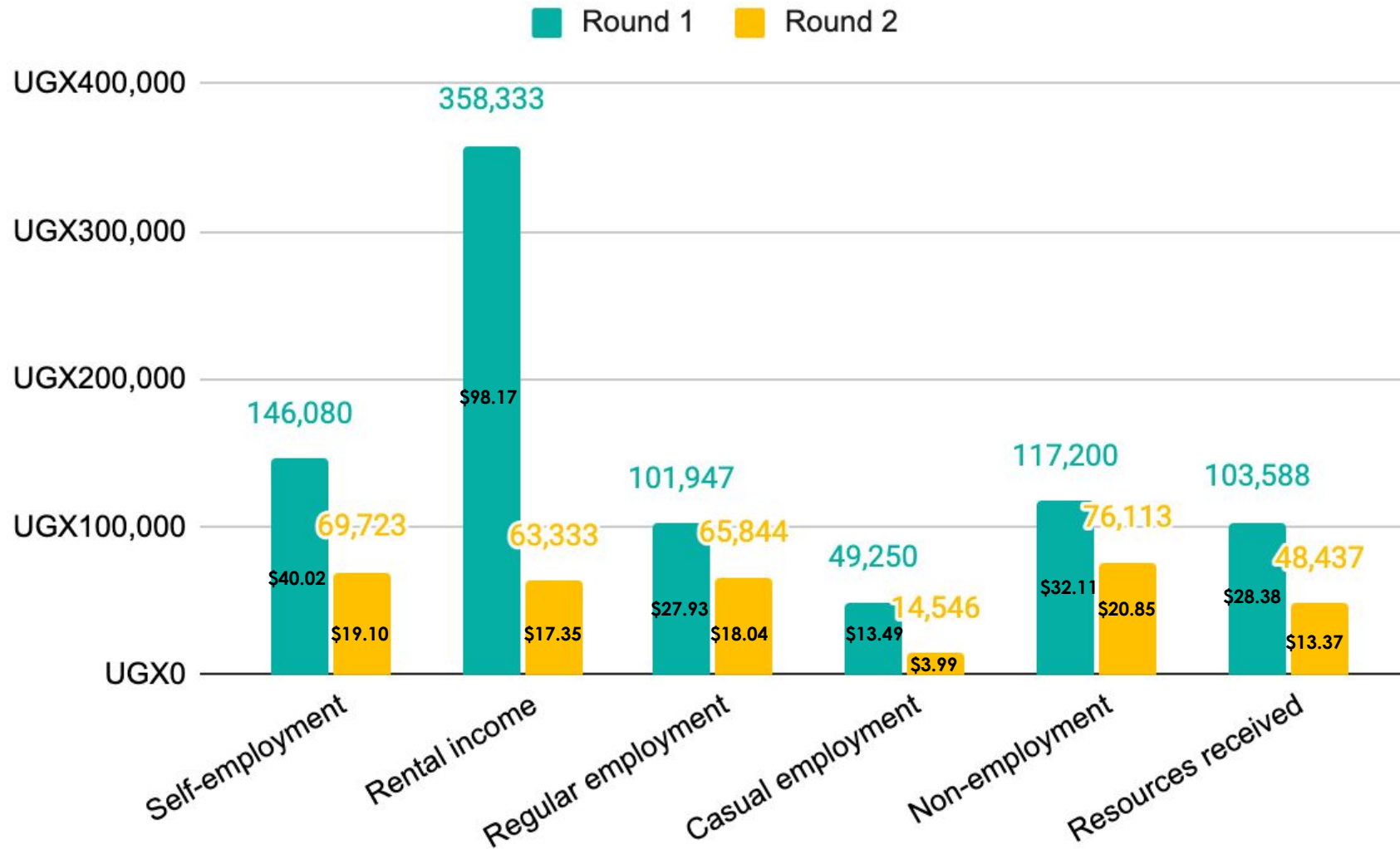
There was a reduction of income by 53 % overall due to various reasons

Average income in UGX



- Two households closed down their businesses in Nakivale.
- One Equity Bank respondent who received a bulk of his rental income at the start of the year did not receive any income during round 2
- Fewer casual work opportunities as small businesses are cutting back. It is also not a planting season.
- Most of the individual ASCA groups in Nakivale got affected during the pandemic. The respondents no longer have places to borrow money to boost their businesses as compared to West Nile.
- Data was collected at the beginning of rounds for ASCAs. There is less money to borrow.

Reduction in earnings across various types of incomes



*\$1=3,650Ugx

Income payments are still made in cash

cf_category	01=Cash	02=Cheque	03=Direct deposits	06=Mobile phone transfer	11=In-kind (goods/services)
Agricultural Income	100%	0	0	0	0
Other income generation	100%	0	0	0	0
Rental Income	100%	0	0	0	0
Self-employment	99.53%	0.09%	0.19%	0	0
Casual employment	92.98%	0	0	0	7.02%
Resources received	42.86%	4.76%	19.05%	9.52%	23.81%
Resources given out	33.33%	0	0	0	66.67%
Regular employment	96.77%	0	3.23%	0	0
Non-employment	13.51%	0	58.11%	1.35%	27.03%

- A few households are banked - 15 household at Equity Bank; 6 households at Centenary Bank and 1 at Stanbic Bank

Financial Instruments



Number of households per financial instruments

Financial Instruments	Total	Male	Female
Keeping money (cash) at home	45	25	31
Saving in ASCA	36	15	32
Mobile money	35	16	23
Checking or current account	27	18	15
Credit given to clients (shop credit)	20	7	13
Friends and family borrowing	13	5	9
Saving in ROSCA	6	3	3
Individual business or agricultural loan	2	1	1

Keeping money at home was the most prevalent method of saving followed by saving in an ASCA.

Cash is the preferred mode of transactions

cf_category	01=Cash	02=Cheque	03=Direct deposits	06=Mobile phone transfer	11=In-kind (goods/services)
Act as money guard	100%	0	0	0	0
Friends and family: lending	100%	0	0	0	0
Hire Purchase	100%	0	0	0	0
Keeping money (Cash) at home	100%	0	0	0	0
Layaway	100%	0	0	0	0
Saving in a ROSCA	100%	0	0	0	0
Use money guard	100%	0	0	0	0
Saving in an ASCA	99%	0	1%	0	0
Friends and family: borrowing	95.83%	0	0	0	4.17%
Credit given to clients (shop credit)	91.67%	0	0	0	8.33%
Mobile Money	80.49%	1.22%	2.44%	14.63%	0
Individual business or agricultural loans	66.67%	0	33.33%	0	0
Checking or current account	54.01%	0.7%	45.26%	0	0

03

Risk module



Introduction: Risk Module

Low-income / vulnerable people face a very large number of moderate probability and moderate severity risks. Looking at the risk module, which covers the previous five years, and observing shocks that might have happened within the last 5 years, we tabulate the incidence and severity of shocks for the families we have in our sample.

We asked questions on the **likelihood** of the event happening, the **cost** that the event may be associated with, the level of their **preparedness** and also how **worried** they would be in case such an event happened. Such questions are important for our partners as they think of financial products to develop so as to cushion such families when these events happen to them. We asked the following-;

1. Perceived risks.

We asked about things that might happen **in the future**. We asked how likely they think the event might occur, how costly it would be to manage, how much stress it would give them if it happens, whether they are prepared for the event, and how much stress it gives them now.

2. Actual risks

We asked about things that **ACTUALLY happened** to the household in the past 5 years. If something did happen in their household, we discussed some of the consequences and how they managed to cope with the situation.

3. Financial device losses

In this section, we asked whether they have experienced any financial device loss in the household in the past 3 years. If they had lost a financial device in their household, we discussed some of the consequences and how they managed to cope with the situation. We focused on financial devices in the risk module because respondents look for financial devices that help them supplement their incomes to manage different shocks. Respondents often use a variety of devices to spread their financial risk at high costs.

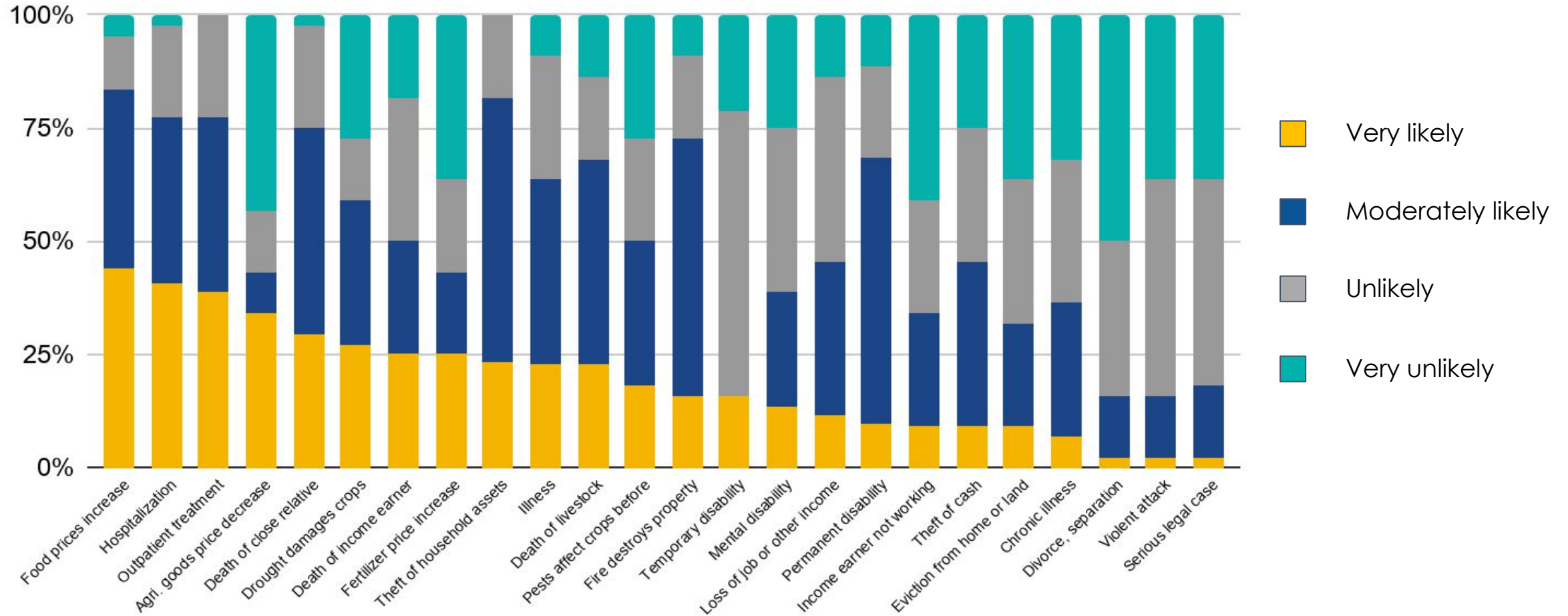
Through this process, we have made a few important observations in the next few slides

Perceived Risks



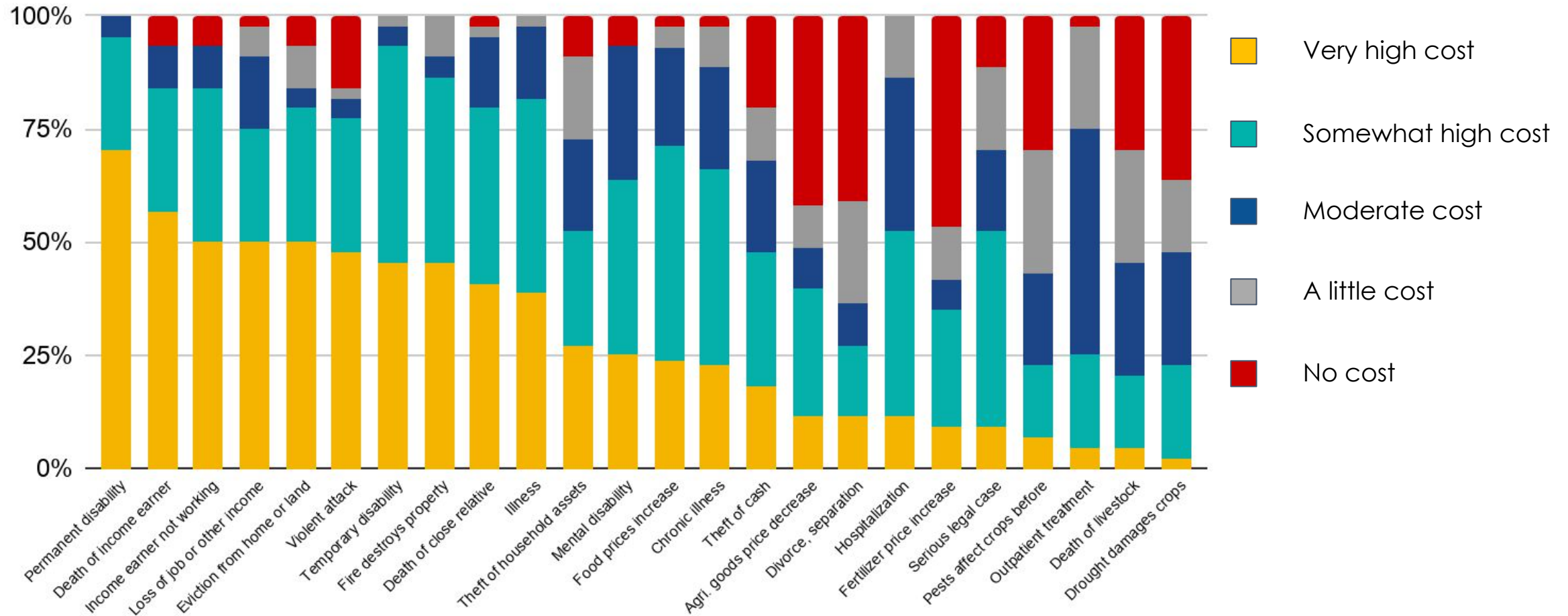
Respondents think that food prices and hospitalisation are the most likely risks to occur

Likelihood of perceived risks



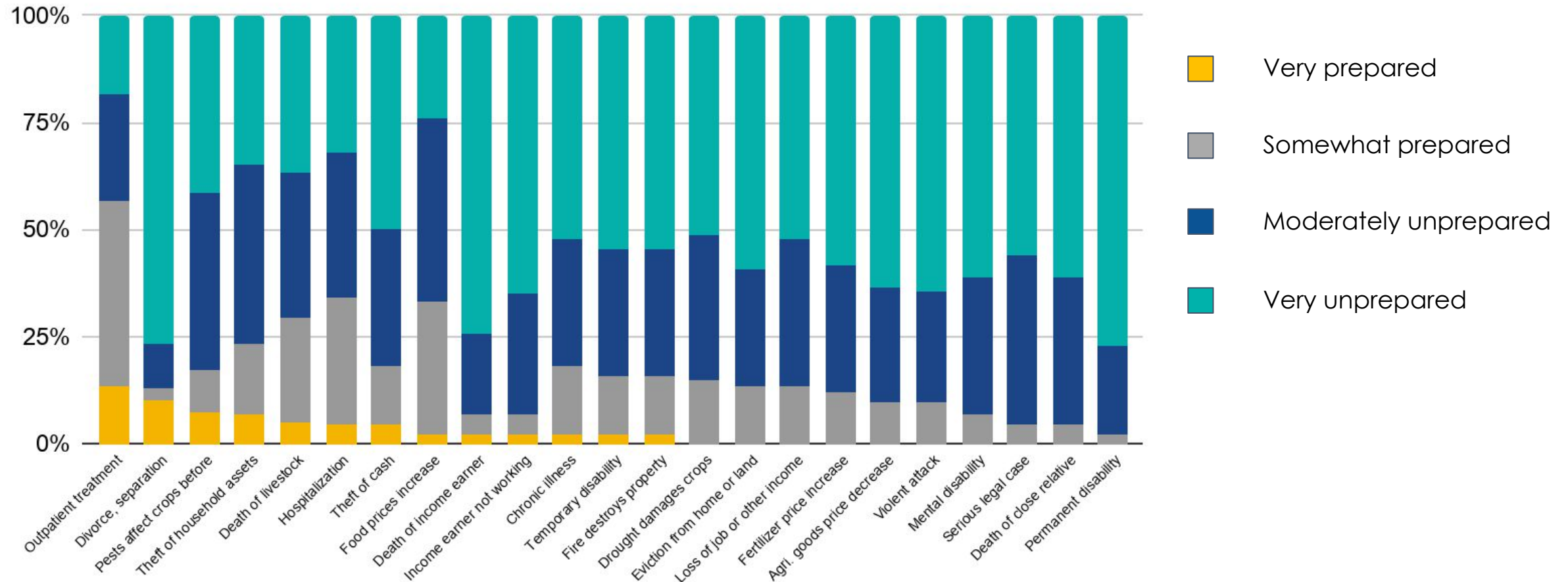
Respondents believe that disability and the death of the main income earner will occur with highest economic cost

Perceived severity of risks (% responses)



Respondents are very unprepared for the majority of risks that may occur

Preparedness for risks (% responses)





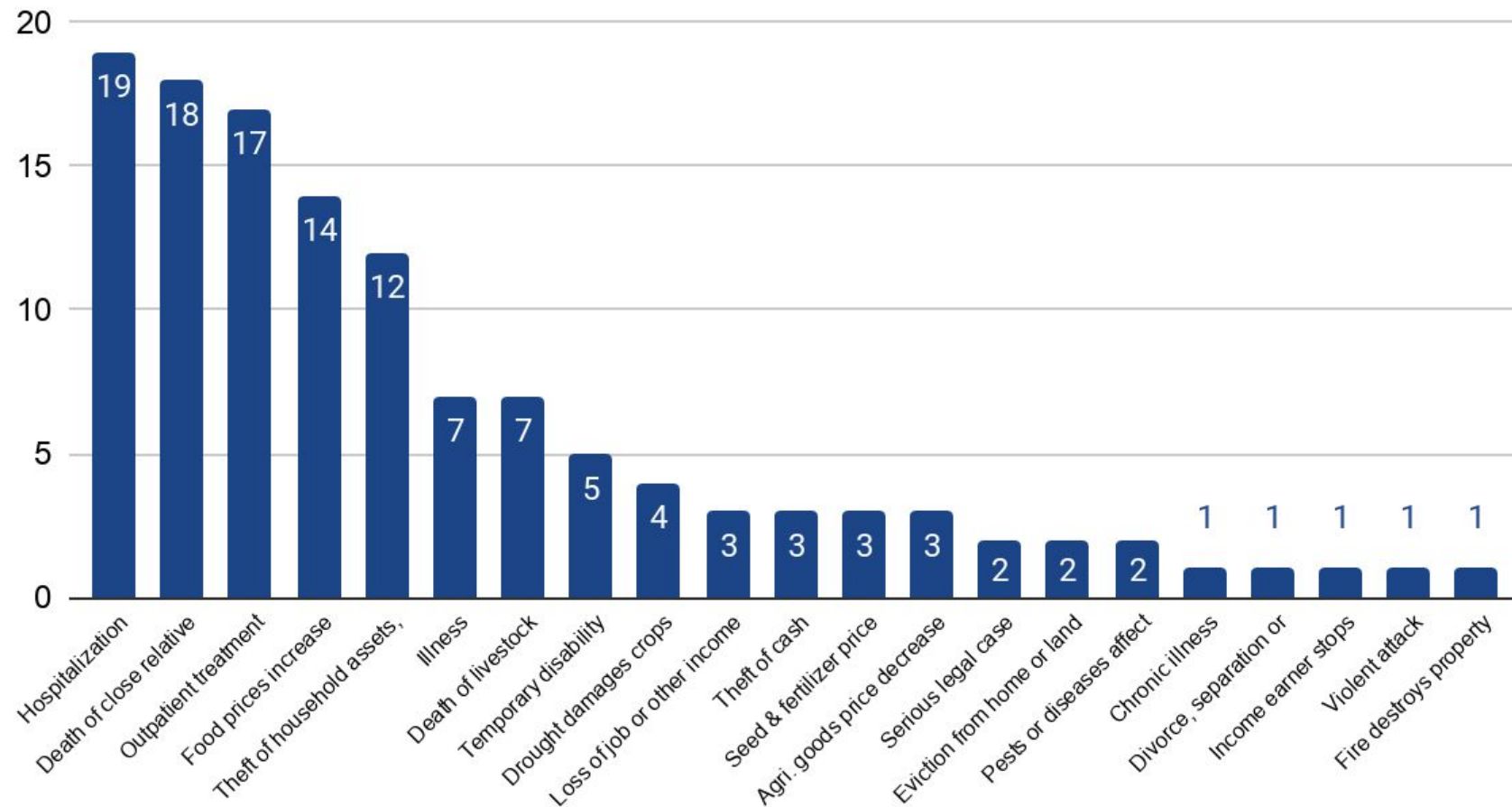
Actual Risks

Hospitalization and death of close relatives are the most experienced events

Actual Incident	% ever experienced	Mean cost (UGX)	Median cost (UGX)
Hospitalization	43.18%	159,533 (\$43.7)	95,000 (\$26)
Death of close relative	40.91%	386,154 (\$105.7)	260,000 (\$71.2)
Outpatient treatment	38.64%	34,125 (\$9.34)	20,000 (\$5.4)
Food prices increase	32.56%	22,000 (\$6)	30,000 (\$8.2)
Theft of household assets, including livestock	27.27%	2,570,500 (\$704.2)	87,500 (\$23.97)
Illness	15.91%	27,500 (\$7.5)	5,000 (\$1.36)
Temporary disability	11.36%	151,250 (\$41.4)	95,000 (\$26)
Drought damages crops	9.09%	400,000 (\$109.5)	50,000 (\$13.6)
Seed & fertilizer price increase	6.82%	306,667 (\$84)	00,000 (\$27.3)
Loss of job or other income	6.82%	30,000 (\$8.2)	30,000 (\$8.2)
Theft of cash	6.82%	200,000 (\$54.7)	0
Chronic illness	4.55%	125,000 (\$34.2)	125,000 (\$34.2)
Pests or diseases affect crops before harvest	4.55%	7,500 (\$2)	7,500 (\$2)

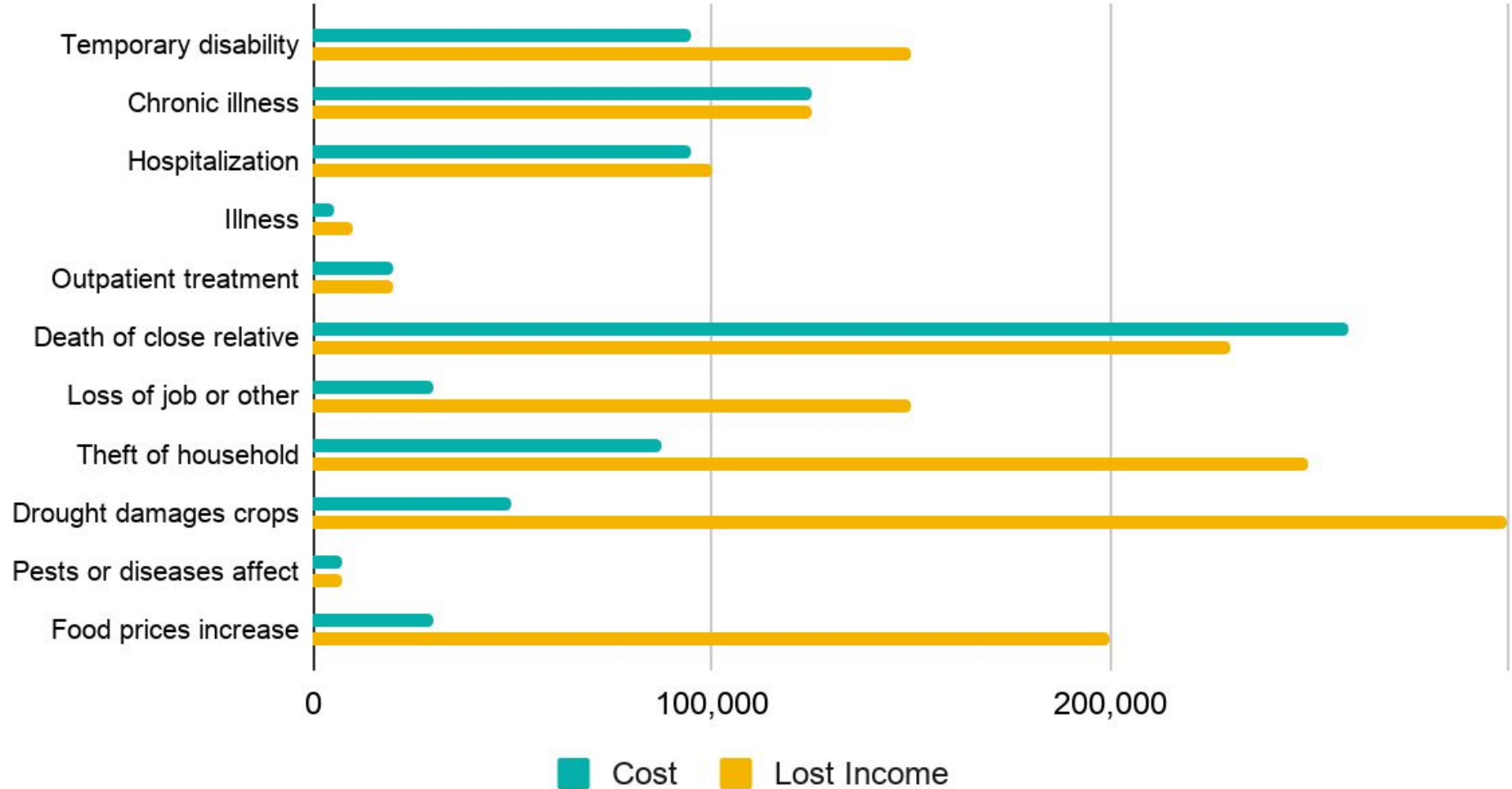
Health shocks were the most prevalent shocks in the last 5 years

Frequency of shocks in the past five years



Median cost vs median income lost by event

Expense vs lost income during events



This slide showcases the cost of events and the loss of income that occurred during the event.

For example - drought damages crops, we see the cost of event was not so much though the outcomes of that event led to lost of income which is a huge amount.

Such insights are ideal for the implementing partners in getting to know how best they can package this information in providing additional financial services/ products to their clients (Saving group members) i.e, with either insurance or forming formidable partnerships with Agrovets that might provide better fertilizers and seedlings to withstand such events that happen.



Financial Device Losses

Users who lent money to family and friends reported the highest loss

Device	Used in the last 3 years %	Users who lost money %
Saving in the house	84%	5%
ASCA (Savings group)	61%	7%
Using shop credit	57%	8%
Using a bank account	54%	-
Using mobile money	50%	4%
Giving credit to clients	48%	5%
Lending to family or friends	45%	30%
Welfare group	43%	5%
ROSCA / merrygo round	28%	-
Using money guard	27%	-
Joint liability loan from bank, SACCO	20%	-
Individual loan from a bank, SACCO	2%	-



Recommendations

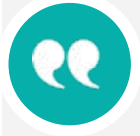
- Insurance products to cater for unexpected shocks i.e. funerals that can be attached to the savings group contribution. *Members already contribute an amount for welfare an additional product for funerals would be complementary.*
- FSPs should work in partnership with reputable agrovets to provide good quality seeds and fertilizer to increase the chances of crop survival.



04

Savings group

Savings groups are valued



“The groups have played a huge role in uplifting and changing members economically, before the groups so many members within the community were suffering and depending on food ratios only which is not the case now”





Savings group operations

- Most contributions are done **weekly**; If one misses a payment in the case of RUFi; they try to catch up the following week. For VF groups, there is not retribution.
- **Record keeping:**
 - RUFi - Recorded in a book then transferred to smart phone that they were given by RUFi.

"RUFi gave us a smartphone where all the records are kept. We record in the general book for the group, also record in each individual's book and we keep our records well. At the end of the cycle, the records in the general book should match with those in the individual book and the smartphone." RUFi Respondent.

- VF - Recorded in the main book by the treasurer and also in the members passbook.

"The secretary records the savings in the group savings book and loans in a loans book." VF respondent

- If a group member has a **debt** at the time of payout; the debt will be **deducted** from the savings. Still if it's not enough, when applying for a loan one has to indicate collateral, so the group members will go for the collateral.

Group Payout

- Towards the end of last year all the group members received a lump sum from the groups.
 - Most RUF1 respondents receive 2 payouts ranging from 200,000 -1,700,000 UGX (\$54 - 465.7)
 - VF respondents received 1 payout ranging from 50,000 - 600,000 UGX (\$13.6 - 164.3)
- Most of the payout was spent on:
 - Business
 - Buying assets
 - Schools fees
 - Savings
 - Sent to family in their native country



Savings module (VF)

What VF respondents spent the payout on:

- 6 respondents started new business -
"200,000 (\$54.7) for setting and establishing business"
- Most used the money to shop clothes for Christmas for the family
"Bought stock of 210,000/- (\$57.5), kept 50,000/- (\$13.6) for emergency and used 100,000/- for Christmas celebrations."
- 2 respondents lend the money to earn an interest (Shylocks)
- Bought asset
"300,000shs (\$82) used it to start business and buy for me equipments like solar"
- Constructed a house
- "200,000shs (\$54.7) to establish a business and constructed a house with it as well"
- Saved the money for school fees , the money got used in January "300,000 (\$82) used it to start the business and saved for school fees for this year."





Savings Module (RUFi)

What RUFi respondents spent the payout on:

- 2 respondents started new business

“200000 (\$54.7) used it for setting up a retail business and built a house”
RUFi respondent

- Added stock in their business

“800,000/- (\$219) and 600000/- (\$164.3) respectively. I added it to my business and now my capital is over 10 million (\$2739.7). I also saved more money into my bank account.”

- 1 respondent used the money to purchase farm inputs

“600000shs (\$164.3) used it to add fertilizer, seeds and pigs to my farm and also ploughed land for planting crops”

- 3 saved the money at home and 1 at a bank for emergencies

“490,000/- (\$134.2) I have not used it yet, I am still keeping it somewhere and am planning for it.”

- 1 respondent gave out 100000 (\$27.3) to his family members in South Sudan

“850000/- (\$232.8) I used the money to add stock to my shop(450000/-) (\$123.2) and also for Christmas celebrations (300000/-) (\$82) and 100000/- (\$27.3) to support my family in Sudan.”

- Bought asset

“560000/- (\$153.4) I used some to buy a solar panel, radio and clothes for the home. I also saved some at home and used it to stock food.”



Benefits of the groups

Financial benefits of the groups:

- The biggest benefit is helping them to save money in a strict but friendly way.

“Saving money is the most important because the end of year payouts always help me improve my household and buy more assets. I am now hoping to set up a saloon at the end of this year. Without the group, I would drink all my income.” RUFU Respondent

- Accessing loans easily and creating socio-economic impact to the members of the group.
- Keeping money for people safely for a full year and giving it to them in one big portion- this helps them take care.

“Transparent saving encourages me to save since I know that I will get all my money without being cheated.” VF Respondents

Benefits of the groups

Non financial benefits of the groups:

- Sharing advise

"The group is a source of positive ideas like advise on how and which businesses to set up. The idea of my wife setting up a business came from the group and it's really helping us now." VF respondents

- Guidance and counselling being offered by other group member to people who have problems.

"The group offers counseling and guidance to members when they have domestic problems." RUF1 respondent

- They support each other when there is a need i.e funeral

"The group also is a source of comfort during trying moments for members, it's important to have true friends and they are found in groups." VF respondent



Challenges arising from being a group member

- Strictness with meeting times - Fined 1000 (\$0.27) UGX

“The only challenge is strict meeting time, I wish the group would meet in the evening not early in the morning. But the group decided already so I have to follow the rules.” RUFU Respondent

- Jealousy from some group members who don't save much money - Minimum 1,000 UGX (\$0.27) and maximum is 10,000 UGX (\$2.7)

“There is a time when people feel jealous of others who save more money than them but these days it has reduced and people focus on their own plans to save not looking at other people's achievements.” RUFU Respondent

- One respondent from VF stated that some officials don't pay back their loan on time and there is no repercussion

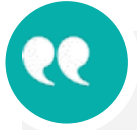




Challenges arising from being a group member

- Fear of unknown, incase the BOX get stolen
“In case the box is stolen, members lose a lot of money. This is possible because we keep the box at a person's home and that box can easily be stolen. It has not happened to our group but I have heard it happen in some group in the settlement.”
RUFi Respondent
- Concerns about poor record keeping.
“Some secretaries who don't keep records well cause confusion in the group which in the long run leads to people losing their money unfairly. This has not happened to my group members but some groups it happens” Rufi Respondent

Savings groups would like to have asset loans



Assets loans for boda boda and grinding mills

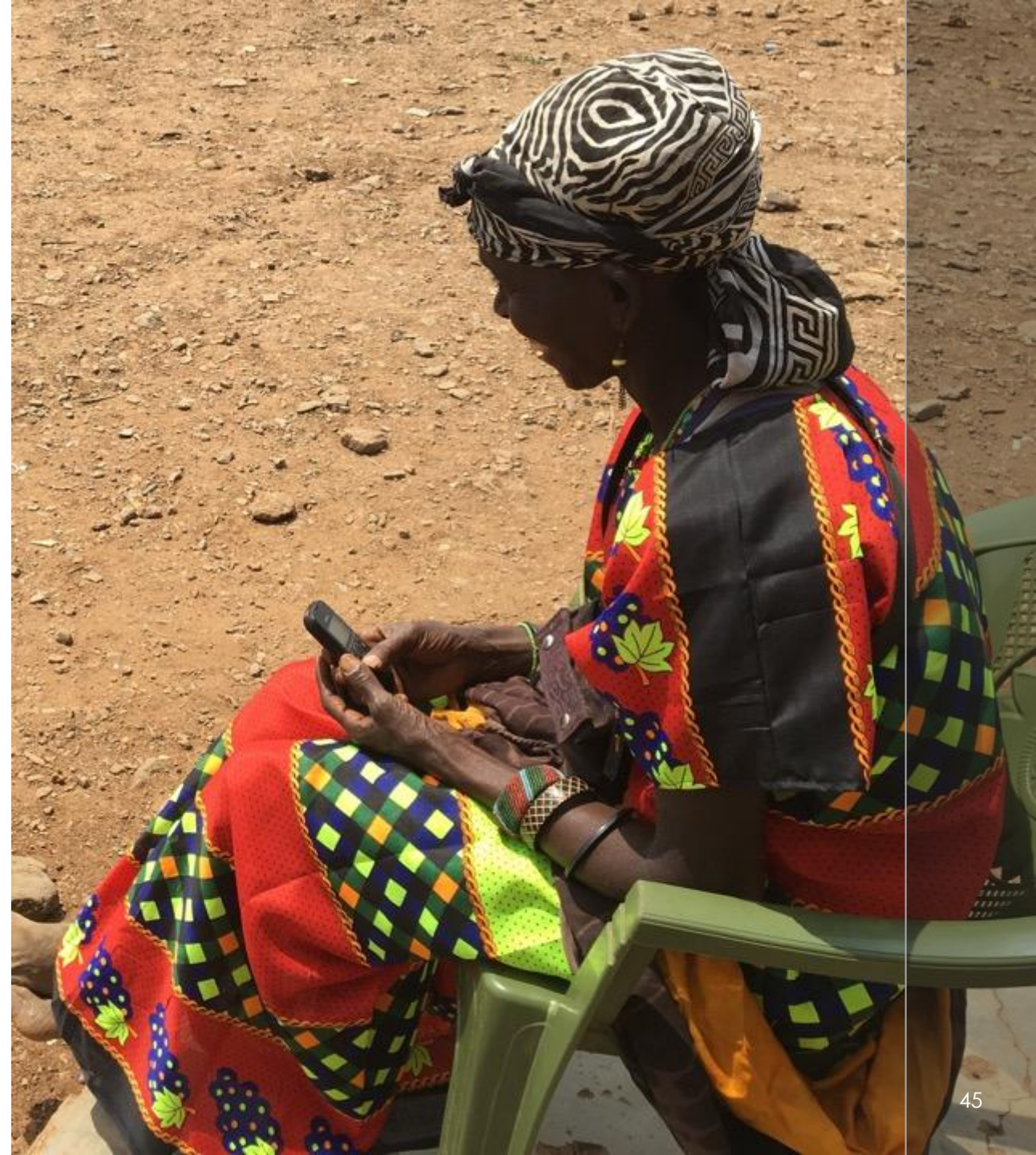
"Give groups asset loans like bodaboda loans for the group. RUFU can give each group a bodaboda and the group gets income and pays it."

"Give out material loans like grinding mill to the group to make money as a group not individual."



Recommendations

- Digitization of some aspects of savings group operations such as digital recordkeeping to enable FSPs to rate the group members who might be ready to be graduated to other financial products i.e. loans.
- Create best practices manual for operating a savings group



Resources

Reports

- [Grit, Skills and Luck: Examining the financial lives of refugees in Uganda](#)

Press release

- [Landmark study launched in Uganda to understand refugee income and spending habits](#)

Infographic

- [Financial Inclusion for Refugees \(FI4R\) results of baseline survey](#)

Webinar

- [Rebuilding livelihoods in displacement in the wake of COVID-19](#)

Blogs

1. [New lives, new tools: The financial lives of refugee communities](#)
2. [Linking refugees to formal financial services](#)

Diaries decks

1. [Round 1](#)



Thank **you!**

