



October 2022, Bidi Bidi, Uganda. Rose Yabanga, a refugee from South Sudan and member of the Unit Business Group benefiting from the DREAMS program, harvests sesame from her fields. © Jumba Martin for Mercy Corps

# **DELIVERING RESILIENT ENTERPRISES AND MARKET SYSTEMS IN SUPPORT OF REFUGEE SELF-RELIANCE IN UGANDA**

## **DREAMS' impact at three years**

January 2025



The **Delivering Resilient Enterprises and Market Systems (DREAMS)** program, now in its fourth year, supports **refugee self-reliance and durable solutions** in regions of ongoing displacement and humanitarian need. Operating in **Uganda, Ethiopia, and Tanzania** - home to nearly 10% of the world's refugees - DREAMS aims to promote economic inclusion for 150,000 refugees, fostering resilience, dignity, and confidence in their futures. Since 2021, DREAMS has combined **market systems development (MSD)** with **poverty graduation** to enhance scalability and self-reliance in refugee settings, where markets can be under-developed or 'thin'.

Graduation activities provide refugees with the capital and skills needed to start new businesses, while MSD fosters relationships with private sector actors, encouraging them to strengthen their connections with communities where they offer technical support, resources, and sales opportunities to economically marginalized groups over the long term.

Both components are designed to play crucial and complementary roles: poverty graduation enables DREAMS to target the most marginalized, who private sector actors may not otherwise see as viable customers or producers, whilst MSD supports longer-term resilience through strengthening market linkages and providing an enabling environment for sustainable investments. The program is delivered by Mercy Corps and Village Enterprise.



To date, **DREAMS has reached 12,063 households (72,378 individuals) of refugee and hosts members within Bidi Bidi and Rhino Camp settlements.** This has been done by supporting 10,800 of these households through poverty graduation, as well as through both the provision of direct subsidy to 9,077 households (54,462 individuals), and the engagement of an additional 2,986 households (17,916 individuals) through private sector actors' (PSAs) operations, including seed sales and off-taking. In the first quarter of year 4, the program team conducted an **annual household survey** in the Bidibidi and Rhino Camp settlements to assess the performance of the market systems component. Key highlights and recommendations are shared in this learning brief.

## The program's smart subsidies approach is already paying off.

Since 2022, DREAMS has provided a one-off subsidy (i.e. sunflower, soybean, sesame, and poultry) to individuals across various business groups, with the program bearing 70% of the cost. After three years, the results show that **45% of participants** who benefited from these smart subsidies in 2023/24 **return to buy inputs at full cost**, a notable improvement from the 30% reported in the previous annual household survey. Among the inputs purchased at full cost, poultry is the most commonly bought, with 91% of participants selecting it. This is followed by sesame at 9%, sunflower at 3%, and soybean at just 2%. This shift indicates a significant household-level change, demonstrating that **participants are increasingly able to engage with market actors without relying on program subsidy support, and see the value in investing their own money.**



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<sup>1</sup> Primary data was collected from 509 randomly sampled respondents of the DREAMS and non-DREAMS groups, including 73% of refugees and 27% of host community members. The random sampling was based on a statistical method considering a 95% confidence level, a 5% margin of error, a 10% non-response rate with a 50% population proportion.

## Building trust and sustainability in private sector actors' services and information goes a long way.

The motivation to purchase inputs at full cost is closely linked to participants' trust in the quality of inputs provided by PSAs. At least **74% of participants expressed confidence in the quality of inputs provided by PSAs**, although this is still below the percentage who accessed market services. Since PSA activities are most sustainable with a steady customer base, it is important that input quality be maintained or improved to sustain demand.

Additionally, the continuous use of agent networks and community structures such as Business Savings Groups (BSG) is crucial, as they play a role of key enablers of information flow between customers and PSAs. Finally, there remains an untapped financial market among BSGs that financial institutions can leverage to expand their customer base and promote financial services for refugees. Financial service providers (FSPs) need to develop products that cater to both mature and emerging customer groups.

Approximately **71% of participants accessed market information from PSAs**, including details on market prices, availability for buy-back, and available products and services. Of those who accessed market information, 83% sought information on **market prices** (e.g., seed prices, services, grains), while 49% accessed information on **market availability** and 47% on **available products and services**. Business savings groups and PSA field agents were the primary sources of information for over half (52%) of participants, while brooding businesses (referred to as 'Mother Unit Operators', or MUOs) and community meetings organized by PSAs were key sources for 47% and 47% of participants, respectively.

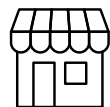


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## Our MSD approach enhances market access and engagement for refugees and host communities.

The DREAMS program's MSD component connected participants to market actors and PSAs through a facilitative approach, ensuring that participants are aware of market opportunities and can interact with them at their convenience. The program's target for graduated with access to market actors and PSAs is 70%. Over the first three years of implementation, **DREAMS worked with private sector actors across four key value chains: soybean, sesame, sunflower, and poultry.**

Overall, **83% of participants reported increased access to market actors**, which represents a slight 3% drop in access to market from 2023. Following the initial interface created by the program, participants engaged with PSAs for information on products and services, the sale of agricultural produce, the purchase of agro-inputs, and extension services. Community-level structures, including BSGs, PSA agents, and MUOs, play a critical role in facilitating participant engagement with PSAs, enabling more frequent interactions and increasing demand for PSA products and services within the community.



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## Participants' increased access to financial services leads to improved livelihoods.

Access and utilization of **financial services** has significantly improved, with **85% of participants reporting access in the two settlements**, already surpassing the program's target set at 70%. Participants accessed a variety of services throughout the year: 47% received loans, 35% attended business skills training, while 22% benefitted from other financial services (e.g., agent banking, financial literacy training). **Loans have facilitated the start-up and expansion of businesses**, particularly in retail and crop farming. In agriculture, 26% of participants invested in commercial farming, while 67% focused on subsistence farming. The investment in commercial agriculture played a key role in boosting incomes, leading to significant financial gains significantly contributed to increases in incomes.



## Significant income growth at the household level fuels participants' hope for the future.

Household net additional income also improved, with no less than **76% of participants reporting an increase in their household income over the past year**. The annual average rose from UGX 149,771 a year ago to UGX 164,656, a 10% increase. The two main sources of income identified during the annual survey were crop farming (46%) and retail businesses (36%). This positive income change is attributed to investments made after receiving subsidies, as well as improved access to financial services. Looking ahead, **the vast majority (82%) expect their income to increase in the coming year**.



## Women enrolled in the program now actively engaged in agriculture, gaining greater control over their earnings.

Gender indicators show positive trends in women's market participation, decision-making roles, and control over resources. However, barriers such as low self-esteem and heavy workloads continue to affect women's active engagement in business and income-generating activities. **75% of surveyed women are engaged in agriculture**, including both crops and livestock at subsistence and commercial levels, a 3% increase from the 2023 survey. Most women engaged in agriculture rely on rented land (60%), compared to land they owned (17%), or land provided by OPM (3%). Additionally, **92% of participants** (81% female, 19% male) **reported that women have control over cash earnings from agricultural outputs**, a notable 20% increase from the 2023 survey. Women are actively involved in decisions regarding the use of earnings within their households, having the discretion to plan and spend based on household needs. DREAMS provided tailored leadership training for women, focusing on joint decision-making and increasing women's participation in both household and community decision-making. The resources women control include household basic assets (90%), agricultural outputs (48%), and livestock (45%). However, women's control over land remains limited, with only 7% reporting ownership or control. To enhance women's control over land, DREAMS is facilitating male engagement dialogues to challenge negative norms surrounding land ownership by women.

## HOW WILL WE USE THIS TO IMPROVE DREAMS AND DESIGN MORE IMPACTFUL PROGRAMS MOVING FORWARD?

DREAMS' annual survey provides key insights into program progress and areas for improvement, highlighting the impact of market systems development (MSD) on building resilient households and communities. Notably, access to market actors has increased through improved access to inputs, market information, and PSA interactions, with many participants purchasing inputs at full cost and selling agricultural outputs. Continued engagement with PSAs and sustained investment in value chains post-subsidy will be crucial to fostering resilience and systemic changes in the refugee market.

### Recommendations for Program Improvement:

**1. Quality of Inputs:** Private sector actors must ensure consistent quality of inputs (seeds, chicks) to maintain and increase customer trust. The increase in participants buying inputs at full cost shows growing demand. To further boost sales, PSAs should embed extension services alongside input sales to ensure participants have the knowledge to use inputs effectively.

**2. Sustaining Agent Networks:** PSAs should invest in building and maintaining agent networks and improving visibility to ensure continued access to market actors. The slight drop in access to market actors in 2024 indicates the importance of sustaining these networks even after formal engagement with the program ends.

**3. Market Information Flow:** Timely and reliable market information is crucial for strengthening the relationship between PSAs and participants. PSAs should ensure continuous flow of information on prices, available buyers, and market opportunities to facilitate better production and sales decisions among participants.

**4. Financial Services Customization:** Commercial banks should customize their products to better serve marginalized refugees and host communities. Currently, only 3% of participants use financial services from commercial banks, indicating untapped potential. Banks need to address existing barriers to increase accessibility for this group.

**5. Linking VSLAs and BSGs with Formal Financial Institutions:** Strengthening links between Village Savings and Loan Associations (VSLAs) or Business Savings Groups (BSGs) and formal financial institutions will promote better financial literacy and entrepreneurial skills, which can enhance savings, borrowing, and business activities within these communities.

**6. Women's Involvement in the Market Space:** Strengthening women's participation in decision-making bodies will ensure their continued engagement as key market actors capable of negotiating and influencing market dynamics. Our results show that 88% of women are already members of such bodies, highlighting a solid foundation for further empowerment and involvement.

**What's next?** The full impact of DREAMS will be assessed through a rigorous experimental impact evaluation conducted by IDinsight, with endline results expected in June 2026, alongside other learning assessments to address key questions. These include exploring the challenges of operationalizing and sustaining impact in protracted humanitarian contexts, understanding how graduation can be scaled cost-effectively in thin market environments such as refugee camps, and examining how DREAMS can effectively interface with safety nets from government and INGOs/multilateral organizations to sustainably move recipients out of vulnerability. Additionally, the evaluation will assess the cost-effectiveness of the combined graduation and MSD approach compared to previous graduation benchmarks, and investigate strategies to enhance the long-term viability of graduates' businesses, particularly in areas affected by conflict and environmental changes.

## CONTACT

JAMES LOVE  
Director of Programs, Uganda  
Mercy Corps  
[jlove@mercycorps.org](mailto:jlove@mercycorps.org)

MARTIN MUGUMYA  
Senior MEL Manager DREAMS Project, Uganda  
Village Enterprise  
[martindm@villageenterprise.org](mailto:martindm@villageenterprise.org)

### About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



45 SW Ankeny Street  
Portland, Oregon 97204  
888.842.0842  
[mercycorps.org](http://mercycorps.org)

### About Village Enterprise

Village Enterprise is a nonprofit dedicated to ending extreme poverty in rural Africa through the power of entrepreneurship.



Village Enterprise  
1180 San Carlos Ave. #222  
San Carlos, CA 94070  
[villageenterprise.org](http://villageenterprise.org)