



MARKET BASED OPPORTUNITIES FOR REFUGEES

Mercy Corps Uganda

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West Nile Response in Context

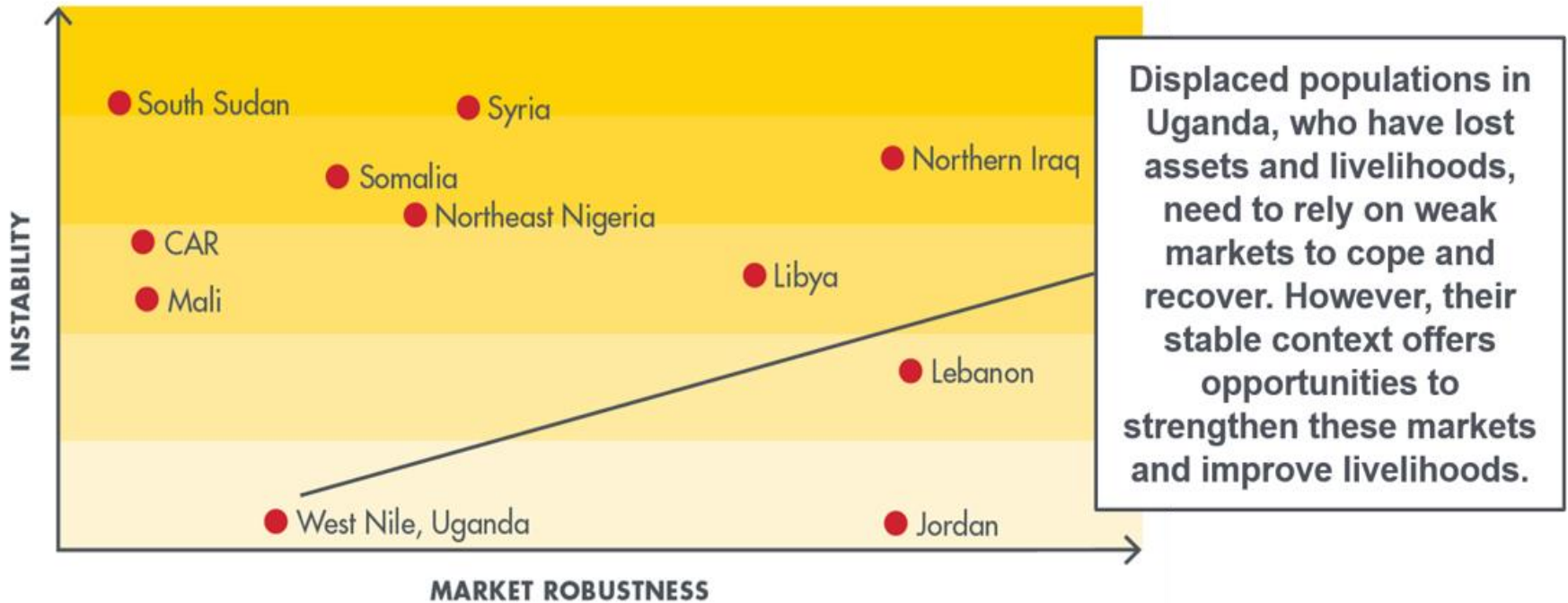
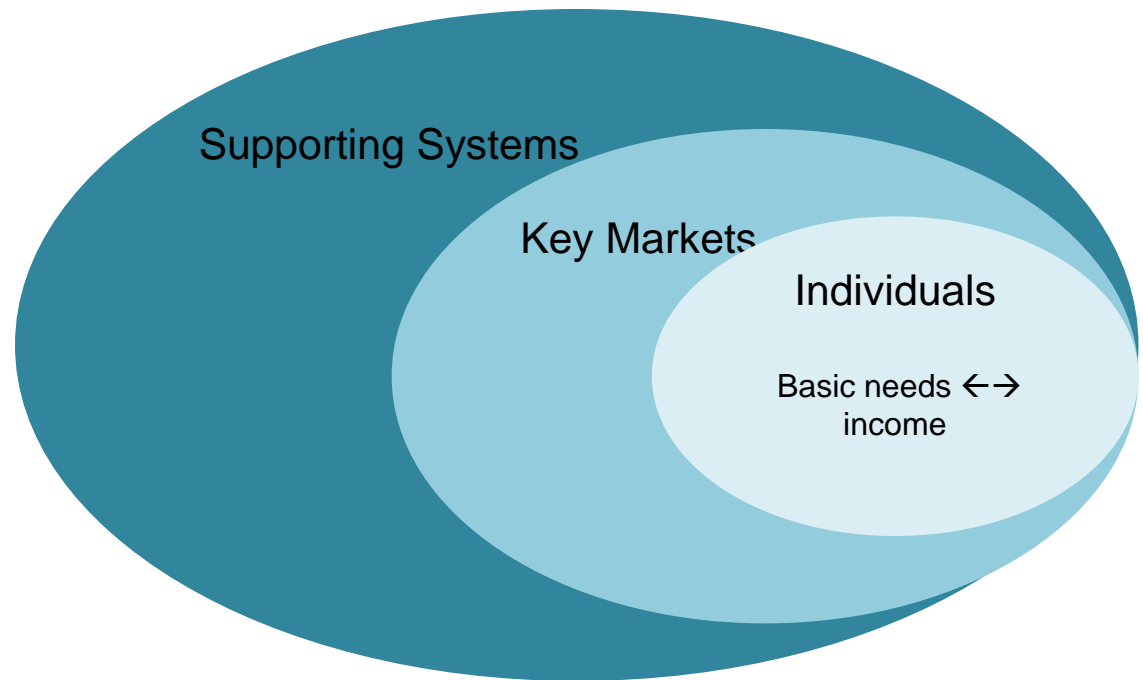


Diagram examples are illustrative. Adapted from: Beyond Cash: Economic Inclusion During and After Crisis. Mercy Corps.

Market Systems for Crisis-affected Populations

- › Meet basic needs and protect productivity
- › Minimize negative impacts on markets
- › Improve household's use of markets to cope and build opportunity for recovery
- › Increase the impact and reach of our funding



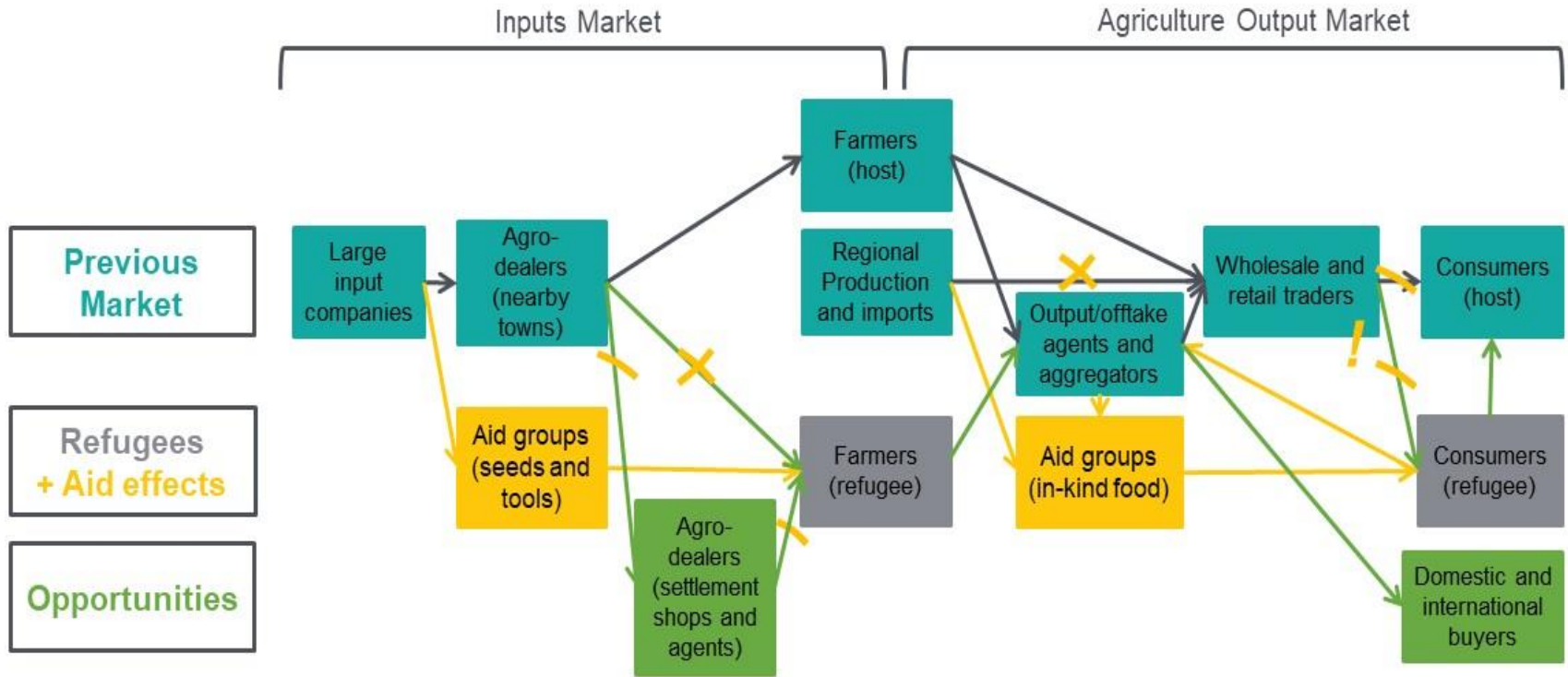
Problem

- Spending and investment by South Sudanese refugees driving growth + increasing number of businesses
- BUT: influx of humanitarian actors with in-kind food assistance and direct delivery of livelihood support...
- ... undermining development of key markets needed to support refugee and host community livelihoods over longer term

Challenge in agricultural markets

- › Increase in local population creating new opportunities for market-oriented agriculture, which require growth in agro-dealer and output trade networks.
- › In-kind aid blunts potential for agriculture market growth in West Nile and undercuts existing market players.
- › Food excess sold in local marketplaces undermines market-based food supply for local populations and farmers' incentive to grow crops for sale.

Effects of Aid on Markets for Food and Livelihoods



Distributions by aid groups displace local traders and agro-dealers. Opportunities to strengthen agro-dealer networks and attract buyers for produce exist, but they are threatened by current approaches.

Symbol Key	
Critical issue due to aid effects	!
Major disruption due to aid effects	X
Partial disruption due to aid effects	- - -

ReHope project - Mercy Corps, Palladium, and DCA - DFID funded

Project strategy:

- Channelling smart subsidies for inputs through local agro-dealers
- Promotion of land sharing with host communities
- Support to develop agent networks for produce trading companies.

Results

- After first season of coupon distribution, 76% of 1,000+ refugee households purchased seeds from agro-dealers at subsidized price.
- Agro-dealers report positive signs of an emerging input market for refugees, leading them to make business investments outside of project.
- Customers for undiscounted inputs now roughly 20-25% refugees for some ADs.
- Increased foot traffic from project advertising leading to an increase in sales for seed varieties that were not included in the project discount.

Refugee spending and investment are fueling markets in West Nile

- 75% of refugees willing to pay more for goods if they were located closer.
- New business prospects for Ugandan nationals living nearby who can sell goods or services to refugees.
- Roughly one fourth of sellers are Ugandan nationals.

(MC LMA, May 2017)

Limitations / Unknowns

- **Source range:** key informant interviews conducted with 16 goods and service providers providing food and non-food items, butchery, and transport in three market areas of Palorinya and Bidibidi settlements (plus range of secondary and existing market assessments).
 - **Gender aspects of market systems,** and HH power analysis not explored as part of research, missing out on a crucial aspect of impact of work on market systems.
- Offtaking:** turning surplus agricultural produce into extra income – no evidence that this is yet happening at scale.
- **Supporting durable changes in agriculture markets takes multiple seasons of interventions** + work on other aspects of market systems, such as financial services.

Key Message

- › Calling for continued transition away from in-kind aid to an approach that emphasizes:
 - Partnerships with local businesses
 - Reductions of subsidies
 - Demand-driven, market-based, livelihoods support.





Beyond Cash

- › Cash transfers make it easier for recipients to meet diverse needs and invest in economic opportunities
- › **However, more cash transfers alone cannot be a long-term strategy for refugee support.**
- › Agencies need to support market-driven opportunities for households to earn an income and existing businesses to expand delivery of needed goods and services.



Longer term: new sources of income needed for refugees

- › High numbers of low-income households at risk of making less money in over-crowded economic activities.
- › Small-scale trade sector already shows some early signs of over-crowding.
- › Market-driven aid must include both:
 - ❖ Agriculture opportunities linked to output markets beyond West Nile and
 - ❖ Demand-driven off-farm work opportunities.

Measuring impact better

Donors and implementers should fund and measure effects beyond direct beneficiaries:

- Changes in market-level behaviours (such as increased business activity in key areas, or non-partner business behaviours)
- Impacts on non-beneficiary households – eg copying each other's income strategies or engaging with partner businesses.
- Gender dimension of market systems