



Financial Inclusion for Refugees (FI4R)

Results of Round 3 Diaries

| 4th August 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.

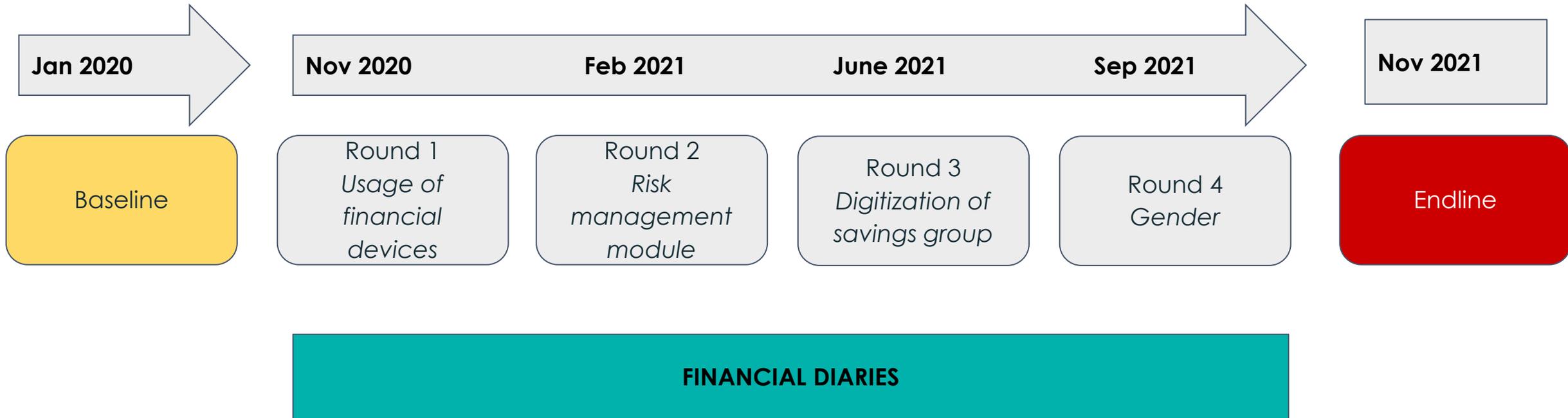


Equity Bank Uganda Limited (EBUL) provides refugees in Uganda with fully-fledged bank accounts from which to access their humanitarian aid payments. They are the key partners for the disbursement of cash transfers from several humanitarian aid agencies. EBUL has also extended their existing agent banking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

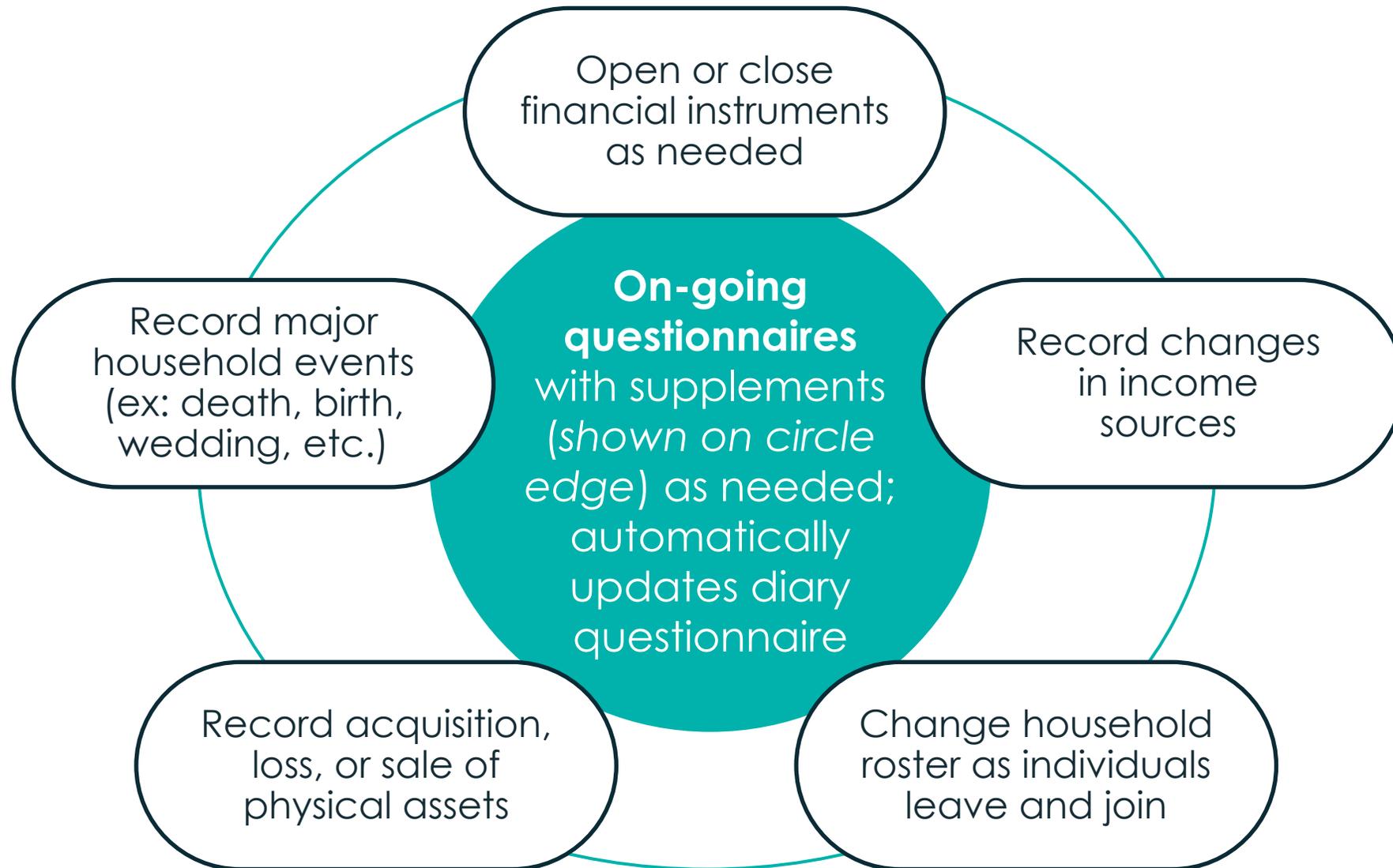


The Rural Finance Initiative (RUF) uses the village savings and loan association (VSLA) model to aggregate groups using Ledger Links developed by Grameen Foundation. They channel credit through existing VSLAs and facilitate the formation of new groups. They are also doing linkage banking for VSLAs in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

Overview of the research



Ongoing “Diaries” questionnaires

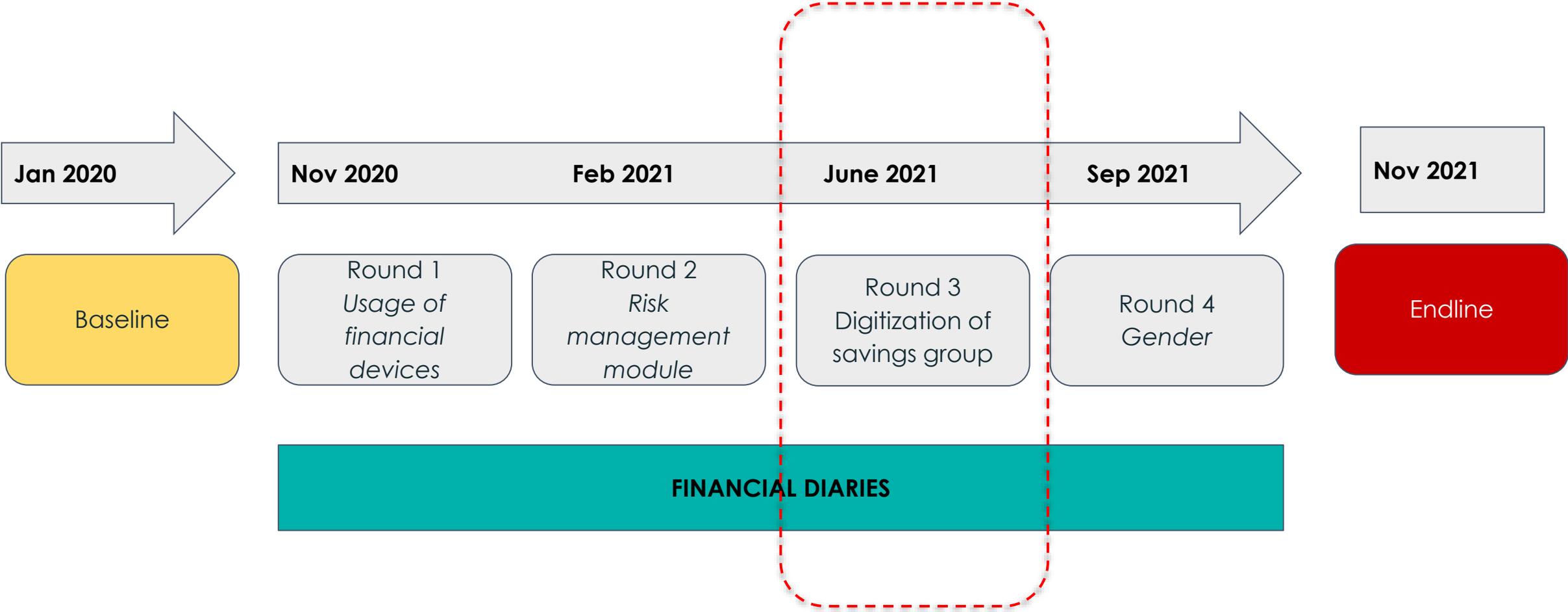


Diaries methodology

- 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 their 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 over 40 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.



Where we are

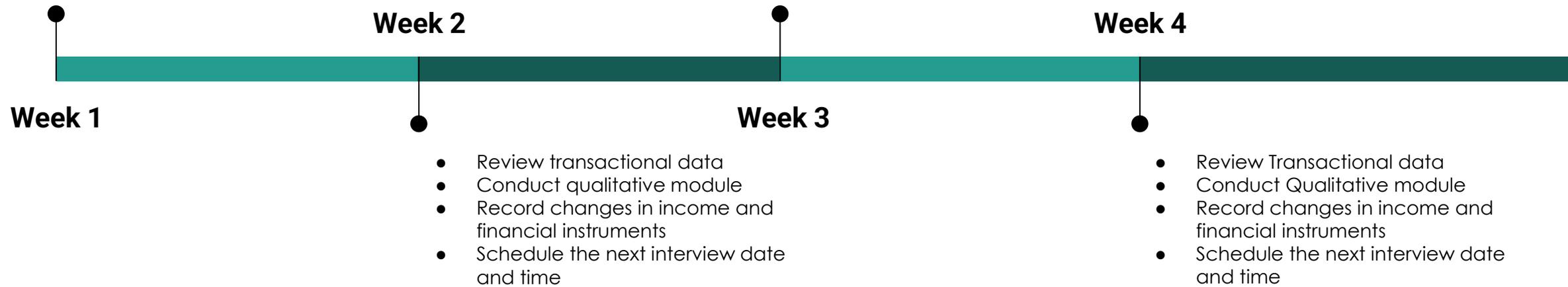


Round 3 Field Work Plan

Partner	No of households
RUFI	14
Equity Bank	14
Vision Fund	15

- Starting balances for **financial instruments** for households
- **Major events** that have happened since last interview
- **Big purchases** made since last interview
- Scheduled the next **interview date and time**

- Review transactional data
- Conduct qualitative module
- Record changes in income and financial instruments
- Schedule the next interview date and time



3 households were not interviewed for various reasons:

- One respondent relocated
- One separated from her husband
- The third respondent was unwilling to speak to the research assistant even after the intervention of the field supervisor

Challenges encountered during data collection

1. Impact of COVID-19

- **Restriction of movement due to Covid-19 guidelines by the government:** Our research team got an essential pass from the police to enable them to continue research in person
- **One primary household in Nakivale was intensely impacted by the pandemic and was hesitant to continue participating in the study:** Field supervisors reached out to the households to reaffirm to the respondents the importance of the study

1. Household dynamics

- **One primary household member acquired additional wives in Nakivale:** We managed to conduct the interview; however, he refused the new wives' households to be added as additional family members
- **One household relocated to South Sudan.** She left her sister to take care of the household, we added her sister as part of the household and with her consent she was interviewed
- **Two households in Nakivale moved to other settlements.** Field supervisor intervened with the assistance of the community leader and the interviews were conducted
- **One household separated.** We didn't get to interview them

We started the diaries research with 48 households in round 1, 46 households in round 2 and we currently have 43 households

A group of approximately 15 people are seated in a circle on plastic chairs (blue and green) outdoors. They are engaged in a meeting or discussion. 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 '02' is overlaid in large cyan font on the left side of the image.

02

Round 3 diaries findings

Overall Insights

- Impact of COVID: Unsurprisingly, the pandemic had a ripple effect on refugee households' livelihoods
 - There was a reduction in income from regular employment because schools were closed. Schools were also unable to pay for teachers' salaries
 - Self-employment revenue and income reduced as well due to travel restrictions. For example, traders purchasing stock in bulk either had to close shop or scale back on the goods offered because of travel restrictions. This led to a reduction in the profits received and in some cases change of employment
 - One household relocated back to their home country to look for greener pastures
- Non-employment income (income from aid agencies, NGOs, Governments) remains the major source of income for refugees since the pandemic set in in 2020
- There has been a reduction in the use of financial instruments because of reduced cash flow in general, with the exception of shop credit
- 53% of the respondents took care of their relatives in hospitals or were hospitalized.
- Half the household population had their children sent home from school because of covid-19, a few cases because of the lack of school fees
- Group members were open to the digitization of savings group products with a few concerns around usage, safety, speed and distance. The transition to digital needs to be done gradually in a manner that educates & trains members to build their digital confidence



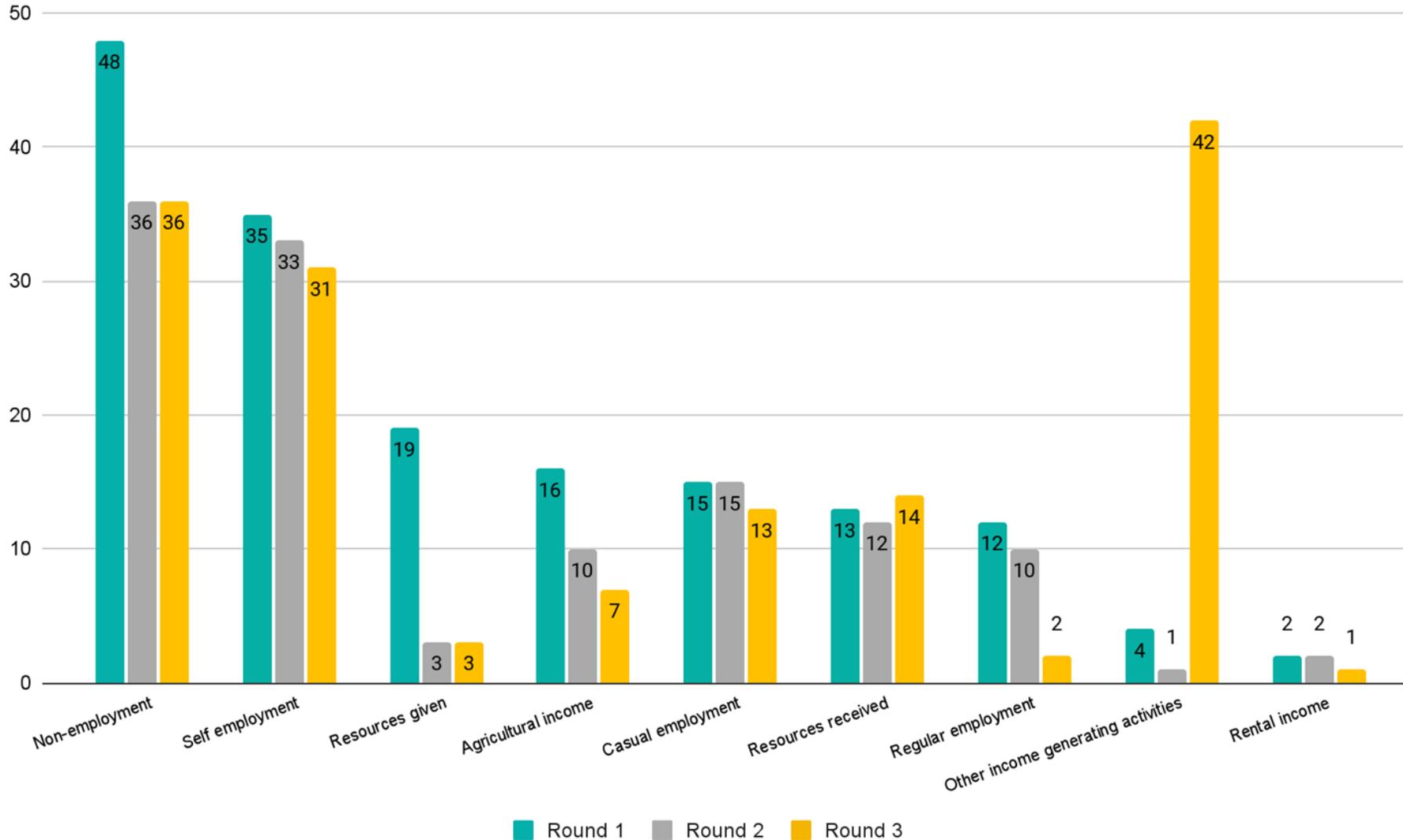
Income

Definitions of income

Income	Description
Self- employment income	A person is self-employed if they are running his/her own business with no other boss to report to. The business may be either formal or informal and may be part-time/full-time and have expenditures like stock and rent which they are not reimbursed by the client
Non- employment income	The person earns non-employment income if they get some money or goods from an institution, like government, church, or an NGO.
Property rental income	Rental income to property owners.
Casual employment	The person may have engaged in casual work if they work for various clients and have minimal expenses associated with the work. This is mostly about providing labour.
Other income- generating activities	Payments from others in exchange for some small help including - Renting out tractor, plow, oxen, or other items for money; Bottle collection/recycling Or recycling or reselling discarded items (besides bottles);Gambling winnings (cards, dice, etc.); Bull fighting, cock fighting, boxing; Lottery or sweepstakes winnings and Compensation for participation in surveys, studies, or focus groups
Regular employment	The person may have engaged in regular employment if one or both of the following apply: either the job is done on a regular basis or the person earns regular pay, although the job may involve contingent-pay such as tips, commissions, and bonuses.
Resources received	Money or gifts are received by the respondent household members by people who live outside the immediate household.
Resources given	When respondent household gives money or gifts to people who live outside the immediate household.

Non-employment income is the major source of income

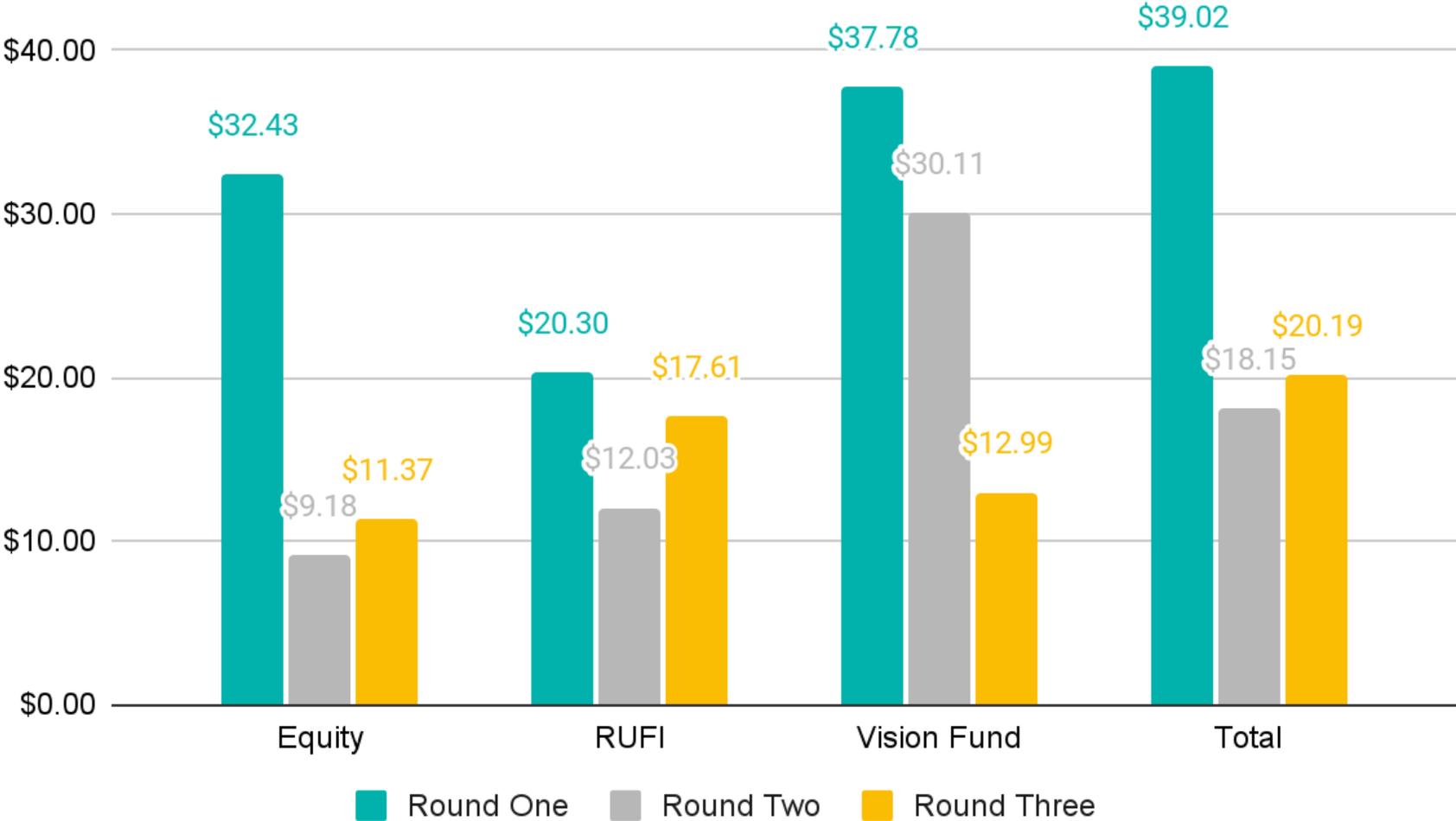
Respondents rely on non-employment income because it's a consistent source of support unlike the other diversified sources of income which depend on other factors (seasonal jobs, short-term work, covid-19 & related restrictions etc.)



Non-employment income is the major source of income in round 1 and round 2. Other income generating activities (a token of UGX 15,000 given for participating in the research) is the major income for all households in round 3.

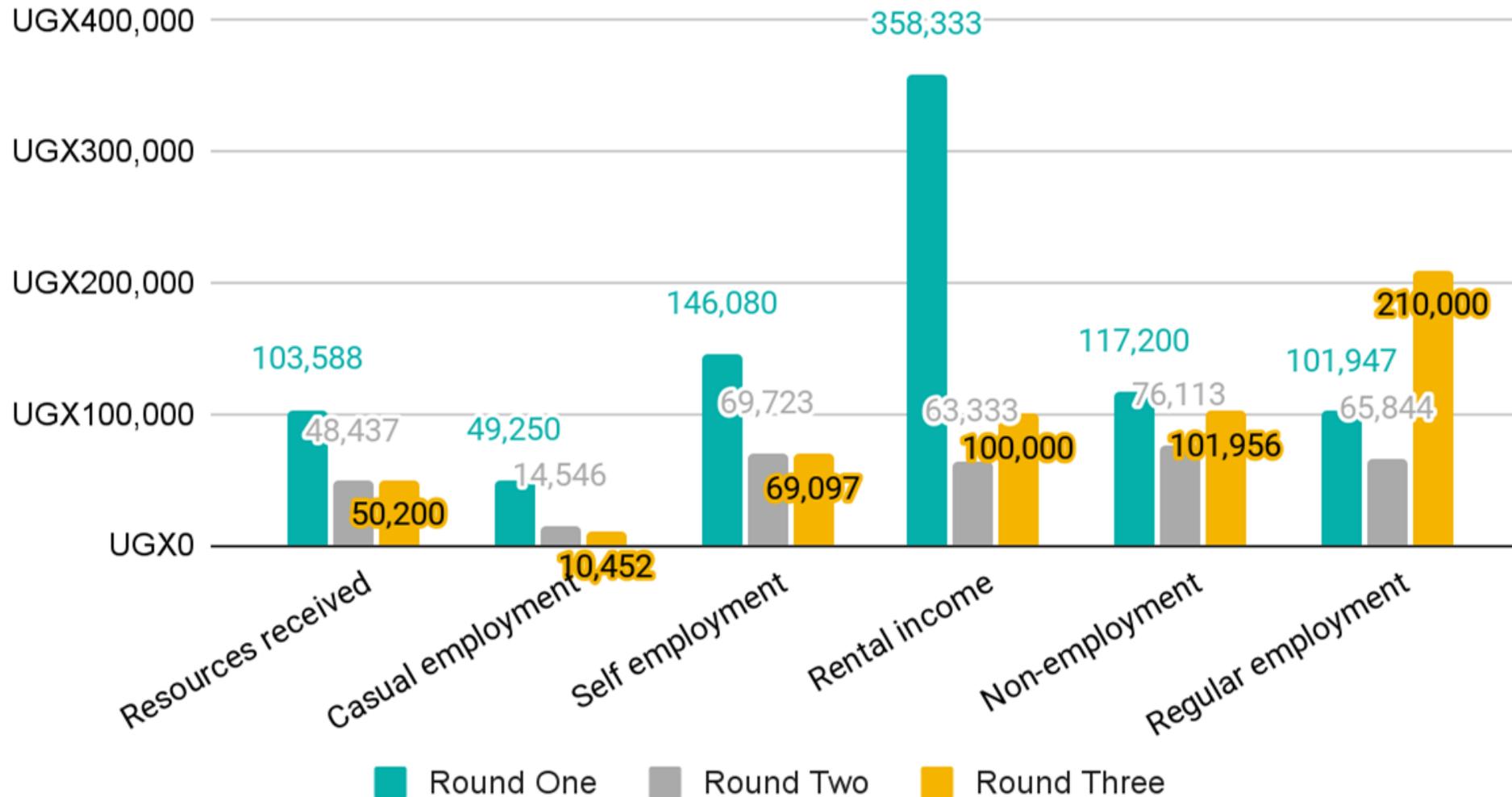
Total average household income improved only slightly from the previous round

Round 1, 2 and 3 Average Income Comparison



- The number of people depending on regular employment reduced because of school closure and Covid-19 lockdown.
- Average incomes from regular employment also reduced because salaries were not paid. This led to reduction of income especially for Vision Fund respondents..
- Average income increased for two RUF1 respondents whose businesses did well during the period.

There was a decrease in self-employment income because of Covid-19



2 respondents in the Equity and RUF groups had regular employment with NGOs.

Rental income was high in round 1. Once the pandemic occurred, most respondents moved or could not afford to pay rent.

Self-employment income reduced because of the covid lockdown. Businesses could not access their goods and customers did not have money to spend. Two respondents refused to disclose their business revenues.



Profile: A household that no longer has self-employment income

Rael is a hair stylist in Palorinya settlement: she plaits hair for a living. She is the head of a 4-member household. At the beginning of the pandemic, customer traffic dropped drastically due to social distancing measures and financial difficulties faced by her clients. As the pandemic persisted, her business almost languished. In June 2021 during the second wave of the pandemic, many of her customers repatriated to their home country in South Sudan causing her monthly income to drop from **UGX 100,000 UGX** to **UGX 20,000 UGX**.

Rael is a member of an ASCA, having been introduced to it by a friend who told her about saving in the group. She thought the savings group would be beneficial to help her save for the children and household development since her husband has another wife. She saves a minimum of 10,000 UGX weekly in the ASCA including **UGX 1,000** for the social fund contributed monthly. Through the ASCA, she has learnt to keep records for her business. She believes bookkeeping is for her safety and development and always ensures that by the end of the week she knows how much she has earned.

In addition to being a member of an ASCA, she saves her funds on mobile money and in a ROSCA. Rael also acts as a money guard for one person.

Due to the poor performance of her business, Rael has had to make lifestyle changes, for instance, reducing her consumption of airtime. Previously, she used to spend **UGX 5,000** weekly but now with few calls to make, she uses less airtime. As her children are now back home from school because of the lockdown, she has begun teaching them how to plait hair so that they can earn more income when customers come back.

Income payments are still made predominantly in cash

Income	Cash		Direct deposits		Mobile phone transfer		In-kind	
	Round 2	Round 3	Round 2	Round 3	Round 2	Round 3	Round 2	Round 3
Agricultural income	100%	100%	0	0	0	0	0	0
Other income	100%	100%	0	0	0	0	0	0
Rental income	100%	100%	0	0	0	0	0	0
Self employment	99.53%	99.74%	0.19%	0.13%	0	0	0	0
Casual employment	92.98%	90.48%	0	0	0	0	7.02%	9.52%
Resources received	42.86%	52.17%	19.05%	26.09%	9.52%	4.35%	23.81%	17.39%
Resources given	33.33%	57.17%	0	0	0	14.29%	66.67%	28.57%
Regular employment	96.77%	0	3.23%	100%	0	0	0	0
Non-employment	13.51%	8.89%	58.11%	37.77%	1.35%	0	27.03%	53.33%

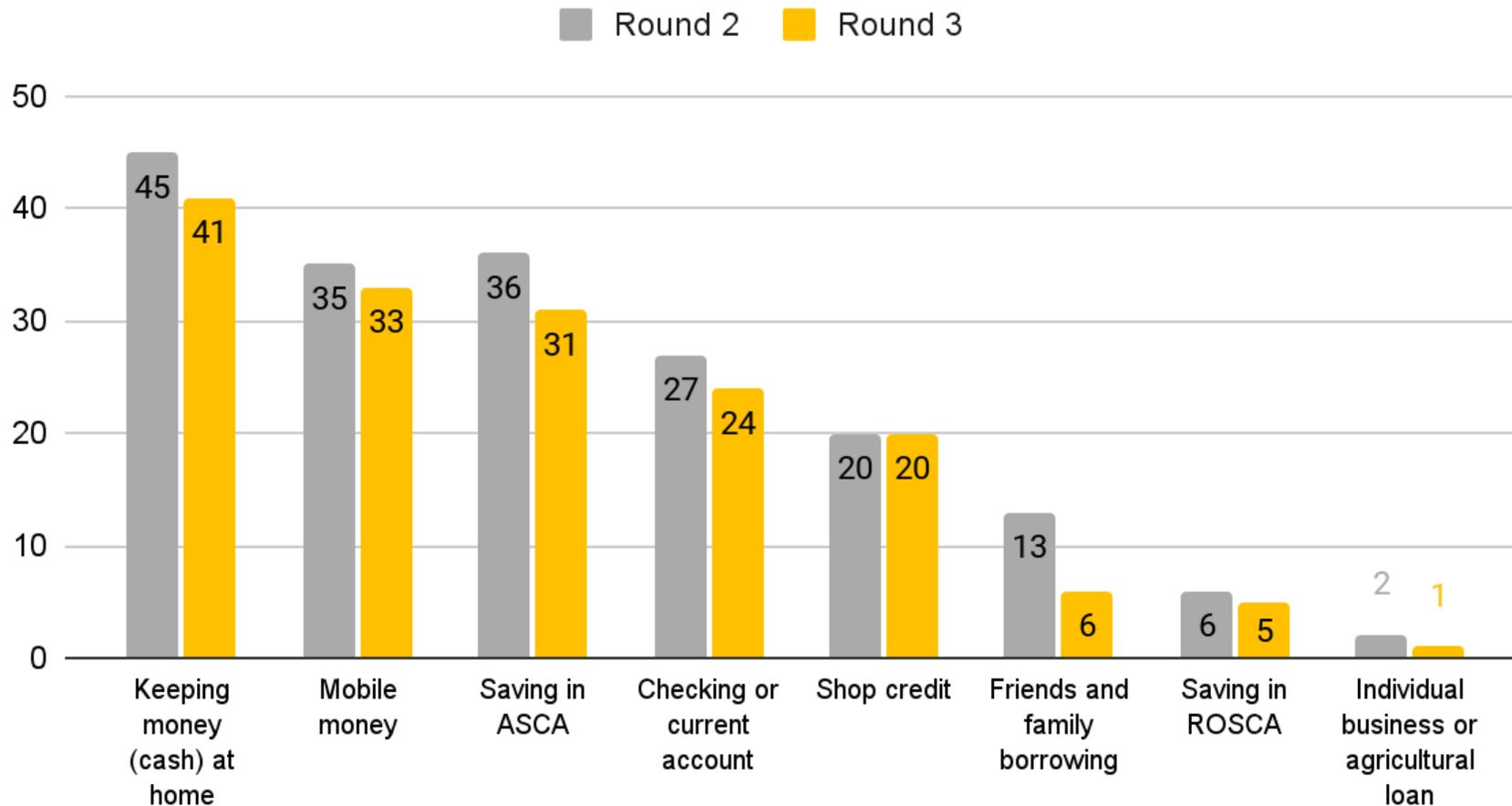
- Resources received through mobile phone transfer decreased from 9.52% in round 2 to 4.35% in round 3.
- Resources given through mobile phone transfer increased from 0% in round 2 to 14.29% in round 3.
- Regular employment through direct deposit increased from 1% to 100%. The increase is a result of 3 respondents working for NGOs - UNHCR & Windle Trust.

Financial Instruments



There was a reduction in the use of all financial instruments except for shop credit

Financial instruments usage by household



In 2020, WFP reduced monthly relief cash and food rations by 30% for refugees. In addition to the Covid-19 lockdown, refugee households have only been able to get goods in kind.

"They have no cash and no money kept at home because they are financially badly off. They are financially stressed about the credits at the shop, clinic and debts that they have. They know after getting cash for food and they pay debts obviously they will get more debt. They share with one another and help each other to survive." SN & D, EQ 04

"We majorly get money from WFP and spend on food. I don't have money to keep, even if I get it, it is little and I am ready to spend any time soon. Almost everyone in this household has been suffering from flu and cough, but we did not have money to buy tablets. Together with the 'majiran' [neighbours] we are OK because we can even run for any help in case there is need" EQ09

Cash is the preferred mode of transactions

Cash Flow Category	Cash	Direct deposit	Mobile phone transfer	Money transfer	In-Kind	Automatic
Act as money guard	100%	0	0	0	0	0
Friends and family: lending	100%	0	0	0	0	0
Individual business/ agricultural loans	100%	0	0	0	0	0
Layaway	100%	0	0	0	0	0
Saving in a ROSCA	100%	0	0	0	0	0
Use money guard	100%	0	0	0	0	0
Saving in an ASCA	100%	0	0	0	0	0
Keeping money (Cash) at home	100%	0	0	0	0	0
Friends and family: borrowing	70%	25%	15%	0	0	0
Credit given to clients (shop credit)	63.08%	0	0	0	36.92%	0
Mobile Money	57.14%	24.49%	13.27%	0	0	5.1%
Checking or current account	65%	33.33%	0	0	0	1.67%

Credit given to client in-kind- a respondent helped a shopkeeper with some work at home and received goods in exchange

Major events and Goings on



Description of major events and goings on

Major events - Records major events occurring in the household, including who is affected, the date the event took place, a qualitative description of what happened, the impact of the event on cash flows, any additional expenses that were needed to address the costs of the event, whether any money or assets were lost due to the event and strategies the household employed to raise additional funds.

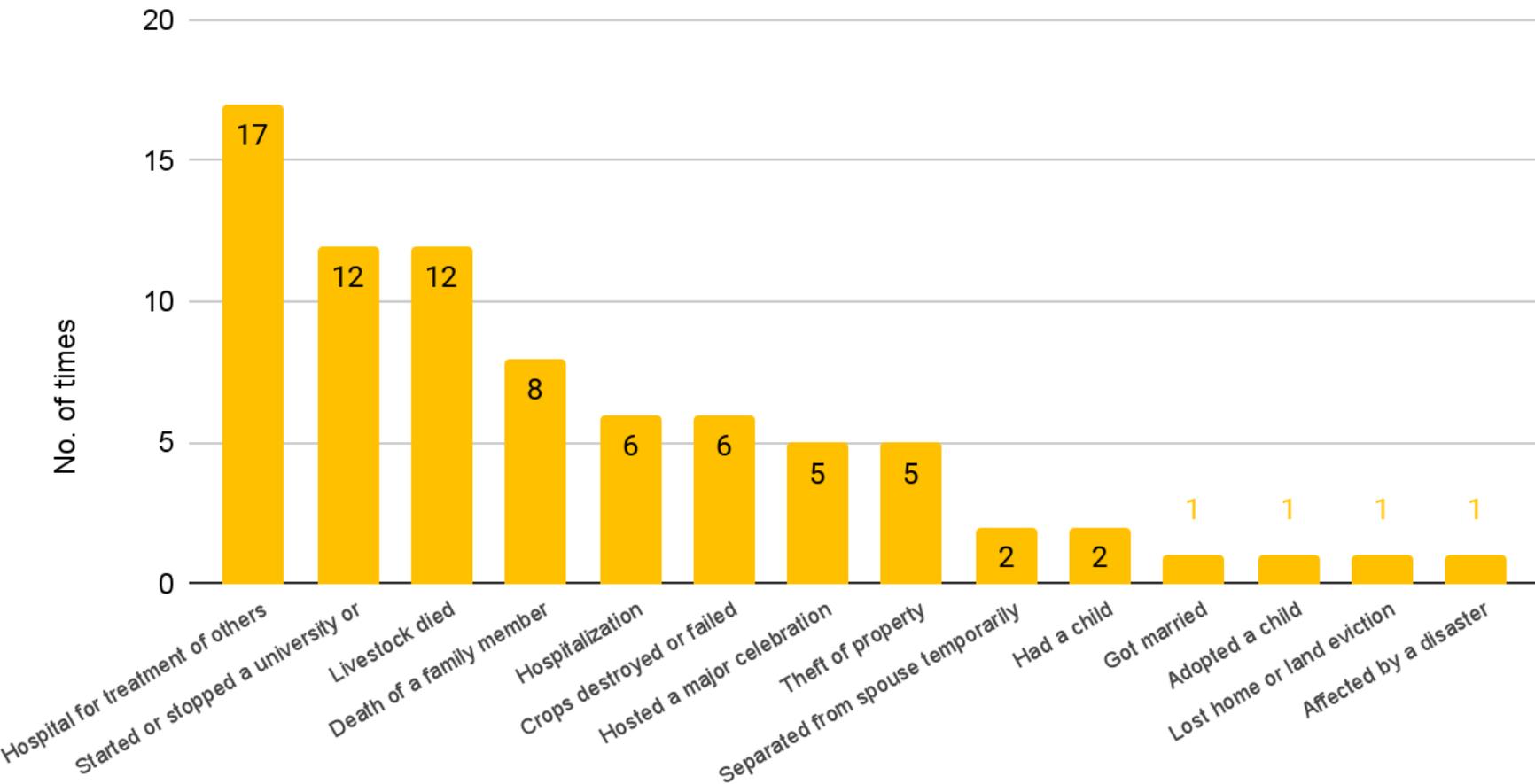
Examples of major events include: the death of a close family member or friend; adoption of or taking in a child; the hosting of a major party or celebration; crop destruction; theft; the starting or stopping of school, college or other educational training; marriage; major accident; admission to a hospital; natural disaster (such as flood, fire, drought, etc.), separation from a spouse, loss of home or land and the death of livestock.

Goings on - Captures whether (during the period preceding the day of the interview) household members experienced some kind of disruptive or novel event, even if it had no direct cash flow implications.

Examples of goings on include: being stopped by authorities, having need of a doctor or medicine but going without, feeling unsafe due to crime, experiencing disconnection from electricity or water for not paying bill, asset seizure to repay debt, missing an appointment or work due to lack of transport or child care, failure of expected income to arrive, starting or stopping a romantic relationship, going to bed hungry or without eating, being sent home from school (for any reason).

There was an increment in hospital visits both for the family and others

No. of times major events occurred



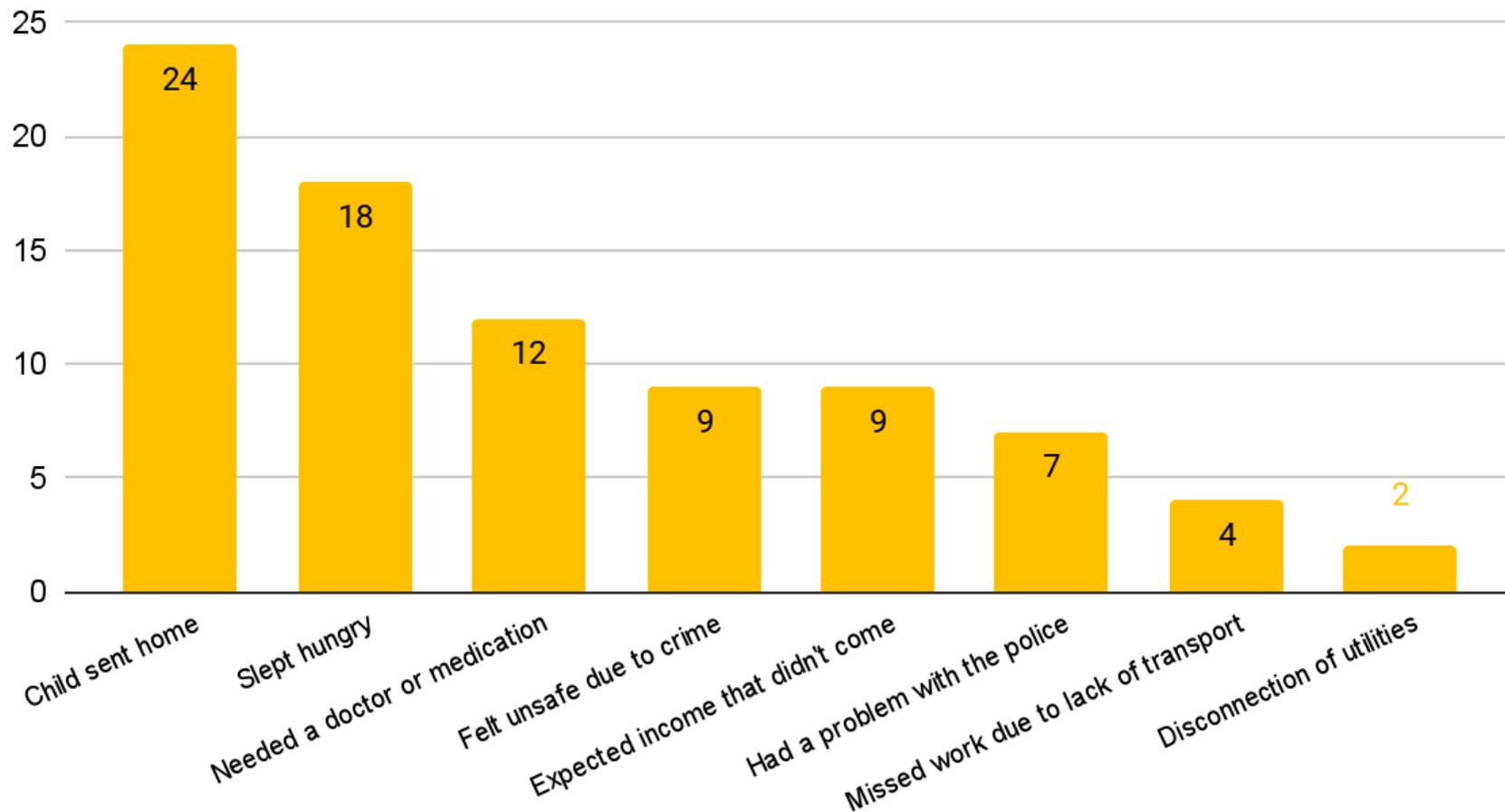
One noticeable change was that almost every household had a sick patient i.e. malaria, ulcers, cough. There is a possibility that some households had Covid-19 without knowing.

Death of livestock was reported by RUFi respondents a number of times.

Theft was also mentioned in Nakivale, as well as by VisionFund and RUFi respondents, especially in regard to foodstuffs.

Half the households had their children sent home from school due to financial impact of COVID or lack of school fees

No. of times goings on occurred



- Children being sent home from school occurred the most times in 22 households. In West Nile, some parents had to get loans to pay fees.
- Respondents from 16 households slept hungry or without eating because of insufficient food rations or lack of cash.

03

Digitization of savings groups



Digitization module background

This module explored the possible risks and opportunities for the two implementing partners (VisionFund Uganda and Rural Finance Initiative) who have embarked on digitizing savings group loan products for their customers.

We asked questions on:

- The use of digital platforms
- Perceptions on mobile money, and
- The impact of digitization on group operations.

Such questions are important for our partners to understand how savings group members perceive technology and how they can build awareness and educate members when introducing digital products.

We interviewed all RUFU (14), VisionFund (15) household members and Equity (4) who are members of a savings group.



How VisionFund and RUFI work with savings groups

RUFI

- Groups have between 25-30 members
- Most contributions are made **weekly**. If one misses a payment - in the case of RUFI - they try to catch up the following week.
- Member contributions range between UGX 2,000 - UGX 10,000
- Member contributions are recorded in a logbook and transferred to a smart phone provisioned by RUFI.

Loan disbursements & recoveries

- RUFI disburses loans to the groups using Yo! Uganda's Group Mobile Wallet solution linked to Centenary Bank's systems. Thereafter, the money is withdrawn from the account by group officials and physically distributed during the group meetings.
- Yo! Uganda solves the problem of transport costs for the groups because officials can make withdrawals from an agent without the need to travel to RUFI's branches.
- RUFI also recently started scoring the groups' digitized data for credit using Grameen's Ledger Link technology.

VisionFund

- Groups have between 25-30 members
- Most contributions are made **weekly**
- Contributions must be made during group meetings
- Member contributions range between UGX 2,000 - UGX 10,000
- Member contributions are recorded in the main logbook by the treasurer and also in the member's passbook.

Loan disbursements & recoveries

- VisionFund use mobile technology. Savings groups are registered in the field, receive their loan and repay their loan as a group using mobile money transfers.
- Consequently, group members don't lose valuable time and money to travel to a physical VisionFund branch. Instead,
- VisionFund staff help support the groups to upskill in mobile technology in their communities, making digital financial services usage even easier.

Key takeaways

The digital transformation process is not simply about the change from paper to phone—it is also about the broader implications of introducing technology to savings groups that are not technology savvy. Below we highlight some observations made of group members and their responses to the digitization process

- No two savings groups is similar i.e., groups are composed of a mix of illiterate and knowledgeable members and **any digital solution introduced will have to cater for this.**
- The customer's ability to access on-the-ground support **is important.** Most of the **reputable financial institutions are far away from the settlements** and most Savings group members expressed concern about the long distances they would have to confront if the technology **failed.**
- **Digital confidence** will take a while for some group members. Firstly, ownership or access to a mobile phone is a barrier for some members. Secondly, of those who do have access nearly 27% have smartphones and 71% have basic or feature phones, which makes them **less likely to adopt digital technologies** unless it is USSD-enabled. Common questions asked by members included *how the group officials would receive notifications* and *how members will know how much they have saved.*
- The biggest impact most members saw digitization of groups have on group dynamics was a **decrease in the amount of time spent on executing and recording financial transactions** during meetings. Some suggested that this time would be allocated to other problem-solving activities.
- Trust issues - Most members trust **trained field officers** or knowledgeable group members to train and help them learn how to use technology. However, they were uncomfortable being trained by group officials because of mistrust.

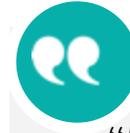
Main barriers to using digital platforms

Smartphone ownership



*“My group has 30 members but only 4 of us can read and write well and like **15 members can't read or write** at all, they can only count money.” VFU respondent*

Low awareness on how to use bank apps and digital platforms



*“I have heard about a Centenary bank app, but I have not got time to go to the bank to inquire how it works. This is because **the bank is very far from me, and it can cost me over 30,000/- to go** to Adjumani and back to Pagirinya which is a lot of money for me.” RUFU respondent*

*“Introduce digital platforms to as many people as possible because many people are just **not aware yet of how things have advanced.**” VFU respondent*

Safety and speed are drivers for digitization

Speed



*“The speed of the transactions is useful to me, where a person needs to board a taxi to take money to a friend in juba, I **simply send mine using mobile and, in a few seconds, money has reached Juba** which is really good.” RUF1 respondent*

Safety



*The most useful thing about mobile money and social media is that they help to save time and cost of moving money over long distances. The other thing is that **you have clear records of your transactions if you use mobile money and the records are digital** not hard copies that can easily get spoilt.” RUF1 respondent*

Field officers and tech savvy members can be leveraged as agents of change

- **Field officers**

“**The field officers should take the lead and teach** group leaders because the officers have more knowledge about digital platforms. Then the group leaders will teach the rest of the group.” VFU respondent

- **Tech savvy members**

“Because they have more knowledge in the field and can easily persuade us to use the products” VFU respondent

“I choose this because these **members are well known to group** and in case any member gets a challenge while using the platforms, he can easily refer to the knowledgeable members who taught him.” VFU respondent



Investments in localization, network availability, agent distribution and price cuts can improve digital solution usage

- **Use of simple and local language**

“Ensuring that the languages that each one knows are catered for or a uniform language for each region” VFU respondent

- **Stable network**

“Ensuring that the network is always available” VFU respondent

- **Reduction of costs associated with the digital platforms
i.e. mobile money charges, data bundles cost**

“The fact that the transaction charges were very high discourages most of them.” RUFU respondent

“The costs should be reduced. Purchasing data is costly.” VFU respondent

- **Proximity to mobile money/Bank agents**

“The only challenge we have is there are few agents you have to travel to the main center. Therefore the agents should be located near to us” VFU respondent





Member experience with digital financial services can be leveraged to provide guidance to others

- “The experience of those who have used the product. **They should be from the community** because as refugees we believe that our fellow refugees tell the truth.” RUF1 respondent
- “If the **service is given to a pilot group and it works well**, it will attract others to use digital services. “ VFU respondent
- “**Helping even the illiterate have their own trainer** that understands them so well” VFU respondent



Clear communication highlighting benefits of using digital financial services will create greater interest

- “If the digital services don't come at a higher cost and if the group members are given **clear explanations on how digital is better** than cash.” VFU respondent
- “If **people are told about these services** and the services introduced in the settlement, people can get more interest in using them.” RUFU respondent

Fear about the impact digitization will have on savings group operations

Majority of the members feel digitization will negatively impact operations because:

- “The smartphone that we are using sometimes delays our meetings because **network sometimes is poor and it works on internet**. So it sometimes wastes our time but since it's important to use it, we are patient with that. But if network is good, there is no delay although we still use the time as before because we still fill record books as we were doing before getting the phone. The reason why we still use the books to record is to have backup information.” RUFi respondent
- “**Meeting will be hard** since people will keep sending money to the lines, sharing out will be hard since many the mobile money charges.” RUFi respondent
- “Meeting may be hard since people will keep saying good enough I have sent the money, why should I go for the meeting” RUFi respondent
- “Few people will want to come for the meeting, **lending cash will be hard due to the charges on the transaction, sharing out will also become a problem**” VFU respondent





Privacy is seen as a benefit of digitization

Others said it wouldn't affect operations because:

- “I don't think it will affect meeting time because **our group meetings are a must** whether members have money to save or not, they should come for weekly meetings. “ RUFU respondent
- “I believe digital saving platforms if taken by the groups **can reduce on the time that we spend** during saving in the group because records are captured automatically.” VFU respondent
- “It **promotes privacy** since people will secretly save their money without anyone in the group knowing who saved what” VFU respondent

Recommendations

- The impact of Covid-19 crisis has had a ripple effect on refugees - from loss of income, to food insecurity and increased unemployment. This has caused an increase in anxiety amongst the respondents, especially in Nakivale.

Advocacy to humanitarian agencies to provide households with additional food rations/ cash transfers in order to mitigate these multiple shocks.

- **Universal health care efforts should be intensified.** Almost 75% of the respondents reported having fallen ill over the last two months, and only 30% were able to pay for their treatment; the rest didn't have resources to enable them to go to the hospital.

There is an opportunity for insurers to think through microinsurance models that address treatment access & payment challenges.

- **Digitization of savings group should be implemented in phases.** This is necessary to build awareness, educate and train members. That way, the group members will build confidence and also trust the process.



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

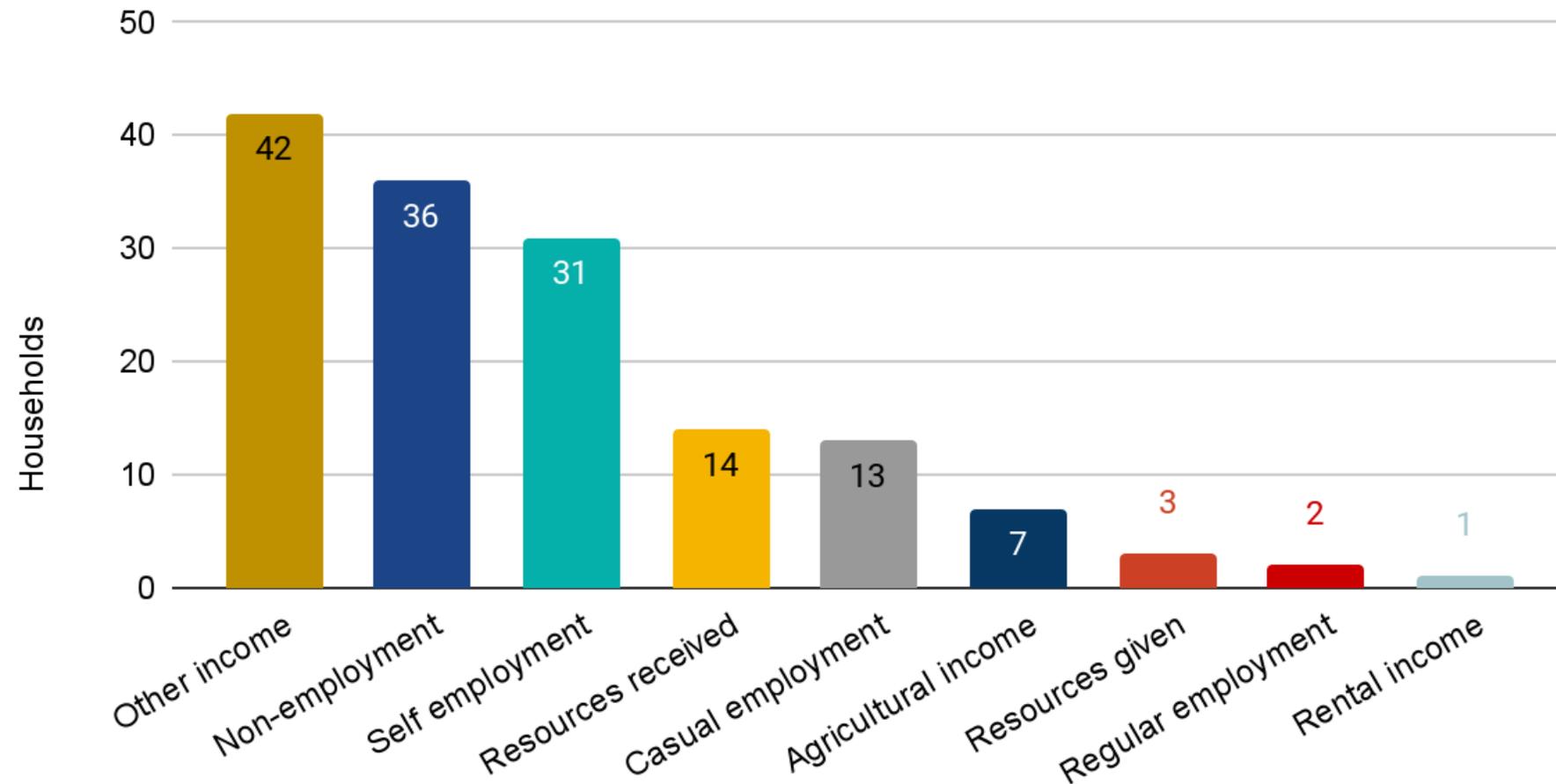
1. [Round 1](#)
2. [Round 2](#)

A group of approximately 15 people are seated in a circle on plastic chairs (blue and green) outdoors. They are engaged in a meeting or discussion. 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 word "Annexes" is overlaid in white text in the center of the image.

Annexes

The majority of households depend on non-employment income

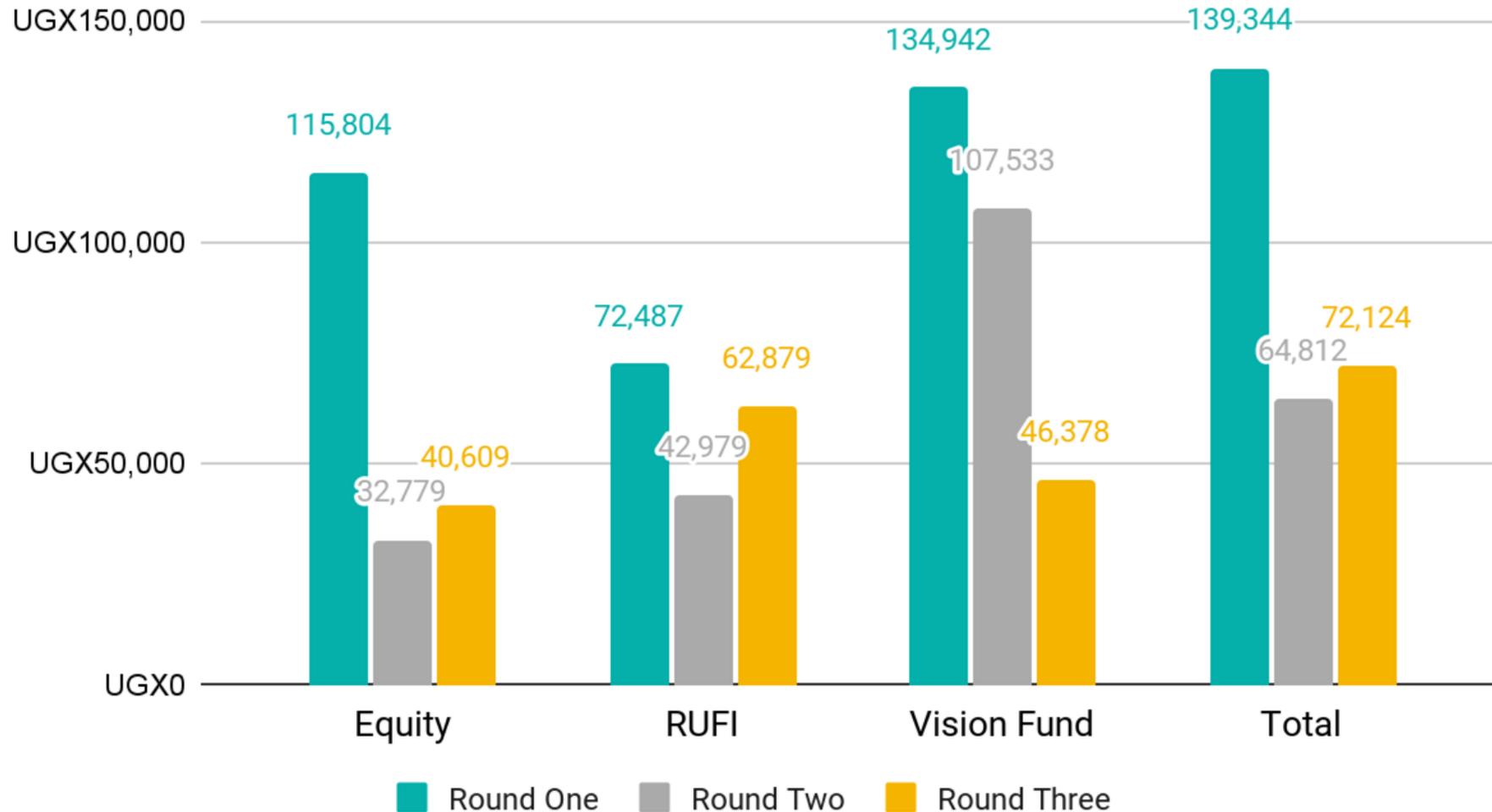
Number of Households by type of income



During this round of data collection, we sent respondents gifts. This was tracked under the “other income”

7 households had not received their food ratio (replenished every two months) by the time we did round 3 interviews.

Average income in UGX



- The number of people depending on regular employment reduced because of school closure and Covid-19 lockdown.
- Average incomes on regular employment also reduced because salaries were not paid. This led to reduction of income especially for Vision Fund.
- Average income increased for two RUFU respondents whose businesses did well during the period.

Overall reduction in the use of financial instruments because of reduced cash flow

Financial Instruments	Male		Female		Total	
	Round 2	Round 3	Round 2	Round 3	Round 2	Round 3
Keeping money (cash) at home	25	21	31	30	45	41
Mobile money	16	17	23	21	35	33
Checking or current account	18	15	15	13	27	24
Saving in ASCA	15	13	32	28	36	31
Credit given to clients (shop credit)	7	8	13	15	20	20
Saving in ROSCA	3	3	3	2	6	5
Friends and family borrowing	5	1	9	5	13	6
Individual business or agricultural loan	2	1	1	0	2	1

There has been a reduction in borrowing from friends and family and saving in ASCA.



Thank you!

