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

FEED THE FUTURE UGANDA INCLUSIVE AGRICULTURAL MARKETS ACTIVITY

NAKIVALE SETTLEMENT MARKET SYSTEMS ASSESSMENT REPORT

A discussion with a host community Village Savings and Loan Association (VSLA) group on their farming engagements with refugees of Nakivale settlement, Isingiro district.

INTRODUCTION

FtF IAM places marginalized groups at the center of its programs and is exploring a market system approach to strengthen the ability of displaced groups to engage with and benefit from agricultural markets system. The activity believes that understanding the need to identify a more durable solution to the refugee crisis is important in creating more sustainable solutions to this community.

FtF IAM focuses on integrating refugees and host communities by applying a resilience lens in designing interventions. The program considers the absorptive, adaptive, and transformative capacities of this target group. Resilience strategies to improve households' abilities to withstand market and climate shocks which include increasing incomes, facilitating access to drought-resistant crop varieties through market channels, and improving access to risk-mitigating services such as agricultural insurance. The program further designs interventions to shift behaviors to avoid negative impacts of shocks hence increasing access to market and climate information and extension services. These interventions align with the push-pull approach to engage marginalized groups, where improved access to markets provides the incentive, or "pull," for marginalized groups to engage in markets. There also are clear value propositions for the private sector to invest in marginalized populations as clients, employees, and suppliers.

The activity further aims at de-risking new approaches and models that demonstrate long-term commercial sustainability, partnering with off-takers who offer incentives and embedded services to farmers under forward purchasing contracts, leverage improved markets to increase access to finance, build demand for genuine agri-inputs, ensure quality management at aggregation, packaging and processing and support collaboration between the private sector and OPM.

Currently, FtF IAM operates in the refugee hosting districts of Kamwenge, Isingiro, and Lamwo. As part of the early engagement strategies, the program is creating collaborations with selected local private and development partners to develop market interventions that facilitate the exchange of goods and services that are produced or consumed by refugees and host communities.

Based on this background, the activity conducted an assessment in the settlements of Nakivale to purposely engage key stakeholders in the settlement area in identifying opportunities and constraints in engaging refugees and host communities in agricultural market systems. This also served as a platform to gain a better understanding of the Nakivale Settlement agricultural market system.

OVERALL OBJECTIVE

Engage with settlement leadership, private sector, and other market actors to understand the market system in the settlement areas to inform FtF IAM design of the refugee engagement strategy.

Specific objective

1. To engage with settlement leadership, development partners, and market actors on how refugees and the host communities engage in market systems in the Nakivale settlement area.
2. To gain an understanding of the constraints and opportunities existing in the market systems in the refugee settlement area.
3. To develop recommendations on approaches and models that will strengthen the engagement of the refugees in market systems in the settlement area.
4. To establish potential partnerships and with the private and development partners in the settlement area.

APPROACH

The FtF IAM activity in May 2021 obtained clearance from the Office of the Prime Minister to conduct an assessment in the refugee settlement of Nakivale Isingiro district. Following this clearance, the team conducted a desk review on the existing literature on markets systems in the Nakivale Settlement focusing on the current market systems landscape, agriculture, and understanding the current interventions by other key implementing partners in the settlement. The team also developed a list of stakeholders operating in the settlement to interact with as well as tools to be used for this assessment. The team then embarked on a 3 day's field activities to conduct key informant interviews and focus group discussions. Here the list of respondents included the settlement Commandant, development partners, financial service providers, refugee farmer, and VLSA groups among others, agents to mention but a few.

The research team comprised of the Learning Advisor, Gender and Social Inclusion Advisor as well the partnership Intervention Manager Mbarara regional office.

Overall, the team interacted with a total of 16 people through key informant interviews including representatives of OPM, IPs, processors, traders, agro-input dealers, farmers groups, and businesses. They also held 4 focus group discussions (FGDs) with refugee and host farmer groups, mixed farmer groups, and Village Savings and Loans Associations (VSLA).

FINDINGS

No	AREA	DETAILED NARRATION
1	**Introduction**	Nakivale Settlement, Uganda is the oldest refugee settlement in Uganda and Africa at large. It is found in Isingiro District in Western Uganda shared by five sub counties and two town councils. It benefits from what is often lauded as the most progressive refugee policies in the world. It has over 130,000 refugees from 13 different nationalities, from the Horn of Africa and the great lakes region, as well as asylum seekers.

		Some of the current development partners in the settlement include ALIGHT (formerly American Refugee Committee), Hunger Fighters and Nsamizi training institute, World Food Programme (WFP), and United Nations High commissioner for Refugees (UNHCR). Other partners include Transcultural Psychosocial Organization (TPO), who provide psychosocial services in the settlement.
2	**Relationship between refugees and host communities**	• There is a cordial relationship between refugees and host communities as the host communities work together with the refugees where locals have created opportunities for the refugees to have access to land for commercial agriculture through hire. • There is however competition to hire land within the host community between the refugees and members of the host community. This has led to higher prices of hiring land which affects refugee access especially. This has also negatively impacted their good relationship. • Most of the members of the host community are mainly cattle keepers, although there are some crop farmers too. Occasionally, the cattle in search for pasture, destroy crops in the host communities as well as refugees which greatly affects yields.
3	**Agriculture**	• According to the settlement commandant, 95% of the refugee livelihood is agriculture. Refugees mostly grow beans and maize as well sorghum and groundnuts on small scale. These crops are grown on both settlement's allocated plots as well as hired land. • There's high matooke production in Isingiro district among the host communities, this has contributed to land scarcity for both refugees and the host communities as matooke is a perennial crop. Because of this, the Settlement however does not approve of growing this crop on the settlement allocated plots. • Land scarcity has led to competition between the host community and refugees and locals in hiring land which makes it very expensive to an average of 200,000/= (about USD 55) per acre. • Matooke farmers, do not market collectively because of the variation in quality which affects their ability to access good quality markets. • There is high production of beans in the settlement, especially by the female farmers. This is the crop of preference because of its nutritional value advantages to the household, is however not identified as a cash crop by men, and is seen as a female-dominated crop. It was however, noted that the production is mainly for food consumption and very few farmers are engaging on a commercial basis. • Refugees officially own approximately an acre of land in the settlement but have access to more land through hiring from the host communities. • There is limited access to extension services in the settlement. • There is a challenge of refugees harvesting immature beans pods for consumption. This in the long run affects the yield of the bean. To this, some of the farmer groups requested for French beans to boost their food security as they await the yielding of the beans. • Refugees provide labor and are hired by commercial farmers inside and outside the settlement at an average of 5000 UGX (slightly over USD 1) • The average production per acre of beans varies and it is noted to be lower in the refugee settlements. One farmer within the host community reported producing 800 kg/1.25 acres whereas a refugee farmer within the settlement reported harvesting 500kg on the same amount of land for beans. • Post-harvest handling (PHH) practices in the settlement were relatively low. There was no access to PPH technology which increased farmers' risk of grain loss and low economic resilience. Individual farmers lack drying space for their produce, do not have access to tarpaulins for drying, and lack storage space. And as a result, the beans and maize sold both locally in the community and to traders are of very poor quality.

4	**Agro-inputs**	• Farmers are aware that agricultural land is exhausted. However, both refugees and host community members cannot afford fertilizers and agrochemicals. • The farmers do acknowledge the need for better seed varieties and fertilizer. However, there is a problem of access to quality inputs by the farmers. Agro-inputs shops were not visible in the community. The members of the host communities who are cattle keepers have addressed this through the use of manure from animals in the gardens. • One of the groups the team interacted with mentioned getting inputs from Isingiro District Farmers Association. However, majority of the farmers we interacted with are not aware of this. • One of the Development Partners – Alight's partnership with Nsamizi manages seedbanks where some targeted refugee farmers can access seed. • From the engagements with the different stakeholders, it was noted that there was lack of access to quality inputs within the settlement. There was limited existence of input dealers' shops.
5	**Financial Services**	• There are mobile money services in the settlement and host communities, however, most of these are operated by the nationals, refugees have not been granted an opportunity to operate the lines because of their residence status. Most of the financial service providers require national identification which refugees do not have. • There's underutilization of digital platforms for mobile money except for purchasing food rations for refugees using the monthly payments from WFP. • Cente agent – Centenary Bank agents and MTN mobile money are available in the host communities however their utilization remains low. There have been limited financial literacy trainings held for the VSLA and farmer groups and to this, the use of the available financial services in the settlement remained low. • There are many functional Village Savings and Loan Association (VSLA) groups that double as farmer groups in the settlement and among the host communities, their average female composition is 70%. Individual farmers borrow from Village Savings and Loan Associations (VSLA's) to procure seed, hire land as well as pay for labor for farm activities. • Host community farmers open bank accounts and borrow as groups as they lack collateral. Individuals who have collateral can access loans from the bank and through Manyakabi ACE using their sales agreements for farm produce. • Through observation, there were several SACCOs in the settlement and host communities. These were Mwizi SACCO, Omippa SACCO, Muhame SACCO. Other financial services are PRIDE Microfinance, UGAFODE, and Opportunity Bank. • Centenary Bank, Stanbic Bank, and Equity Bank have agents in the settlements
6	**Access to market**	• There is an enormous (30 MT per month per trader) market for maize flour in the settlements. However, most flour is bought from outside the settlement. There are a few small-scale food processors within the settlements that support the refugees in the processing. • Some of the agents engaged by Manyankabi Cooperative bulk up to 90MT of maize grain per season. However, they are frustrated as they are selling the grain at a loss due to fluctuating prices. A few refugees who have tried aggregation have since pulled out due to the fluctuating prices. They also complain of middlemen who offer very low prices for grain. This was reiterated by the settlement commandant. They sell to middlemen who seemingly offer a higher price but tamper with the weighing scales. With this, farmers still sell at a loss. • Produce is sold as soon as it is harvested for various reasons. Fluctuating prices, lack of space for storage, rampant theft of produce, and the need for funds to hire land immediately due to the competition in land hire.

		• Potential crops for new markets in the settlement are Irish potatoes and horticulture. Horticulture was previously practiced by the lakeside however National Environment Management Authority (NEMA) has since stopped them. Some of the farmers attested that horticulture fetches more money than maize.
7	**Effects of COVID-19**	• The trade in the settlement was negatively impacted by COVID-19 because of limitation in movement in and out of the settlement, restrictions in operating hours which led to the collapse of small-scale businesses that were run by refugees. • Other effects were increased crime, domestic violence, child neglect, family separations, increase in commercial sex, and trauma. This has affected the participation of the victims in the market system.
8	**Manyakabi Area Cooperative Enterprise (ACE)**	• Manyakaba ACE Is a big food processor that is working in partnership with WFP to supply flour in the refugee settlement and is a potential partner for FtF IAM. • They are also an off-taker from the farmers in both the settlement and the refugee settlement. The ACE warehouse capacity is 840 MT of this, 200MT is collected from the settlement. They can process 15 MT within 24 hours; however, this is not sufficient production for their current market. • The ACE has 5 collection centers in the hosting communities with a storage capacity of 10 MT. These collection centers are rented by Rural Producer Organizations (RPOs). All the 5 aggregation centers are run by women. • They have a farmer's online platform that was supported by Mastercard Foundation. Initially, the system was used to profile farmers however they have since expanded it to other transactions. It is used to manage stock, orders, produce collection, and accessing digital finance. • They reported having 8 banking agents within the host community and 85 in the settlement. • They have 57 bulking centers at rural producers' organization (RPO) level which are owned. They have 146 women groups and 200 VSLAs. Each RPO has a VSLA, but some have more than one. They have a membership of more than 8,000. • They have farmer reach through extension agents. One extension agent manages 10 village agents who each manage 4 RPOs. • Village agents earn through commissions of the amounts aggregated. They earn 50/=/kilo. • Within the settlements Manyakabi has 50 wholesale contacts. • All mobile money agents of Manyakabi are women. • Manyakabi hires refugees as casual laborers. • Member benefits include produce aggregation and provision of quality inputs. However, the team did not see stocked agro-input shops in the settlement. • One trader reported good communication, ease of transaction and provision of credit services, fair collateral points as the reason they like to trade with Manyakabi.

WAY FORWARD

1. FtF to co-design interventions with identified private sector companies working in the settlement like Okeba Limited, Manyankabi Area Cooperative to support input distribution, value addition, grain trade, and other embedded services in the settlement and the host communities.
2. FtF to de-risk and co-finance horticulture off-takers to expand into refugee settlements in partnership with other service providers. FTF to co-finance expansion of business models that support horticulture farmers in refugee and host communities to sell to identified markets. This will be facilitated through.
    a. Support tri-party agreements between buyers, input companies, and farmers.

b. Increase farmer access to other support services such as financial products, digital solutions, and insurance.
c. Facilitating collaboration between horticulture companies, development partners, OPM, and LGs.
d. Strengthening quality management capacity of farmers (traceability, aggregation, and PHH).

3. Identified private sector companies like Okeba Limited to build capacity market actors to engage with seed companies, bulk orders, and negotiate prices based on volume helped to overcome some of the pricing challenges related to poor infrastructure.
4. FtF is working on engaging financial service providers thus banks and FinTechs (like Finance Trust, Post Bank, Patasente, Hamwe East Africa, etc.) to providers to develop products that address some of the financial landscape gaps through identifying more market-led solutions tailored to farmers' needs in the settlements and host communities.
5. Work with Water and Pumps a private company to avail climate-smart solutions to the farmer groups in water-stressed zones of the settlement to increase and improve on their yields especially for the horticultural farmers.
6. Following the clearance, the team will develop an MOU with OPM to formalize the partnership in the 3 refugee locations where FtF IAM operates.

Appendix A: List of Persons and Organizations Contacted

Date	Activity	Location
Tuesday 11th May 2021	Meeting with the Settlement Commandant – David Mugenyi 0772342686	Nakivale Isingiro
	Manyankabi ACE – Claire Kabakyenga 0772675624	Isingiro
Wed 12th May 2021	Visited Rubondo Zone in the settlement to interview agents/traders	Nakivale Isingiro
	Persons interviewed: Gerald Nzabakyira – 0785147095 Wimana Gerald – 0756879478	
	Base Camp Nakivale; Kibuuka Jonan – Agent/trader – 0777198988	Base Camp
	Didas Guyo - Banking agent/traders	
	Nderema – Trader/Agent	
Thursday 13th May 2021	Visited Kabirizi Tukore Namaani Farmers group Tumuhirwe Agnes - Chairperson - 0774928238 Mujuni – 0777565390	Nakivale Isingiro
	Visited Tufashanye Refugee Farmers group Mukankutsi Josephine – 0775660529	Juru Nakivale
	Visited Kibengo II Abakyara k Farmers group Kiconco Medius - Chairperson – 075 2 518634	

Compiled by FtF IAM

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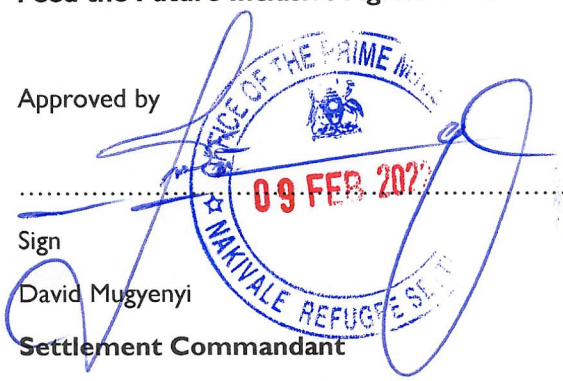
Sign

Collins Apuoyo

Chief of Party

Feed the Future Inclusive Agricultural Markets Activity (FTF IAM)

Approved by



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Sign

David Mugyenyi

Settlement Commandant

Nakivale Refugee Settlement

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