

Report No: AUS0000807

# Rwanda

## Economic Activity and Opportunity for Refugee Inclusion

May 23, 2019

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**Rwanda: Economic Activity and Opportunity for Refugee Inclusion  
(P169985)**

**Ministry in Charge of Emergency Management  
World Bank**

**May 2019**



**MINISTRY IN CHARGE OF  
EMERGENCY MANAGEMENT | MINEMA**



## **Acknowledgements**

This report was prepared by joint team from the Government of Rwanda's Ministry in Charge of Emergency Management (MINEMA) and the World Bank.

The team thanks all the refugees and host community members, local officials, staff of humanitarian agencies, non-governmental organizations and financial institutions and private sector representatives who participated in the research. Particular thanks are extended to the MINEMA Camp Managers and to personnel of the United Nations High Commissioner for Refugees (UNHCR) in Kigali and in each of the six refugee camps across Rwanda for their support and advice.

The core team for the study comprised Eugene Uwimana of MINEMA and Saurabh Naithani, Marcienne Umubyeyi and Romeo Sebahungu of the World Bank. The Coordinator of the MINEMA Single Project Implementation Unit (SPIU), Veneranda Ingabire, provided strategic guidance to the study. The Task Team Leaders for the activity from the World Bank were Meriem Ait Ali Slimane and Matt Stephens. Mohamed Abdel-Razig, Joanna de Berry, Harald Hinkel and Murat Onur from the World Bank provided important contributions throughout the study.

The peer reviewers for the report were Laura Buffoni of UNHCR and Jade Ndiaye and John Speakman of the World Bank.

The team acknowledges the financial support of the World Bank-administered State and Peace-building Fund.

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## Acronyms and Abbreviations

ARC	American Refugee Committee
BDEU	Business Development and Employment Unit
BDA	Business Development Adviser
BDF	Business Development Fund
CBT	Cash-based Transfer
CRRF	Comprehensive Refugee Response Framework
DDS	District Development Strategy
DRC	Democratic Republic of Congo
ECD	Early Childhood Development
FGD	Focus Group Discussion
GBV	Gender-Based Violence
GDP	Gross Domestic Product
HC	Host Community
ICT	Information and Communication Technology
IDA	International Development Association
JADF	Joint Action Development Forum
LED	Local Economic Development
MFI	Microfinance Institution
MINEMA	Ministry in charge of Emergency Management
MSME	Micro, Small and Medium Enterprise
NGO	Non-governmental Organization
PSF	Private Sector Federation
REC	Refugee Executive Committee
RAB	Rwanda Agriculture Board
RSW	Refugee sub-window
SACCO	Savings and Credit Cooperative
SEIRHCP	Socio-economic Inclusion of Refugees and Host Communities Project
TVET	Technical and Vocational Education and Training
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
VC	Value Chain
VSLA	Village Savings and Loan Association
WFP	World Food Program

## A. Introduction

### Context

1. **Rwanda's economic success over the last decade is widely recognized.** The country is one of Africa's fastest growing economies with growth averaging more than 7 percent every year since 2000. Sustained economic growth rates have seen gross domestic product (GDP) per capita increase from US\$242 in 2000 to US\$787 by 2018.<sup>1</sup>
2. **Rwanda is one of the few countries that has managed fast economic growth, robust reduction in poverty, and a narrowing of inequality.** The impressive economic growth has been accompanied by substantial improvements in living standards, life expectancy, literacy, primary school enrollment, and spending on healthcare. The country's focus on homegrown policies and initiatives has contributed to significant improvement in access to services and human development indicators. Poverty was reduced to 38.2 percent (from 44.9 percent in 2011 and 39.1 percent in 2014) and extreme poverty to 16.0 percent (from 24.1 percent in 2011 and 16.3 percent in 2014) in 2017.<sup>2</sup> Inequality measured by the Gini coefficient fell from 52 in 2005 to 42.9 in 2017.<sup>3</sup> Nevertheless, Rwanda remains one of the poorest countries in the world and incidence of poverty remains particularly high in rural areas.
3. **The gains in poverty reduction are linked to the country's impressive progress on stability, good governance and a strong drive for results.** Rwanda ranks well in global governance metrics, including government effectiveness, regulatory quality and control of corruption, measured by the Worldwide Governance Indicators rankings and competitiveness in the World Economic Forum's Global Competitiveness Index.<sup>4</sup> The strength of institutions represents an important comparative advantage over most other countries in the region.
4. **Rwanda is pursuing an ambitious agenda to reach upper middle-income status by 2035 and high-income status by 2050.** The country's Vision 2050 aims to deliver an improved standard of living for all Rwandans. This entails providing food security and nutrition, universal access to water and sanitation, affordable and reliable energy, and universal access to quality health care, education, financial services and housing. To reach middle- and high-income goals, the government has identified a modern agriculture and food sector, increased trade and regional integration, well-managed urbanization and major investments in human capital as its main priorities. Building on the successful economic performance of the last two decades, the government is pursuing the challenging second-generation economic reforms of export diversification, structural transformation, regional integration and financial sector deepening.
5. **Rwanda's Vision 2050 and National Strategy for Transformation 1 recognize the pivotal role that the private sector will need to play to achieve these goals.** Job-creating growth is central to attaining the vision, which requires a shift from the public investment approach to private sector-led development in a country where private investments remain limited.

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<sup>1</sup> National Institute of Statistics of Rwanda (2018), GDP National Accounts 2018 at <http://www.statistics.gov.rw/publication/gdp-national-accounts-2018>.

<sup>2</sup> National Institute of Statistics of Rwanda (2018). *Rwanda Poverty Profile Report, 2016/17*. See <http://www.statistics.gov.rw/publication/eicv-5-rwanda-poverty-profile-report-201617>.

<sup>3</sup> *Ibid*, p. 36.

<sup>4</sup> World Bank. 2018. *Worldwide Governance Indicators*. Accessed on October 22, 2018. See <http://info.worldbank.org/governance/wgi/#reports>; World Economic Forum. 2017. *The Global Competitiveness Report 2017–2018*. See <https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>.

## Forced Displacement

6. **While Rwanda is peaceful and stable today, forced displacement has long been a feature of the region.** Instability in neighboring Democratic Republic of Congo (DRC) and Burundi has seen many people flee to Rwanda, with the country hosting 149,602 refugees and asylum seekers (48 percent from Burundi and 52 percent from DRC).<sup>5</sup> Burundian refugees arrived in 2015, but some of the Congolese have been in the country since the 1990s (See Box 1). Additional inflows cannot be ruled out given ongoing socio-political tensions in the region.

7. **The legal and protection environment in Rwanda is conducive for a development response to forced displacement.** The country is a signatory to the 1951 Refugee Convention. The 2014 Law Relating to Refugees complies with international law. The World Bank, in consultation with the United Nations High Commissioner for Refugees (UNHCR), has confirmed that Rwanda's refugee protection framework is adequate.<sup>6</sup>

8. **Around 90 percent of refugees in Rwanda live in the six camps spread across the country, with the remainder living in urban locations, mostly Kigali.** The camps are jointly managed by the Ministry in Charge of Emergency Management (MINEMA) and UNHCR. Refugee demography is balanced, with 51 percent being female and 49 percent male. Women and children make up 76 percent of the refugee population, while 3 percent are elderly.

### *Box 1. Situation of Forced Displacement in Rwanda*

Congolese refugees have fled to Rwanda since the mid-1990s due to insecurity and humanitarian crises in eastern DRC. Conflict in eastern DRC has been driven by multiple, interrelated factors including violence, spillover of conflicts from neighboring countries, weak governance and the failure of the state to provide security and basic services, longstanding ethnic tensions exacerbated by conflicts over land and natural resources, as well as the socio-economic vulnerability of the local population. The deepening humanitarian crisis in DRC has created one of the world's largest forced displacement situations. The majority of refugees are currently unwilling to return to DRC due to concerns about insecurity (UNHCR, 2014). The risk of further displacement from DRC into neighboring countries is high, particularly in the eastern provinces and Kasai region. Further displacement is likely due to widespread militia activities and continued political instability.

Burundian refugees have sought refuge in Rwanda since 1972, escaping successive cycles of interethnic violence, political crises and insecurity. Violence and insecurity continue to cause large-scale population displacement both within Burundi and into neighboring countries and beyond. The most recent political crisis began in April 2015 and is ongoing. The political and economic situation in Burundi remains fragile, the human rights situation is concerning, and food insecurity is widespread. Consequently, refugees from Burundi are expected to continue to arrive in Rwanda, albeit at much lower levels than in previous years.

9. **Rwanda has responded progressively to the challenge of forced displacement.** The country has elected to roll-out the Comprehensive Refugee Response Framework (CRRF), a new global instrument built around the notion of including refugees in communities from the very beginning of displacement – that they can become self-reliant and active contributors to local economies when they gain access to education and labor markets. The decision to become a CRRF roll-out country flowed naturally from four commitments the government made at the 2016 New York Leaders' Summit, as follows: (i) public launch

<sup>5</sup> UNHCR. Data as of 28 February 2019. See <https://data2.unhcr.org/en/documents/details/68428>.

<sup>6</sup> IDA18 refugee sub-window, Board consultation on eligibility for Rwanda (November 2018).



of a joint government-UNHCR livelihood strategy, with a focus on graduating camp-based refugees out of assistance programs and increasing formal access to work opportunities;<sup>7</sup> (ii) ensure 100 percent of refugees are in possession of refugee identity cards; (iii) 100 percent of refugee students in secondary school and 50 percent in primary schools will be integrated into national education systems; and (iv) ensure that 100 percent of urban refugees will have the opportunity to buy into the national health insurance system. In March 2019, the government completed a *Strategic Plan for Refugee Inclusion 2019-2024 (SP)*, which spells out how the four commitments will be implemented.

10. Rwanda has also offered a pathway to naturalization to refugees, though few have taken up the offer due to either a desire to eventually return home or hopes of third country resettlement. Accordingly, a sizable refugee population is likely to remain in Rwanda for the foreseeable future. This necessitates the adoption of long-term development solutions that will promote self-reliance and autonomy.

### **Why economic inclusion of refugees and host communities matters**

11. **The protracted refugee presence has had mixed impacts at the local level.** On one hand, the refugee population can be a burden on a country in which 56 percent of people still live below the international poverty line.<sup>8</sup> The establishment of camps has affected food availability and strained basic services in the districts hosting refugees. Some local school populations have increased by more than 300 percent. Several camps have been set up in mountainous areas, leading to soil erosion and run-off into agricultural land. Deforestation has also occurred as refugees gather wood and non-timber forest products for cooking fuel and other purposes. Offsetting the negative effects, refugees have contributed to the local economy in the host districts through labor and trade. A 2015 study on the economic impact of refugees in three camps in Rwanda showed that cash aid generates significant positive income spillovers for host community households and businesses.<sup>9</sup> The World Food Program has recently transitioned from food aid to cash transfers in all six camps, which should boost local markets and create market opportunities for refugees and host community members. Further investing in economic inclusion and in local development can help to mitigate the negative impacts of the refugee presence while maximizing the opportunity it also presents.

12. **The government's livelihood strategy for refugee inclusion is built on a vision that refugees and hosting communities will be able to 'fulfil their productive potential as self-reliant members of Rwandan society.'**<sup>10</sup> The strategy – which is currently under revision – is built on three pillars. Pillar 1 supports wage-earning employment and seeks to: (a) raise awareness of refugees' right to work; (b) provide technical and vocational skills training; and (c) support job placement services. Pillar 2 on self-employment supports entrepreneurship and access to finance. Pillar 3 supports advocacy to the government of Rwanda, the general public, the private sector and refugees themselves for refugee self-sufficiency and entrepreneurship. The strategy recognizes that inclusion can help to graduate refugees from unsustainable long-term humanitarian aid while optimizing the contribution they can make to local economic development.

13. **Access to finance is a central element of the government's approach to economic inclusion.** While Rwanda has done much to improve access to finance to all, more can be done, including for refugees. In 2017, 50 percent of Rwandans held an account at a financial institution, declining to 48

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<sup>7</sup> Ministry of Disaster Management and Refugees (MIDIMAR)/UNHCR (2016) *Economic Inclusion of Refugees in Rwanda*. MIDIMAR changed to MINEMA in October 2018.

<sup>8</sup> World Bank. Poverty and Equity Data Portal. Data as of October 2018. See <http://povertydata.worldbank.org/poverty/country/RWA>

<sup>9</sup> Taylor, J. Edward, Mateusz J. Filipowski, Mohamad Alloush, Anubhab Gupta, Ruben Irvin Rojas Valdes, and Ernesto Gonzalez-Estrada. 2016. "Economic Impact of refugees." *PNAS* 113(27): 7449-53.

<sup>10</sup> See above, n.7 at p. 3.

percent for women and 38.7 percent in rural areas.<sup>11</sup> Only 8.1 percent of adults have access to credit nationwide.<sup>12</sup> Umurenge Savings and Credit Co-Operatives (U-SACCOs, referred to as SACCOs in this document) and Microfinance Institutions (MFIs) play an important role in improving financial inclusion. There are 416 SACCOs, one in each administrative sector, covering all of Rwanda's 30 Districts. From 2008 to 2012, SACCOs increased access to formal financial institutions from 21 to 42 percent.

**14. The government's strategy for economic inclusion of refugees aims to ensure that 90 percent of refugees use banking services.** A 2018 study concluded that this objective was feasible, noting that 'refugees in Rwanda have enough income to be strong potential customers for financial sector providers.'<sup>13</sup> Access to financial services will support the economic integration of refugees and contribute to the Rwandan economy. As noted above, all camps are moving away from food vouchers to cash transfers. This influx of liquidity will benefit from being hosted at a financial institution. Currently, refugees have access to some financial products thanks to non-governmental organizations (NGOs), including village savings associations and patient loans deployed through SACCOs. Refugees also access financing from SACCOs thanks to Rwandans who act as guarantors. For access to finance through other institutions, refugees face obstacles related to a lack of regulatory clarity regarding the acceptability of proof-of-registration documents for the purposes of customer identification and verification.<sup>14</sup>

**15. Though the presence of Refugees has negatively impacted the environment surrounding the camps, the government recognizes that the socio-economic inclusion of refugees can contribute to economic opportunities for host communities, who live in some of the poorer districts in the country.** Poverty in five of the six districts hosting refugees is higher than the national average. Gisagara (which hosts the Mugombwa camp) and Karongi (which hosts the Kiziba camp) are two of the four poorest districts in the country, with poverty levels of 56 and 53 percent respectively.<sup>15</sup> Host communities suffer from the same development constraints as refugees – limited employment opportunities, poor quality education and a dependence on low-income agriculture for livelihood. While relations are generally good between refugees and hosts, providing equitable access to development assistance to refugees and host communities and encouraging joint economic activity will promote continued peaceful co-existence between the two groups.

### **Socio-economic Inclusion of Refugees and Host Communities Project**

**16. The government has requested assistance from the World Bank for the social and economic inclusion of refugees and host communities.** In August 2017, the government wrote to the World Bank requesting access to funding under the IDA18 Sub-window for Refugees and Host Communities (RSW). In March 2018 this request was followed by a detailed project proposal. Over the subsequent twelve months, with the support of the World Bank, the proposal was refined to become the US\$60 million *Socio-economic Inclusion of Refugees and Host Communities Project (SEIRHCP)*. The project was approved by the World Bank Board of Directors on April 30, 2019.

**17. The project will contribute to the upcoming shift from a humanitarian to a long-term, government-led developmental response that integrates refugees and host communities.** In line with the principles of the CRRF and the *Strategic Plan for Refugee Inclusion*, project activities will mitigate the negative impact of the refugee presence on the environment and strengthen access to and improve quality of services. The project will also increase livelihood and employment opportunities for refugees

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<sup>11</sup> Findex 2017.

<sup>12</sup> Ibid.

<sup>13</sup> "Refugees and Their Money: The Business Case for Providing Financial Services to Refugees". FSD Africa, 2018.

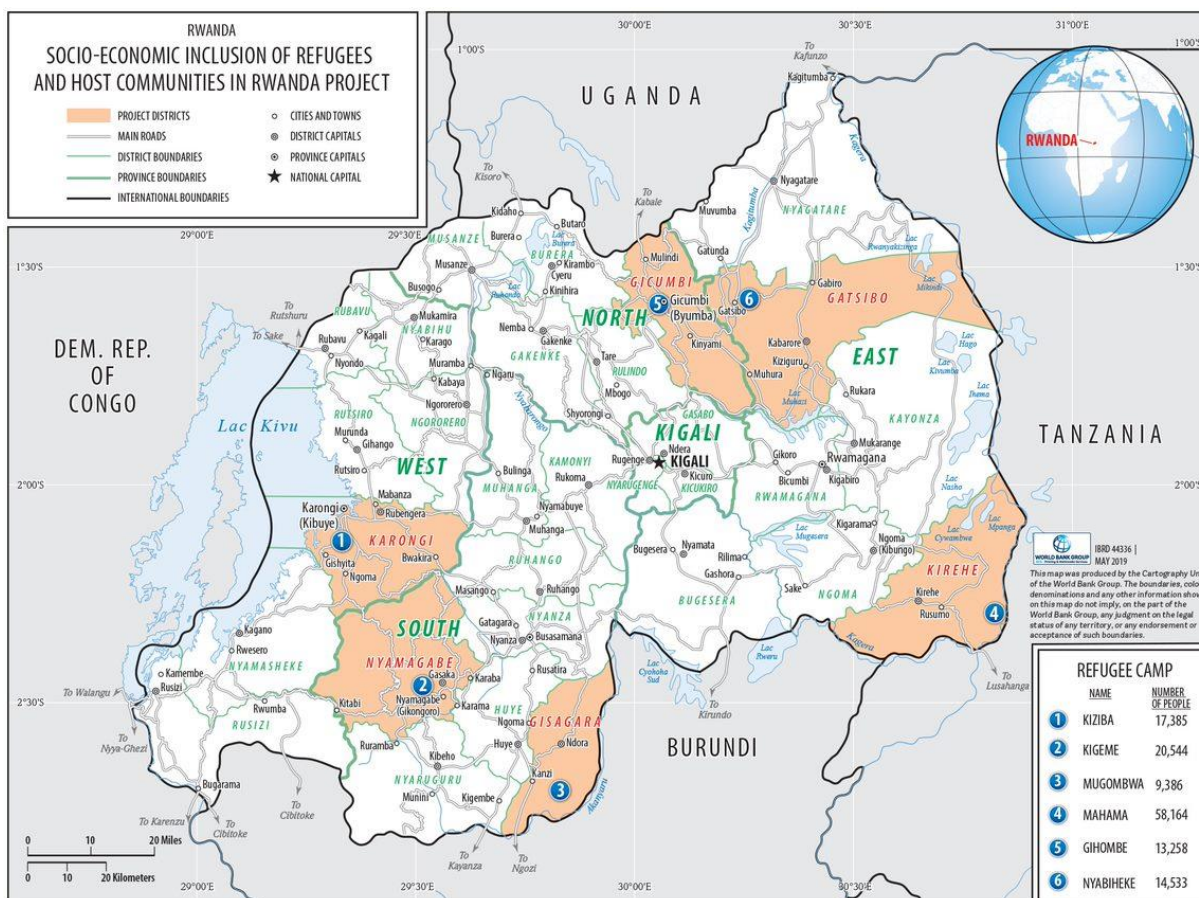
<sup>14</sup> Ibid

<sup>15</sup> See above, n.2.

and host communities to grow the local economy and build self-reliance.<sup>16</sup>

18. **The project will adopt an area-based approach that supports refugees and host communities in the six districts that host refugee camps.** Beneficiaries will be supported through socio-economic infrastructure (schools, health centers, water systems, connective roads and market places); access to finance to promote private sector investment, opportunities for entrepreneurship and wage employment and skills development; and by addressing the degradation of the environment caused by the refugee presence. Investments will be possible in and outside camps, however, consistent with the long-term development approach, there will be a preference to support economic activity and government services outside the camps. Facilitating the involvement of the private sector will be central to the project’s approach to economic inclusion.

**Map 1: Socio-economic Inclusion of Refugees and Host Communities Project Locations**



<sup>16</sup> As stated in the UNHCR 2019 Global Refugee Forum Background Note for the First Preparatory Meeting, 'Development efforts and investments aimed at stimulating local economic growth, coupled with an enabling legal and policy framework, can facilitate diversified job and entrepreneurial opportunities and income sources for both refugees and nationals. They can also be targeted to increase livelihood opportunities for specific groups, such as women, who may be particularly vulnerable to protection risks associated with economic vulnerability. This is best achieved through a multi-stakeholder approach, built on pledges and contributions and good practices from States, international organizations and UN agencies, developments actors, international financing institutions, the private sector, and other stakeholders.'

## B. Objectives, Scope and Methodology

### Objectives

19. **The objective of the ‘Rwanda: Economic Activity and Opportunity for Refugee Inclusion’ study is to inform the design of the SEIRHCP and to strengthen the joint UNHCR-Ministry in charge of Emergency Management (MINEMA) strategy for refugee economic inclusion.** The study documents economic activities and opportunities in the six districts hosting refugees in Rwanda and proposes specific recommendations to enhance economic inclusion for refugees and host communities. The assessment is intended to ensure that the SEIRHCP design is grounded in a solid understanding of market demand. It also seeks to inform the ongoing revision of the joint UNHCR-MINEMA economic inclusion strategy by analyzing the wider economic context in which employment opportunities for refugees and host communities can be generated.

20. **The specific objectives of the study are to:**

- a) Contribute to a better understanding of the economic opportunities and constraints in the six districts that host refugee camps, particularly in key economic activities and sectors that generate growth and employment;
- b) Document current employment activities and future opportunities of refugees and host communities;
- c) Highlight challenges and bottlenecks faced by refugees in terms of their movement and employability (inside and outside camp premises); and
- d) Highlight challenges and bottlenecks faced by the host districts regarding private sector development.

### Methodology

21. **The study was a rapid assessment of economic activity and opportunities for refugees and host communities.** It was not intended to provide a comprehensive review of economic opportunities for refugees and host communities in Rwanda, but rather a snapshot to ensure the SEIRHCP design was properly grounded in market realities.

22. **The study drew on three main data sources.** Firstly, a literature review covering reports on the Rwandan economy, entrepreneurship, livelihoods and economic integration in the forced displacement context. This included an analysis of the district development strategies (DDSs) and local economic development (LED) plans of each of the six districts that host refugee camps.

23. **Secondly, consultations were held with relevant national government agencies, private sector bodies and development partners in Kigali.** Key interlocutors included the Rwanda Development Board, the Rwanda Agriculture Board, the Business Development Fund, the Local Administrative Entities Development Agency, UNHCR and WFP. Meetings were also held with NGOs supporting entrepreneurship, including Save the Children, Plan International, Inkomoko and Akazi Kanoze Access.

24. **Finally, data was collected through district level dialogue and focus group discussions (FGDs) in all six districts hosting refugee camps with five key stakeholder groups, as follows:**

- a) District government agencies including the Mayor’s office, the Business Development and Employment Unit (BDEU), MINEMA Camp Managers and staff, and members of the Joint Action Development Forum (JADF);<sup>17</sup>

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<sup>17</sup> The JADF is a multi-stakeholder platform to facilitate and promote the participation of citizens in local governance. Members include local government officials, civil society organizations, the private sector and local development partners.

- b) International and local NGOs, civil society and other implementing agencies supporting livelihoods in the refugee camps through skills/vocational training, access to finance, income-generating projects, service provision etc., such as the American Refugee Committee (ARC), Plan International, Inkomoko (business development/loans), Inyenyeri (alternative fuel) etc.;
- c) Refugees, refugee businesses and associations, and Refugee Executive Committees (RECs) in each camp;
- d) Local district and host sector businesses, business associations, cooperatives, commercial banks and SACCOs; and
- e) Private sector-support agencies in the district including the Private Sector Federation (PSF) and the Business Development Fund (BDF).

25. During the district field visits, data was also collected on employment and trade, demand for labor and employer attitudes towards employing refugees.

#### A note on the FGDs

26. Twenty-four FGDs were conducted with four specific groups in the six refugee-hosting districts: refugee adults (25–60 years old), refugee youth (18–24 years old), refugee women (20–60 years old), and district residents (25–60 years old). A total of 192 respondents participated in FGDs of 8–10 participants.

27. Respondents were engaged in various economic activities including farming, retailing, teaching, tailoring, hairdressing and commercial driving (taxi). Many youth respondents reported being unemployed or engaged in mixed livelihoods consisting of casual and, typically, temporary jobs.

28. To ensure a diverse set of voices, participants in the host communities and the camps were chosen from different households, economic sectors and age brackets. The team made a conscious effort to avoid respondents with any affiliation to the district or refugee administration structure.

29. The social impact of poor livelihoods on refugee households was also considered in the focus group discussions. In particular, questions related to child protection and Gender Based Violence (GBV) were incorporated where appropriate.

#### **Outline**

30. The remainder of the report is divided into three sections. Section C describes common features identified in all six target districts. Section D summarizes key findings per district and camp. Section E concludes and provides recommendations for the Socio-economic Inclusion of Refugees and Host Communities Project.

#### **C. Key findings**

31. This section describes features observed in all six refugee camp-hosting districts in Rwanda.

##### **Economic opportunities**

32. Agriculture sector-related activities dominate all host districts and have potential for improved livelihoods and growth. There are existing and potential value-chains (VCs) in the districts in livestock/meat production, milk processing and horticulture (fruit and vegetables). Some districts also have the potential to further develop the tea and coffee sectors – two major export-oriented VCs. Farmers' associations and cooperatives form the basis of workforce mobilization in these VCs.

33. Livelihoods in the districts and in the camps are based on a few core sectors: agricultural production, retail and food trade, and, 'hands-on' trades such as carpentry, construction, tailoring, and hairdressing. Agro-processing activities also engage the district workforce.

34. Generational differences were observed in livelihood choices among the refugee population. Younger economically-active cohorts (18-35 years) prefer opportunities in commercial/retail businesses, in vocational skills-based work and in activities related to Information and Communication Technology (ICT). This contrasts with older age groups, particularly in the five Congolese camps (all except Mahama, which hosts Burundian refugees), who practiced farming and cattle-rearing in their home country and prefer to pursue similar activities in Rwanda.

35. Savings groups, Village Savings and Loan Associations (VSLAs) and workers' associations provide some access to financial services in the districts and, increasingly, in the camps. These entities offer small loans for business and for social/personal obligations (weddings, school fees, etc.) to their members in the absence of collateral and start-up capital. Most loans across the districts are given to established retailers and agri-businesses.

36. Most small and micro-enterprises lack business planning and book-keeping skills, which limits their access to capital and reduces profitability. Financial literacy and business management skills would strengthen businesses inside the camp and in the districts and would focus on business development, prioritization of expenses and promoting a savings culture.

### **Infrastructure**

37. Strategic investments in the district are required to facilitate market development and increase economic integration between the host communities and refugees. For instance, upgrading the roads that link the Kiziba camp in Karongi and Mahama camp in Kirehe to the district centers would facilitate greater movement of people, goods and services in and out of the camps, while driving down the cost of doing business and accessing livelihood opportunities.

38. The establishment and/or rehabilitation of market facilities is similarly crucial for economic exchanges between the host community (HC) and refugees. The study identifies a number of selling points in the vicinity of the camps that could be considered for investment: Kigeme in Nyamagabe, Gihembe in Gicumbi and Mahama (Kibeza) in Kirehe.

39. Refugees have very limited access to electric power. Most of the businesses in camps that acquire power use expensive fuel-operated generators. This increases the cost of doing business and hinders the growth of businesses within the camps.<sup>18</sup> The lack of street lighting in the camps also raises personal security concerns and reduces movement after dark. Young women are especially at risk.

### **Refugee mobility and livelihoods**

40. Refugees make the most of the freedom of movement available in Rwanda to pursue livelihood opportunities and strive towards economic self-reliance. There is considerable movement of refugees from the camps to the host sector, the district and to other commercial centers in the country. For security reasons, refugees seek permission from MINEMA camp management to leave the camp for extended periods of time and/or to leave the district. Permission is granted for periods ranging between one to three months based on the discretion of the camp management and the reason for exiting the camp.

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<sup>18</sup> The sector hosting the refugee camp may also not be connected to the grid in some cases – or is poorly serviced. The host community in Gisagara district for instance mentioned that they are supplied with 'single-phase' low-load power by the district; this allowed them domestic use but was insufficient for operating machinery and processing units.

Movement in and around refugee camps does not necessitate the permission. Thus, a significantly higher number of refugees freely move in and out of the camp without permission.

41. Refugees leave the camp to seek day labor and wage employment. They typically undertake low-skilled jobs on farmlands in the sector or in positions such as security guards, cleaners and housekeepers in the district. They also seek economic opportunities away from their district in line with their work skills in urban centers and beyond. Refugees in Gihembe camp in Gicumbi district in the north, for instance, reported traveling to Gishwati in northwest Rwanda to work in cattle-rearing. Increased mobility is key for refugees to access employment in centers of economic activity rather than near the camps, which tend to be located in remote, rural areas with few employment prospects.

42. Refugee businesses in the camps, particularly in the more established camps, have developed relationships with wholesalers in their sector and district to access goods for trade. However, many businesses across all camps lack the confidence to explore markets and clientele outside. They prefer to engage in business within the camp since they 'do not pay taxes or rent' and can avoid competition outside.

43. It was, however, observed that retail and other businesses within the camps are capable of paying taxes to the host district. Indeed, traders in selected market facilities in and near some camps are actually subject to taxation. In the spirit of equity, the government should consider systems that allow for the application of taxation laws to traders either in or outside the camps. The phased introduction of a tax regime where businesses within the camp are subject to the same laws as the host communities will create a shared economic space – and eventually induce camp businesses to explore markets outside. Introduction of tax in the camps would require a phased approach with active communication between the government, the Refugee Executive Committees (RECs), and the refugees themselves.

44. Cash-based Transfers (CBTs) initiated by UNHCR and the World Food Programme (WFP) in partnership with Equity Bank have increased cash flows within the camp 'economy'. This modality has also increased business for retailers and other commercial entities in the camp vicinity and the sectors.

#### **Refugee right to work and identity cards**

45. Refugees in Rwanda enjoy the right to work, however, two practical constraints prevent them from fully exercising it. First, many lack identity cards, preventing them from accessing some employment opportunities or formal sources of finance. Second, many employers – and even refugees themselves – are unaware of the refugees' right to work and are, consequently, unwilling to employ them.

46. The government has undertaken in the *Strategic Plan for Refugee Inclusion 2019-2024* to provide all refugees with identity cards by mid-2019. A refugee verification exercise is ongoing, in partnership with UNHCR. Once complete, all verified refugees will receive an ID card. This will equip them to apply for private sector employment and select public sector contractual posts.

47. A robust information campaign and advocacy at the national level and more targeted messaging about refugees' right to work in the districts hosting camps is needed.

#### **Economic stressors on refugee households**

48. There are significant livelihood-related stressors in the camps which affect refugee households. Agencies such as Plan International and ARC report cases of child neglect and separation from care-givers. This leaves children and young people vulnerable to risks such as substance abuse and sexual

exploitation.<sup>19</sup> Tensions are present in some households due to the perceived undermining of traditional gender roles (when men are not working) and due to the erosion of parental authority and family cohesion. Young women are particularly vulnerable to sexual exploitation both within the camp and in places outside the camp where they seek livelihood opportunities.<sup>20</sup>

49. Addressing livelihood-related stressors and creating a safer and more supportive environment in the camps are important cross-cutting issues for refugees to effectively access income opportunities. This will require inclusive family services and child protection-sensitive programming on the part of government and NGOs. This could involve working with partners such as Save the Children, Plan and ARC that run child and youth friendly spaces. Support for public lighting in the camps could also help to mitigate security risks to women and the elderly.

### Vocational training

50. District officials, refugees and business all emphasized the need for vocational training in trades such as construction, carpentry, welding, tailoring, weaving, mechanics, culinary skills, hospitality, hairdressing and leather processing. These are perceived to be market-oriented crafts that will generate wage or self-employment.

51. Technical and Vocational Education and Training (TVET) centers and Technical Secondary Schools provide vocational training at the district level. There is a need to link human capital in the districts and in the camps to the training – and to link the training to labor market needs. This necessitates further research and assessment of the state of vocational training and on labor market demand.

### D. Host districts and camps: detailed features

52. This section provides a summary of the features of district and camp livelihood and economic activities that are relevant to possible development interventions. The districts are arranged chronologically in order of the visits made by the study team between September and November 2018.

**Table 1: MINEMA Camp profiles**

Camp (year established)	Altitude (meters)	Camp area (m <sup>2</sup> )	Refugee country of origin	Population	% of total refugees in Rwanda	Camp density (person/m <sup>2</sup> )
<b>Kiziba (1996)</b>	1,970	370,382	DRC	17,064	11.5%	0.046
<b>Gihembe (1997)</b>	2,280	422,855	DRC	13,091	8.9%	0.031
<b>Nyabiheke (2005)</b>	1,580	368,387	DRC	14,337	9.7%	0.039
<b>Kigeme (2012)</b>	2,140	348,414	DRC	20,643	14%	0.059
<b>Mugombwa (2014)</b>	1,714	198,277	DRC	10,669	7.2%	0.054
<b>Mahama (2015)</b>	1,330	1,718,391	Burundi	59,319	40.2%	0.035
Asylum seekers in Reception Centers (Bugesera, Nyanza & Gatore)				192*	0.01%	
Urban refugees in Kigali and Huye (February 2019)				12,426	8.4%	
<b>Total</b>				<b>147,741</b>	<b>100%</b>	

Source: MINEMA data, 2016 (updated with February 2019 UNHCR data on camp populations – and revised indicators)

\*In addition, there are 1,861 pending cases of asylum seekers as of February 2019.

<sup>19</sup> Fifty percent of the refugee population in Rwanda as of February 2019 was between 0 to 17 years of age.

<sup>20</sup> UNHCR 2017.



## Gicumbi district/Gihembe camp

53. With a population of almost 400,000 people, Gicumbi district hosts over 13,000 refugees. The employment rate is high at 94 percent, with the majority of people working in the agricultural sector (80 percent). Gicumbi has the lowest poverty rate of the six refugee hosting districts at 35 percent, below the national average of 38 percent. At 13 percent, extreme poverty is also below the national average of 16 percent.<sup>21</sup> The district has a limited rural road network and low energy supply. Agricultural production suffers from a lack of skills, the overexploitation of land and inappropriate post-harvest management.

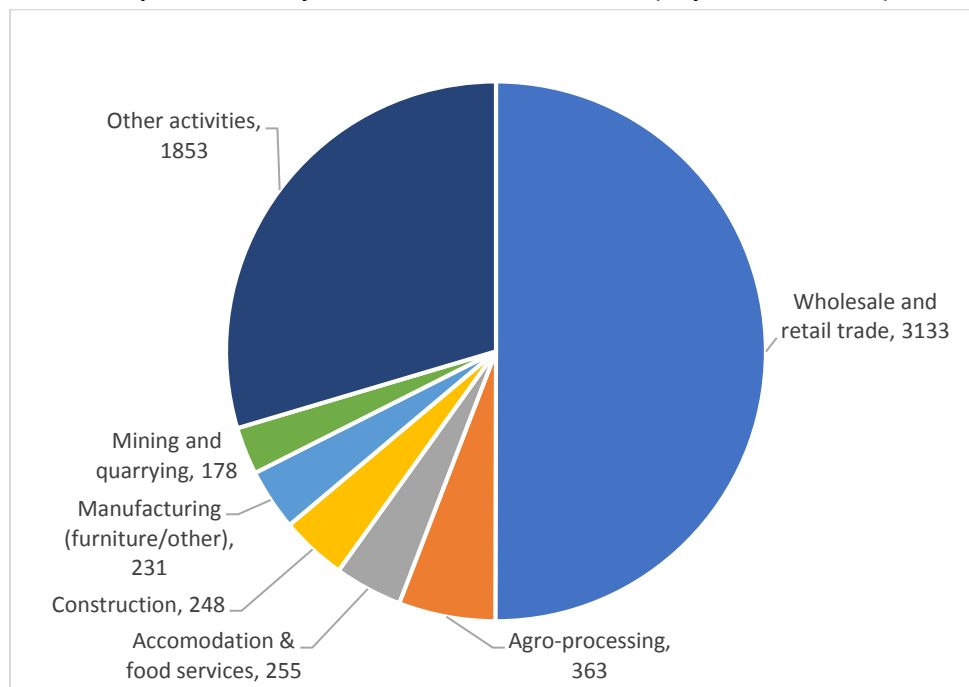
**Map 2: Gicumbi District/Gihembe Camp**



## Major economic activities and potential

54. The economy in the district and Kageyo sector, which hosts the camp, predominantly comprises agriculture-based subsistence activities. The major crops are beans, sugar cane, Irish potatoes and maize. The five biggest sectors in terms of employment, according to the district Business Development and Employment Unit (BDEU), are retail, agro-processing, construction, public works, and mining and quarrying (see Graph 1). There is relatively high production in horticulture (fruit and vegetables). District authorities reported a plan for fruit production and value-added processing on 50 plus hectares of land. Beans grown in the district are exported to Uganda.

**Graph 1: Off-farm jobs created in Gicumbi district (July 2017-June 2018)**



Source: Business Development and Employment Unit, Gicumbi district: Job creation reporting template, September 2018; aggregated data based on quarterly figures July 2017-June 2018.

<sup>21</sup> See above, n.2.

55. District authorities and private sector entities note high levels of milk production – a surplus that is wasted due to poor storage and milk collection/processing facilities. Livestock also features strongly in the district, which has a large number of cattle and reportedly high meat production. The district also sees beekeeping and honey production as potential growth sectors.

56. Gicumbi has good soil fertility and a conducive climate for agriculture. The region is, however, prone to landslides and soil erosion.

#### Gihembe refugee camp: select features

57. Refugees and the HC have initiated common activities such as vegetable farming. There is a shared selling point in the immediate vicinity of the camp where both sides trade basic household goods, fruits, vegetables and other foodstuff. This is essentially a roadside selling point where locals and refugees gather with their products for sale. Traders are not taxed at this location.

58. Movement in and out of the camp is very open. MINEMA camp authorities do not have precise numbers on camp residents' movements – except for the relatively few refugees who seek formal permission to travel to other districts. In August 2018, for example, 30 residents asked for and received formal permission to leave the camp. This figure was, according to the Deputy Camp Manager, a fraction of the actual monthly movement of residents in and out of Gihembe. Most refugees who leave the camp do so to seek work ('around 80 percent'). Others travel across borders to procure goods for resale in the district and the camp. However, acquiring travel documents through UNHCR for movement abroad is still a rather lengthy process, restricting the potential for cross-border trade as a source of livelihood.

59. Refugees are generally employed in low-skilled jobs in the sector and in the district as night guards, housekeepers and in construction. Over time, they have developed ties with the host community (the camp is 21 years old) and this is advantageous in seeking loans and business services. Locals vouch for them for business dealings or small loans. District residents are also 'employed' by selected refugees who run successful small enterprises, and who have livestock: locals take care of livestock (cows mainly) owned by refugees and go into the camp to provide services such as construction or upkeep of houses. In some cases, locals have leased land to refugees for cultivation.

#### Infrastructure and connectivity

60. The district is well-connected to the major road network and is in close proximity to Kigali city (approximately a one-hour drive). The camp is off-road but does not have serious challenges around access to main road networks. Gicumbi is located along the trade route between Kigali and Uganda.

61. The establishment of a permanent marketplace in the camp vicinity will encourage more economic exchange between the host community and refugee traders. A new marketplace adjacent to Gihembe would also potentially benefit women traders from the camp as they cannot generally venture too far from the camp premises (due to obligations as household caretakers).

62. The development of agro-processing facilities would generate growth and employment in the district. Milk production and processing (cheese and other products) is an area ready for value-addition. Beekeeping and fruit production could similarly benefit from value-adding interventions (processing, packaging and establishing linkages to markets inside and outside Rwanda).

63. Post-production storage facilities along with cold chain support (for fruit and vegetables) will spur increased production in the district. Agro-processing plants would create formal and informal wage employment opportunities, including in the construction phase. There are related opportunities for

local farmers (supplying raw materials), distributors and marketers. Additional jobs to support the farmers, processing plants and facilities could also potentially be created (mechanics, technicians, agronomists, water management specialists, etc.)

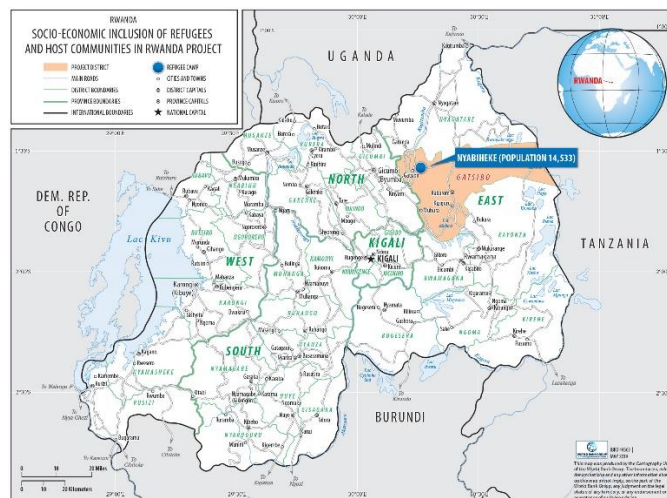
### Gatsibo district/Nyabiheke camp

64. Gatsibo district hosts a population of over 433,000 Rwandans and just over 14,000 refugees. Poverty incidence in the district is 42 percent, with extreme poverty at 19 percent. The majority of the population that is employed works in agriculture (72 percent).<sup>22</sup> There is a growing number of small and medium enterprises (SMEs) in arts and craft manufacturing and growing potential in eco- and cultural tourism around the Akagera National Park and river.

#### Major economic activities and potential

65. The economy in Gatsibo largely comprises rural, agriculture-related activities, making the most of fertile land and favorable climatic conditions. District officials note high production in maize. A number of rice cooperatives are active. Cassava, banana and beans are also widely grown in the district. The district has clear ideas on which value chains can be supported: the region produces an abundance of bananas, so banana processing plants will naturally tap into this production. There are small-scale processing units in the district handling maize, bananas, beans and rice.

**Map 3: Gatsibo district/Nyabiheke camp**



66. Cattle-rearing is another major source of casual employment the year around. There is scope to develop meat processing and milk production through the livestock sector in the district. The major food and beverage processing company, Inyange, will soon open a milk processing factory in Nyagatare district, adjacent to Gatsibo. Additionally, as bordering districts, Gicumbi and Gatsibo could explore synergies in investments (processing plants, storage facilities).

67. Gatsibo has built a large workshop-cum-trading facility ('Agakiriro') that requires equipment to be operationalized. This will draw district technicians and traders and possibly refugee craftsmen and traders. Increased power supply to the district would also strengthen production capabilities – the Vice Mayor for Economic Development claimed that at present 'only 23 percent of the district' was connected to the grid.

#### Nyabiheke refugee camp: Select features

68. People are involved in a range of activities in Nyabiheke camp, including small retail businesses, motorcycle taxis (after obtaining operating licenses through the district – based on their refugee registration ID) and in the education sector as teachers. Refugees also offer labor in carpentry, tailoring and meat processing/butchery. Clothing retail and work in small shops and bars/restaurants are other sources of employment. Some refugees have gone to Kigali to work in hotels, banks and security companies. Refugees are also involved in cattle-rearing.

<sup>22</sup> See above, n.2.

69. The sector SACCO lists around 500 active refugee accounts. Refugees mostly secure loans by being vouched for by host community members who are also active in the SACCO. Women camp residents are economically active selling foodstuff in the camp vicinity. They also take on casual jobs such as cleaning, housekeeping, land cultivation and tailoring. Some are part of VSLAs. The market facilities near the refugee camp are basic and in poor condition (in particular, the Mugeru Market).

70. UNHCR staff and NGOs reported concerns about protection issues in the camp, including child neglect by parents seeking work and cases of GBV, sexual exploitation, physical assault and denial of resources and psychological abuse. Teen pregnancy is another challenge. Protection agencies see skills-based training for vulnerable groups, especially young women and single mothers, as a way to create linkages to employment and help to address extreme poverty and lack of prospects, which are identified as some of the underlying causes of these social problems.

#### Infrastructure and connectivity

71. Nyabiheke camp is located approximately 20 kilometers from the district center. The road linking the camp to the main district road is in poor condition. The distance and road condition increase the cost for refugees to travel and look for employment in the city. Road rehabilitation is a priority in Gatsibo's DDS.

#### Potential investments/interventions

72. Post-harvest support through storage and treatment facilities and cold chain development in the district is necessary. Strengthening the supply chain for local produce will also result in better value for farmers (the Ministry of Agriculture and Animal Resources has supported a cold storage facility for vegetables in the district). Traders and farmers are subject to price fluctuations due to excess production with no proper storage facilities, or due to lower prices in Uganda.

73. Processing plants for maize will lead to better quality of local maize in the markets. Export to other countries could eventually be considered, although Uganda's superior processing facilities presently give it a comparative advantage over Gatsibo.

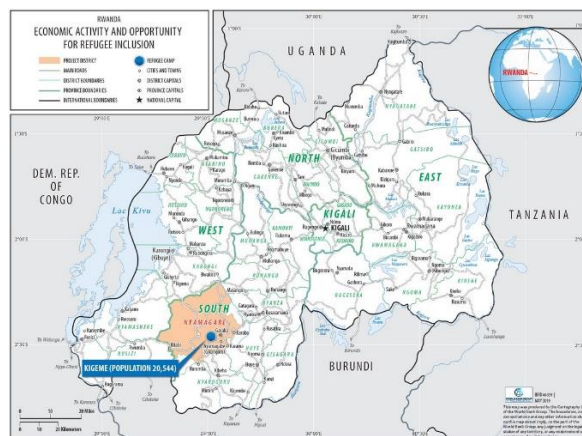
74. Post-production storage facilities along with cold chain support (for fruit and vegetables) will spur increased production in the district. Agro-processing plants would create formal and informal wage employment opportunities in the district – the construction phase itself will generate labor demand. There are related opportunities for local farmers (supplying raw materials), distributors and marketers. Additional jobs to support the farmers, processing plants and facilities will also potentially be created (mechanics, technicians, agronomists, water management specialists, etc.) if linkages with markets and private sector buyers are made.

75. Investments in equipment and technologies in the new Agakiro facility could aid capacity in craftsmanship and production capabilities in the district.

## Nyamagabe district/Kigeme camp

76. Nyamagabe district hosts a population of over 342,000 Rwandans and more than 20,000 refugees. At 49 percent, the poverty rate is well above the national average. Extreme poverty incidence is 18 percent, also above the national rate of 16 percent.<sup>23</sup> Agriculture is the main employment sector (71 percent), benefitting from considerable water resources and favorable land as well as the presence of post-harvest and community agro-processing facilities for agricultural crops and livestock products.

Map 4: Nyamagabe district/Kigeme camp



### Major economic activities and potential

77. Livelihoods in Nyamagabe are largely linked to agricultural production and livestock. The main economic activity involves small retail business and agricultural production linked to coffee, tea, wheat, Irish potatoes, beans and maize. The region also has banana plantations. The district BDF office sees potential in carpentry, construction, culinary skills, tailoring and weaving. Members of the district's JADF suggest strengthening value chains for maize, wheat and Irish potatoes.

78. Coffee production in Nyamagabe district is well developed and seen as having major potential for growth. Officials stated that penetration into the coffee sector is easier for refugees and the host community as there are more openings for informal work compared to the tea sector, which is more organized. The district is currently supplying seeds and fertilizers to coffee growers. Kigeme is adjacent to coffee-producing areas in the district and there are two coffee-washing stations in the sector itself that hire between 50 to 100 workers during the peak season. Coffee is seen as a lucrative trade with higher returns than other crops – according to cooperatives in the trade, however, the efficiency of the value chain has to be improved, as the uptake of farming inputs (fertilizers, pesticides) by farmers is not optimized. The Rwanda Agriculture Board (RAB) provides free fertilizers to some farmers growing coffee, while sector agronomists are tasked with supporting coffee cooperatives. The coffee harvesting season is from April to July. The farmers need more integrated operations with washing stations close to their farms. A complete supply-chain linking to a coffee station can – according to JADF members – potentially hire up to 3000 workers during the four-month active period.

79. Bee-keeping and honey production has potential but is at a very small-scale at present, without strong commercial linkages outside the district. A few cooperatives are involved in bee-keeping. Some also act as a savings group – a trend noticed among other workers' associations and cooperatives. The harvest season for honey is between June and October and it is seen to be lucrative if the right market linkages are made. Members of the cooperative are of the view that bee farming can be profitable over the long-run if the value chain can be developed further in the district, including processing and packaging. Linkages to global markets for beeswax could also be explored. Nyamagabe also has tea production, while woodwork is another economic activity with potential, according to the local branch of Banque Populaire du Rwanda.

<sup>23</sup> See above, n.2.

80. Poor power supply in the district is a challenge for business, according to district officials. The mayor's office is of the view that the low energy capacity is leading people to invest in Kigali and other townships. District stakeholders also claim that soil fertility is an issue for the region.

#### Kigeme refugee camp: select features

81. With a population of just over 20,000 Congolese refugees, Kigeme is one of the most economically active camps in Rwanda. The camp features over 200 savings groups, each with about 25-30 members. Refugees work in several 'non-technical' jobs outside the camp including in security, as casual laborers, in cattle-rearing, as farm hands, and in construction. They usually travel to Gishwati and Gisenyi and to the Eastern province for cattle-rearing and to Kigali for construction work. Some camp residents are hired as teachers. Some better off refugees who own cattle, employ the local population to tend to their animals because cattle-rearing is prohibited in the camp.

82. Kigeme is also the most densely populated camp in Rwanda. Camp mobility in Kigeme is high. Focus groups cited the lack of land and facilities as a major factor driving them to look outside the camp for opportunities. The Migration Officer advised that approximately 15 refugees ask for permission to leave the camp for extended periods of time (and/or to leave the district) each week. Many more travel outside without permission for short and long durations.

83. There is a tax-exempt market place in the immediate vicinity of the camp's main entrance that houses salons, small retailers and electronic repair shops. The market is in urgent need of rehabilitation.

84. Refugee women are at risk of sexual exploitation both within and outside the camp premises. Child neglect is also a problem, as parents seek livelihoods opportunities outside Kigeme.

85. The risk of landslides is a challenge in Kigeme that requires urgent action. Refugee households are being relocated from sections of the camp due to drastic land erosion. This has affected farmland and other property adjacent to and downhill from the refugee camp. This erosion is attributed to the population concentration in the camp, deforestation, inadequate drainage and poor storm water management that results in ravine formation.

#### Infrastructure and connectivity

86. The district is well-situated along major trade routes in the south of the country. The camp itself is adjacent to a major paved road that links it to commercial hubs in the region (Rusizi, Huye, Ruhango and Kigali further north). Public transport is available and accessible.

#### Potential investments/interventions

87. Upgrading of the market immediately outside the camp. The current trading space was provided by the district but is now in poor condition. Upgrading the facility will potentially increase trade for refugees and host community members. It could also attract new buyers and sellers given its high visibility and prime location along a major paved road. The location has the potential to become a rest stop for Nyungwe or Rusizi-bound travelers. It could also be a selling point for handicrafts and other goods produced within the camp. Traders do not pay tax at the current location. Should that policy be changed, tax returns/rent from the market will enhance the return on investment from rehabilitating the facility. Cooperation with the district to formalize the market will allow refugees to run registered, licensed businesses, and facilitate effective inclusion.

88. Invest in processing facilities for coffee and honey. For coffee, there is a need to go beyond basic infrastructure such as washing stations to include processing and packaging facilities housed in the district. Investments in the wood value chain should also be considered.

89. Post-production storage facilities along with cold chain support (for fruit and vegetables) will spur increased production in the district. Agro-processing plants would create formal and informal wage employment opportunities, including through the construction phase. There are related opportunities for local farmers (supplying raw materials), distributors and marketers. Additional jobs to support the farmers, processing plants and facilities will also potentially be created (mechanics, technicians, agronomists, water management specialists, etc.).

90. Rainwater harvesting into surface water reservoirs in and around the camp can help mitigate soil erosion and also create income-generating opportunities, as the water can be used for purposes such as irrigation, livestock and fish ponds.

#### Other considerations

91. While agriculture dominates the local economy, district authorities do not regard it as a long-term solution for the refugees due to land scarcity. They see the creation of businesses and cooperatives in off-farm, vocational activities as a better way forward.

92. District officials also stated that climate change over the past three-five years has disrupted production and caused poor harvests. The Irish NGO, Trocaire, is helping farmers in the district with water harvesting and the adaptation of drought-resistant crops such as Irish potatoes. The Cultivating New Frontiers in Agriculture member of the district JADF pointed to the challenge of soil fertility and the prevalence of 'high acidic soil' in the region. This necessitates more investments in fertilizers. Soil fertility and crop feasibility should be studied further.

#### **Gisagara district/Mugombwa camp**

93. Gisagara district has the second highest poverty rate of all districts in the country at 56 percent, with 26 percent of people living in extreme poverty.<sup>24</sup> The district hosts the smallest of the six refugee camps, Mugombwa, which houses 10,600 refugees. The total district population is over 322,000 people. About 87 percent of the adult population is employed, mainly in agriculture (86 percent). Several tourist sites in Nyanza, Kigembe, Save, Ndora and Mukindo have potential to create employment.

#### Major economic activities and potential

94. Like the other hosting districts, livelihood in Gisagara is primarily based around agriculture. Small trading and retail businesses are active in the region as well. Land terracing and public works such as marshland preparation has also engaged locals. Small processing units in operation mainly focus on maize and cassava flour. These crops, along with beans, have high production under active farmer cooperatives. The district has large areas of marshland and there is potential to increase rice-farming. There is a rice processing and packaging plant in the district. Avocados are being produced in the district and there is potential to expand production. The district has nine coffee stations. Trade with neighboring Burundi has been disrupted by the political situation, affecting key imports such as mangoes. District officials see a gap that local production could address.

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<sup>24</sup> See above. n. 2.

95. The district, as per the BDEU, is one of the largest producers of bananas in the country, with seven banana processing plants. There is also a banana processing factory (for banana-based beverages). Banana farming stands out as having strong potential for growth for Gisagara, based on discussions with the district planning team (including the PSF and the Directors of Planning and Agriculture). According to the Executive Secretary of the host sector, Mugombwa, the refugee community can find opportunities in banana value addition, as the sector has a high number of banana plantations. Apart from processed beverages, banana leaves can be used to make commercial packaging or household items such as bins and boxes.

**Map 5: Gisagara district/Mugombwa camp**



96. The livestock sector is active as well and officials see potential in livestock processing. Construction of a meat processing plant is planned. Cows, poultry and pigs are commonly reared by households.

97. Marshland rehabilitation is a major focus of development for district authorities in order to expand potential for agriculture-related activities. UNHCR and WFP are running a small-scale pilot marshlands rehabilitation program, which is employing district residents and refugees.

Mugombwa refugee camp: select features

98. The REC identified several trades in which refugees seek work: driving, mechanics, construction, tailoring and culinary skills. The REC noted that there are a few ‘mixed’ cooperatives in agriculture and in livestock in the district made up of the host community and refugees. There are cooperatives present within the camp for weaving (handbags) and butchery. Savings groups were created in the camp and can be seen as a possible precursor to cooperatives and other workers’ associations. Refugees also trade in food supplies: they buy rice, beans, cassava flour and cooking oil from the camp vicinity both to consume and to resell within the camp.

99. Taxation influences refugee employment choices. In Mugombwa – and indeed in the other camps – many refugee businesses are worried about operating in the district as they think they will not be able to afford tax. A tailoring association in the camp sees taxes levied outside as a ‘challenge’ to their business. The social enterprise, Inkomoko, is of the opinion that tax exemption is a major reason why refugee businesses stay in the camp rather than making efforts to relocate outside, even if it would improve business prospects. More evidence needs to be gained, to design business development services that enable refugees to adequately forecast revenues and expenses to encourage them to look beyond the confines of the camp.

100. ARC, as the camp partner on child protection, notes that ‘denial of resources’ is a form of GBV that affects women in the camp. Specifically, some male heads of household are keeping the M-Visa cards (where cash-based transfers are deposited) and not sharing the money equitably with family members. Plan International also sees an increase in cases of child neglect – partly due to the movement of parents outside the camp to seek employment.



## Infrastructure and connectivity

101. According to the mayor's office, road connectivity with other districts and commercial hubs is not an issue but connectivity within the district is a challenge. The road from Huye to Mugombwa is unpaved and considered difficult for commuting and trade by both refugees and sector residents. A new transport company, Horizon, is operating in the sector, but it bemoans the high cost of vehicle maintenance on this major link road. Rwandan traders and refugee businesses mentioned sourcing goods from Muhanga (170 kms away), even though Huye city is much closer – arguably due to the difference in prices.

## Potential investments/interventions

102. In the short to medium term, road works on the Gisagara-Huye link could generate employment opportunities, while lowering the cost of transporting people and goods in the long-term.

103. The district requires processing plants and selling points where refugees and host community members can trade.

104. Rice-producing cooperatives could potentially engage with the ongoing marshland development initiatives in the district. Marshlands could also potentially house horticulture projects.

105. World Vision sees solid waste management and fuel production as livelihood opportunities to be explored. Water harvesting within the camp could also be a source of employment if a cost recovery system in coordination with water management committees in the district is established that employs skilled refugees.

## **Kirehe district/Mahama camp**

106. Kirehe district has a total population of 340,000 and hosts the largest number of refugees, with almost 60,000 people living in the Mahama camp. The poverty and extreme poverty rates are above the national average at 45 and 19 percent respectively.<sup>25</sup> Unemployment is low at 0.2 percent, with 88 percent of residents employed in agriculture. There is a significant number of medium-sized land holdings, with opportunities to expand agricultural enterprises and a few tourist sites as well as mining opportunities. The district borders Tanzania, opening up trade potential to Rwanda's eastern neighbor.

**Map 6: Kirehe district/Mahama camp**



## Major economic activities and potential

107. Kirehe district shares a similar profile to the other host districts: an agriculture-based economy with small businesses active in retail and services. There are small-scale processing plants for the major crops: maize, banana, rice and soybeans. A number of sectors in the district border Tanzania and there is

<sup>25</sup> See above, n.2.

small-scale trade at the border. Commodities exported from Rwanda include beans, Irish potatoes, bananas and avocados. Items such as rice and charcoal that are cheaper across the border are purchased and imported for resale. Agro-processing has potential in the district, according to the district's technical staff. Pineapples, banana and tomatoes are highlighted for value addition. A local cooperative is exporting processed dried pineapples to the United States.

108. Cattle rearing, pigs and poultry make up the livestock sector. Fish farming is seen as another economic activity with potential to develop further (the region has water bodies that can be used for irrigation and fish farming). There is some coffee farming in the district as well.

#### Mahama refugee camp: select features

109. Mahama is the largest camp in Rwanda, with close to 60,000 refugees from Burundi. It is also the newest camp, established in 2015. The camp has more than twice the population of its hosting sector. In terms of livelihoods and trade, Mahama is a large source of labor and a big market in its own right. The contribution the refugee population can make to the economy of the district has been enhanced by the recent switch by UNHCR and WFP from food aid to Cash-based Transfers (CBTs). The injection of hundreds of thousands of dollars in cash each month fuels businesses in the camp, with income spillovers for the host sector and district. The scale of the Mahama camp has even seen new settlements emerge in the vicinity. Over 50 percent of refugees in the Mahama camp are under the age of 18. This is significant factor for educational needs, training and the type of livelihoods that need to be created.

110. As a relatively new camp, Mahama faces some unique challenges. Discussions with the REC and during the FGDs identified that core relief items distributed upon arrival are now worn-out. Basic supplies distributed by UNHCR in 2015 are now in urgent need of replacement. Mahama residents are also yet to be issued with refugee ID cards, limiting their protection once outside the camp, as well as their ability to work and do business.

111. Authorities observed that many camp residents traveling outside the camp do so to visit their relatives and to take on work in agriculture, construction and cattle-rearing. Main activities involve the buying and selling of food commodities in the camp and small retail outlets. Skills in trades such as construction are not developed enough to seek work in bigger projects. Refugees generally work on small construction, upkeep and maintenance work in the sector itself. Refugees engage in land preparation and planting. They also find work as teachers in the sector and the district. Over time, there is a possibility of better trade linkages with Nyakarambi, the biggest town and commercial hub close to Mahama.

112. The Burundian NGO Maison Shalom is active in with community based projects in education and training. It provides training facilities in tailoring, artwork and ICT – with innovative and flexible mechanisms to recuperate tuition costs. Graduates are given toolkits and materials for their trade and start-up capital. The graduates reimburse the materials and capital with no interest.

113. Indego Africa is working with basket weaving cooperatives in Mahama. Their business model is markedly different, as they have linked the handicraft products to the foreign market. For example, baskets are shipped to the American retailer, J. Crew. Indego Africa is also part of the UNHCR Made51 initiatives, which connects refugee products to global markets. Indego builds the skills and business capacity of cooperative members. There are about 100 women in two cooperatives at present involved with handicraft production at Indego. This activity is also tax exempt.

114. Lack of power is a major constraint for businesses in the camp. Several generators are in use in the market place. There is a large water treatment facility funded by MINEMA partner agencies which

supplies the entire camp with water. As the sector has irregular water supply, the Vice Mayor has suggested that the camp facility be extended to the host communities.

115. The Kabeza market in the immediate vicinity of Mahama camp serves as a major exchange point between the host community and refugee retailers. Trade includes foodstuff, footwear, cosmetics, clothing and other household items. The market infrastructure is basic and exposed to climatic conditions.

116. A number of workers' associations are present in the camp, including in basket weaving, livestock, butchery and soap making. These are relatively modest operations that meet the demands within Mahama. It is the REC's view that soap making has been relatively successful over the past two years. Soap is made by a mixed association of refugees and host community members. The association has gradually expanded sales to markets beyond the camp.

117. There are high numbers of vulnerable 'at-risk' cohorts and youth in Mahama camp. There are also many single parent households (UNHCR estimates about 40 percent). According to ARC, male-headed households are more prone to child neglect as the male head is more likely to travel outside to seek employment. There are an estimated 300 unaccompanied children in the camp, who are being provided for by host families.

118. The lack of firewood in the region is a major source of tension between the host communities and refugees. The REC supports a 'Peace Committee' that works with sector residents to try to address this issue and other sources of tension. The scarcity of firewood also increases vulnerability for youth and women who search for wood in the camp vicinity.

#### Infrastructure and Connectivity

119. Road rehabilitation is a priority. The road from the camp to Kirehe district is in a state of disrepair. It is vulnerable to extreme weather conditions and public transportation companies are reluctant to service this route due to high vehicle maintenance costs. The road condition considerably increases the costs of transportation and commuting for residents and traders, adding to the camp's isolation. The road condition is also a challenge for camp residents seeking specialized medical care in the district. The camp's remoteness from the district (approximately 45 minutes' drive) also limits women's movement. Women rather seek day labor in the farms around Mahama.

#### Potential investments/interventions

120. Enhancing the link from the camp to the district by upgrading the road will ease access to a market of 60,000 people. The district will benefit from increased trade and the business-related taxes levied on economic activities inside and in the vicinity of the camp.

121. Upgrading economic infrastructure is a priority. This would include the Kabeza market which is adjacent to the camp and milk and meat processing units to tap into the livestock in the region.

122. Kirehe district is in the Eastern province, which is highly vulnerable to dry spells and drought. The Mahama sector Executive Secretary suggested investments in water management and irrigation facilities that could benefit the entire region. Water surface reservoirs could limit stormwater runoff into the host community settlements and also open up the potential for irrigation and fish farming.

123. The scarcity of firewood for both the host community and for the refugees necessitates alternative fuel solutions. Companies and social enterprises may consider providing alternatives to firewood and potentially tap a large customer base.

## Karongi district/Kiziba camp

124. Karongi district is home to over 332,000 Rwandans and 17,000 refugees in the long-standing Kiziba camp. The poverty incidence is the fourth highest in the country at 53 percent, with extreme poverty at 18 percent.<sup>26</sup> Due to land scarcity, only 51 percent of the population works in agriculture. Tourism and services are major sources of employment for the rest of the population.

### Major economic activities and potential

125. Although not as dominant as other refugee-hosting districts, agriculture and livestock are still the main sectors in the Karongi economy. Trade and tourism follow and have growth potential. The main agribusiness value chains are tea, coffee, maize, Irish potatoes and horticultural produce. The district has tourism-related growth (construction, upkeep, maintenance, staffing) in higher-end resorts concentrated along Lake Kivu. Livestock rearing is present in the district. Households own pigs, cows and poultry. Fish farming was also reported in the district.

126. Trade with the DRC has high potential (for horticultural products and meat). The district has constructed a market besides Lake Kivu to facilitate water-based transborder trade in livestock (pigs).

### Kiziba refugee camp: select features

127. There are very few trading points in the vicinity of the camp. The sector itself has a few small markets that are active during specific days of the week. Goods and services are more expensive in the camp, according to the Deputy Camp Manager and the REC, since transportation costs are high. This cost is transferred to the camp residents as consumers.

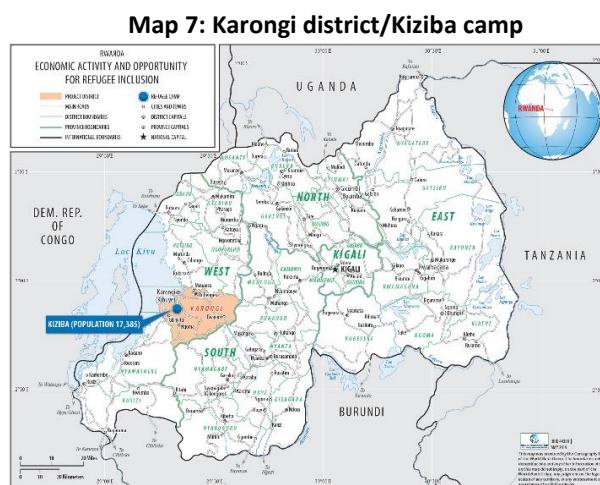
128. Some host community members lease land to refugee groups for agriculture. Access to land could be expanded if refugees had better access to credit and capital.

129. There are a number of retailers in the camp. Women are mainly active in tailoring, hairdressing, clothes retail, kitchen gardening and in running small canteens in the camp and the sector. Men are more involved in construction work, carpentry and cattle-rearing. Refugee businesses prefer to stay in the camp since they have an established clientele and face more competition outside.

130. Access to firewood is an increasing issue for Kiziba residents and there are reports of unauthorized logging by refugees in private property, which has caused some tensions.

### Infrastructure and Connectivity

131. The camp is located in a hilly, rural area. The road connecting the camp to the nearest commercial hub and the district is in a critical condition, with landslide risks and constant upkeep required. There is



<sup>26</sup> See above, n.2.

no public transport on the road. Transportation costs for goods traded in the camp are high while supplies are conditional on weather and road conditions.

### Potential investments/interventions

132. The priority investment for this district is to upgrade the road connecting Karongi city to the Rwankuba sector and the Kiziba camp. Improved transport connectivity will lead to increased investments in the area. No transportation companies are currently serving Kiziba, forcing camp residents to use motorcycle taxis and private vehicles. The road would improve the access of camp residents to the sector markets and to Karongi city. Additionally, it would link the camp and the sector businesses to cross-border trading with DRC via Lake Kivu – and with the markets in Muhanga and Kigali. Transportation linkages will also potentially increase wage employment as refugees or HC members can commute and work in neighboring centers for the day once affordable public transport becomes available.

133. Upgrading the market infrastructure outside Kiziba camp will ease business and potentially increase commercial activity for camp-based traders and host community members.

134. As in the other locations, post-production storage facilities along with cold chain support (for fruit and vegetables) will spur increased production in the district. Investments in these types of facilities would need to be made in line with priority value chains identified by district authorities. Agro-processing plants will create formal and informal wage employment opportunities, including in the construction phase, while it will be key to expand market access. There are related opportunities for local farmers (supplying raw materials), distributors and marketers. Additional jobs to support the farmers, processing plants and facilities will also potentially be created (mechanics, technicians, agronomists, water management specialists, etc.).

## **E. Conclusions and Operational Implications**

### **Conclusions**

135. **This study sought to ensure that economic opportunity activities under MINEMA’s Socio-economic Inclusion of Refugees and Host Communities project are grounded on a better market realities and demand in the six target districts.** While more in-depth research will be needed to identify markets and promising value chains, the study has nonetheless identified opportunities for job creation and livelihoods for refugees and the communities that host them. Agriculture is the dominant sector in all locations, with a number of opportunities identified for value-adding along agricultural value chains.

136. **The study has highlighted a number of important considerations for the design of the SEIRHCP and for the updates to the joint MINEMA-UNHCR economic inclusion strategy.** These include the following:

- access to finance is consistently identified as a major constraint to self-reliance by host communities and refugees alike. It is a particular challenge for refugees, who often lack collateral and legal identity and are also considered a flight risk by financial institutions. Refugees and host communities lack skills in business planning and preparing bankable financial proposals;
- an economic inclusion strategy for refugees must adopt an area-based approach and include host communities. Cooperation between host communities and refugees for economic activity is common and should be further encouraged. The involvement of HC members helps

- refugees to overcome the lack of collateral. Cooperation also deepens social cohesion, whereas favoring one group over another can sow division;
- the need to access to local, regional, global markets by attracting private sector actors and linking the six districts to opportunities in urban centers and internationally;
  - mobility is a critical livelihood strategy for refugees that should be further promoted. Refugee travel to centers of economic activity for work should be encouraged given the natural limitations on employment in the rural areas where the camps are located. Connective infrastructure, vocational training for urban jobs and access to finance will further promote refugee mobility;
  - the camp as a market – the widespread roll out of cash-based transfers has enhanced refugee purchasing power, opening up more economic opportunities for traders in the host community. Investments to enhance connectivity will improve access to the camps for local businesses to exploit the growing market demand. These investments will need to be consistent with existing district development strategies and local economic development plans; and
  - the absence of refugee identity cards and low awareness of refugee right to work are important enabling environment constraints for refugee inclusion. These will need to be addressed as a matter of priority.
  - Refugees and host community members need to strengthen their job skills to access employment opportunities. Data is required to better understand labor demand and the existing technical and vocational skills of refugees and host communities.

## Implications

137. The study identifies concrete action required on several fronts to promote economic opportunity, including on the enabling environment, investments in facilitating infrastructure and access to finance. The remainder of this section provides more details on the operational implications of the study, including recommendations for the proposed World Bank-financed project.

### Enabling environment

138. **Two measures will be required to support the enabling environment for economic inclusion.** Firstly, refugees need identity cards to facilitate free movement and access to employment opportunities. The government has committed to issue ID cards by mid-2019 in the *Strategic Plan for Refugee Inclusion 2019-2024*. Secondly, the government should conduct a targeted communications campaign to inform employers about refugees' right to work. Agencies with a district-level presence such as the Private Sector Federation (PSF) should be considered as partners in this process.

### Facilitating infrastructure

139. **Strategic infrastructure investments will facilitate economic inclusion.** It will be important to ensure that project financing for infrastructure is linked to the development plans of the districts and based on value chain/sector analyses that identify opportunities for promoting Rwandan products made with refugees' input.

140. **Investing in road rehabilitation to improve transport connectivity with host communities will generate economic activity.** Enhancing transport links will allow refugees to commute more easily to access jobs outside the camps. It will also increase trade in goods and services between host communities and refugees in and outside the camps. The economic spill-overs of such investments will be positive for both communities.

141. **The lack of market infrastructure in some camps is as an obstacle to trade.** It is recommended to build or rehabilitate markets outside – but in close proximity to – selected camps to facilitate refugee-host community interaction.

142. **Market infrastructure should include Early Childhood Development (ECD) services.** Child care facilities at the markets will encourage the participation of female traders and help to minimize the problem of child neglect. Support for ECD will also represent an income opportunity for care-givers.

#### Access to Finance for wage employment and entrepreneurship

143. **The study found that districts hosting refugee camps abound with opportunities along value chains in agriculture and other sectors with export potential and for small-scale entrepreneurship.** The SEIRHCP should foster investments in economic development projects employing refugees and host community members. Such investments will have to be made and driven by the private sector in accordance with the district Local Economic Development (LED) plans and the national strategy of promoting private sector investment. Projects such as agro-processing units or storage facilities will need to hire labor, which can be drawn from the refugee and host community populations.

144. **The study recommends that an access to finance component be incorporated into the SEIRHCP to support two different types of economic activities:** (a) self-employment: these will involve activities in the service sectors such as retail trade, transport and construction; and (b) wage-employment: larger projects in sectors such as agricultural value chains or tourism employing a minimum share of refugees, in districts hosting refugee camps.

145. **The terms and mechanics of the access to finance component should be determined through more detailed consultations with government.** The component should be implemented by a government financial institution, which would channel funding through district-based MFIs and SACCOs. Potential beneficiaries would submit business plans to local MFIs and SACCOs, who would screen them for viability in line with their standard processes. the SEIRHCP contribution would be structured in such a way to: (a) lower the risk of lending to refugees and host communities for MFIs and SACCOs; (b) strengthen local financial institutions in the refugee-hosting districts and build commercial relationships with refugees that will encourage more investment in the future; and (c) encourage loan repayment to reduce non-performing loan ratios.

146. **The access to finance component will need to be complemented by technical assistance to potential recipients.** Money management, business planning and entrepreneurship skills are generally lacking in the districts covered by the study, hindering access to capital for host communities and refugees. Many potential entrepreneurs and businesses will need support to gain the knowledge and skills to draft a bankable proposal to access the project financing.

147. **The technical assistance activities should build on the existing network of Business Development Advisers (BDAs).** The government of Rwanda has established a network of BDAs in each administrative sector of the country. The BDAs support local populations, Micro, Small and Medium Enterprises (MSMEs) and cooperatives to generate business plans and access financial services. BDA capacity is variable, so the SEIRHCP should build their skills and knowledge through training and continuous support. The BDAs, in turn, will support local enterprises to help transform them into viable businesses. Selected refugees should also be trained to work as BDAs and operate in the camps.

## Additional Research Needs

148. **As a rapid assessment, this study has not provided a comprehensive assessment of economic activities and opportunities to promote self-reliance for refugees and host communities.** The data from this assessment should be complemented by additional research as follows:

- Comprehensive socio-economic profiling of refugees and host communities, including data on education background and vocational skills and aspirations. This will be an important contribution to refining the project design through the implementation phase;
- Detailed labor market analysis to guide potential support for technical and vocational education and training; and
- Deeper analysis of value chains with potential in the target provinces to help identify specific investments to generate income and employment opportunities.



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