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The U.S. Government's Global Hunger & Food Security Initiative



An Analysis of Opportunities and Constraints in Regulated Finance for the Emergency and Humanitarian Aid Seed Sector in Uganda



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Feed the Future Consortium Partners in the Feed the Future Global Supporting Seed Systems for Development activity:



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LIST OF ACRONYMS

AE	Agri Experience
The Alliance	the Alliance of Biodiversity International and CIAT
ARC	American Refugee Committee
CBFO	Community Based Financial Organizations
EHAR	Emergency, Humanitarian Aid and Resilience
EU	European Union
FAO	Food and Agriculture Association of the United Nations
FAOSTAT	FAO Corporate Statistical Database
FGD	Focus group discussion
FSP	Financial Service Provider
IFDC	International Fertilizer Development Center
LSB	Local Seed Business
LSWG	Livelihood Sector Working Group
MAAIF	Ministry of Agriculture, Animal Industry, and Fisheries
MSD	Market Systems Development
MVP	Minimal viable product
NGO	Non-governmental organization
NRC	Norwegian Refugee Council
OBUL	Opportunity Bank Uganda Limited
OFDA	U.S. Office of Foreign Disaster Assistance
OI	Opportunity International
OPM	Office of the Prime Minister
PABRA	Pan-Africa Bean Research Alliance
RFS	USAID's Bureau for Resilience and Food Security
SACCO	Savings and credit cooperative
S34D	Feed the Future Global Supporting Seed Systems for Development
UGX	Ugandan Shillings
UNHCR	United Nations High Commissioner for Refugees
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
USAID	United States Agency for International Development
USD	United States Dollar
USTA	Uganda Seed Trade Association
VSLA	Village Savings and Loan Association
WFP	World Food Program

EXECUTIVE SUMMARY

This paper draws from Opportunity International's experience in agriculture and refugee financing in two settlements in Uganda from 2019. The paper discusses the Ugandan refugee context, the response from the Ugandan government and international non-governmental organizations (NGOs), and the shift away from food in-kind towards a market development approach within the humanitarian sector. The paper reviews current seed and agriculture work and the role financial service providers are playing in this space.

Currently, investment in livelihoods for refugees in Uganda is underfunded and remains low. The paper concludes that, without intermediary entities, there would not be a strong demand for formal seed from refugees, nor would agrodealers serve refugees unless they are encouraged into a settlement on behalf of NGOs or governments, as has been done through some humanitarian interventions. Value chain approaches hold strong potential for facilitating sustainable agricultural development, however it needs to be both demand-driven and context-specific. Additional analyses should gather data on the local level to build out a targeted intervention that provides information, access, market linkages and financial support to all players across and within the value chain. Future data gathering and implementation needs targeted interventions to support inclusive systems' approaches, specifically in data disaggregation, across gender and age, to better define interventions for traditionally economically and socially vulnerable members of the refugee community.

BACKGROUND INFORMATION

Activity and Report Overview

The Feed the Future Global Supporting Seed Systems for Development (S34D) activity is funded by the Feed the Future Initiative through USAID's Bureau for Resilience and Food Security (RFS), and by USAID through the Bureau for Humanitarian Assistance (BHA) to facilitate the development of high-impact, inclusive seed systems to ultimately improve smallholder farmers' crop production and resilience.

The funding was granted to Catholic Relief Services as a five-year Leader with Associates Cooperative Agreement award to implement the activity. Current consortium partners include the Alliance of Biodiversity International and International Center for Tropical Agriculture (the Alliance), International Fertilizer Development Center (IFDC), Opportunity International, Pan-Africa Bean Research Alliance (PABRA), Agri Experience (AE), and Purdue University.

S34D aims to strengthen national and regional seed sectors around the world by scaling new business models to effectively expand seed inventories for a broader range of crops, beyond maize, while improving delivery of quality seed across formal, informal, and chronic/emergency seed systems. By strengthening linkages within and between seed systems, the activity will help services reach more customers in increasingly remote and fragile contexts to provide farmers with better access to higher-yielding seed varieties.

This white paper offers recommendations on the potential of developing viable financial products for refugees living in Uganda to gain access to better quality seed and inputs.

Background

To compile this white paper, Opportunity International (OI) compiled learnings from its experience working in two refugee settlements in Uganda: Nakivale and Kiryandongo. OI's engagement in the settlements¹ started in June 2019 to help financially integrate refugee and host communities, promote self-reliance among refugees, and stimulate local economic activity in refugee settlements and surrounding host communities. OI used two methods of data capture: 1) financial diaries, which captured data disaggregated by gender, and 2) initial needs assessments. The needs assessments used qualitative focus group discussions and cash mapping workshops that include both men and women. A specific gender lens approach was not included in the initial assessments. In line with OI's Gender Strategy, which indicates that economic segmentation is the critical first step in designing tailored financial products for non-homogenous client groups, such as women, this gender lens should come at a later stage. Gender based differences were noted such as the types of jobs held; effects COVID-19 on businesses; loss of income/employment; and access to agriculture opportunities. Womens' access to savings being lower than mens'. The resulting minimal viable product (MVP) was developed considering factors such as current savings, group savings, livelihood activities and interest and/or knowledge of financial services used to segment refugees into groups for financing. At this stage, this segmentation proved more relevant than gender to determine viability. Based on the MVP prototype and findings OI has been able to identify key areas that are more gender inclusive and will be shared below. Further gender and age disaggregated data analysis seeks to also assess other economic factors and refugee needs generically across all groups such as length of time saving; type of livelihood activity; refugee wants and needs; adapted channels; proximity; pricing; access and implications for digital financial services, however this further analysis is outside of the scope of this current white paper.

This work includes collaborating with other NGOs, government entities, and financial service providers to develop and extend financial products and services, as well as financial literacy training, to refugees.

¹ This engagement is an independent project outside of the S34D activity.

Limitations & Considerations

This white paper is based off learnings from a limited engagement with refugee communities in Uganda, and as such is not a comprehensive scan. In general, the data available on refugees' livelihood activities are extremely limited. As such, age and sex-disaggregated data were not available from third party sources for this analysis.

Additionally, agriculture finance is an emerging, yet nascent aspect of the financial services sector throughout most of Africa. Many financial service providers (FSPs) that do have such activities, offer just one or two financial products dedicated to agricultural lending. Though the seed sector is a vital component of the agricultural sector, these market realities within the financial services sector make it impractical to limit assessments to just seed sector financing. Instead, for this report, seed sector finance is largely considered synonymous with agriculture finance unless otherwise noted. The success of agriculture financing is dependent on multiple external factors such as climate and trade agreements. Given the relatively undeveloped nature of agriculture finance, lending product terms and amounts should be tailored for the specific lending purpose. Seed-related loan products, as a subset of the broader agriculture finance sector, are no different. Therefore, assessments and surveys relating to financial service providers (supply side) assume that those interested in agriculture finance will also be interested in seed sector finance.

FINANCING REFUGEE FARMERS IN UGANDA

Overview: Agricultural Context for Refugees in Uganda

Uganda is home to an estimated 1.4 million refugees², largely from neighboring African nations. The Government of Uganda maintains progressive policies toward refugees that promote self-reliance, allowing refugees to integrate with host communities, access land, utilize financial services and access the same basic services as nationals (water and sanitation, education, and health). These landmark policies include the “30-70 Principle” which requires that 30% of all interventions with refugees address host community needs.³

Upon entry, all registered refugee household heads in Uganda are allocated a small plot of land for residential and agricultural purposes, intended for use by all household members. However, as more refugees enter the country, land is becoming increasingly scarce. In one study⁴, only 29% of refugees reported having access to land for agricultural purposes, and in many cases the small plot size was considered inadequate for cultivation by those who received the land. Key reasons cited were the distance to the land they were given, insecurity in protecting their land, and access to only limited or poor tools for cultivation. From recent refugee household surveys examined in this study, only 9% reported having more than half an acre and 3% more than one acre for cultivation. This secondary source did not list any gender specific information, such as male headed households or female headed households. A similar study⁵ showed 91% of households used their plot for cultivation. Yet of those, 97% said the land was insufficient to provide food for consumption in the household, although specific responses on sufficient land access was not included in this study. Across the literary review of recent studies, public sources of research displayed a significant gap in age and sex-disaggregated data, and it is strongly recommended that primary research interventions directly target this knowledge gap.

Bi-lateral funders are the largest source of humanitarian support for refugees to build livelihoods through agriculture, with most projects implemented through the Food and Agriculture Organization of the United Nations (FAO) and international NGOs. The projects typically address needs throughout entire value chains, including the provision of extension services to farmers, forming and managing Village Savings and Loans Associations (VSLAs), which are frequently and deliberately skewed towards greater female membership, and providing access to formal financial services to farmers and agribusinesses. Projects have also included activities targeted at building the capacity of agribusinesses across value chains, including the facilitation of market linkages and development of value chains, as well as encouraging farmers to diversify their farms and grow higher value crops, promoting the adoption of appropriate technologies and improving the supply of inputs. Some highlights based on OIP’s MVP prototyping, which identified key areas for women, include:

1. VSLAs in Kiryandongo: VSLAs in this refugee settlement are largely comprised of women. The function of the VSLAs whose membership is primarily women is different from those which are predominately male. These female-led VSLAs often provide loans only once or

² UNOCHA. “Uganda.” <https://www.unocha.org/southern-and-eastern-africa-rosea/uganda>. Last access date November 2020.

³ Coggie, Tessa, Migration Policy Institute. “Can Uganda’s Breakthrough Refugee-Hosting Model Be Sustained?” 31 October 2019. <https://www.migrationpolicy.org/article/can-ugandas-breakthrough-refugee-hosting-model-be-sustained>. Last access date March 2021.

⁴ OPM, UNHCR, WFP, Development Pathways. “Analysis of Refugee Vulnerability in Uganda, Working Paper January 2020.” https://www.developmentpathways.co.uk/wp-content/uploads/2020/05/WFP_DP-Analysis-Uganda-Refugees.pdf. Last access date March 2021.

⁵ EU, NRC, REACH. “Refugees Access to Livelihoods and Housing, Land and Property May 2019 Uganda.” <https://reliefweb.int/sites/reliefweb.int/files/resources/Refugee%20access%20to%20livelihoods%20and%20housing%2C%20land%2C%20and%20property%20%28Kampala%20District%2C%20May%202019%29.pdf>. Last access date March 2021.

twice a year and the amounts loaned tend to be small. This is in contrast to male dominated VSLAs where typically members agree on an equal amount that each member will contribute on either weekly, bi-weekly, or monthly basis. Additionally, in these groups, the disbursements to members are more frequent, often monthly.

2. Par Fruita Added Value Passion Fruit project in Nakivale: Women and girls are being identified through the local authorities in order to reduce risks related to distance, transport, drought, and security in passion fruit production. The women who have already participated in passion fruit farming prototypes will buy fruits from the girls and make juice for sale. The project is in talks with the Office of the Prime Minister (OPM) to provide the land for production. Seedlings have already been identified and will come from the prototype garden. Growers will then be linked to Opportunity Bank Uganda Limited (OBUL) to access formal financing and will also receive financial literacy training to better manage their finances and plan for the their family's future.

Refugees often receive cash or in-kind support for investing in seed and equipment when they first arrive in the country. Many also receive ongoing support in subsequent planting seasons. However, limited data sets are available on the various actors and service providers for refugee farmers, especially with regard to how frequently seed and other inputs are provided to refugees, and for which crops⁶. Data from August 2020, UNHCR Livelihoods and Resilience Working Group) indicate slow progress toward livelihood and agriculture-related goals for refugees in Uganda. These data sets are neither age nor sex-disaggregated:

- 38% of targeted households are receiving emergency livelihood support.
- 2% of targeted households are participating in income-generating activities.
- 1% of targeted households are engaged in formal and non-formal long-term employment opportunities.⁷

For refugees, the creation of viable jobs and businesses for income generation remains a high priority for the global humanitarian community, however investing in long-term economic development is often at odds with typical humanitarian approaches that focus on short-term essential needs. However, Uganda's OPM and USAID Uganda's Market Systems Development (MSD), that promotes self-reliance among refugees where appropriate, indicate growing institutional support for solutions oriented at longer-term livelihood development. A UNHCR study⁸ in 2018 in northern Uganda recommended a key solution for building livelihoods for refugees will be investing in value chain upgrades for cassava, sesame (*simsim*), and groundnuts. Interventions would be alongside multiple stakeholders and promote improved use of technologies, inputs, good agricultural practices, and improved access to post-harvest services. One key recommendation for direct implementation would be to incorporate gender sensitive analyses across any new or existing value chains to capture nuances and gender-based farmer constraints barriers, dynamics and potential solutions.

A targeted gender and age sensitive value chain approach that creates and enhances demand for specific types of seed while also unlocking access to financial services to all the players in these value chains, from production to bulking and off-taking, may be a viable approach. As discussed further below, this will support the development of seed systems among this vulnerable population of farmers.

⁶ UNHCR. Livelihoods Working Group reporting for end of 2019 shows 249 seed interventions across all 14 Settlements. Of these 58% were one off, 16% repeat and 26% not listed.

⁷ UNHCR. "Livelihoods and Resilience, Uganda Refugee Response Plan (RRP) 2020-2021 Quarter 2." <https://reliefweb.int/sites/reliefweb.int/files/resources/Uganda%20Refugee%20Response%20Plan%20%28RRP%29%2020-2021%2C%20Livelihoods%20and%20Resilience%20-%20Quarter%202%2C%20January%20-%20June%202020.pdf>. Last access date March 2021.

⁸ UNHCR. "Market Systems Development for Refugee and Host Livelihoods in Arua and Yumbe Districts, Uganda." 2018. <https://reliefweb.int/report/uganda/market-systems-development-refugees-and-host-livelihoods-arua-and-yumbe-districts>. Last access date March 2021.

Demand for Seed in Refugee Communities

A framework provided by USAID⁹ offers a comprehensive understanding of seed security by investigating seed access, availability, quality, and market linkages. Typically, the seed sector is described in terms of:

1. **the formal sector**, in which certified seed is produced by seed companies and registered seed growers and sold through agrodealers (also usually registered); or
2. **the informal sector**, in which there is no independent quality assurance; seed is saved by farmers from the previous harvest, exchanged among friends and neighbors, and purchased and sold by informal traders in local grain markets.

To be effective, market-based seed interventions in the humanitarian sector may leverage existing market actors, both formal and informal, and integrate interventions from both the supply and demand side.

In Uganda, about 85% of all seed planted by smallholder farmers comes from the informal sector.¹⁰ Of the 15% that comes from the formal sector, the majority is in hybrid maize and vegetables. Certified seed production for the top ten crops planted in Uganda was reported to be more than 25,000 metric tons in 2019.¹¹ For the same year, it was estimated that roughly 10,000 metric tons of seed and planting material¹² were distributed to refugees and their host communities in 2019¹³. It cannot be assumed that all of the seed distributed to refugees comes from high-quality, certified seed production, even with strong institutional procurement policies,¹⁴ but the figures presented provide an indication of the scale of humanitarian seed provisioning in relation to certified seed production.

Given the small percentage of refugees with access to sufficient land, the overall demand for seed by refugees is expected to be low. Additionally, given the limited data available on refugee livelihoods, it is unknown if this large quantity of seed distributed through humanitarian aid is utilized by refugees. One assumption is that, since only 15% of seed planted by the overall population of Ugandan smallholder farmers is sourced from the formal sector, the usage rates of formal seed among refugees in Uganda may be a similar percentage, although bulk institutional seed procurement can also have issues with presumed certified seed not actually meeting certification standards. Though the associated low demand for formal sector seed from the overall Ugandan market as a proxy for refugee demand may limit the scope of a supply-side intervention, solutions that focus on comprehensive support for refugees – training farmers in good agricultural practices, increasing access to finance for farmers to purchase formal seed, and strengthening value chains, especially suppliers that can ensure seed is delivered timely and for the right crops – hold the greatest potential for effectively increasing demand for seed and formalizing seed systems within refugee communities.

⁹ Walsh S., and L. Sperling. Review of Practice and Possibilities for Market-led interventions in Emergency Seed Security response. 2019. A Feed the Future Global Supporting Seed Systems for Development activity report. https://pdf.usaid.gov/pdf_docs/PA00WPBN.pdf

¹⁰ ISSD Uganda. “Quality Declared Seeds (QDS).”

https://issduganda.org/programme/local_seed_businesses/quality_declared_seed/. Last access date March 2021.

¹¹ Data provided by S34D partners, based on figures from the Uganda Seed Trade Association (USTA).

¹² Planting material refers to sweet potato vines and cassava sticks. In this estimate, the quantity of planting material has been converted into weight and included in the overall figure. Note that the figure for certified seed production does not include planting material.

¹³ Estimate provided by S34D partners, based on composite figures from OPM, FAOSTAT tables, the Livelihood Sector Working Group (LSWG) and the MAAIF Seed Strategy.

¹⁴ Some of the seed distributed through humanitarian interventions is thought to be produced by Local Seed Businesses (LSBs) who produce QDS that is sometimes sold through the formal seed sector.

Case Study: Stimulating Agricultural Markets within Refugee Communities

In 2018, Mercy Corps, DanChurchAid and the Palladium Group¹⁵ implemented a project that:

- channeled smart subsidies for inputs through local agrodealers (formal sector market actors),
- promoted land sharing with host communities (to create increased self-reliance through increased demand for seed among refugees), and
- supported the development of agent networks for produce trading companies (so that farmers could sell their output, thus providing an incentive to increase production).

Refugees were offered seed vouchers that were 60% subsidized, resulting in 76% of refugees engaged showing willingness to participate in the project. Due to the institutional capacity of the project's implementers, it is presumed that this was conducted with a set gender lens, however no information was obtained from the author of the project report to provide overviews of any age or sex-specific outcomes.

The project achieved a distinct increase in market activity because of these interventions. A key component was addressing financing limitations for agrodealers. The project offered guarantees to local financial service providers to incentivize lending to agrodealers, increasing their operational capacities. Overall, seed companies expressed a preference to work with agrodealers instead of NGOs, although the project report did not explicitly define these segments used in interviews with seed companies. Additionally, the project evaluation noted an increase in demand for non-pilot supported seeds and inputs, demonstrating potential for further scale and sustainability. USAID Feed the Future Uganda Inclusive Agricultural Markets activity uses a markets systems development approach and facilitates shifts in the behaviour of market actors to increase access to goods and services for vulnerable target populations. Strengthening market systems can take many forms including financial services, transportation, information services, energy, natural resources, and infrastructure as well as other components of the enabling environment such as social norms and regulations. As such, the project also highlighted the need to build partnerships and capacity to test more market-driven approaches.

It is also critical to meet humanitarian principles, aid must be prioritized to serve those with the greatest need therefore a role for the United Nations and NGOs must be considered. The evaluation noted that market-based approaches to humanitarian relief are still new, and similar interventions should be explored to understand the effectiveness beyond the scope of this one project. Undoubtedly, future interventions should consider the roles of inclusive credit services, especially the provision of financial products alongside training to increase farmer productivity, and the promotion of market and value chain linkages. In all cases, the utilization of both gender and age specific implementation plans must be taken into consideration.

The Financing Potential of Refugee Farmers in Uganda

Unlike refugees in many other countries, those living in Uganda have more rights and services available to them, including the ability to access formal financial services and the right to establish businesses. Uganda's Office of the Prime Minister (OPM) issued a mandate in 2019 for all head of household refugees to have bank accounts in order to receive social protection transfers, reflecting a shift in humanitarian aid toward cash-based payments. Further details are still forthcoming from the general mandate. Qualifying terms require beneficiaries to be over the age of 18, with no reference to gender stipulations, and intermediaries are still in the process of working towards compliance with the mandate. Equity Bank is currently the largest entity in this space, offering refugees the ability to open

¹⁵ Facing up to the challenges- Blending Market and Humanitarian support for Refugees in Uganda, Nov 2019, Simon Levine, Grace Becton

savings accounts and receive cash payments. Equity Bank is also piloting a credit product for refugees. OBUL and Ugafode have savings and loan products for individuals and groups. Vision Fund has a savings group product while Ruufi offers VSLA and savings group linkages. Other commercial banks are entering the space as well. Based on the outputs of a previous FSP Inventory Scan¹⁶ published by S34D, it is very unlikely that there are specific gender-defined products already available in the market. As S34D and other USAID implementing partners engage in this value chain segment, ongoing and future interventions will be greatly strengthened by beginning with a baseline evaluation of financial products that either pose barriers to or offer increased support to women and youth in accessing services.

Refugee financing in Uganda is still under development and research suggests agribusiness financing to refugees remains very low. Therefore, the combination of agriculture financing, specifically for refugees, is extremely limited, especially since many FSPs show little diversified or customized product development for the sector. Combining refugee financing with agricultural financing will likely require the development of a rigorous business case, as well as adequate de-risking measures for the FSPs. Yet, at the sector level, demand-side indicators show credit in agriculture finance is needed to increase productivity.

In 2019, OI launched a discrete project, separate from this white paper analysis, to promote self-reliance among refugees and host communities by developing appropriate financial tools within refugee settlements. The project considers access to loans, as well as savings mobilization, digital financial services, and financial literacy. At the project onset, OI gathered data on refugees' financial needs and behaviors to identify client segmentation for viable client groups and product development based on these findings. Initial baseline evaluations were conducted across 397 households across both Nakivale and Kiryandongo settlements, with 54% female and 56% youth respondent representation. Further in-depth assessments utilizing financial diaries were expanded from October 2019 through September 2020, to an additional 200 households, which formed a subset of the 397 interviewed at intake. Households were selected who then identified their main family participant in these interviews which comprised of 54% female participants at the baseline and 49% at the end line (the change was due to a shift in all the heads of households in Kiryandongo due to unforeseen issues around staffing and security). At the baseline, this assessment showed 32% of households had at least one person with special needs, and 27% at the end line. The data itself was collected by trained refugee researchers from within the settlements.

Specifically, this has included developing financial products to grow refugees' small businesses, farms, and agribusinesses, leveraging traditional group-lending methodologies, such as VSLAs and other Community Based Financial Organizations (CBFOs). These group-lending mechanisms have demonstrated the capacity to increase female client participation due to reduced collateral requirements and social-cohesion dynamics. Additionally, as a result of the market assessment, local branch designs are also being adapted to ensure access for clients living with disabilities. Ultimately, the goal is to transition refugee entrepreneurs from a place of commercial isolation to become part of the regulated and formal economy. Detailed, disaggregated information has allowed financial institutions to adapt and customize to the unique needs of the client base.

The increase in cash payments and the mandate by the OPM to link these to refugees' formal bank accounts has opened an important opportunity for market development. Refugees will be more cash liquid to make purchases, which may cascade to traders' needs to expand their supply to meet the increased demand for inputs, food, and other non-food items. Furthermore, this has potential to address longstanding liquidity limitations that constrain productivity during agricultural seasons. Although, interventions should maintain safeguarding standards and work to inform entrepreneurs and beneficiaries of good business practices to mitigate the potential for predatory business practices.

¹⁶ Opportunity International. "The Financing Potential of the Seed Sector in Sub-Saharan Africa." 2019. https://pdf.usaid.gov/pdf_docs/PA00X894.pdf. Last Date Accessed March 2021.

In the Nakivale settlement, 70% of refugees now receive cash payments instead of food in-kind. Other more established settlements have followed suit, with recognition that those hosting new arrivals will still need a marketplace with basic goods and services for purchase.

In Nakivale and Kiryandongo, OI targeted local economies and value chains for revenue and income generation opportunities. In Nakivale, maize was identified as the highest potential crop, and existing value chain entities were mapped against current and potential revenue streams¹⁷ that showed a profit margin of USD 8.50 (31,700 UGX) per 100 kilograms maize produced. The greater the profit margin, the greater the potential for increased investment in seed and other inputs. Two community-based organizations involved in passion fruit and maize, comprising mostly of youth and women, have been selected by OI, for further income generating and job creation activities.

Cash transfers to refugees has prompted the expansion of financial services. Access to land for refugees allows them to undertake farming and potentially get involved in both production and/or agribusiness through a cooperative or group model to enable commercial viability. A refugee-specific gender and age lens will also be significant in ensuring inclusive product development. Yet demand for certified seed by refugees is low as they may be utilizing in-kind aid as seed and/or using seeds from previous seasons. There is little incentive for agrodealers to supply certified seed.

The World Food Programme's programmatic shift in 2019 has led to an increase in cash payments as opposed to direct food distribution. This has resulted in increased demand for fresh foods and non-food items. The traders therefore need to be in position to meet the growing demand and agribusinesses need to be able to process and supply. Currently, traders lack capital to restock adequate levels of commodities.¹⁸ Linking the traders and agribusiness to a financial service provider for loans would help bridge the gap and boost local markets to meet cash demands.

More traditional, in-kind aid threatens the sustainability of market-based approaches where food often floods markets and cuts out local market traders. One response to this has been the current shift to cash, helping move toward market systems development and provide room for expansion of a more thriving, productive agricultural economy. Although initial results from the first of such aid is promising, these examples are still relatively few and tensions between humanitarian and private sectors will need to be resolved to make sure the most vulnerable are not excluded. Multi-stakeholder partnerships are required to facilitate increased supply and demand of agricultural products and services in refugee communities.

¹⁷ Farmers, youth/casual laborers, transporter miller, Community Centre Trader, Training Centre Staff

¹⁸ Ibid.

RECOMMENDATIONS

1. Given high pricing of inputs, small land size and poor access to markets, it is likely that without an intermediary there would not be a strong demand for formal seed types from refugee communities, nor would there be many agrodealers serving refugee communities. NGOs and government agencies currently provide incentives for agrodealers and other stakeholders to serve refugee settlements, which reduce barriers to entry, but may limit the long-term commercial presence of agrodealers by distorting markets
2. Several ongoing projects, supported by cash transfers, are increasing market activity and demand for agricultural services in refugee settlements: in Kiryandongo, a value-add maize project is being tested; in Nakivale, opportunities in passion fruit and maize farming have been identified; in Kyaka II, World Vision is testing vegetable projects; in Nakivale, the American Refugee Committee (ARC) is promoting tomato gardens; and in Northern Uganda, the FAO is promoting the development of vegetable gardens. The success of these projects in increasing demand for formal financial services that should be replicated. Intermediaries are able to stimulate market solutions and financial inclusion across the agriculture sector. This paper strongly recommends guidance be developed for these projects in the development of well-articulated gender and youth-facing implementation strategies.
3. VSLAs and other rural-Community Based Financial Services Organizations, such as revolving fund community groups, cooperatives, and local Savings and Credit Cooperatives (SACCOs), continue to be instrumental in serving refugee communities, particularly for women and youth-focused groups with limited prior engagement with the regulated financial services sector. Preliminary research shows VSLAs are skewed towards a greater female membership due to reduced collateral requirements and social-cohesion dynamics and could therefore form a good entry point for targeted seed access and finance that serves women. However, these services do face significant liquidity limitations when utilized for agricultural production due to the seasonality of demand. Ongoing pilots and analyses of linkages between VSLAs and other rural financing mechanisms to regulated financial institutions via product development, appropriate delivery channels, partnerships, digitization, and tailored value add products hold the potential to significantly bolster utilization.
4. With the limited, seasonal demand for seed, seed supply businesses are more likely to be viable if they are integrated with off-takers that also purchase the harvested produce and provide other services where possible. Specific examples, such as the horticultural value chain in Nakivale Settlement, demonstrate significant fractures in the seed value chain within the refugee context. Poor quality seed disincentivized producers with lower-than-expected yields and a lack of viable cash off-take markets in the communities surrounding the settlement further depressed demand. Interventions should integrate supply and demand linkage, particularly in relatively geographically isolated environments.
5. Value chain work needs to be both demand-driven and context-specific. Overall, more information and understanding of the local environment is needed to build a targeted value chain intervention. A gender and youth sensitive value chain approach holds significant potential for facilitating agricultural development, especially after identifying specific, high-potential crops and products and the need for finance among male and female farmers and agribusinesses. The approach would need to address inclusion, access, linkages and financial support to all players across the value chain in order to deliver quality seed and build financial independence for refugees.

6. Similar to non-refugee contexts, women typically suffer from systemic gender barriers in agriculture production and access to finance. These include unpaid work, lack of access to productive resources, and limited involvement in financial decision making due to political, social, and cultural norms. Female clients are less likely to have the same access to information and knowledge base as men, including the use, benefits, and willingness to adopt financial services, agricultural inputs, and access to markets. As a result, it is critical that interventions implemented within refugee communities to increase involvement in seed systems also include known best practices in inclusion. For inclusive service provision specific to Ugandan refugee settlements, this report strongly recommends phased implementation, focused on granular sex and age data disaggregation, appropriately geared client segmentation analyzing client needs beyond just gender, peer to peer support in training services, gender inclusive value chain and seed variety selection, and appropriately tailored financial products, such as the wide range of community based financial services.

7. As S34D and other USAID implementing partners engage in the value chain segment of specific products, ongoing and future interventions will be greatly strengthened by beginning with a baseline evaluation of financial products that incorporate gender specific questions to better understand the barriers and opportunities to support to women in accessing services. The baseline evaluation should collect sex and age disaggregate data and the analysis of this data should apply a gender and youth lens.