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Financial Sector Deepening

Financial Inclusion for Refugees (FI4R)

Results of Round 1 Diaries

BFA Global

Nairobi | 25TH November 2020

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A photograph of three women in a shop. One woman in a white shirt is seated at a table, looking towards a woman in a colorful patterned shirt who is standing and pointing at something off-camera. Another woman in a black and white top is seated at the table between them. The background is filled with shelves of various products, including light bulbs and boxes.

01

Sampling and methodology

Data collection plan: Overview

1. Enrollment

2. 1st initial questionnaire

- Living standards, HH roster (M1, H1)
- Interview takes about an hour

3. 2nd initial questionnaire

- Income sources for all HH members
- Physical assets

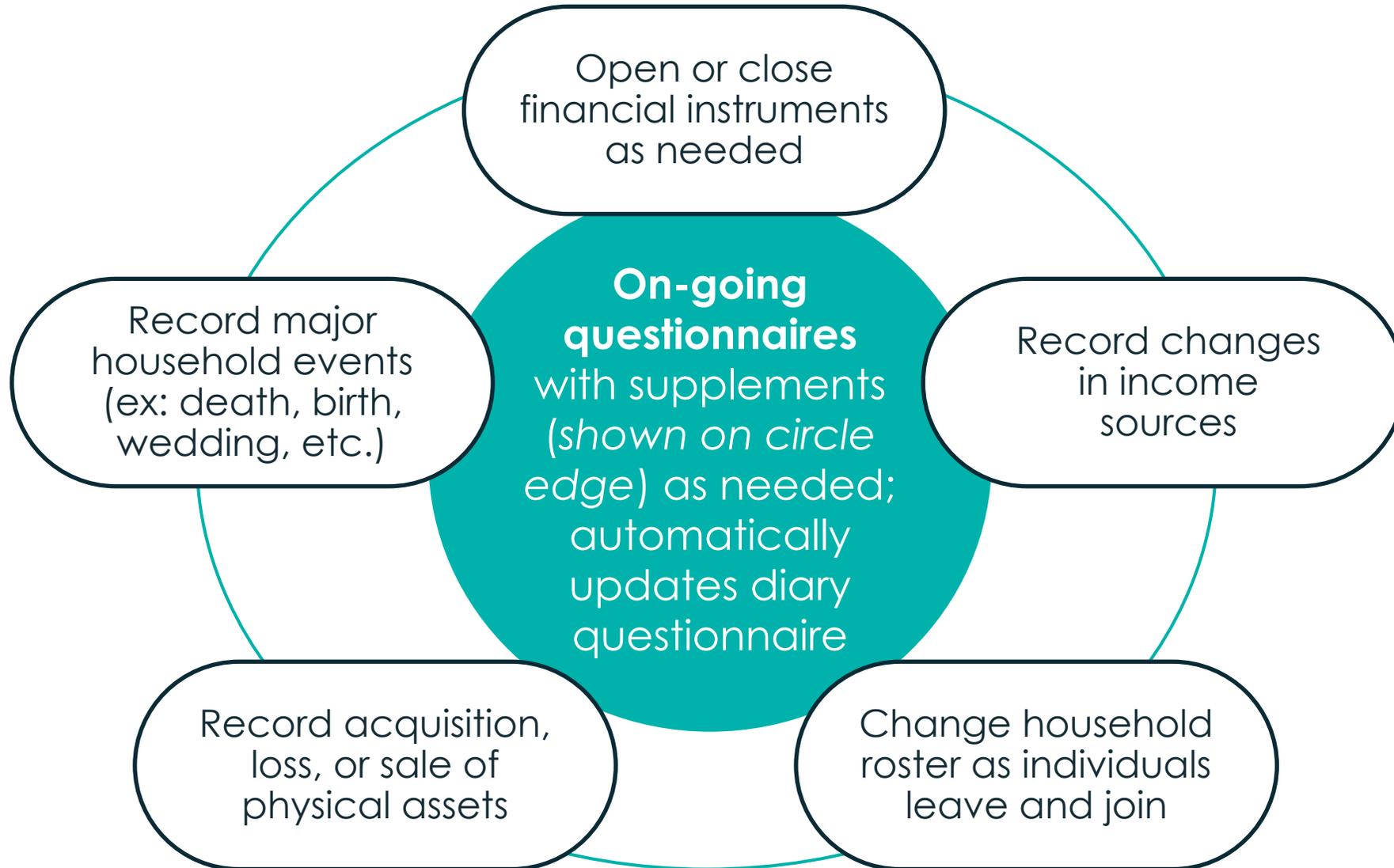
4. 3rd initial questionnaire

- Details of financial instruments for all in HH

5. Diaries questionnaire (see next slide)



Ongoing “Diaries” questionnaires



Enrollment

- BFA reached out to the 3 implementing partners with a request of providing them with a list of 40 of their clients/customers. Out of the list of the 40, BFA was to select 15 of them, this is because they wanted to eliminate any kind of biases on the sample. These customer were required to have:
 - Cellphones
 - Members of different savings groups- RUF1 and Vision Fund
 - Also members in different capacity in the groups i.e leaders etc.
- As for all the 3 implementing partners they used their field officers in identifying these households and after making the initial contacts, the BFA field team did follow-on phone calls to introduce themselves, explain the objective of the project and seek consent for their participation.
- To avoid attrition along the way as per previous experience in the past and so not finding them available on the phone, the field team over recruited 5 households per partner's cluster and they ended up with 68 households in total.

Sampling and methodology

Sample:

- Reached out to 68 household and ended up recruiting 48 households.
- Recruited through the partners

Methodology:

- Telephonic interview with the respondents
- The Diaries interviews were collected between **September 15th-end of October, 2020**
- The qualitative Interviews were collected **beginning of November to mid- November, 2020**
- Face to face with 2 partners during qualitative interviews.

Area	Refugee
Total targeted	48
Nakivale (Equity Bank)	16
Bidi bidi (RUFU)	16
Palorinya (Vision Fund)	16

Example of a cashflow interview

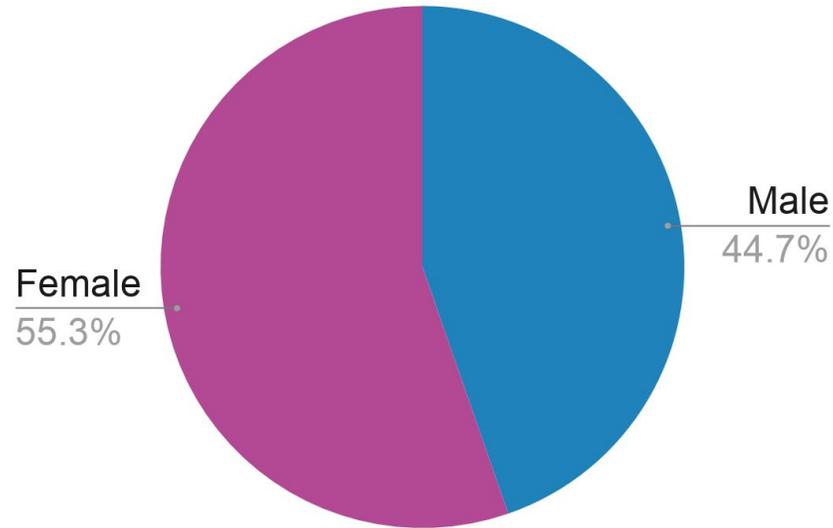
Date	Income	Type of income	Amount	Mode	Date	Expenses	Amount	Mode
23/09/2020	Self-employr	1. Revenue or Sales	45000	01=Cash	23/09/2020	Saving in an ASCA	5000	01=Cash
09/10/2020	Self-employr	1. Revenue or Sales	38000	01=Cash	29/09/2020	Personal care services (saloon, kinyo	5000	01=Cash
11/10/2020	Self-employr	1. Revenue or Sales	45000	01=Cash	30/09/2020	Saving in an ASCA	5000	01=Cash
12/10/2020	Self-employr	1. Revenue or Sales	70000	01=Cash	30/09/2020	Medical services (clinics, hospitals, e	6000	01=Cash
15/10/2020	Self-employr	1. Revenue or Sales	33000	01=Cash	07/10/2020	Saving in an ASCA	10000	01=Cash
					07/10/2020	Keeping Money (Cash) at Home	11000	01=Cash
					12/10/2020	Groceries/food to be eaten at home	5000	01=Cash
					14/10/2020	Posho mill or other food processing	4000	01=Cash
					14/10/2020	Bundled communications (Combine	500	01=Cash
					15/10/2020	3. Stock purchases	55000	01=Cash
					15/10/2020	4. Expenses (eg.rent, transport, elec	2000	01=Cash
					16/10/2020	Bundled communications (Combine	1500	01=Cash
					17/10/2020	Electricity, phone charging	500	01=Cash
					17/10/2020	Housekeeping supplies (soap, Jik, O	4000	01=Cash
					17/10/2020	Services (tailor, fundi, photos, shoe	1500	01=Cash
					18/10/2020	Groceries/food to be eaten at home	5000	01=Cash
					18/10/2020	Personal care services (saloon, kinyo	3000	01=Cash
					19/10/2020	Gas (for cooking), paraffin, charcoal	2000	01=Cash
					20/10/2020	Personal care services (saloon, kinyo	5000	01=Cash
					20/10/2020	Cash on hand now	100000	
Total			231000			Total	231000	

02

Overall results



Demographic characteristics of head of households



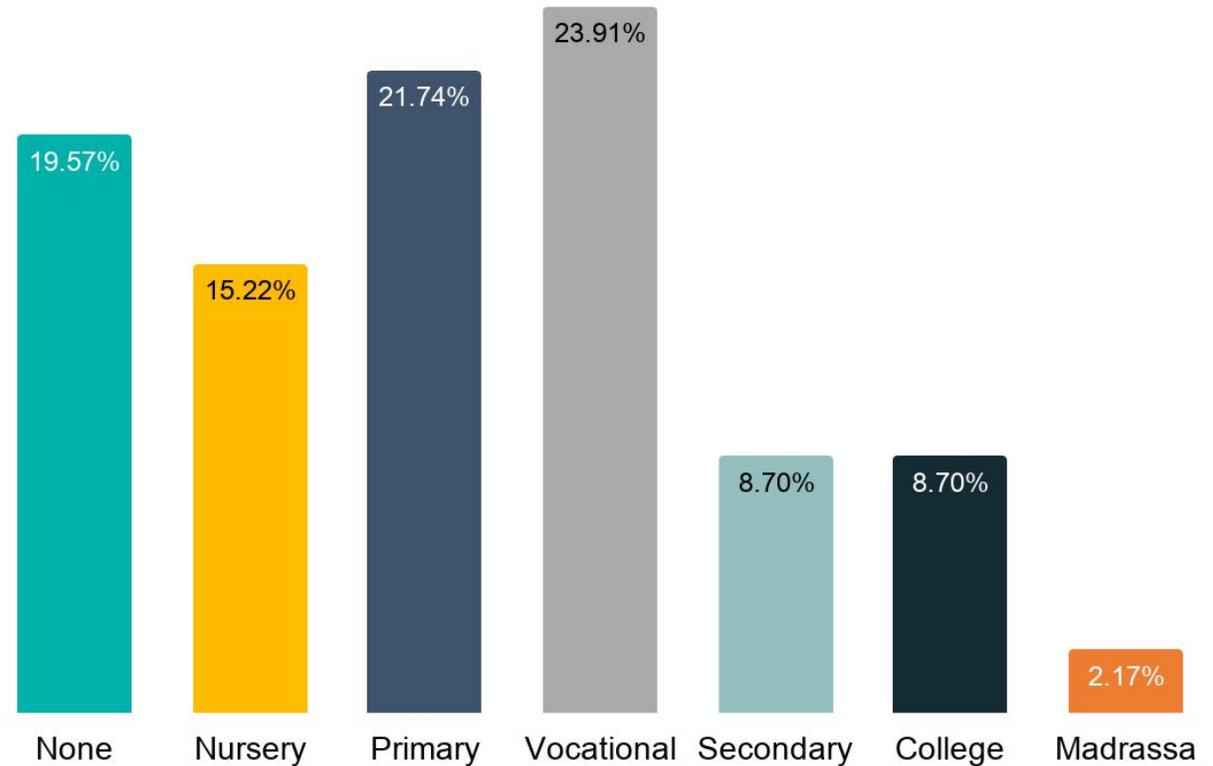
Average age



Household Size

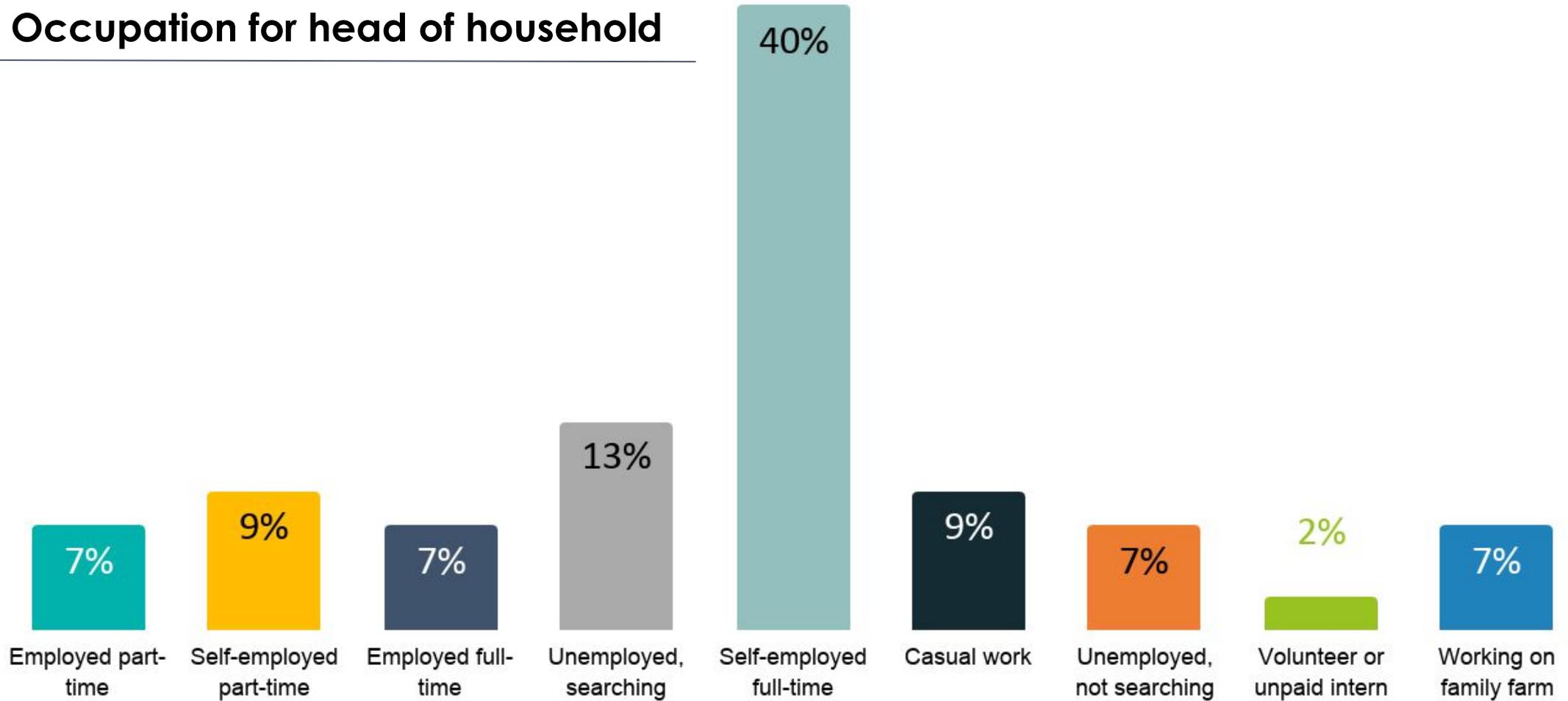


Educational level for head of household

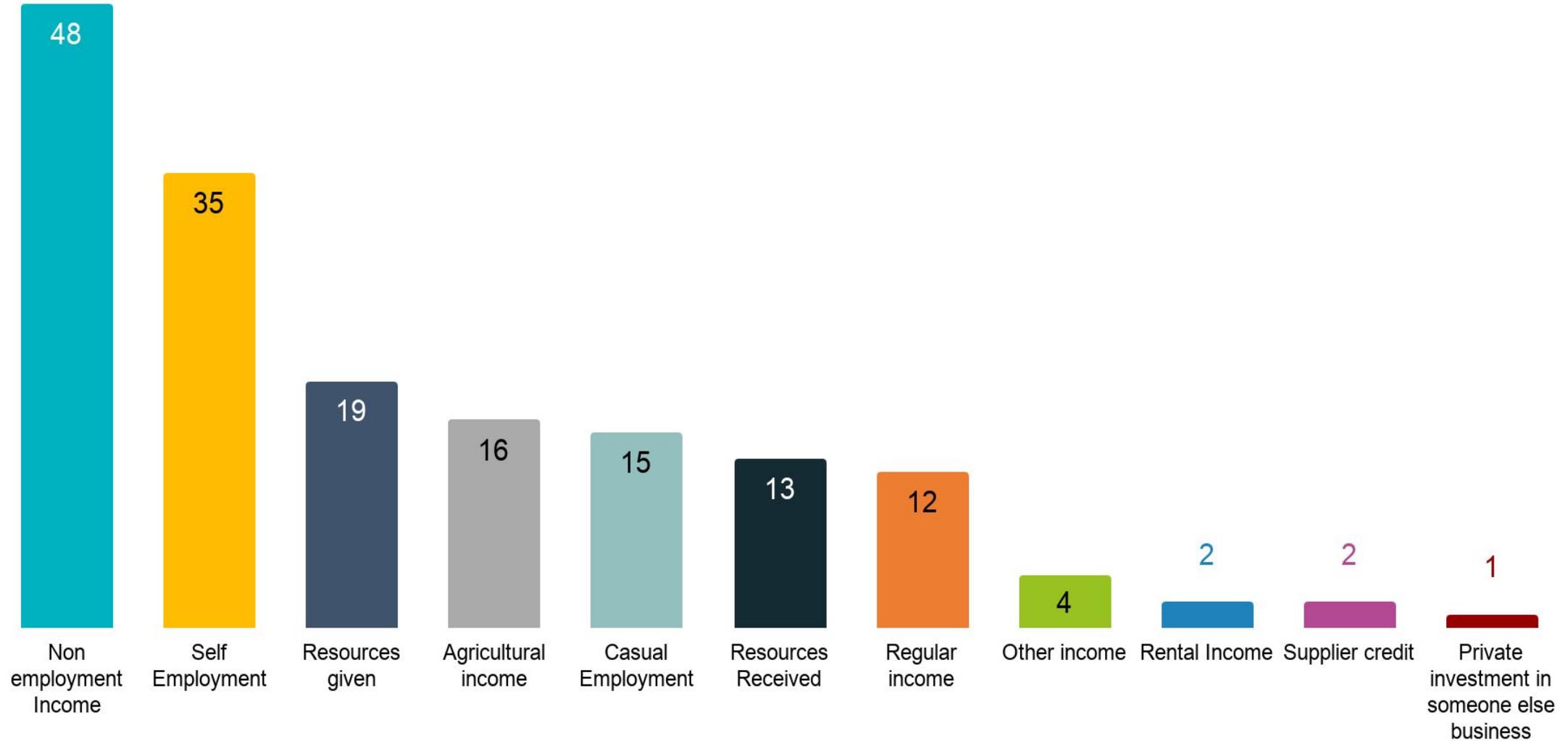


Self-employment is the main source of income for head of households

Occupation for head of household

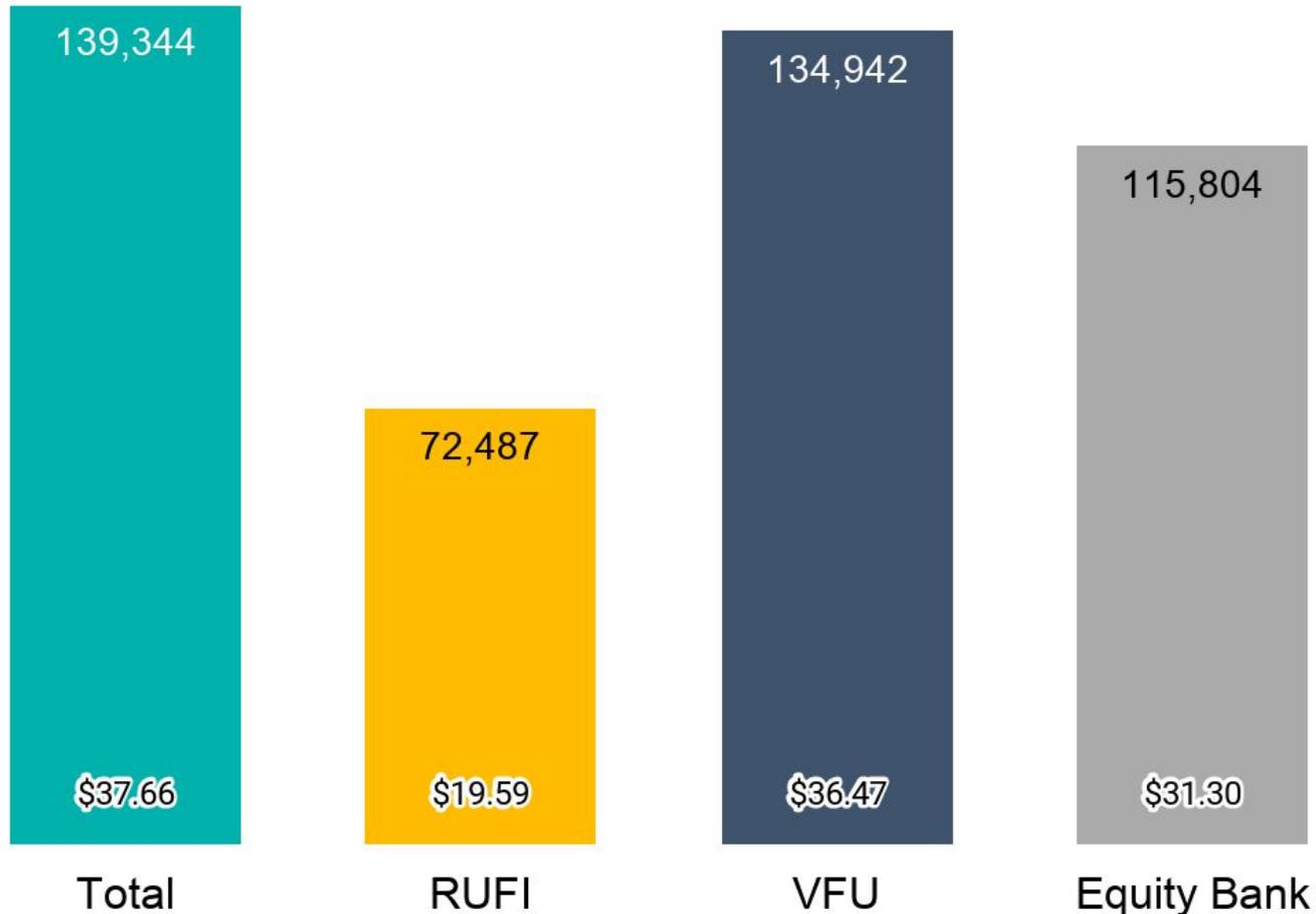


Number of households by type of income



Self-employment is the main **source of income** for **head of households**

Average income in UGX



Average number of sources of income

5 sources

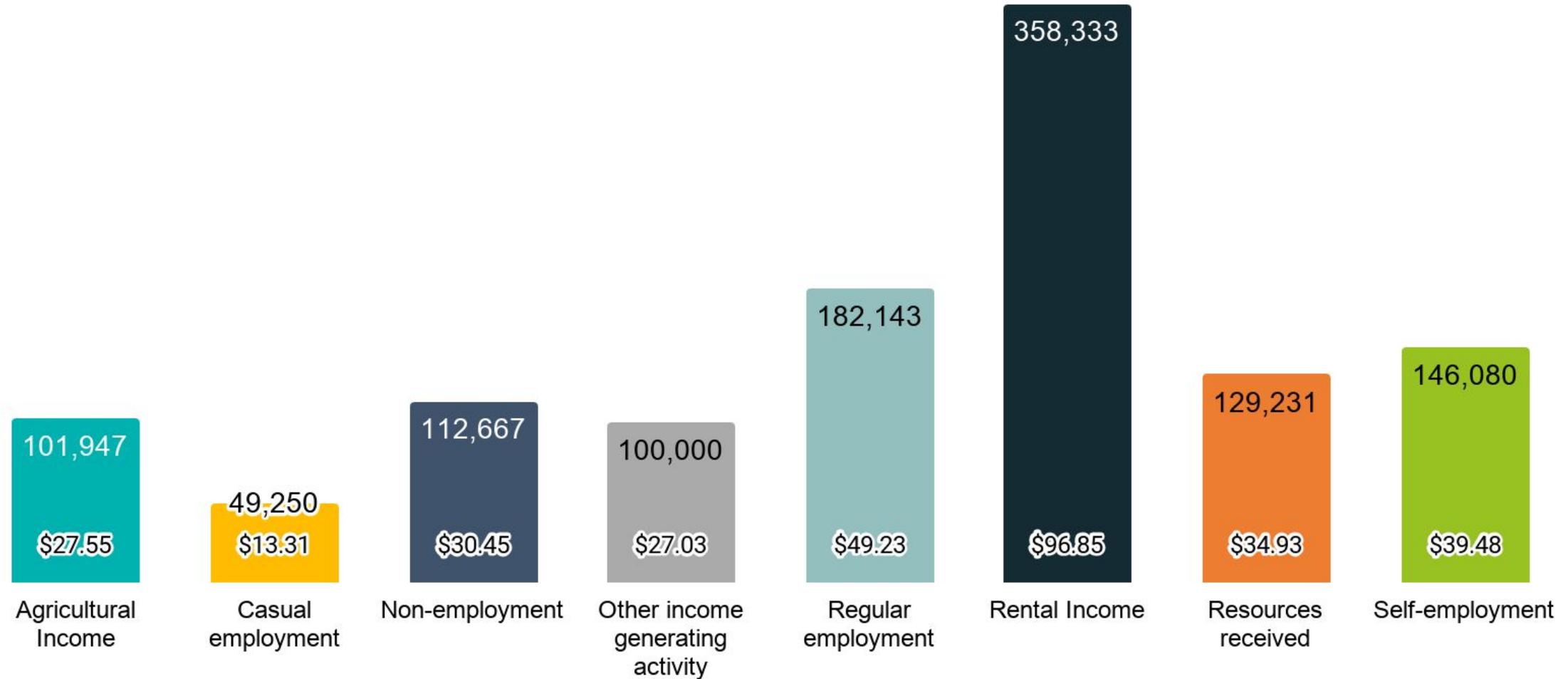
Overall media income

49,500 UGX

*Similar median income

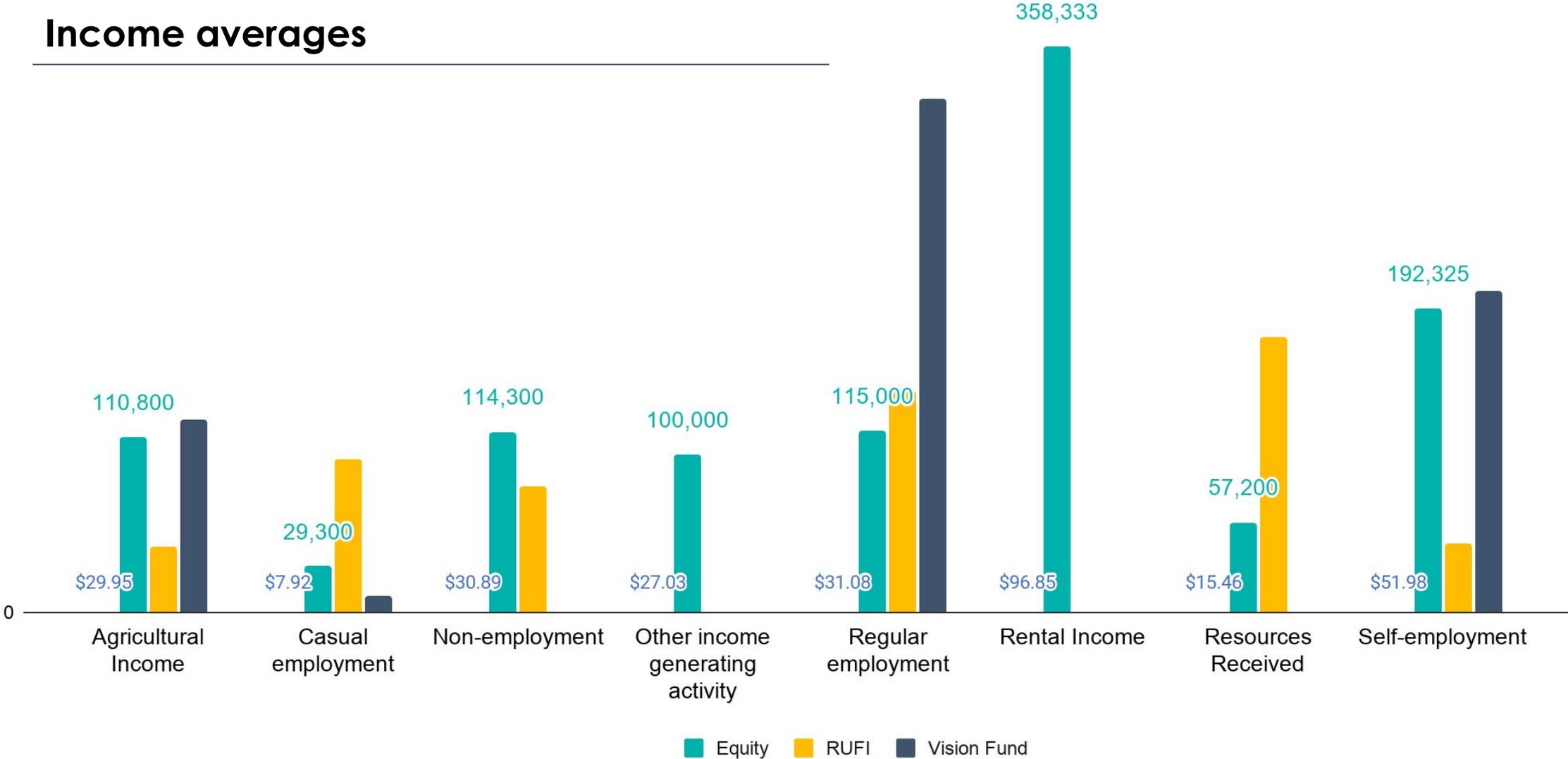
Types of income

Average income in UGX



Income averages per partner

Income averages



Average land size



Land Size

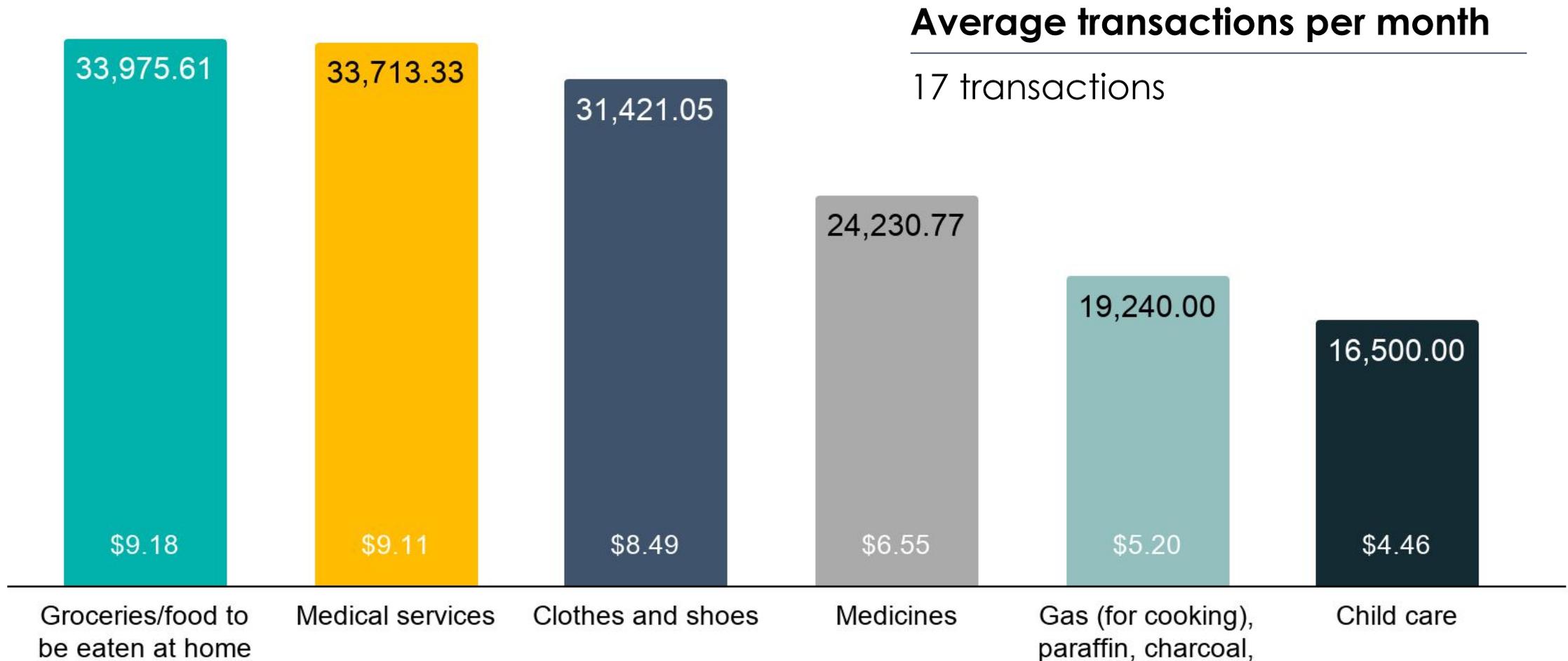
On average, the land size is 30M x 30 M. which holds both the house and the farm for cultivating



Agricultural land

Most use 10M X 10M for agriculture. Most of which is for personal use

Expenses: Groceries are the highest expense



1 dollar = 3,700Ugx

Households use a **variety of financial devices**

Assets:

- Checking account
- Savings in the house
- Savings in savings group (ASCA & ROSCA)
- Mobile money
- Act as a Moneyguard
- Private investment in someone else business
- Family and friend lending
- Give credit

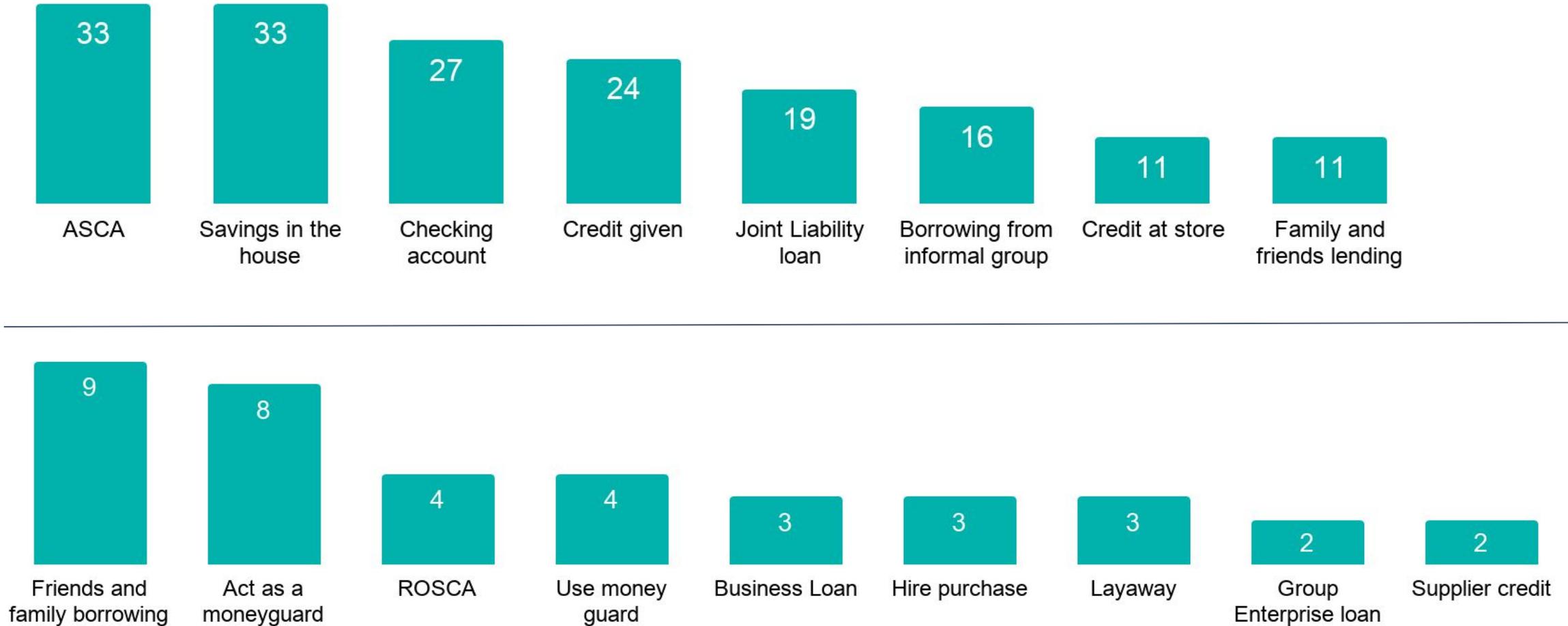
Liabilities:

- Borrowing from an informal group
- Joint Liability loan
- Credit at store
- Supplier credit
- Group enterprise loan
- Family and friend borrowing
- Hire Purchase
- Business loans

Average devices per HH

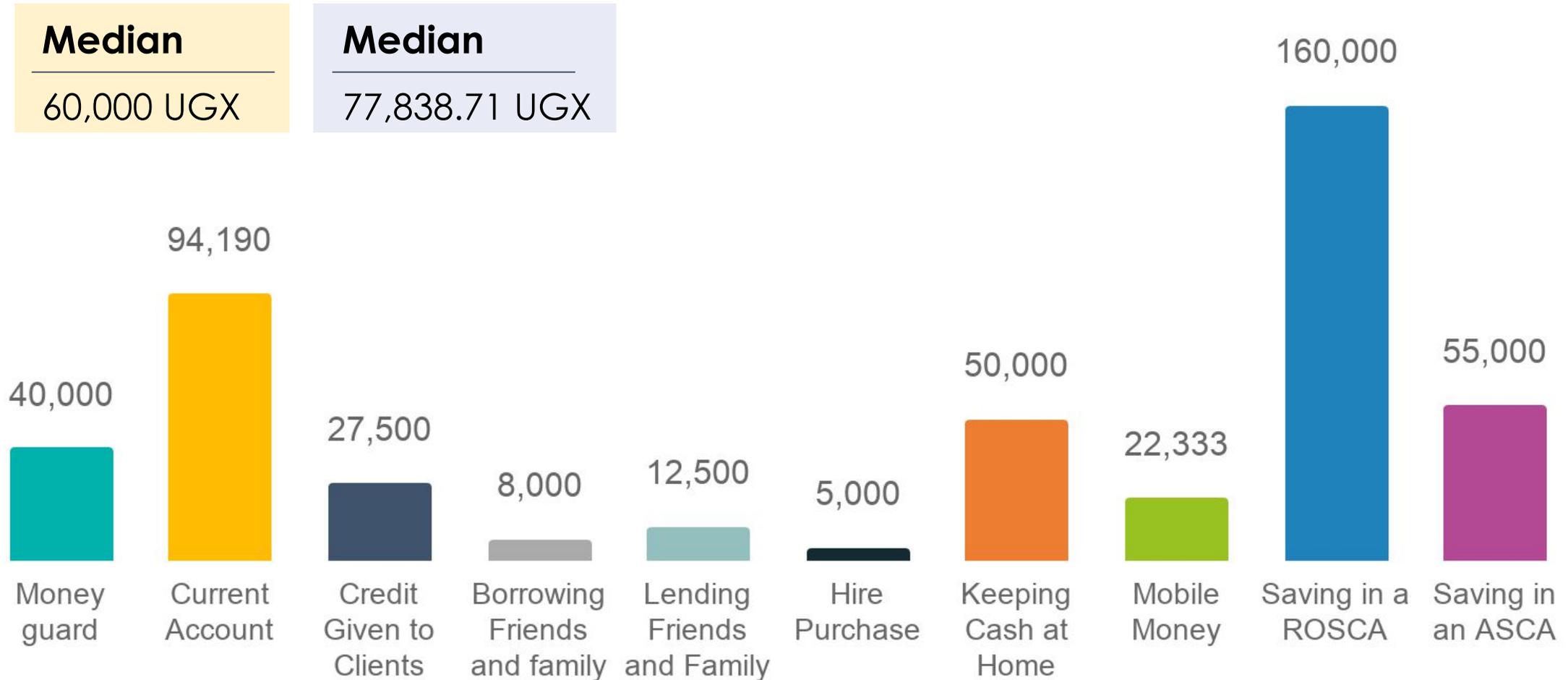
7 devices

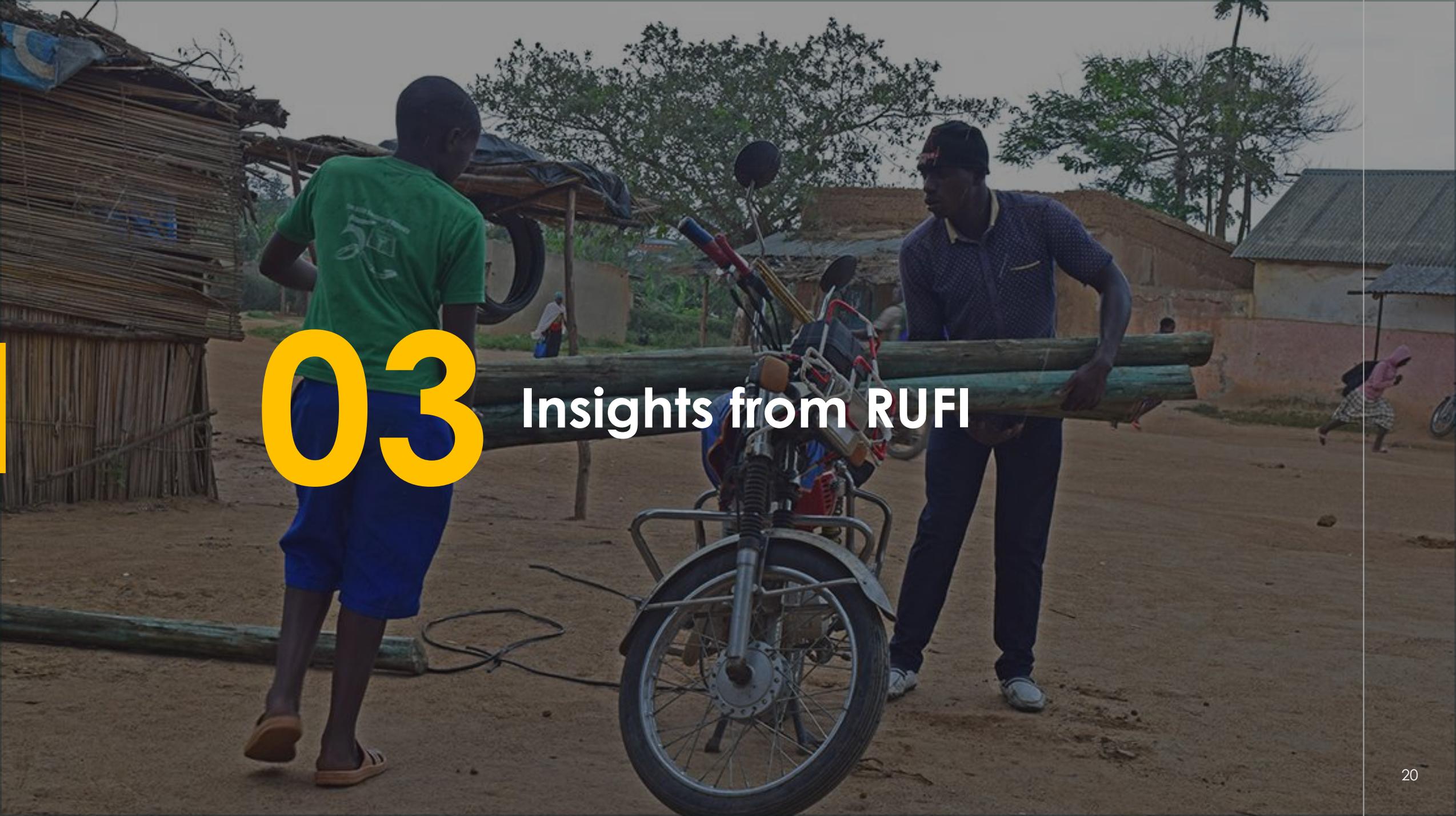
Number of households per financial instruments



ROSCAs and ASCAs are used frequently

Amount transacted during the month



A photograph of a rural village scene. In the foreground, a motorcycle is parked on a dirt path. A man in a blue patterned shirt and dark pants is leaning over the motorcycle, holding two large logs. Another man in a green t-shirt and blue shorts is standing to the left, looking towards the motorcycle. In the background, there are several traditional houses with mud walls and thatched roofs. A woman in a pink headscarf is walking in the distance. The overall scene is set in a rural, possibly African, environment.

03

Insights from RUF1

Impact of COVID-19

- On a scale of 1-10 where 1 is not affected at all and 10 is completely affected by Covid-19, the score was on average **5**
- Businesses have been affected and few others have collapsed
- People have lost casual jobs from the NGOs
- Food ration reduction by WFP has affected many households
- High prices of food stuff by about **5-10%**
- Competition within small businesses
- Theft has increased



"5/10, It's because at least I am operating one business and earning an income. Much as one of my businesses has gone down and so my income has reduced, the second business is still working well."

Respondent in Bidibidi





Loans are mostly used for businesses

- Stock procurement
- Business expansion
- Starting additional businesses, such as, working as mobile money agents
- Diversifying business-2 people
- Funeral costs such as, funding burials of family members



“The loan has helped the group members to become more creative and also work hard because the loan has created a feeling of responsibility in the members. For the members to pay off their loan amounts, they have to be creative and set up different income sources and try to even save more so that they can pay their loan in time. Generally my group members are working harder than they used to and i feel the loan has improved the group a lot since people are getting more incomes from their various businesses”

- **A respondent in Palorinya**

Food prices have increased

	Food Price before COVID	Price after
Maize (milled)	3 cup 500	1 cup 500
Cooking oil	5 ltrs 20,000	5 ltrs 30,000
Beans	1 cup 500	1 cup 1000
Salt	1 pkt 500	1pkt 1000
Onions	1 kg 1,000	1 kg 2,000

There has been **positive impact on the groups**

- Lower interest on the loans enables most of them to borrow and repay on time.
- They all seem to understand the terms and conditions set- a few mentioned application of fines in case there is a delay in repayment.



Field officers are **doing a great job**

Generally most of respondents are satisfied with the way they interact with the field officers, **“they are friendly and knowledgeable”**, though 3 of them were somewhat satisfied by the field officers, they said:

- The loan officers should do more in training the groups
- The loan officers should market/ advertise more products about RUFi and just discuss about the group matters.
- Some said loan officers should visit them quite often and not after such a long time

“Are you satisfied? No because i have not had any one from RUFi telling me about their services. I am only working and saving with my savings group not RUFi.

Field officers support group? No. Are you satisfied? No, and this is because the RUFi officers have not yet trained us or told us about their products well yet.” A respondent in Bidibidi



Other products/ services they might want

- Lower interest rates
- Easy loan processing procedure
- Individual loans
- Agricultural loans
- Asset financing-” **RUFI should also provide groups with assets such as grinding mills, tuktuks, motorbikes”**
- More training especially on business skills
- Educating officials in keeping proper records by providing additional tools i.e a tablet

Recommendation

- **Provide convenience** - Probably come up with pamphlets which provide additional information where groups can refer to
 - Less time spent on loan processing and disbursement
 - Provide multiple channels for loan repayment so that some of the clients can make partial loan repayments
- **Platforms and Linkages** - Since digitisation of the groups is ongoing, RUFi should consider conducting a market research and feasibility analysis. Once these tests are completed, RUFi can use the information to gauge the appropriateness of the financial products so as to ensure the high-quality services that they provide are inclusive.
- **Empowering savings group by offering additional skills** - i.e business skills. Running a small business requires that you become a jack-of-all-trades. It is important to know early on which skills can help in growing the small business. Most RUFi clients take loans for business.

A group of approximately 15 people are seated in a circle on plastic chairs (blue and green) outdoors. They are engaged in a discussion or meeting. The setting is a dirt area with tall grass and trees in the background. A black bag is placed on a small wooden table in the foreground. The text '04 Insights from Vision Fund' is overlaid on the image.

04 Insights from Vision Fund

Impact of COVID-19

- On a scale of 1-10 where 1 is not affected at all and 10 is completely affected by Covid-19, the score was on average **5.7**.
- Businesses have been affected with some respondents having to change their businesses or start new businesses to earn income. Some other businesses have collapsed.
- There is now competition in business as more people are now doing businesses.
- Food rations reduction by WFP has had a huge impact with households now having to cater for most of their groceries.
- Food prices have increased (see next slide).



I have been totally affected negatively as earning dropped so much 20000-30000 shs to 10000-15000 shs daily due to new business similar to mine(phone charging) opened by people rendered jobless by the corona virus for example teachers

- **Self employed, Palorinya**

Food prices have increased

	Food Price before	Price after
Maize (milled) 1Kg	1600	3,000
Cooking oil 1 Litre	4000	6,000
Beans 1 Kg	2000	3,000
Tomatoes 1 Kg	1,000	2500
Onions 1 Kg	1,000	2,000

Loans are mostly used for businesses

- Build homes
- Stock procurement
- Business expansion
- Starting additional businesses such as, selling second hand clothes and buying solar panel to start charging phones, or, construction of a piglet farm
- For health purposes



There has been **positive impact on the groups**

- The groups have seen an increase of contributions from UGX 5,000 to UGX 10,000
- There have also been an improvement in participation in the group
- Group members are now constantly savings
- There has been increase in new members. Moved from 25 people to 30 people in the groups

Field officers are doing a great job

- Satisfied with the field officers
- The officers offer training and explain how the group members could use the loans



“Loan officers help in giving advice on handling a loan and its benefits which helped me return mine in time and goes ahead to advice us on managing home income related activities like having emergency saving in the room to help in the difficult times(medication and feeding)”





Group members are unclear on how much the facilitation fee should be

- The group members understand the interest rates and the amount they need to save to access the loans.
- It is unclear how much they should give as facilitation fee. The fees range from 2,000 UGX to 7,600.

Respondents are unhappy **about the mobile money charges**



We talked about the elimination of the charges on the withdrawal of the money through mobile money but up to now we have not received any positive feedback."



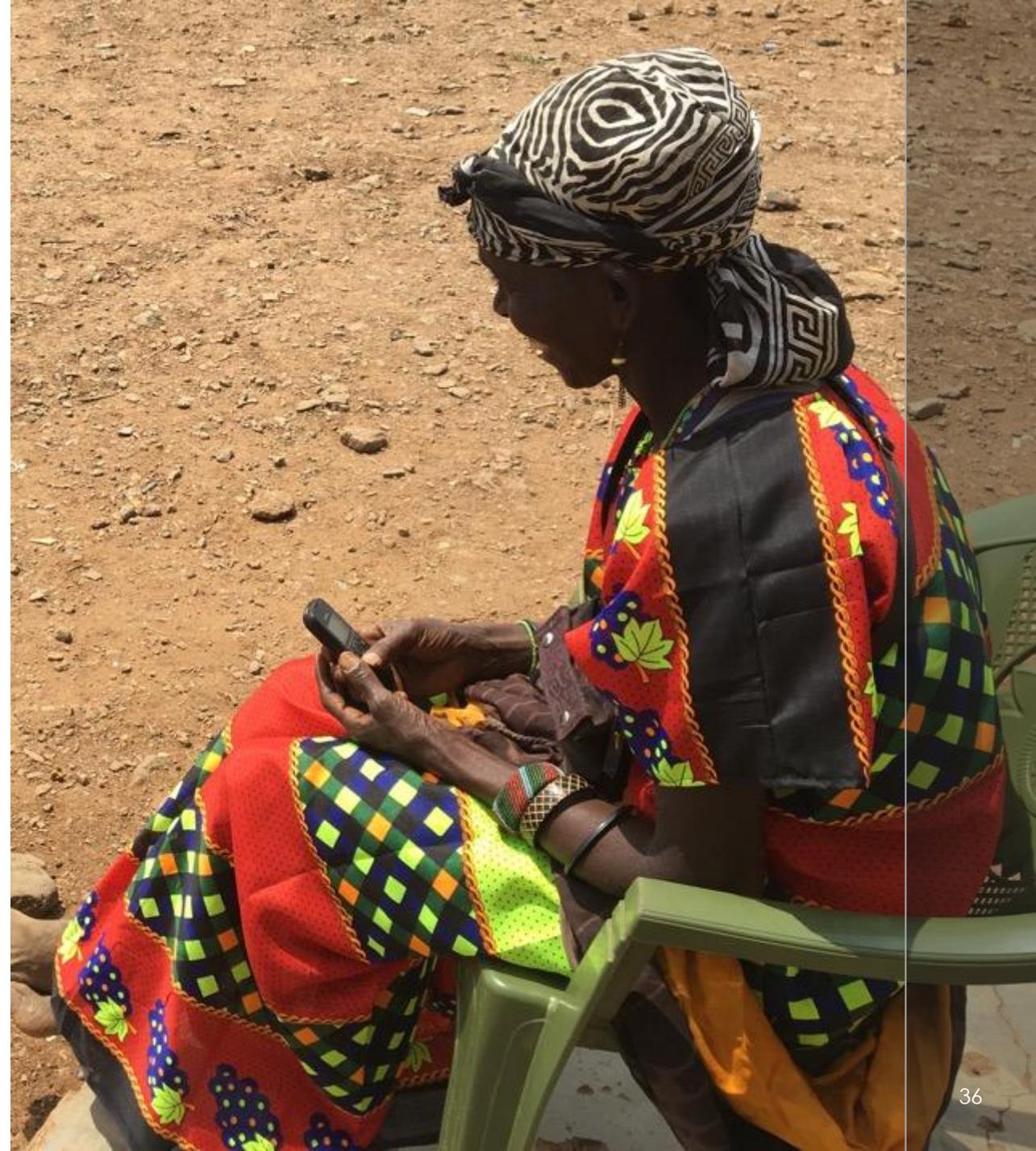
The charges on the money withdrawal through mobile money is much(10000 each member) and when we told them about it they didn't solve in anyway where we are not satisfied."



Charges on the withdrawal of the money(200000) from the simcards was not what we as group members wanted, we proposed our leader get the money from the office but didn't work out."

Other Requests

- The group members would like to get an **asset loan** for motorbikes
- Training on farming skills and other livelihoods training
- Access to a larger loan



Recommendations

- **Transparency on fees payable to the group** - The group officials would be impacted with information in regards to the loans interest and other related cost if any so that they can be able to rely that information to their members to avoid some confusion among some members.
- **Field officer should be empowered and encouraged** to continue doing the good jobs that they are currently doing. For example they should be compensated more, have refresher training programs more as a way of sustainability and to ensure that there is continuity in motivation and dedication from them.
- **Policy and regulation** - VF can collaborate with other stakeholders in advocating for lower mobile money rates for its clients with various MNOs so as to be able to serve the clients better. Mobile money services have facilitated access for previously unbanked and underbanked people bringing forth financial inclusivity to the refugee population.

A woman with dark hair pulled back, wearing a white short-sleeved button-down shirt, is looking down at a document or book she is holding. She is in a shop or kiosk. The background is filled with various electronic products in their packaging, hanging on a wall. Visible items include portable radios, DVD players, and mobile phone accessories. The lighting is somewhat dim, and the overall tone is professional and focused.

05 Insights from Equity Bank

Impact of COVID-19

- On a scale of 1-10 where 1 is not affected at all and 10 is completely affected by Covid-19, the score was on average **6.8** **how** they were fairing on
- Businesses have been affected and others have collapsed
- People have lost casual jobs and regular jobs have been affected e.g working in salon and private school teachers
- Amount reduction by WFP has affected many households
- Highly depend now on the WFP money
- Competition by small business
- Households have started farming



"it is very hard to get food now, I try to go and dig for matooke in the Nationals but before corona I could use the little from salon I am no longer earning anything, the situation is getting worse. I used to rent land and do farming but now I don't have that money."

- A respondent in Nakivale

Withdraw the cash immediately

All respondents mentioned withdrawing the cash immediately they receive the aid.



“We withdraw it because we are hungry and that money is for food, so we get it when the food for the previous month has already been finished. We can’t wait to withdraw it.”

“I still cannot leave it there for long, because the organization helping me may think I don’t need the aid.”



Replacement of card is a big issue

- Respondents complained about replacing cards
- The cost of replacement is 30,000 UGX which they feel is costly
- The respondents would also need to go to the nearest Equity branch and they have to incur transportation costs
- It takes long to replace the card (about 2-3 weeks)



“Card replacement should be done at least one week, such that we should not miss on cash for food.”





Use the Equity card as a collateral

Respondents leave their cards with merchants as collateral so as to access credit for food.



“This card has been of help because if I get a problem of food, I just take it to the shop and they give me food and they stay with the card”

“We can go to the shops and give them our cards as security and get food, when money is deposited on our accounts, we withdraw and pay, then get back our card”



Only one respondent is aware of merchant payment



“We have not heard about any merchant payment offering here in the camp, we us withdraw the money and buy food.”

“I have not heard about it in the settlement, I just know withdrawing and buying food.”

Respondents are unclear on where to get help if there is an issue

When asked where they could get help, respondents gave a variety of places including:

- OPM
- Equity office
- Police
- Hunger fighters
- WFP
- Don't know



"I don't know what to do if I got a complaint, but if I got a problem with Equity debit card I would wait for verification day and I report to WFP about it and they would tell me how to go about it because Equity officials are rare in the settlement"





Other services they would like

- The respondents would like to know how to use the account with other income.



“However, I would also wish to know if I got some other money, is it fine if I deposit it on the same account number. More so, if I got a job, can I use this account to receive my salary? or I need to open another bank account.”

- How to save with the bank



“They can train us about borrowing, saving with them and keeping our money on the accounts in case we have.”

Recommendation

- **Merchant payments will require ecosystem development incentives** this will require joint collaboration by both private and public sector for implementation to take place. These include working on:
 - standardization of prices of commodities - for example, establishing consumer protection
 - promoting financial literacy
 - digitizing the supply chain, for the refugees to adapt to making electronic payments
- **Provision of credit (loans) to the refugees** - This would encourage most of them to save in their accounts since they will see the value of their savings working for them incase they might need credit for their business, home improvement, emergencies etc.



Thank you!

